Department of the Treasury

PRESS RELEASES

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
January 2, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for $14,084 million of 13-week bills to be issued January 4, 1996 and to mature April 4, 1996 were accepted today (CUSIP: 912794X90).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	5.02%	5.17%	98.731
High	5.05%	5.20%	98.723
Average	5.04%	5.19%	98.726

Tenders at the high discount rate were allotted 19%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$46,394,162	$14,084,322
Type		
Competitive	$41,449,937	$9,140,097
Noncompetitive	1,301,295	1,301,295
Subtotal, Public	$42,751,232	$10,441,392
Federal Reserve	3,522,430	3,522,430
Foreign Official Institutions	120,500	120,500
TOTALS	$46,394,162	$14,084,322

5.03 -- 98.729

RR-794

AUCTION RESULTS

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FOR IMMEDIATE RELEASE
January 2, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for $14,047 million of 26-week bills to be issued January 4, 1996 and to mature July 5, 1996 were accepted today (CUSIP: 9127942Y9).

RANGE OF ACCEPTED
COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	5.01%	5.23%	97.453
High	5.03%	5.25%	97.443
Average	5.03%	5.25%	97.443

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

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$46,005,327	$14,046,577
Type		
Competitive	$39,234,604	$7,275,854
Noncompetitive	1,143,823	1,143,823
Subtotal, Public	$40,378,427	$8,419,677
Federal Reserve	3,650,000	3,650,000
Foreign Official Institutions	1,976,900	1,976,900
TOTALS	$46,005,327	$14,046,577

5.02 - 97.448

RR-795

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.
January 2, 1996

CONTACT: Office of Financing
202/219-3350

TREASURY'S WEEKLY BILL OFFERING

The Treasury will auction two series of Treasury bills totaling approximately $28,000 million, to be issued January 11, 1996. This offering will provide about $300 million of new cash for the Treasury, as the maturing weekly bills are outstanding in the amount of $27,702 million. In addition to the maturing 13-week and 26-week bills, there are $17,351 million of maturing 52-week bills. The disposition of this latter amount was announced last week.

Federal Reserve Banks hold $11,064 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 $2,569 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. Foreign and international monetary authorities are considered to hold $2,257 million of the 13-week and 26-week issues. Due to the public debt limit and Treasury's need to plan for the debt level, additional amounts of Treasury bills will not be issued to Federal Reserve Banks as agents for foreign and international monetary authorities in these auctions.

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-796

HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS TO BE ISSUED JANUARY 11, 1996

January 2, 1996

<u>Offering Amount</u>	$14,000 million	$14,000 million
<u>Description of Offering</u>:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912794 Y2 4	912794 2Z 6
Auction date	January 8, 1996	January 8, 1996
Issue date	January 11, 1996	January 11, 1996
Maturity date	April 11, 1996	July 11, 1996
Original issue date	October 12, 1995	January 11, 1996
Currently outstanding	$13,235 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 Standard time on auction day

Competitive tenders . . . . Prior to 1:00 p.m. Eastern Standard 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

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
January 4, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 52-WEEK BILLS

Tenders for $18,894 million of 52-week bills to be issued January 11, 1996 and to mature January 9, 1997 were accepted today (CUSIP: 9127942K9).

RANGE OF ACCEPTED
COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	4.88%	5.15%	95.066
High	4.89%	5.16%	95.056
Average	4.89%	5.16%	95.056

Tenders at the high discount rate were allotted 50%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$57,783,927	$18,893,552
Type		
Competitive	$52,292,676	$13,402,301
Noncompetitive	941,251	941,251
Subtotal, Public	$53,233,927	$14,343,552
Federal Reserve	4,550,000	4,550,000
Foreign Official Institutions	0	0
TOTALS	$57,783,927	$18,893,552

RR-797

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
January 4, 1996

Contact: Peter Hollenbach
(202) 219-3302

CUBES PROGRAM TO REOPEN MARCH 4, 1996

Treasury's Bureau of the Public Debt announced today that it is reopening the Coupons Under Book-Entry Safekeeping (CUBES) program on March 4, 1996. The reopening of the CUBES window offers holders of coupons previously stripped from bearer Treasury securities the opportunity to convert those coupons to book-entry form. Eligible coupons can be submitted for conversion to CUBES during a six month period beginning March 4, 1996 and ending August 30, 1996. All non-callable coupons with payment dates after February 15, 1997 are eligible for conversion to safe, convenient book-entry form.

Some 500,000 coupons worth about $1.3 billion are outstanding and eligible for conversion to book-entry. Conversion to CUBES benefits holders of coupons and the Treasury. Switching to book-entry CUBES allows holders of these payments to eliminate the risk and expense associated with safeguarding paper coupons. CUBES also contributes to market efficiency through on-line trading of the book-entry holdings.

Depository institutions can present coupons for conversion at the Federal Reserve Bank of New York (FRBNY). Institutions wishing to participate in the CUBES program should contact the FRBNY at (212) 720-8183 or 8184 as soon as possible to get information on how to present the coupons.

Under the CUBES program, depository institutions that have notified the FRBNY of their intention to participate can convert stripped Treasury coupons during the period from March 4, through August 30, 1996. No trading of CUBES balances will be permitted for twelve (12) business days from the deposit of the coupons to allow for verification and approval of the submission by Treasury. Entities other than depository institutions that hold stripped Treasury coupons and wish to convert those coupons to book-entry form under the CUBES program must arrange for such conversion through a depository institution. Details on the reopening of the CUBES window were published in the Federal Register on December 29, 1995, (60 FR 67388).

Participating institutions will be charged a fee of $4 per coupon and are responsible for the full cost and risk associated with the delivery of the coupons to the Federal Reserve Bank of New York.

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PA-205

PUBLIC DEBT NEWS

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

FOR RELEASE AT 3:00 PM
January 5, 1996

Contact: Peter Hollenbach
(202) 219-3302

PUBLIC DEBT ANNOUNCES ACTIVITY FOR SECURITIES IN THE STRIPS PROGRAM FOR DECEMBER 1995

Treasury's Bureau of the Public Debt announced activity figures for the month of December 1995, of securities within the Separate Trading of Registered Interest and Principal of Securities program (STRIPS).

Dollar Amounts in Thousands

Principal Outstanding (Eligible Securities)	$864,913,622
Held in Unstripped Form	$643,297,289
Held in Stripped Form	$221,616,333
Reconstituted in December	$ 13,842,586

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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TABLE VI -- HOLDINGS OF TREASURY SECURITIES IN STRIPPED FORM, DECEMBER 31, 1995
(In thousands)

Loan Description	Maturity Date	Principal Amount Outstanding: Total	Portion Held in Unstripped Form	Portion Held in Stripped Form	Reconstituted This Month #1
8-7/8% Note A-1996	02/15/96	8,450,609	6,277,809	2,172,800	17,600
7-3/8% Note C-1996	05/15/96	20,085,643	16,349,643	3,736,000	268,800
7-1/4% Note D-1996	11/15/96	20,258,810	17,206,010	3,052,800	79,200
8-1/2% Note A-1997	05/15/97	9,921,237	8,724,437	1,196,800	58,000
8-5/8% Note B-1997	08/15/97	9,362,836	7,247,636	2,115,200	12,800
8-7/8% Note C-1997	11/15/97	9,808,329	6,958,729	2,849,600	49,600
8-1/8% Note A-1998	02/15/98	9,159,068	7,769,628	1,389,440	102,400
9% Note B-1998	05/15/98	9,165,387	6,807,187	2,358,200	1,600
9-1/4% Note C-1998	08/15/98	11,342,646	8,495,446	2,847,200	64,800
8-7/8% Note D-1998	11/15/98	9,902,875	6,840,475	3,062,400	14,400
8-7/8% Note A-1999	02/15/99	9,719,623	8,222,023	1,497,600	195,200
9-1/8% Note B-1999	05/15/99	10,047,103	6,954,303	3,092,800	928,000
8% Note C-1999	08/15/99	10,163,644	7,792,694	2,370,950	208,850
7-7/8% Note D-1999	11/15/99	10,773,960	7,255,560	3,518,400	72,000
8-1/2% Note A-2000	02/15/00	10,673,033	8,118,633	2,554,400	139,600
8-7/8% Note B-2000	05/15/00	10,496,230	5,872,230	4,624,000	3,200
8-3/4% Note C-2000	08/15/00	11,080,646	7,115,206	3,965,440	314,560
8-1/2% Note D-2000	11/15/00	11,519,682	7,701,282	3,818,400	98,800
7-3/4% Note A-2001	02/15/01	11,312,802	8,546,402	2,766,400	128,000
8% Note B-2001	05/15/01	12,398,083	9,293,833	3,104,250	101,000
7-7/8% Note C-2001	08/15/01	12,339,185	9,766,385	2,572,800	80,000
7-1/2% Note D-2001	11/15/01	24,226,102	22,005,462	2,220,640	265,760
7-1/2% Note A-2002	05/15/02	11,714,397	10,473,917	1,240,480	113,120
6-3/8% Note B-2002	08/15/02	23,859,015	22,692,615	1,166,400	224,000
6-1/4% Note A-2003	02/15/03	23,562,691	23,211,523	351,168	93,792
5-3/4% Note B-2003	08/15/03	28,011,028	27,613,428	397,600	71,200
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	13,312,867	33,600	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	13,834,354	400	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
5-7/8% Note D-2005	11/15/05	15,209,920	15,209,920	0	0
11-5/8% Bond 2004	11/15/04	8,301,806	4,481,006	3,820,800	200,000
12% Bond 2005	05/15/05	4,260,758	2,506,208	1,754,550	17,800
10-3/4% Bond 2005	08/15/05	9,269,713	7,493,713	1,776,000	116,800
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	2,204,784	3,800,800	284,000
11-1/4% Bond 2015	02/15/15	12,667,799	9,809,079	2,858,720	366,080
10-5/8% Bond 2015	08/15/15	7,149,916	3,249,756	3,900,160	429,440
9-7/8% Bond 2015	11/15/15	6,899,859	3,879,059	3,020,800	196,800
9-1/4% Bond 2016	02/15/16	7,266,854	6,705,254	561,600	174,400
7-1/4% Bond 2016	05/15/16	18,823,551	18,525,951	297,600	0
7-1/2% Bond 2016	11/15/16	18,864,448	17,999,168	865,280	113,600
8-3/4% Bond 2017	05/15/17	18,194,169	9,428,729	8,765,440	851,040
8-7/8% Bond 2017	08/15/17	14,016,858	9,132,058	4,884,800	473,600
9-1/8% Bond 2018	05/15/18	8,708,639	2,347,039	6,361,600	150,400
9% Bond 2018	11/15/18	9,032,870	2,615,070	6,417,800	179,800
8-7/8% Bond 2019	02/15/19	19,250,798	5,063,598	14,187,200	641,600
8-1/8% Bond 2019	08/15/19	20,213,832	16,642,312	3,571,520	238,720
8-1/2% Bond 2020	02/15/20	10,228,868	6,146,468	4,082,400	166,800
8-3/4% Bond 2020	05/15/20	10,158,883	3,941,763	6,217,120	725,920
8-3/4% Bond 2020	08/15/20	21,418,606	5,051,886	16,366,720	466,720
7-7/8% Bond 2021	02/15/21	11,113,373	10,270,173	843,200	142,400
8-1/8% Bond 2021	05/15/21	11,958,888	4,659,688	7,299,200	406,080
8-1/8% Bond 2021	08/15/21	12,163,482	3,656,922	8,506,560	353,600
8% Bond 2021	11/15/21	32,798,394	6,307,619	26,490,775	416,000
7-1/4% Bond 2022	08/15/22	10,352,790	8,215,190	2,137,600	404,000
7-5/8% Bond 2022	11/15/22	10,699,626	3,637,226	7,062,400	694,400
7-1/8% Bond 2023	02/15/23	18,374,361	14,420,761	3,953,600	358,400
6-1/4% Bond 2023	08/15/23	22,909,044	22,106,516	802,528	723,584
7-1/2% Bond 2024	11/15/24	11,469,662	6,931,022	4,538,640	495,520
7-5/8% Bond 2025	02/15/25	11,725,170	9,333,170	2,392,000	348,800
6-7/8% Bond 2025	08/15/25	12,602,007	12,602,007	0	0
Total		864,913,622	643,297,289	221,616,333	13,842,586

#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
January 5, 1996

CONTACT: Calvin Mitchell
(202) 622-2920

TREASURY CONSULTS WITH MEMBERS OF CONGRESS ON ECONOMIC DEVELOPMENT IN PUERTO RICO

The leadership of Representatives Serrano, Gutiérrez and Velázquez is a crucial part of the budget debate regarding IRC Sec. 936 and influenced the decision to include the President's objections to the Reconciliation bill's provisions in the veto message.

Treasury has met twice in the last two weeks with Representatives Serrano, Gutiérrez and Velázquez. The three Members of Congress have demonstrated consistent leadership on this important issue. They made their dedication to preserving jobs in Puerto Rico by defending Sec. 936 clear to the President in 1993 and they have stayed with that position since then. The Administration appreciates their work and input.

President Clinton's objections to the Congress' Sec. 936 proposal indicate that he remains committed to providing incentives in order to promote economic development in Puerto Rico.

The President's proposal to reform the incentives for job creating investments in insular areas would preserve more than 75 percent of the tax benefits anticipated under current law over the next seven years according to OMB figures, and an even greater percentage according to CBO numbers.

The President's proposal was decided on so shortly before the submission of his seven year balanced budget plan to the Congress that it was not possible to give Representatives Serrano, Gutiérrez and Velázquez an opportunity to comment before it was decided on.

RR-798

The late decision made it possible only to brief Members of Congress on the proposal before it was sent to the Congress. We regret that it was not possible to give Representatives Serrano, Gutiérrez and Velázquez a chance to influence the decision based on a draft, as had been committed. We will continue to work with these important supporters of the President and keep them as informed as possible in the difficult budget negotiation process.

The Treasury will monitor the impacts of phasing out the tax credit under Sec. 936 based on income attributed to the islands. We appreciate the concern of Representatives Serrano, Gutiérrez and Velázquez about phasing out the income based credit. The Treasury Department will continually monitor the effects of the phase-out on the economy of Puerto Rico. The Administration's Inter-Agency Working Group on Puerto Rico, including representatives of the Treasury Department, will meet quarterly to review the situation and to consider any necessary measures for the future.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED FROM WIRE MOVEMENT UNTIL
SATURDAY, JANUARY 6, 1995 AT 5:30 P.M. EST
Text as Prepared for Delivery

THE U.S. ECONOMY:
PROGRESS AND PROSPECTS
REMARKS OF DEPUTY SECRETARY LAWRENCE H. SUMMERS
AMERICAN ECONOMICS ASSOCIATION
JANUARY 6, 1995

Introduction

I have two points that I want to make before you today. First, the outlook for the American economy is brighter than it has been at any time in my professional lifetime. That is partly the result of cyclical phenomena. But it is also the predictable result of the ways in which this Administration has managed the economy, and the ways in which we have supported American engagement in a dynamic global economy.

Second, as we enter this election year the American people will be confronted with a clear choice. It will be a choice between *laissez-faire* government and appropriate government. It will be a choice between trickle down theories that have been tried and have failed to address the challenges that Americans are rightly thinking about -- rising inequality, the skills needed to compete in a global economy -- and an Administration that believes that government has a role to play in helping Americans meet these challenges.

The American Economy Today

Let me start with the state of the American economy today. In an aggregate sense, the U.S. economy is in better shape than it has been in several decades. We are enjoying a low inflation, investment led recovery for the first time since John F. Kennedy was President.

RR-799

- Private sector job creation has been very strong over the past three years with the creation of some 7.7 million jobs. Civilian unemployment is down to 5.6 percent from 7.1 percent (calculated under old basis) when the President took office.

- Poverty is coming down for the first time in half a decade. The poverty rate fell to 14.5 percent in 1994 from 15.1 percent the year before. The number of people in poverty dropped by over a million, to 38.1 million. These were the first declines since 1989.

- Housing affordability reached a 20 year peak in 1993 as mortgage rates fell. Mortgage interest rates have remained only about 20 points above the 25 year low hit in late 1993.

- Real median family income increased by 2.3 percent in 1994, the fi[illegible] gain in five years. Moreover, income grew for all components of the income distribution, from the lowest to the highest. That means that more Americans are sharing the fruits of this expansion.

A Well-Managed Economy

Part of this performance is the result of cyclical factors. But it is also the result of three policy directions that this Administration has pushed forward. One is that for the first time in decades, our economy is well-managed.

- The President's budget reductions have brought the government deficit down for three years in a row for the first time since Harry Truman was President.

- At 2.3 percent last year -- down from 4.9 in 1992 -- we had the smallest federal government deficit as a proportion of GDP among all the Group of Seven industrialized nations in 1995. We look set to match that performance in 1996.

- The cyclically adjusted federal deficit has fallen too, from an estimated $230.2 billion in 1992 to 207.9 billion in 1993, 187.7 in 1994 and 166.9 last year. The adjusted deficit's share of GDP has also fallen from 3.9 percent in 1992 to 2.4 last year.

- After a decade of rapid growth during the 1980s, the President's budget-cutting effort held growth in national debt (held by the public) as a proportion of GDP to less than 1.5 percent in 1993. The ratio then declined slightly in 1994 and 1995.

As would be expected, budget deficit reduction has eased pressure on the other deficit the current account deficit.

- The current account deficit has indeed widened as one would expect would occur during an expansion -- from 1.0 percent of GDP in 1992 to 1.6 in 1993, 2.2 in 1994 and an estimated 2.4 last year. But that is still far below deficit levels that were reached at similar points in earlier expansions, such as the mid-s. Then, a U.S. recovery sent the current account deficit soaring from 2.6 percent of GDP in 1984 to 3.7 percent by 1987.

Fiscal responsibility and a reduction in the government's claim on savings has kept interest rates at levels that are historically low for this point in an expansion.

- The rate on the long-bond has dipped below 6 percent, close to its all-time low of 5.87 percent reached in October 1993.

Low interest rates have propelled the economy forward, sending business investment soaring.

- Real business investment in equipment is at an all-time high, both in absolute levels and as a share of real GDP (measurements began in 1929).

In short, we are building the capacity to keep growth moving at a sustainable, non-inflationary pace.

Our record on fiscal policy has been matched by an approach to monetary policy that recognizes that inflation is the greatest threat to sustained recovery. This President and this Secretary of the Treasury have consistently emphasized that they and the Federal Reserve share the goal of sustained recovery with low inflation.. And the Administration has consistently recognized that the Federal Reserve must act independently towards these objectives.

If one wonders why the Dow has enjoyed one of its best years ever and is reaching new highs, and why business activity is so strong almost across the board, I am convinced it is because of Americans' new sense of confidence that our economy is being well-managed.

Letting Market Forces Operate

A second factor in our bright economic outlook is that this Administration has moved to let market forces operate.

- We have shrunk the size of government, to the point where the number of government employees is its lowest level in 30 years, and the number of government employees as a percentage of civilian non-farm labor is at its lowest level since 1933.

- It was the President who launched market-oriented reform of wireless communications in his 1993 budget, which turned some 200 megahertz over to private sector use, and implemented the FCC's auction procedure to raise some $11 billion in revenue and harness private sector initiative.

- This year saw the elimination of the Interstate Commerce Commission. It is worth remembering that President Clinton made that proposal in his State of the Union Address last year.

- The Administration introduced legislation in 1994 to restructure and streamline the Superfund process for cleaning up toxic waste sites. The goal was to rationalize remedies and cleanup measures without weakening protection, reduce litigation expenses, and improve state and community participation. While the legislation has not been adopted, the Administration has moved to implement as many of the measures as can be taken through administrative reforms alone.

Global Engagement

This Administration has pursued a third policy course that is essential to our economic future. We have, against serious domestic opposition, moved to open markets and continue American engagement in a burgeoning global economy.

There is no question that trade has become one of the most dynamic parts of our economy.

- Total U.S. exports and imports of goods and services grew from only 9.8 percent of GDP in 1965 to 17.8 percent in 1985 and 21.7 percent in 1992. This Administration's market-opening measures has helped lift that figure to 24.2 percent of GDP for the first three-quarters of 1995 alone.

- Between 1988 and 1992, almost 60 percent of real growth in our economy came from export expansion.

- Export growth has averaged 8 percent yearly since 1992, more than double GDP growth. U.S. firms now export more than $700 billion in nominal terms, enough to support some 10 million U.S. jobs.

All of that is just a drop in the bucket of what can be attained, as some 3 billion people in the developing world -- bolstered by open markets and the right economic policies -- get on a rapid escalator to prosperity over the next few decades.

With some calling for a temporary halt to new trade accords and others preaching a kind of economic nationalism not heard since the 1920s, the Administration has nonetheless recognized how critical maintaining the regional and global momentum for liberalization is to our economic future. We completed the adoption of the NAFTA. We brought the Uruguay Round to fruition. We are moving to ensure that liberalization continues in Asia, through APEC, and in our own hemisphere, through Chilean accession to NAFTA, and through the Free Trade Area of the Americas envisioned at the Summit of the Americas.

All told, the United States has concluded some 150 trade agreements over the past three years, from the largest ever public procurement agreement in history with the European Union, to a groundbreaking agreement to protect Americans' intellectual property rights in China.

I call our strategy export activism. It is not the reactive protectionist strategy of the past, that seeks to erect walls, to benefit industries that are able to muster political muscle. Nor is it the turn the other cheek, *laissez-faire* policy that some of my friends in the audience would recommend. Instead, it is a strategy based on a simple premise: more trade leads to more prosperity. And it recognizes that in a complex world, it is essential that all our trading partners move with us to open markets, if the political support for liberalization is to be maintained.

A Budget that Invests

A well-managed economy, a commitment to allowing market forces to operate, and global engagement to maintain our ability to compete globally -- these are three factors which lie behind much of the progress that we have seen.

We are now engaged in negotiations over the budget. There is a blackout on comments, so I cannot discuss these talks in any detail. Nonetheless, let me say that differences over the budget need to be worked out in a reasonable way. It is wrong to shut down government as a way of bludgeoning the process. And it is wrong to raise even the prospect of default. As Senator Dole himself has said, enough is enough.

There is now a bi-partisan commitment to balance the budget over the near term with spending cuts. But as economists, you understand that how we balance the budget matters as much as whether it is balanced. Retaining unnecessary programs while refraining from investments that pay positive real returns can be as damaging for the country's future as spending that overshoots appropriate levels.

Let me touch on one example. Some 18 million American children rely on Medicaid for immunizations, regular check-ups, and emergency care -- the kind of health care without which they stand little chance of contributing to the American economy. Some 750,000 American pre-school children participated in Head Start last year -- the kind of pre-school training that makes sure they become productive members of our society. Some 14 million American children live in working families that would see taxes rise under Congressional budget proposals.

Congressman Kasich is right when he says that American children have much to fear from mushrooming national debt. But they have much more to fear from budget proposals that would deny 2 to 4 million children meaningful Medicaid benefits by the year 2002. They have much more to fear from proposals that would slash investments in education and training by some $31 billion over 7 years. They have much more to fear from budget proposals that would deny Head-Start to 180,000 children by 2002, or slash funding for Safe and Drug Free Schools, and would leave the safety net that feeds and protects our nation's less advantaged children in tatters.

Fiscal restraint is not synonymous with fiscal responsibility. Appropriate government means a government that makes the many public investments that can only be taken by government -- such as investments in children -- that pay positive economic returns. At times, compassion is also economically sound. In short, the kind of restructuring of the national balance sheet that some propose would be extremely short-sighted, and in some ways more dangerous than the legitimate fiscal concerns that many on both sides of the political spectrum in Washington are attempting to address.

Challenges for the Future

I've described an aggregate economic environment that is brighter than it has been in decades. Let me touch on one challenge that remains salient both of economists and scholars, as well as in the minds of most Americans. Put simply, it is the fact that the benefits brought by a booming aggregate economy have not been as widely shared as one would hope.

After rapid growth in the 1950s and 60s, real median family income growth slowed over the 1970s and early 1980s, fell deeply and for longer than usual during the 1990 recession during the 1990, and by end 1994 continued to remain 5 percent below 1989 levels.

The gains that have been made have not accrued equally among income classes. While all income groupings saw their real incomes double during the 1950s, 1960s, and 1970s, growth in the 1980s became lopsided, with the highest quintile gaining more ground than anyone, and the lowest quintile actually falling behind. From 1991 to 1993 all but the highest quintile lost ground, while the top 5 percent enjoyed annual average gains of over 6.4 percent.

Gains in wealth follow a similar pattern. The top 1 percent of households took some 83.7 of the increase in wealth over most of the 1980s, while the bottom 80 percent as a whole garnered a mere 6.5 percent. Put simply, while the poorest families are much worse off than they were a generation ago and the middle class are slightly better off, only those who were already very wealthy are today even more affluent than before.

A Clear Choice

The reasons for these changes are complex and not fully understood. Listed in terms of importance, I would include as major factors the rise of information technology, increasing competition in labor markets, the decline of unions and the minimum wage, and the rise of international competition.

What is clear going into the election, is that Americans will be presented with two strategies for addressing the challenges that we face. One is the *laissez-faire*, trickle-down strategy of the past. It proposes reducing taxes on those with the highest incomes. It proposes increasing taxes on labor, while reducing taxes on capital. It proposes slashing traditional safety nets that have supported even the working poor, and have offered them their one strong hope of entering the economic mainstream.

Our approach recognizes that leaner government still leaves room for appropriate government. It recognizes that there are such things as public goods -- investments that government must make, because the invisible hand of the market cannot, and will not make them.

Flat Tax

Let me offer just one example of the kind of policy prescription that I think is the wrong way to address the challenges that we face -- the flat tax proposal introduced in Congress this past July. It is troubling both on revenue-raising and distributional grounds.

- On revenue grounds, at the proposed 17 percent tax rate and standard deduction amounts, this proposal would lead to an estimated $138.3 billion revenue loss per year at 1996 income levels, or even more if transition rules are added.

On distributional grounds, the proposal would lead to some small tax cut for single persons earning minimum wages, but sharply higher tax burdens for most other earners except the very highest income groups -- those who are already reaping the greatest gain from present economic trends.

- For example, while single, minimum wage earners would see tax liabilities decrease by $152, a married couple with $50,000 in wages, two children and employer-provided health insurance would see tax liability rise by $1,604. The tax increase would be above $2600 for two-earner married couples with two children. But for those two-earner couples with incomes of $200,000 plus about $12,000 in investment income, tax liability would decrease by some $3,469. A one-earner couple in which investment income was roughly a quarter of $212,000 in total income would see a nearly $11,000 tax reduction.

- Distributional effects would be even worse if the proposal is made revenue neutral by raising the tax rate to near 21 percent. That would reduce Federal taxes for families with income of $200,000 or more by 28.1 percent, and increase taxes for families with income under $200,000 by between 5 and 70.7 percent.

It would be a serious mistake for the United States to adopt a tax overhaul that would interfere with balancing the budget, whatever its other effects. Nor, given the ongoing trend towards greater inequality in market incomes would it be appropriate to move towards any tax system that substantially reduces tax burdens on the wealthy and raises them on those with low incomes, in the name of efficiency. This is the same *laissez faire* economics that has been tried and tested in the past. It failed then, and it can only break the momentum of our continued progress now.

Conclusion

Let me conclude where I began. The United States economy is moving forward. We are putting our fiscal house in order. We are opening the world economy to our exports, and we are doing better in international markets.

In the aggregate, three years of wise management has left our economy stronger than it has been in 30 years. The challenge now is to strengthen the foundation for progress, while ensuring that all Americans have the tools and basis to succeed as we enter the next century. Thank you.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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**THE U.S. ECONOMY:
PROGRESS AND PROSPECTS
REMARKS OF DEPUTY SECRETARY LAWRENCE H. SUMMERS
AMERICAN ECONOMICS ASSOCIATION
JANUARY 6, 1995**

Introduction

I have two points that I want to make before you today. First, the outlook for the American economy is brighter than it has been at any time in my professional lifetime. That is partly the result of cyclical phenomena. But it is also the predictable result of the ways in which this Administration has managed the economy, and the ways in which we have supported American engagement in a dynamic global economy.

Second, as we enter this election year the American people will be confronted with a clear choice. It will be a choice between *laissez-faire* government and appropriate government. It will be a choice between trickle down theories that have been tried and have failed to address the challenges that Americans are rightly thinking about -- rising inequality, the skills needed to compete in a global economy -- and an Administration that believes that government has a role to play in helping Americans meet these challenges.

The American Economy Today

Let me start with the state of the American economy today. In an aggregate sense, the U.S. economy is in better shape than it has been in several decades. We are enjoying a low inflation, investment led recovery for the first time since John F. Kennedy was President.

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FOR IMMEDIATE RELEASE
January 8, 1996

Contact: Jon Murchinson
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TREASURY POSTPONES 3- AND 6-MONTH AUCTIONS

The Treasury Department announced this morning that it will postpone auctions of 3- and 6-month bills scheduled for today, Monday, January 8, 1996 until tomorrow, Tuesday, January 9. The postponement is due to the severe snow storms in the northeast that have made it difficult for market makers to fully participate in the government securities market today. The Bureau of Public Debt will make an announcement later today with details of the new auction schedule. This announcement will not change the settlement date for these two securities.

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REMARKS OF TREASURY SECRETARY ROBERT E. RUBIN TO THE ASSOCIATION FOR A BETTER NEW YORK AND THE COMMITTEE FOR ECONOMIC DEVELOPMENT NEW YORK, NEW YORK

There is a great debate under way in Washington about the future of this country -- perhaps the most important public policy debate in 50 or 60 years. Though all of us who are involved must make every effort to get the budget conflict which reflects this debate resolved in short order, the debate itself will undoubtedly be central to the 1996 elections.

The underlying debate is about differing visions of what will best serve our economy to compete and succeed globally, for the years and decades ahead, with rising living standards for all Americans. And it is a debate about what is the proper role of government in helping us realize those objectives. Both sides are committed to fiscal discipline and to balancing the budget. Beyond this, one vision, the president's vision, is built upon robust programs of education and training, in technology, in helping prepare children in poverty for the mainstream economy, and effective programs in Medicare and Medicaid and the like. The other, that of the congressional majority, entails relatively severe cuts in those areas, tax increases on the lowest wage working Americans by reducing the Earned Income Tax Credit, and large tax cuts that go primarily to the most affluent and which in my view do not have economic benefits commensurate with their cost.

This debate is central to the future of our cities. And in my view the future of our cities is central to the future of our economy and our nation, and therefore the future of all Americans, no matter where they live or work. The budget debate has a high profile, but the problems of our cities does not, and should.

Our responsibility in reviving the cities is clear: we must replace economic distress and criminal violence with economic opportunity and the freedom to live in security.

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I deeply believe, and much more importantly so does the President, that the United States will fall far short of its full economic potential unless our cities are healthy. Critically, that means dealing effectively with the problems of our inner cities. This requires investing in human capital -- education and training. It requires increasing access to financial capital. And, it requires improving public safety.

Consider the scope of our problems. The recent Committee for Economic Development report said that a third of the neighborhoods in our 100 largest cities are already distressed or in danger. The Census Bureau calculates that well over four in 10 Americans in poverty live in our inner cities. The Organization for Economic Cooperation and Development in Paris, the OECD, ranks us at the top of a list of 18 industrialized nations in income disparity. Moreover, the data in that study also tells us that poor children in the United States are poorer than the children in about all other Western industrialized nations. That is not a recipe for a healthy future for any of us.

It will take a number of years and a comprehensive set of policy responses to do what needs to be done for the cities. Today, I want to focus on three issues within my portfolio as Treasury Secretary that can make a real difference: First, how the budget debate affects investment in education and the other areas of human capital. Second, how access to financial capital for residents of our cities can create jobs, opportunity and hope. And third, how we can create a safer environment in our cities by battling back against crime and especially gun violence. Additionally, I want to say a few words to the business community because it should be interested in these issues in two respects: one, in a purely hard-headed, pragmatic manner because of the impact of the future of our cities on the future of our economy; and two, because of the contribution business will have to make if our society is to deal with these problems of the cities effectively.

The single-most important key in addressing urban issues is investing in people. Programs in education and training and health care and the like are at the center of our budget debate, including the programs primarily directed towards helping those in the inner cities and the other poor in our country move into the economic mainstream. For example, the president wants to invest an additional $35 billion in education and training over the next seven years. But the budget sent to him by the congressional majority cuts education and training by $31 billion over seven years. The president wants to extend Head Start to 50,000 additional children in seven years. The congressional majority sent him a budget cutting 180,000 children out of the program seven years from now. The list continues, and so do the differences between our robust program and the program of reductions -- in childhood immunization, public health, inner city summer jobs, child protection services, nutrition, basic and advanced skills assistance, and the refundable tax credit for lower income working Americans.

Investing in human capital is probably the most critical facet of addressing the needs of our inner cities, but there also is a shortage of financial capital in our inner cities. We believe transfer payments alone are not the answer and the answer lies in empowerment. I was in the South Bronx some months ago. It was remarkable. If you care about New York and you haven't been, you should go. I saw the resurgence of housing, not over one block but over an enormous area. And, I talked to business owners who had trouble getting capital, but did get the capital and are building businesses and creating jobs. Now, though, the very programs that were essential in the developing rebirth of the South Bronx are threatened in the budget debate.

To cite some examples of threatened programs, there is the federal government's Community Development Financial Institutions Fund. The fund provides seed capital through loans, grants and equity investments to community based banks, credit unions, microenterprise lenders, and the like. These organizations make loans and investments to help small businesses and for housing, and they help people find jobs and start businesses. Three years ago this project had broad bipartisan support, but today it has been defunded by the congressional majority.

We recently issued our first call for CDFIs and mainstream financial institutions around the country to apply to the Fund for assistance and incentives, and the response thus far has been very encouraging. We cannot allow this very good program, grounded in an empowerment or capitalist response to the problems of the inner cities, to be destroyed

The second example is the Community Reinvestment Act. The CRA encourages federally insured financial institutions to serve creditworthy borrowers in neighborhoods which have been either ignored or overlooked in the past, with no large bureaucracy and no taxpayer funding. This too is under attack, though we have so far successfully protected the CRA from the eviscerating attempts in Congress.

Third, there is an additional approach, one which President and Mrs. Clinton are familiar with from Arkansas -- micro-enterprise lending. It has has had remarkable success in low income areas in other countries and might well here too if applied on a broad scale.

Micro-enterprise lending is a highly cost-effective way to put money into the hands of entrepreneurs who need very limited amounts of capital, for example, lending someone who wants to start a tailor's shop enough money for a sewing machine, or lending a mechanic money for special tools to take on more complex and profitable repair jobs. In her trips through Asia and Latin America, Mrs. Clinton saw how successful this approach has been, and her report lent energy to our efforts.

President Clinton asked Treasury to launch a microenterprise project through the CDFI Fund, including the coordination of existing programs in other parts of the government. Moreover, at the president's direction, we are establishing a Presidential Award program so business foundations, community development corporations and others will compete for recognition in microenterprise lending just as large American corporations compete for the Baldrige Award.

Fourth, there is the Low Income Housing Tax Credit to encourage investment in housing. As I went around the South Bronx, I kept hearing about the tax credit's critical role. On average, nationwide, there have been nearly 100,000 units a year of low income housing created with this credit since its enactment. The congressional majority wants to end the credit, which the Clinton Administration made permanent last year.

Having said that, I want to turn for a moment to the role of the private sector as regards urban issues. A great many business leaders recognize that the problems of the inner cities affect all Americans, are critical to our economic future, and may well be our nation's most important domestic economic and social issue. Given the enormity of the problems, and the budget stringency of the years ahead under any circumstances, substantial, systematic and ongoing involvement of the business community is critical to bringing the inner cities and their residents into the economic mainstream.

The Service Corps of Retired Executives is one example of individuals with business acumen offering assistance to up-and-coming entrepreneurs. Likewise, the National Executive Service Corps provides assistance to nonprofits.

We have begun working with business organizations to help develop the necessary involvement of the private sector. I can tell you today that the International Executive Service Corps is now exploring ways to offer its expertise in our inner cities. For the past 30 years, this American-based organization has done ground-breaking work in 52 countries around the world, and it is now turning some of its attention to businesses in our inner cities. I want to thank the Corps and Hobart Gardiner, its CEO, for their leadership.

By way of illustration, here are some of the ways that the business community can play a central role in revitalizing our cities:

o Businesses can provide mentoring to start-up companies in the inner cities.

o Businesses, institutional investors and foundations can provide financial support and business expertise to community development financial institutions in their areas.

o Businesses can become engaged with school-to-work programs, can help support local school systems, help schools develop practical business and job-skill related curricula. Businesses can also do as we have done in Treasury and our bureaus and throughout the federal government -- adopt schools.

o Businesses can provide meaningful summer jobs for disadvantaged youths, jobs where they can learn what it means to work.

Again, the active participation of the business community will be essential to meet the needs of our inner cities in the coming years.

Let me end with a brief note on the topic of public safety. You can invest in human capital. You can make financial capital available. You can volunteer to help. But if you don't have public safety, it all isn't going to work.

Crime is a broad issue, and I want to comment on just one facet of the administration's anti-crime efforts here today as it relates to my responsibilities as Treasury Secretary.

To assist local police departments, Treasury's Bureau uof Alcohol, Tobacco and Firearms now has Firearms Trafficking Task Forces in each city where it has an office. The goal is simple: to disrupt the illicit gun market. We have new computer software that helps us look for patterns of gun-running. Our pilot project was here in New York. Indictments last month resulted the arrests of seven people we believe ran in excess of 350 guns into the city from Alabama. The New York Police Department has been a true national leader in attacking firearms violence. And the partnership between ATF and the New York Police Department is one of the reasons cited for the dramatic decline in gun crime here, and I hope that over the coming year we can develop similar partnerships in cities across the nation.

The problem of gun violence is becoming particularly acute amongst this nation's young. In 1994, just under 50,000 people under the age of 18 were arrested on weapons charges. We are examining new ways to keep gun-pushers from putting guns in the hands of children. We are looking at ways to better find and prosecute gun-pushers. The idea of attacking the illicit supply of guns by arresting illegal sellers and traffickers is a new, preventive law enforcement strategy that we believe holds great promise.

Just as there is a debate over the budget, there is also an important debate over law enforcement. Over the last three years the Brady Law was enacted, and the assault weapons ban was enacted. But there are now strong efforts to roll back these gains. Just as is the case with the economic programs critical to our cities, we cannot permit a rollback of the gains in law enforcement.

In closing, we all have a vital stake in our cities, no matter where we live or work, because -- as I said at the outset -- our nation will fall far short of its economic potential unless we deal effectively with the challenges facing our inner cities. It is my view, and more importantly it is the president's view, that preparing our inner cities for the mainstream economy requires robust programs of investment in human capital -- in education, training, childhood immunization and the like. Moreover, programs that provide access to financial capital, and that increase public safety, are absolutely essential toward realizing our economic potential. I also believe that with respect to the cities the private sector will have to play an important role if the job is to be done.

If you look at the economies of Asia that are probably the greatest economic success stories the world has seen in the last 20 years, and if you think of the nations we'll be competing with in the 21st century, I don't see how we can be successfull if we don't have the kinds of robust programs I have discussed today, both in the inner city and more generally in the country. And these programs are at the core of the budget debate.

I have a great deal on my agenda at the Treasury Department -- the budget, taxes and our international economic relations. Since I started at the White House three years ago I've worked in all these areas, and throughout I've kept in mind the essential role of our cities and the particular problems of our inner cities. I believe that as we deal with the broader policy debate that will occupy us through this election year, the role and needs of our cities should be central in our discussions.

Thank you.

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DEPARTMENT OF THE TREASURY

NEWS CLIPS

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FOR IMMEDIATE RELEASE
January 11, 1996

Contact: Chris Peacock
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TREASURY SECRETARY TO VISIT DETROIT SUNDAY

Treasury Secretary Robert Rubin and Congressman John Conyers will announce Sunday that the Detroit Police Department will begin implementing CEASEFIRE, a Bureau of Alcohol, Tobacco and Firearms program using state-of-the-art computer ballistics technology in the investigation of firearms-related crime.

The announcement is scheduled for 2:30p.m. this Sundav, January 14, 1996, in the third floor conference room at Detroit Police Headquarters, 1300 Beaubien Street, in downtown Detroit.

The Secretary and Congressman will be joined by ATF Director John Magaw, Detroit Mayor Dennis Archer, Detroit Chief of Police Isaiah McKinnon and other government and law enforcement officials from the Detroit region.

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Detroit Police Department: George Clarkson (313) 596-2200

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Embargoed Until 4 PM (ET)
January 12, 1996

Contact: Calvin Mitchell
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TREASURY COMMENTS ON "SHORT AGAINST THE BOX" PROPOSAL

Proposals regarding "short against the box" and other similar transactions are being considered as part of the ongoing budget negotiations. Today, Treasury provided a description of one such proposal. The provision, which was included in one of the budget packages under discussion, is aimed at tax-deferral techniques commonly referred to as "short against the box" transactions and other transactions, such as "equity swaps," that accomplish comparable results.

DESCRIPTION

The proposal would require a taxpayer to recognize gain (but not loss) upon entering into a constructive sale of any appreciated position in either stock, a debt instrument, or a partnership interest. A taxpayer would be treated as making a constructive sale of an appreciated position when the taxpayer (or, in certain limited circumstances, a person related to the taxpayer) substantially eliminates risk of loss and opportunity for gain by entering into one or more positions with respect to the same or substantially identical property. For example, a taxpayer that holds appreciated stock and enters into a short sale with respect to that stock (a short against the box) or an equity swap with regard to the stock would recognize any gain on the stock. Similarly, a taxpayer that holds appreciated stock and grants a call option or enters into a put option on the stock would generally recognize gain on the stock if there is a substantial certainty that the option will be exercised. In addition, a taxpayer would recognize gain on an appreciated position in stock, debt or partnership interests if the taxpayer entered into a transaction that is marketed or sold as substantially eliminating the risk of loss and opportunity for gain.

The taxpayer would recognize gain in a constructive sale as if the position were sold and immediately repurchased. An appropriate adjustment (such as an increase in the basis of the position) would be made for gain recognized on the constructive sale, and a new holding period would begin as if the taxpayer had acquired the position on the date of the constructive sale.

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If the taxpayer makes a constructive sale of less than all of his or her appreciated positions in a particular property, the proposal would trigger gain recognition in the order the positions were acquired or entered into. If the taxpayer actually disposed of a position previously constructively sold, the offsetting positions creating the constructive sale still held by the taxpayer would be treated as causing a new constructive sale of appreciated positions in substantially identical property, if any, the taxpayer holds at that time.

The proposal would not apply to any contract for the sale of any stock, debt instrument or partnership interest that is not a marketable security (as defined under the rules that apply to installment sales) if the sale occurs within one year of the date the contract is entered into. In addition, the proposal would not treat a transaction as a constructive sale if the taxpayer is required to mark to market the appreciated financial position under section 475 (mark to market for securities dealers) or section 1256 (mark to market for futures contracts, options and currency contracts).

The proposal would be effective for constructive sales entered into after the proposal is enacted. In addition, the proposal would apply to constructive sales entered into after January 12, 1996, and before the date of enactment that are not closed before 30 days after the date of enactment; the proposal would apply to such transactions as if the constructive sales occurred on the date that is 30 days after the date of enactment.

A special rule is included for constructive sales entered into on or before the date of enactment by decedents dying after the date of enactment. If the constructive sale remains open on the day before the date of death and gain has not been recognized under this provision, the positions constituting the constructive sale are treated as property constituting rights to receive income in respect of a decedent under section 691.

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Remarks as prepared for delivery
January 14, 1996

REMARKS OF TREASURY SECRETARY ROBERT E. RUBIN
CEASEFIRE PRESENTATION/DETROIT POLICE DEPARTMENT
DETROIT, MICHIGAN

I'm pleased to be able to share in today's announcement about an important advance in crime solving here in the Detroit area.

We've been seeing some very encouraging figures lately about crime -- not just here in Detroit but across the country. The homicide rate in Detroit is down 17 percent from 1993 to last year. In New York City, 1,000 fewer people were murdered last year than in 1991. Back in Washington, the homicide rate has come down 23 percent over the past two years.

There are a great many reasons that these numbers are coming down. I believe the Clinton Administration's aggressive approach to law enforcement must be counted among the factors.

If you look at what's gone on the books so far, I believe there is a very clear correlation.

Since 1993 we've seen the Brady Law require a waiting period for handgun purchases. The assault weapons ban has been enacted. And a very tough crime bill that puts police officers back out on the streets in community policing has begun to take effect. I think we're seeing the results in the crime statistics that are coming out. And I would not want to see any of the progress we've made rolled back by those who, for instance, want the assault weapons ban overturned.

I would add that Congressman Conyers has been a very valued supporter of this administration's initiatives, and of the ATF, and we very much appreciate the contribution he has made to law enforcement.

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Our approach to law enforcement and public safety has many facets, and making use of the latest in technology is one of them. The Bureau of Alcohol, Tobacco and Firearms -- in partnership with the private sector -- has developed a significant technical capacity for investigating firearms crimes, and the Ceasefire program is one of them. This is the sixth city where the ATF has teamed with local law enforcement to put Ceasefire into effect.

One of the hallmarks of the ATF -- and I know Director Magaw feels very strongly about this -- is the ATF's reputation for cooperative work with local law enforcement authorities to stop gun-running, to get illegal guns off the streets, and to keep weapons out of the hands of youngsters.

The system being installed here will be made available to other jurisdictions in the Detroit area, so the impact of this technology will be amplified. And down the road we plan to add two more Ceasefire sites to fight crime in Michigan.

I'll leave the scientific description to the experts. But the Ceasefire computer system can do in a few hours what otherwise might take a ballistic expert years and years. Very simply put, it can help you find a needle in a haystack. If you can tie bullets or shell casings from different crimes to a particular gun, and you find that weapon, that significantly increases the chances you've found the criminal.

Ceasefire is solving crimes across this country, and ultimately, that means that Ceasefire is saving lives. I am confident it can solve crimes and save lives in Detroit.

Thank you.

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AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
January 16, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for $12,540 million of 13-week bills to be issued January 18, 1996 and to mature April 18, 1996 were accepted today (CUSIP: 912794Y32).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	5.00%	5.15%	98.736
High	5.02%	5.17%	98.731
Average	5.02%	5.17%	98.731

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	$47,959,820	$12,540,217
Type		
Competitive	$42,627,815	$7,208,212
Noncompetitive	1,500,945	1,500,945
Subtotal, Public	$44,128,760	$8,709,157
Federal Reserve	3,706,960	3,706,960
Foreign Official Institutions	124,100	124,100
TOTALS	$47,959,820	$12,540,217

RR-805

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
January 16, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for $12,522 million of 26-week bills to be issued January 18, 1996 and to mature July 18, 1996 were accepted today (CUSIP: 9127943A0).

RANGE OF ACCEPTED
COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	4.92%	5.13%	97.513
High	4.93%	5.14%	97.508
Average	4.93%	5.14%	97.508

Tenders at the high discount rate were allotted 16%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$51,345,905	$12,521,666
Type		
Competitive	$44,396,484	$5,572,245
Noncompetitive	1,461,121	1,461,121
Subtotal, Public	$45,857,605	$7,033,366
Federal Reserve	3,500,000	3,500,000
Foreign Official Institutions	1,988,300	1,988,300
TOTALS	$51,345,905	$12,521,666

RR-806

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.
January 16, 1996

CONTACT: Office of Financing
202/219-3350

TREASURY'S WEEKLY BILL OFFERING

The Treasury will auction two series of Treasury bills totaling approximately $23,000 million, to be issued January 25, 1996. This offering will result in a paydown for the Treasury of about $4,400 million, as the maturing bills total $27,405 million (including the 83-day cash management bill issued November 3, 1995, in the amount of $8,061 million).

Federal Reserve Banks hold $6,033 million of bills for their own accounts in the maturing issues. These may be refunded at the weighted average discount rate of accepted competitive tenders.

Federal Reserve Banks hold $3,915 million of the maturing issues as agents for foreign and international monetary authorities. These may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders. Due to the public debt limit and Treasury's need to plan for the debt level, additional amounts of Treasury bills will not be issued to Federal Reserve Banks as agents for foreign and international monetary authorities in these auctions.

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.

oOo

Attachment

RR-807

HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS
TO BE ISSUED JANUARY 25, 1996

January 16, 1996

Offering Amount	$11,500 million	$11,500 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912794 Y4 0	912794 Z6 4
Auction date	January 22, 1996	January 22, 1996
Issue date	January 25, 1996	January 25, 1996
Maturity date	April 25, 1996	July 25, 1996
Original issue date	October 26, 1995	July 27, 1995
Currently outstanding	$13,042 million	$18,359 million
Minimum bid amount	$10,000	$10,000
Multiples	$ 1,000	$ 1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids . . . . Accepted in full up to $1,000,000 at the average discount rate of accepted competitive bids

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

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

Maximum Award . . . . 35% of public offering

Receipt of Tenders:

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

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

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

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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

FOR IMMEDIATE RELEASE
January 17, 1996

Contact: Chris Peacock
Darren McKinney
(202)622-2960

STATEMENT OF SECRETARY ROBERT E. RUBIN ON TERRORIST CONSPIRACY SENTENCES

I applaud the sentences handed down today in the New York bombing and assassination plots and the earlier breakthrough investigative work by Bureau of Alcohol, Tobacco and Firearms agents in the case.

ATF played an invaluable role investigating the deadly 1993 blast at the World Trade Center, and it was that successful investigation that led to prosecution of these additional conspiracy charges and the prevention of further human tragedy. I commend as well the leading efforts of the Justice Department and FBI in the investigation and prosecution of this most significant case against terrorism.

Victims of the Trade Center bombing included agents and employees of the U.S. Customs Service and Secret Service based in New York. Today, they can join their families and all Americans who are taking solace in the knowledge that justice has been served. Federal law enforcement will continue to work diligently with local and international authorities in preventing and punishing acts of terrorism.

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RR-808

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
January 17, 1996

Contact: Michelle Smith
(202) 622-2960

MEDIA ADVISORY

Treasury Secretary Robert E. Rubin will hold a pre-G-7 press conference at noon tomorrow, Thursday, January 18, in the large conference room of the Treasury Department, room 3327, 1500 Pennsylvania Avenue, N.W. Cameras should be in place by 11:30 a.m.

Secretary Rubin and Deputy Secretary Lawrence H. Summers will travel to Paris for the G-7 Finance Ministers meeting on Saturday, January 20.

Media without Treasury, White House, State, Defense or Congressional credentials planning to attend should contact the Office of Public Affairs at (202) 622-2960, with the following information: name, social security number and date of birth, by 10 a.m. tomorrow, January 18. This information can be faxed to (202) 622-1999.

RR-809

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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
January 17, 1996

STATEMENT BY TREASURY SECRETARY ROBERT E. RUBIN
ON THE KEMP COMMISSION REPORT

The President supports efforts to simplify our tax system, but he also insists that any proposal meet the test of being both fair to working families and deficit neutral. So far, no Republican flat tax proposal has met this test. Although a flat tax looks appealing at first glance, every Republican flat tax we have seen either explodes the deficit or raises income taxes on middle income families.

The tax commission appointed by the Republican leadership is vague on specifics, but it is clear that it offers no solution to how such a flat tax proposal can avoid either raising income taxes on working families or exploding the deficit.

Taking the latest Armey flat tax as a model, it would add $138 billion per year to the deficit, or over $1 trillion in a 7 year period. Assuming the Republicans stick to their goal of balancing the budget, their flat tax would raise income taxes on middle income Americans in order to pay for lowering taxes on those making over $200,000 a year.

The Armey flat tax would exempt all interest and dividend income from any tax, while increasing income taxes on working families, taxing health benefits, and eliminating the deduction for home mortgage interest.

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RR-810

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR RELEASE AT 2:30 P.M.
January 17, 1996

CONTACT: Office of Financing
202/219-3350

TREASURY TO AUCTION 2-YEAR AND 5-YEAR NOTES TOTALING $30,250 MILLION

The Treasury will auction $18,250 million of 2-year notes and $12,000 million of 5-year notes to refund $26,245 million of publicly-held securities maturing January 31, 1996, and to raise about $4,000 million new cash.

In addition to the public holdings, Federal Reserve Banks hold $1,607 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 $2,376 million held by Federal Reserve Banks as agents for foreign and international monetary authorities. <u>Due to the Treasury's need to avoid exceeding the debt limit, no additional notes will be issued to Federal Reserve Banks as agents for foreign and international monetary authorities. Maturing notes held by Federal Reserve Banks as agents for such accounts may be rolled over on a noncompetitive basis within the public offering amounts.</u>

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.

oOo

Attachment

RR-811

HIGHLIGHTS OF TREASURY OFFERINGS TO THE PUBLIC OF
2-YEAR AND 5-YEAR NOTES TO BE ISSUED JANUARY 31, 1996

January 17, 1996

<u>Offering Amount</u>	$18,250 million	$12,000 million
<u>Description of Offering</u>:		
Term and type of security	2-year notes	5-year notes
Series	AB-1998	E-2001
CUSIP number	912827 W5 7	912827 W6 5
Auction date	January 23, 1996	January 24, 1996
Issue date	January 31, 1996	January 31, 1996
Dated date	January 31, 1996	January 31, 1996
Maturity date	January 31, 1998	January 31, 2001
Interest rate	Determined based on the highest accepted bid	Determined based on the highest accepted bid
Yield	Determined at auction	Determined at auction
Interest payment dates	July 31 and January 31	July 31 and January 31
Minimum bid amount	$5,000	$1,000
Multiples	$1,000	$1,000
Accrued interest payable by investor	None	None
Premium or discount	Determined at auction	Determined at auction

<u>The following rules apply to all securities mentioned above</u>:

<u>Submission of Bids</u>:

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.

<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 Standard time on auction day

Competitive tenders . . . Prior to 1:00 p.m. Eastern Standard 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

TREASURY NEWS

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EMBARGOED MATERIAL
RELEASE TO BE SET AT BRIEFING
Remarks as prepared for delivery
January 18, 1996

REMARKS OF TREASURY SECRETARY ROBERT E. RUBIN PRE-G7 PRESS CONFERENCE.

I'll deal with the issues of this coming weekend in the order in which they'll arise.

First, Spain: I'm making a brief stop in Madrid to discuss a variety of issues with Prime Minister Gonzales and Finance Minister Solbes. In my discussions both with government leaders and the business community I will re-emphasize the President's message of last month that we are very concerned about what occurs in Europe because of our strong economic ties. Europe is in the process of far-reaching economic changes. These changes are important to the United States, and Spain provides a good window on these developments. Spain offers that window in part because it is outside the G-7 and sees these developments in a very useful and different perspective than the four European members of the G-7, and partly because Spain has just completed a term as president of the European Union. In addition, Spain has been involved for some time now in economic liberalization. I would add that we have spent the last few years in this administration reaching out to significant players in the world economy beyond the G-7, and this trip is part of that effort.

Second, the G-7.

We'll have on our agenda the economic outlook, including developments related to Maastrict, the followup work from the Halifax Summit, and matters involving Russia and Bosnia.

To set the scene for you, the consensus of private economists shows steady growth in the G-7 in 1996.

RR-812 (more)

Since our last meeting conditions have improved somewhat in Japan but softened a bit in Europe. Saturday we'll have the chance to examine what policies are appropriate to reinforce the recovery, and thus provide a stronger basis for the structural changes necessary both for the future of Japan and for the European continent. Moreover, I would note that the excellent performance of inflation in the economies of the United States, Germany and Japan offers some room to respond to slower growth if that proves necessary.

In the United States we are in good shape and appear to be on track for continued solid growth. The economic policies we have pursued for the past three years have contributed to the fact that we lead the G-7 in the critical areas of reducing government deficits, and improving economic and employment growth.

Financial market developments since our last meeting have been generally quite favorable. I believe the strength of our stock and bond markets reflects confidence about our economic prospects.

In Paris we will assess progress on the Halifax agenda for strengthening the financial system and improving the effectiveness of the multilateral development banks. There is a great deal of work under way in response to the reforms we proposed and the G-7 adopted at Halifax. These include very important efforts at the International Monetary Fund to strengthen disclosure, various G-10 efforts to improve our capacity to deal with sovereign liquidity crises and strengthen financial market supervision, and the development committee task force where we are focussing on valuable reforms to the World Bank and the regional development banks. During our G-7 meeting we'll evaluate what has been done so far and decide where we need to reinforce the process to get the desired results.

I anticipate some discussion of the transformation of Russia's economy. Russia's performance in 1995 was very strong. Inflation was brought down to a post-independence low, the ruble strengthened and then stabilized, and output is poised to grow. Anatoly Chubais played an extremely constructive and welcome role in these achievements. In Paris, we will emphasize how critical it is for Russia to stick firmly to the reform path followed in 1995 and continue its constructive relationship with the International Monetary Fund.

On Bosnia, promoting reform and reconstruction is key to building on the peace agreement negotiated by President Clinton. It is thus critical that each member of the international community do its utmost, within its means, to ensure success. The Brussels Conference was a good first step and certainly we in the United States are doing our part. We also are very appreciative of the energetic role the IMF and World Bank have played and look forward to continued intensive efforts in the period ahead.

In closing, I want to say just a word about the G-7 process. I have been directly involved for a year now, and I believe it has been a productive year for the G-7. Since my introduction to the process in Toronto last year the Mexico crisis has been substantially improved. Many have expressed skepticism about the cohesion of the G-7, but I believe the past year has clearly demonstrated how the G-7 nations can successfully cooperate.

I would add that although I do not anticipate a communique, Saturday's agenda touches on some very important issues -- the state of the various economies, the post-Halifax work, and Russia and Bosnia. I find the G-7 process to be very useful, irrespective of whether any particular action is taken or a communique issued. When you bring the finance ministers and central bank governors of the G-7 nations together every three months or so to exchange views about various economic matters, it allows each nation to understand the others perspective and provides a framework when action is needed. Beyond that, it gives me a better sense of developments around the world and that's important when dealing with our own economic policy.

Thank you.

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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
January 18, 1996

Contact: Jon Murchinson
(202) 622-2960

G-7 PRESS BRIEFING TIME CHANGE

Treasury Secretary Robert E. Rubin's pre-G-7 press briefing will be held today at 12:30 p.m., instead of noon, in room 3327 of the Treasury Department. Cameras should be in place by noon .

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 number and date of birth, by 11 a.m. today. This information can be faxed to (202) 622-1999.

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RR-813

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
January 17, 1996

Contact: Calvin Mitchell
(202) 622-2920)

U.S.-FRANCE INCOME TAX TREATY ENTERS INTO FORCE

The Treasury Department announced Wednesday that a new income tax treaty between the United States and France entered into force on December 30, 1995. The new treaty replaces the one signed in 1967 and amended by protocols signed in 1970, 1978, 1984 and 1988.

The provisions with respect to taxes withheld on dividends, interest and royalties and the U.S. excise tax on premiums paid to French insurers or reinsurers generally will take effect for amounts paid or credited on or after February 1, 1996. However, the provisions concerning the reduced French dividend tax credit (avoir fiscal) have effect for dividends paid or credited on or after January 1, 1991. Similarly, the provisions for French withholding taxes on royalties have effect for royalties paid or credited on or after January 1, 1991. For other income taxes, the Convention is effective for taxable periods beginning on or after January 1, 1996. For other taxes, e.g., the French wealth tax or the French tax on stock exchange transactions, the Convention applies to taxable events occurring on or after January 1, 1996.

Assistant Secretary (Tax Policy) Leslie Samuels stated, "I am pleased that with the ratification of the French treaty, the protocols and treaties that were approved by the Senate last summer have been ratified in time for each agreement to enter into force by the end of 1995. The protocols with Canada and Mexico and the treaties with Portugal, Sweden, and France continue our efforts to modernize and expand our treaty network, which now includes every country in the European Union. We are working to resolve the bank secrecy concerns that have prevented us from bringing our proposed treaties with Kazakstan and Ukraine into force."

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RR-814

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
January 9, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for $14,065 million of 13-week bills to be issued January 11, 1996 and to mature April 11, 1996 were accepted today (CUSIP: 912794Y24).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	5.01%	5.16%	98.734
High	5.04%	5.19%	98.726
Average	5.03%	5.18%	98.729

Tenders at the high discount rate were allotted 40%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$44,884,545	$14,064,545
Type		
Competitive	$40,096,708	$9,276,708
Noncompetitive	1,573,617	1,573,617
Subtotal, Public	$41,670,325	$10,850,325
Federal Reserve	3,113,720	3,113,720
Foreign Official Institutions	100,500	100,500
TOTALS	$44,884,545	$14,064,545

RR-815

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
January 9, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for $14,081 million of 26-week bills to be issued January 11, 1996 and to mature July 11, 1996 were accepted today (CUSIP: 912794Z26).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	5.00%	5.22%	97.472
High	5.02%	5.24%	97.462
Average	5.02%	5.24%	97.462

Tenders at the high discount rate were allotted 70%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$58,554,929	$14,081,381
Type		
Competitive	$52,101,417	$7,627,869
Noncompetitive	1,339,712	1,339,712
Subtotal, Public	$53,441,129	$8,967,581
Federal Reserve	3,400,000	3,400,000
Foreign Official Institutions	1,713,800	1,713,800
TOTALS	$58,554,929	$14,081,381

RR-816

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
January 9, 1996

CONTACT: Office of Financing
202/219-3350

TREASURY'S WEEKLY BILL OFFERING

The Treasury will auction two series of Treasury bills totaling approximately $25,000 million, to be issued January 18, 1996. This offering will result in a paydown for the Treasury of about $2,450 million, as the maturing weekly bills are outstanding in the amount of $27,461 million.

Federal Reserve Banks hold $7,207 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 $2,598 million of the maturing bills 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. Due to the public debt limit and Treasury's need to plan for the debt level, additional amounts of Treasury bills will not be issued to Federal Reserve Banks as agents for foreign and international monetary authorities in these auctions.

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-817

**HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS
TO BE ISSUED JANUARY 18, 1996**

		January 9, 1996
Offering Amount	$12,500 million	$12,500 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912794 Y3 2	912794 3A 0
Auction date	January 16, 1996	January 16, 1996
Issue date	January 18, 1996	January 18, 1996
Maturity date	April 18, 1996	July 18, 1996
Original issue date	October 19, 1995	January 18, 1996
Currently outstanding	$13,061 million	- - -
Minimum bid amount	$10,000	$10,000
Multiples	$ 1,000	$ 1,000

The following rules apply to all securities mentioned above:

Submission of Bids:	
Noncompetitive bids	Accepted in full up to $1,000,000 at the average discount rate of accepted competitive bids
Competitive bids	(1) Must be expressed as a discount rate with two decimals, e.g., 7.10%. (2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $2 billion or greater. (3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.
Maximum Recognized Bid at a Single Yield	35% of public offering
Maximum Award	35% of public offering
Receipt of Tenders:	
Noncompetitive tenders	Prior to 12:00 noon Eastern Standard time on auction day
Competitive tenders	Prior to 1:00 p.m. Eastern Standard time on auction day
Payment Terms	Full payment with tender or by charge to a funds account at a Federal Reserve Bank on issue date

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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

Policies for a Global Economy
Remarks by
Jeffrey Shafer
Under Secretary of the Treasury
for International Affairs
Bankers Association for Foreign Trade
January 18, 1996

Introduction

I am delighted to be here this evening. The Bankers Association for Foreign Trade has long been an important proponent of American efforts to foster trade liberalization, cement market opening, and anchor economic reform worldwide. These are among the most important things that the U.S. government can do to maintain prosperity here at home, and bolster economic opportunities and stability overseas. At a time when ideas about liberalization and free trade are to some degree under attack in the United States, it is tremendously important that groups such as yours continue to spread a pro-liberalization message.

With the emergence of a global economy, the benefits that liberalization can afford are greater today than they were even a few years ago. The growth in global trade, and the explosion in global finance that we have seen in recent years means that nations have a greater stake in one another's economic and financial policies. Mexico's experience, and the ways that experience reverberated in other emerging markets and was felt even in our own economy, illustrated that nations have a common interest in dealing with financial crises, and promoting growth and reform throughout the world.

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RR-818

Some seek to shut out the new global economy. Whether in recent calls for a halt to new trade agreements, or full-scale demands for protectionism, voices of economic nationalism of a form not in fashion since the 1920s are growing louder. Such policies were disastrous for America then, and they would be disastrous for America today. Our prosperity and our security depend on the global economy. Exports have boosted our economy, growing twice as fast as GDP since 1992. Nothing can do more to cement our own security than ensuring that sensitive regions from Latin America to the lands of the former Warsaw Pact join the global economy successfully. As I said, it is very important for groups like yours -- that appreciate the value of global trade in goods and services, and know that we need U.S. leadership and engagement to get there -- to spread your point of view.

Financial services is, of course, at the heart of Treasury's market-opening agenda. There is no better way for emerging markets to anchor growth than by making sure they have vibrant capital markets and sound banking systems -- open to the best products available on the globe. American firms lead the way in many financial services, so liberalization offers you enormous opportunities. I will speak about what we have accomplished in liberalizing financial services, and how we will continue to make progress over the next few years.

Supporting Economic Reform

Let me first take a step back and start with the U.S. international economic objective that is really the foundation for everything we are trying to accomplish: supporting market-based economic reforms. When historians look back on our era, it may not be the end of the ideological struggle between two empires that stands out as the most salient event. Rather, they may look to the unprecedented embrace of market-based economics as the truly seismic shift in human affairs. It is a shift that has placed billions of people on the road to prosperity, and will stabilize regions where conflict was once the norm. Of course, it will also offer enormous economic opportunities for the United States.

I just returned this afternoon from a trip to Egypt. There I joined Vice President Gore for meetings with President Mubarak, his economic policy team, and representatives of the U.S. and Egyptian business communities. The context for our visit was the chance for peace in that troubled part of the world. But almost all our talk centered on how Egypt can achieve sustainable economic growth. Egypt's leadership realizes that unleashing the private sector is the only way. Deregulation, opening up to trade and investment, privatizing and developing financial markets -- this is a big step for them. But they are ready to take it, because they see an opportunity that may not come again if lost.

What can the United States do to make sure that Egypt and other countries make it, so that the turn toward the market does not reverse? Some think we needn't to do anything. They believe that the power of free markets -- and free-markets alone -- can do the work of spreading democracy, convincing countries to scale back barriers to trade, and carrying beleaguered societies to prosperity.

I think that such a view of economic development is overly optimistic. As businesspeople who participate in the global economy, you know that the path from statism to the market is not an easy one. Social and economic shocks can erupt along the way. Even during the best of times, both public and private involvement are needed to redesign a tax-code, or build bridges, or finance any of the enormous variety of public goods which provide the foundation for market capitalism. There are also great opportunities for U.S. businessmen getting involved.

U.S. Leadership in International Financial Institutions

That understanding of what markets can and cannot accomplish on their own has been at the heart of American foreign economic policy over the past half-century. The World Bank and the IMF have been key instruments in taking this message to all corners of the globe, especially over the past 15 years.

Many of the emerging markets which are most important for your industry -- Korea, Chile, Indonesia, and over a dozen more rapidly-developing countries -- have seen their economies jump-started and bolstered with the help of development bank programs conditioned on market-based reform. To cite just one recent example, nearly $2.0 billion in average annual World Bank and International Development Association (IDA) support for India since 1991 helped foster a revolution in Indian economic policy, bringing Indian tariffs down from 87 to 27 percent, and boosting the country's growth rate up to near 6 percent yearly. That is more tariff reduction than we won in the GATT.

From Mexico to Poland, some 75 countries have received $35 billion in World Bank loans from 1981 to 1993 that were conditioned on trade and investment liberalization. U.S. exports to these countries rose an average of almost 12 percent yearly, creating an extra 850,000 jobs for Americans. These are jobs we would never have seen had these countries not taken the market-reform path.

Bolstering Developing-Country Banking Systems

Bolstering economic reforms involves strengthening countries' banking sectors -- to intermediate investments better and protect against economic shocks. Both multilateral and bilateral U.S. support programs are doing that job. The World Bank and EBRD have taken the lead in modernizing former Soviet Union banking systems and introducing modern regulation and supervisory practices. In Argentina, a $500 million World Bank and IDB loan is helping to restructure that country's financial system. I could give many more examples of that kind of multilateral support for banking reform.

The United States government is matching many of these efforts through bilateral assistance.

> The U.S. provided \$200 million to the \$415 million Polish Bank Privatization Fund.
>
> Three Treasury advisors on the ground in Poland are making sure that process is working smoothly. We've also got privatization and regulatory advisors in Romania, Albania, and Hungary.
>
> And in Egypt, the Federal Reserve, the SEC and Treasury are developing plans for cooperation with Egyptian authorities on financial market development, with strong support from USAID.

At a time of domestic fiscal restraint, it is well and proper to think about how much we spend on international economic objectives. Nonetheless, there can be no more important task than judicious use of financial support -- both multilaterally and bilaterally -- to create the financial infrastructure for market-based reform. That's why Treasury and USAID are supporting banking sector reform in transition economies. This is money well spent. As for multilateral support through the World Bank and regional development banks, believers in value for money should appreciate the payoff from carrying out much of our foreign economic policy through institutions that lever scarce resources, and which can therefore provide roughly four times more support than the United States does alone. Our values are reflected in their policies.

Protecting Against Economic Shock

There is a second way in which we can further market-based development on which American jobs and overseas opportunities for U.S. industries rest. As we saw this past year in Mexico, markets can shift from indulgent to demanding overnight. Shocks can knock whole economies off course. 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 official 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 to draw-up standardized measures of information that national governments and agencies should release, so that the market can respond sooner and hopefully less violently to signs that a country's finances are off course.

Even with transparency and surveillance, difficulties will arise. We would like countries to follow textbook policies as they move from closed to open markets. But the path will not be an easy one. Even with the best of economic policies, liquidity crises can erupt. The speed and size of today's global capital markets means that the need for resources to halt such crises is greater than ever. That is why the G-10 countries are working to increase resources beyond those available to the IMF through the General Arrangements to Borrow. But investors and borrowers will have to work-out the aftermath of future crises, if they cannot be avoided. This area is also being looked at.

Free Trade in Financial Services

Trade is a second priority. As we help to create and grow markets, we want to be in them. Free trade in financial services is of course a big part of this.

Telling this audience why financial services are so important for our welfare is like preaching to the converted. To put it simply, it is one of the sectors in which we are truly global leaders, and where our business is growing by leaps and bounds.

> Major players in financial services accounted for over 1/4 of the largest 50 Fortune 500 corporations.
>
> By end-1994, financial services exports (excluding insurance) had reached nearly $7 billion, more than double 1986 levels.

Ensuring an open market for financial services is about more than just business opportunities. Nations can only reach their economic potential if they channel investment and capital efficiently. Countries which maintain barriers to the best international firms are losing out on the techniques and methods they need to grow.

Think of East Asia, which the World Bank estimates will need some $1.5 trillion in infrastructure investment, excluding Japan, between 1996 and 2004. Or the Japanese financial system, which is slowly making its way out of important difficulties. There is no question that Japan's efforts to get back on its economic feet have been hampered by barriers that have sheltered Japanese finance and left it inflexible and less able to repair itself quickly. One of the most effective ways to ensure a rapid Japanese recovery is for Japan to continue to open and free up its financial markets, so that businesses and households have access to the full range of financial products.

Bilateral Financial Services Agreements

That's why bilateral approaches and market-opening agreements with foreign countries are a priority at Treasury, alongside the GATS process in the WTO.

The U.S.-Japan Agreement on Financial Services of a year ago was a landmark pact in that regard. It contained substantial Japanese market opening commitments in asset management, securities sales and underwriting, and cross-border provision of financial services. Specifics ranged from opening the public pension fund market to wider competition to greater transparency and procedural protections across the financial industry. Qualifying Japanese corporate investors will have virtually unlimited opportunities to invest abroad.

The Japanese government has already implemented the vast majority of its commitments, and remains on track for those with later starting dates. Authorities have announced that they will accelerate the timetable for some remaining measures, such as the liberalization of management access to private pension fund money, and removal this April of all remaining restrictions on specialized fund management by individual managers.

While it is still too early to tell how foreign firms are benefitting, there are signs that significant inroads have begun. The number of private pension funds employing foreign fund managers has risen from 59 to 89. Last month and for the first time, two foreign firms were awarded mandates to "solely" lead manage a domestic securities issue for a Japanese issuer. These and other signs suggest that Japan's markets are opening up.

We are going to continue to push to expand opportunities for foreign financial institutions in Japan, and will continue to carefully monitor Japan's compliance with the agreement through an intensive follow-up process.

Progress in Other Key Markets

Our bilateral contacts have brought us progress in other key markets, particularly when we stress the importance of financial services in the context of broader diplomatic contacts. Korea, for example, is seeking membership in the OECD. Seoul is stepping up liberalization, including financial services liberalization, as a prelude to joining. Korea has bound its abolition of economics needs testing for licensing foreign bank branches and securities firms in its GATS commitments. Seoul has also raised foreign participation in the domestic stock market, significantly reduced restrictions on foreign investment, and has pledged to allow M&As between foreign and domestic firms soon.

Let me say in this regard that the OECD is a powerful force for financial liberalization right now, as new countries seek admission. Starting with Mexico, and then the Czech Republic, OECD entry is an occasion to throw off barriers to investment and the free flow of capital. Along with Korea, Poland and Hungary are seeking entry. Actions are being taken and commitments are being made for more action. My old organization is often thought of as just a place for talk. But when it comes to financial market and investment liberalization, it has become a place of action.

The United States is pursuing financial services liberalization in Taiwan as part of our dialogue regarding its GATS accession. The Taiwanese have begun to move. They have adopted legislation to establish a domestic futures market by year's end. They are removing key capital controls including investment repatriation limits. And the central bank governor recently pledged to remove all capital and foreign exchange controls by the year 2000.

Recent months have seen progress in other important markets as well. President Cardoso of Brazil has signed a decree allowing foreign participation in that country's financial sector on a case by case basis. President Ramos of the Philippines promised to allow unrestricted foreign investment in finance companies and investment houses.

The GATS

Of course, our most important effort last year centered on bringing financial services under the rubric of the World Trade Organization, and the discipline of the multilateral trading system. We sought and worked hard to win commitments from other countries that would lead to the creation of an open, non-discriminatory regime. Our aim was ensuring that market access and national treatment would be granted on a most-favored nation basis in all GATS member states.

Some emerging markets had legitimate concerns about how quickly they could liberalize, so we were willing to allow them to phase in market-opening commitments over a specified time. What we were not willing to do was bind under international law our own degree of financial services liberalization -- one of the most generous in the world -- without good offers from other countries to commit to that degree of openness. Nor were we willing to continue along with a double standard -- industrialized countries pledging to keep their markets open, important emerging markets agreeing only to meet far looser standards.

Unfortunately, too many countries were not willing to meet standards that were even close to being as high as our own, even on a timetable for future implementation. That is why we made a more modest set of commitments that protect existing operations, but allow us, in the future, to withhold new access from firms of countries that do not choose to open their markets. Our negotiating partners chose to bind temporary commitments that will be reexamined when negotiations resume in 1997.

The United States has taken some criticism for not being willing to go all the way at this round of talks. I am convinced that we took the right tack. We have exchanged assurances with those markets that have granted us national treatment and substantially full market access -- the European Union member states, Switzerland, and, with our bilateral agreement, Japan. Through these assurances we pledge to grant substantially full market access and national treatment to their firms in return for their providing the same for U.S. financial firms. On the other hand, by retaining our right to close off portions of our markets to firms from countries that don't open to us, we've retained about the only leverage we have to open markets when talks resume in 1997. The Administration is convinced that this is the best way to make sure that we attain whatever progress can be made in the months and years ahead, rather than allowing some countries an easy way out.

Future Progress

Although they held back from making WTO commitments, most finance ministers in important markets have said they will progressively liberalize their financial markets. I mentioned some actions that we have seen. We will push hard through both bilateral and multilateral channels to keep the momentum for liberalization going. Winning quality commitments to liberalize financial services will remain an important issue in Korea's OECD membership talks, and will be a key part of what we're looking for in Chinese, Russian, Ukrainian, Taiwanese and other applications to join the WTO. We will continue to raise liberalization with important future markets such as the ASEAN countries, Brazil, India, and others, as we did this autumn at the World Bank/IMF meetings. Our bilateral talks will pick up again this year. We will follow up strongly as problems of market access arise. At the same time, in APEC and the Summit of the Americas follow-up, we will work with others on aspects of financial market development of concern to them -- financing infrastructure, and managing capital flows. We want to stress that financial market liberalization is a win-win policy. All of this will lead up to resumed talks on reaching a permanent GATS agreement, set to begin in 1997.

Of course, we will remain vigilant in watching whether countries open their markets, and are prepared to live up to their commitments. We are prepared to act to defend our interests, in accordance with our WTO rights.

Conclusion

Let me finish where I began. The world has seen an economic revolution in recent years. Emerging markets have by and large been the beneficiaries. As all of you in this room know, there can be no more important task for our own prosperity than ensuring that these key markets continue to grow, and continue to open to our firms. Accomplishing that task requires more -- not less U.S. engagement, more -- not less U.S. leadership, and more -- not less U.S. support for global trade. I urge you to continue to spread that message, as we further the policies that allow firms like yours to take advantage of the global economy, and to compete well into the 21st century. Thank you.

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THE WHITE HOUSE

Office of the Press Secretary

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PRESS BRIEFING
BY
SECRETARY OF THE TREASURY, ROBERT RUBIN,
CHIEF OF STAFF, LEON PANETTA,
AND
DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET, ALICE RIVLIN

The Briefing Room

11:47 A.M. EST

MR. PANETTA: What we wanted to do was to brief members of the press corps on the offer, the proposal -- the most current proposal that's on the table that the President referred to that was before the negotiators.

As the President has said, we spent more than 50 hours negotiating with Republican and Democratic leaders in an effort to try to reach a balanced budget that is consistent with the values that the President has been expressing, values of the American people. And I think it is fair to say that we've made a great deal with progress, enough so that we really ought to be able to finalize a proposal that, in fact, achieves a balanced budget according to the Congressional Budget Office.

As you can see from the information that we have passed out, the President and congressional leaders have now agreed on close to $740 billion in savings over seven years, when you take, basically, the common ground or the least -- the minimum amount of savings that each side has offered, we are talking about a very significant sum in excess of $700 billion of savings that, again, regardless of these other policy differences, ought to be locked in; if we can't agree on these other policies differences, at least lock in that amount of savings to try to get us to a balanced budget. That's there.

This is easily enough to reach the goals that all of us have said we want to achieve. If the goal is a balanced budget, then we are there. If the goal is a balanced budget in seven years, we are there. If the goal is a balanced budget in seven years as scored by the Congressional Budget Office, we are there. And if the goal is a modest tax cut targeted at middle-class working families, we are there as well.

The President has been determined to reach an agreement. That's because he's been willing to reach his hand out and try to work through these issues with the principals in the Oval Office that we've been able to come this far.

As many of you know, the President put the most recent proposal on the table last week during the negotiations that we had and basically presented this offer on the table. It represented a significant move in a number of key areas from what was the Daschle proposal, the proposal that the President had initially presented to the Hill that was scored by CBO.

Before we talk about it, let me just remind you of the history of the process we've gone through. The Republicans sometimes suggest that this process began only when the President offered the balanced budget scored by CBO. That was not the starting point for these negotiations.

For the Republicans, the starting point was their conference report on the reconciliation bill. For the President, the starting point was the balanced budget that he proposed in June -- a budget that achieved balance in 10 years using, again, conservative estimates by the Office of Management and Budget, which we thought protected the priorities and values that he cared about.

The Republicans had insisted that it had to be seven years and that it had to be scored by CBO. While the President and all of us had reservations about whether or not we should go that far, the fact is we are there now. We've agreed to go to seven years, and we've agreed to do it according to CBO. To do that, I might add, cost hundreds of billions of dollars of additional spending cuts that were added to our own proposal that we had to then confront because of moving from 10 years to seven years, and moving to CBO assumptions.

Now, the President has taken another good-faith, significant step in an effort to reach agreement. It provides in this proposal a larger tax cut than he had originally proposed. We had proposed initially a tax cut in the vicinity of about $110 billion, $116 billion; we're now at a proposed tax cut of $130 billion. It provides for the $124 billion savings in Medicare. We have always said we would be at about $124 billion. CBO scored our proposal at about $98 billion.

We then embraced the Daschle proposal at $102 billion. We're saying we are prepared to provide $124 billion in savings out of the Medicare program. It also provides additional savings in Medicaid and in welfare reform.

However, it continues to protect the priorities that the President cares about. We do this in a way that fundamentally protects Medicare, the policies in Medicare, Medicaid, education, the environment, and again protects working families from any tax increases.

If you take all of the areas at the beginning of this process, you will see that the President has taken by far the largest step towards trying to find an agreement here. On Medicare, he's gone about $97 billion as scored by CBO to the $124-billion figure. On Medicaid, he's gone from $38 billion -- I'm sorry, he went from $97 billion, which we had in our original Medicare proposal, to $124 billion.

On Medicaid, he's gone from $38 billion to $59 billion. On discretionary spending, we went from about $138 billion to $297 billion. On welfare, we've gone from $38 billion to $41 billion. And on the earned income tax credit, we went from about $2 billion that we thought we could achieve, basically, in savings, to about $5 billion, which is still essentially to focus on anti-fraud and enforcement issues related to the EITC.

On other mandatory program savings, we've gone from what was about a minus-$6 billion to now $67 billion in savings in other mandatory areas. So this is a grand total of about $284 billion in movement, far more than what the Republicans have done in terms of these negotiations.

Even with all of this movement, the President continues not only to offer that we continue to negotiate, but he's doing it on the basis that we believe protects the priorities that he cares about.

So what divides us? Let me just mention this. What divides us? I think the fundamental difference at this point really is what the President identified. The Republicans are asking for a much larger tax cut. When you look at the gross number of tax cuts they're talking about, even though they say they want a net of about $177 billion, net means that when you add back the reforms that they've included, we're looking at over a $200 billion tax cut that they continue to insist on.

If you're going to have that size tax cut in order to pay for it, you've got to get additional cuts, and these cuts have to come out of Medicare, out of Medicaid, out of education, the environment and out of other areas that we say are -- that we insist need to be protected; we insist have to be decided on a policy basis, not to become a cash cow for an even larger tax cut.

In addition, there are some policy differences that we still are obviously working our way through that the President has also identified. In Medicare, with regards to their proposals as to Medicare restructuring that we have serious concerns about; on Medicaid, they continue to insist on a block grant instead of an entitlement. They insist on virtually ending direct student lending. We have some concerns with their pension proposals, their increase in taxes on working families and others. These are still issues that obviously we have major differences on. But we think the bottom line is that we've reached enough savings to achieve a balanced budget.

Let me just quote, if I can, the quotes that members of the Republican Party themselves have said is the fundamental goal here in these budget decisions.

Senator Domenici, this is December 15th, and I quote: "You will find, Mr. President, you will find that we have only one goal in mind. Everything else is on the table, Mr. President, but not the one thing that is sacred to our commitment, and that's a balanced budget in seven years using the Congressional Budget Office."

Representative Gingrich: "They owe the country a CBO-scored, seven-year balanced budget," -- December 13th.

Kasich -- Representative Kasich: "Frankly, we don't ask a lot. We ask for nothing more than a commitment to do this in a seven-year period. The priorities within that seven-year plan are negotiable."

And lastly, Representative Lindsey Graham, a Republican from South Carolina: "It would be great if the President would put a balanced budget, CBO-scored, that balances in seven years. I'm not telling the President how much to spend on Medicare and Medicaid. That's never been part of this deal. He can construct that budget any way he wants as long as it balances in seven years. He can allocate the money wherever he sees the priorities to be."

If that is the fundamental goal -- getting a balanced budget scored by CBO, then we are there. So we ask the Speaker and Senator Dole to come back to the negotiating table. They should not sacrifice a balanced budget and a tax cut on the alter of ideological goals beyond the goal that we have set for the country, which is a balanced budget. And I think as leaders, they should join the President in an historic moment to try to get this done for the American people.

Let me, before that, ask Alice and Bob Rubin --

DIRECTOR RIVLIN: Let me just emphasize a few points. As Leon says, this is a budget that balances in seven years by CBO scoring, and it leaves room for moderate tax relief for the people who need it most -- young families with children and people who want to pay for education beyond high school. It reduces future government spending very substantially and in a balanced way. There are almost $300 billion in cuts in discretionary spending over seven years, and there are almost $300 billion in mandatory or entitlement cuts over seven years.

The discretionary cuts are deep, but we believe that they preserve the government services that we need to grow the economy, our commitment to education and training and technology. In addition, we enhance education opportunities by making tax deductible education expenses.

We believe that the cuts in Medicare are reasonable. They are provider cuts that reduce the payments to providers over a period of years, but not so deeply that we will damage the health system or make Medicare a second-class system. We do not raise premiums on people. We keep them at the 25 percent of the cost of Part B. And as the President emphasized, we give more choice to seniors, but not choice of moving to plans that will pull the healthiest and wealthiest out of the system, leaving others in Medicare or that will pull providers out of Medicare because they can do balanced billing. We are opposed to both.

We made cuts in the rate of growth in Medicaid spending, but hold fast that while there must be a great deal more flexibility for governors to use the funds in the best way possible, we must preserve the guarantee to the most vulnerable people, the young families with children and low incomes and the disabled.

We reduce spending for Medicare by imposing a per-capita cap, a cap that rises with the number of poor people or people needing Medicare services in the state -- Medicaid services, sorry, in the state. But we preserve the federal match so that the money flows where the need is greatest.

In both Medicare and Medicaid, the rates of growth per capita over the seven-year period would be restrained below the level that we expect the private sector spending to go up per capita, but not so much that it damages the system.

We make cuts in welfare programs, but we believe that we preserve the right kind of welfare reform with enough money for work and child care so that we can move people off welfare. It is time-limited welfare, but it is not destructive of the safety net for low-income families and the disabled. We make other cuts in a whole variety of programs, but not in the ones we think are most important to the American people.

And the result, as the President and Leon have said, is a deficit path that gets to balance in seven years. And because we do not have a large tax cut, we have a deficit track that goes down much more credibly and much sooner. The Republican plan would increase deficits substantially in the near term and then get to balance. That's because they're financing a much larger tax cut. If the objective, as the leaders have said, as quoted by Mr. Panetta, is to get to balance, we have a way of doing that more quickly.

Let me turn to Bob.

MR. PANETTA: Bob, on the tax cut.

Q Is there anything new here today at all, anything?

MR. PANETTA: Just listen --

SECRETARY RUBIN: I think, Brit, there's a lot new.

MR. PANETTA: This is good stuff.

Q Do you have any kind -- any new proposals, any new numbers, anything?

SECRETARY RUBIN: Let me finish my comments. We'd delighted to respond to your questions, if that's a question.

Q It was a question.

SECRETARY RUBIN: It sounded like it might be a comment, but in any event. On the tax side, the President has said consistently he advocates and has proposed a middle class tax cut. Three of the pieces you're familiar with, and then there's some additional pieces that we've included in the $130 billion. One is a child tax credit, which is the one he's had all along, that applies to children 12 years and under and has income levels that are consistent with -- income test that are consistent with this being directed toward the middle class. Secondly, an education tax credit of $10,000, phasing up from $5,000. Again, with income limits that are consistent with this being targeted toward the middle class. And thirdly, an increase in the levels of income, which enable you to use an IRA and a restructured IRA, which is both front-loaded and back-loaded and has far greater flexibility with respect to use of funds.

In addition, with the $130 billion, we would increase small -- the small business expensing from $17,000 to $25,000, which you may remember in 1993 was the President's original proposal and has bipartisan support. Secondly, we would have pension simplification, which again is a bipartisan proposal. And thirdly, we would provide relief for small, family-owned businesses and farms with respect to estate tax by enabling the inheritors of such property to defer taxes for many years with preferential interest rates.

Thank you.

Q Mr. Panetta, didn't in the setting out of the terms of the negotiation and even in the language of the CR, you specify that nothing was agreed to until everything was agreed to?

MR. PANETTA: That's correct.

Q Well, based on that, how can you stand here and say you're already there on all these things, and all these things have been agreed to? They haven't, have they?

MR. PANETTA: Well, the fundamental -- I'm going back to the fundamental goal, the fundamental goal that we agreed to was the fundamental goal of balancing the budget in seven years.

Q I know, but I'm talking -- the question is about the specifics, and you keep insisting that in specific areas -- taxes, Medicare and so on -- that things have been agreed to, when in fact by the terms that the White House insisted on, nothing is agreed to until everything is agreed to. Is that not correct?

MR. PANETTA: The fundamental goal was balancing the budget in seven years. We have enough savings on the table that both sides have put down. If you take the minimum offered by both sides, you've got enough to balance the budget. That's the main point. Yes, there are policy differences. Yes, there are differences whether we go further on Medicare and Medicaid and other areas. But the fundamental point -- if the fundamental goal was to achieve a balanced budget, do it according to CBO, and do it in seven years, we have that here in terms of the savings agreed to. That is important.

Q And did you really imagine that that meant that when the President finally put an offer on the table that met those terms, that that would be accepted immediately?

MR. PANETTA: But this is beyond that. What we're saying here today is the President has also taken an additional step beyond the proposal that was scored by CBO, which was the Daschle budget.

Q -- specifically, which is that?

MR. PANETTA: The proposal that is before you that has been passed out is a movement from the Daschle budget in several key areas. One: Medicare. The Daschle budget was $102 billion. We're at $124 billion. On Medicaid, the Daschle budget was at $38 billion. We're at $52 billion.

DIRECTOR RIVLIN: Fifty-nine billion.

MR. PANETTA: Fifty-nine billion. On the EITC, we were initially at zero, went to $2 billion, and now we're at $5 billion in terms of additional savings. And on the tax cut, we were originally at around $110 billion, $116 billion; we're now at $130 billion in terms of the offer.

We keep hearing that there are no serious offers on the table. Very frankly, this is in response to the Republicans so that it's very clear to them that there are serious offers on the table, and even beyond that, if the goal here is to get to the common savings that achieve CBO balanced budget in seven years, we are there.

Ultimately, let me also say this -- there is some comment about the backloading in these proposals. If you take our proposals, they are not backloaded the way the Republican proposals are. They provide for a better transition on deficit reduction. And I think Alice's chart basically points that out. We can get to a balance with these numbers that we've proposed in a way that provides a very good transition in terms of deficit reduction, and that responds to the criticisms that we would have of their proposals, which are backloaded because of the huge tax cut.

Q As far as I can tell right now, on the Medicare savings, your proposal is $124 billion over seven years; the Republican proposal $168 billion over seven years, which is a difference of about $44 billion over seven years, which comes to maybe $6 billion or $7 billion a year in a program that's hundreds of billions of dollars. So it's no longer fair to characterize the Republican position on Medicare as extreme, since the two sides are virtually eyeball to eyeball on Medicare.

MR. PANETTA: Well, again, Wolf, it's very important that in an area like Medicare, this is not just slicing the numbers. I mean, they started, don't forget, at $270 billion; admittedly, they've come to $168 billion. We are now at $124 billion. But what are the fundamental differences? The fundamental differences still relate to, one, the fact that they increase premiums on people who are on Medicare beyond what we have proposed significantly; secondly, the structural changes that they are recommending in Medicare -- the use of the medical savings accounts, the use of their fee-for-service approach, again provide incentives to the healthiest and the wealthiest to get off of Medicare, then cut the amount of funding that goes into Medicare below the level of growth that would even maintain the private sector level of growth. They cut it below that. So that what they do is essentially make it wither on the vine. They begin to drain Medicare down so it becomes very much a second-class system.

Now, those are the fundamental debates that have gone on, both in the Oval Office and in the negotiations that we had in the Cabinet Room. There are some very fundamental differences in terms of the policies.

Now, can they be bridged? The President has suggested, let's take some of your ideas; let's do demonstrations with those ideas in a controlled and limited way so we can determine whether or not our fears are justified about their proposals. So there is a way to bridge this. But if they're saying, we want our restructuring and we want to have the premium increases, then we have some significant differences.

Q When you count the $600 billion that you say that both sides have agreed to, you're counting savings from your proposals on Medicare and Medicaid, but they never agreed to your proposal, so how can you say they agreed to that?

MR. PANETTA: What we're saying is that when you take the level of savings we have put on the table, compared with the level of savings they had put on the table, if you just take the minimum both sides have put down, we have enough to balance the budget.

Q What kind of a tax cut would that give you if you took that minimum? You don't have that in that chart. Does that leave any room for a tax cut of any sort?

MR. PANETTA: I think our position has always been that on a tax cut, if you keep the tax cut in the vicinity we're talking about, if you do corporate welfare, which we have about $46 billion on, if you trigger off the tax cut, as we have proposed doing, we think we've got sufficient room to do a modest tax cut.

Q Mr. Panetta you are basically accusing -- you're basically them of trying to pull a fast one on the American people by destroying Medicare. What's in it for them to do that?

MR. PANETTA: No, I think the fast one they're trying to pull on the American people is that while they argued that this was all about balancing the budget in seven years, it's really about more than that. It's about fundamentally restructuring Medicare; it's about a huge tax cut of over $200 billion that now has to be funded by cuts Medicare and Medicaid and these other areas. It is more about the other elements of their Contract and getting those implemented than in fact balancing the budget in seven years. If the goal here, according to their own quotes, is to balance the budget in seven years according to CBO, then let's get on with it. We're there. Let's get that done. That's the key.

Q And what's their motive for destroying Medicare? I mean, for what reason? Why would it possibly help them politically to destroy such a popular program?

MR. PANETTA: Well, you've got to ask them the question because --

Q They say they're trying to save it.

MR. PANETTA: Well, I think the problem we have is a very big difference about how they're trying to save it, because if you look at the restructuring that they would put in place, we think it drains Medicare of the resources that Medicare needs in order to continue to be a secure system for the elderly in this country.

It, first of all, cuts the amount of resources down and sets a growth level in terms of cost of living that doesn't keep up even with the private sector growth in health care. It goes below that by about 20 percent. Then they provide incentives for people who are wealthy and healthy to get off of the system, to basically go into these other programs, which then makes the remaining Medicare program have to serve a constituency that is poorer and sicker, which means that it's going to become that much more costly. And eventually it drains the Medicare system so that it becomes a second-class system. I mean, those are the fundamental concerns that we have.

Now, they have some ideas. They're saying what we trying to do is promote choice. We respect the fact that that's what they're trying to achieve. But our point is, let's test those ideas. Because when you compare them to the Speaker's comments that he's trying to make Medicare wither on the vine, it concerns us that the goal here is not just trying to strengthen Medicare, it's basically to weaken it.

Q What's the bottom line, here, Leon? -- both sides are -- (inaudible) -- benefits of their -- both sides are spinning their positions. What's the bottom line to the American people? Are you going to talk again? Are you going to make a new proposal as the Republicans want, or are the talks dead?

MR. PANETTA: I think the fundamental point here is the President believes that these negotiations have in fact made progress. We have in fact now put on the table sufficient savings to achieve a balanced budget. We are close if the goal is to get a balanced budget agreement in seven years scored by CBO and a modest tax cut. We think we can get there.

If the goal is beyond that, then obviously we are in a difficult position, and the President and the Republicans will have to take these issues to the American people. But our hope is we won't have to do that. These negotiations have in fact, I believe, produced progress.

Q But what happens now?

Q How do you push them off the --

Q -- where do you go from here?

MR. PANETTA: I think in the end the only way you're going to get progress is when they sit down and continue negotiating. If they stay away from the negotiations; if they don't even want to talk, then obviously it makes it difficult to try to arrive at an agreement.

But they ought to come down here. They ought to continue these negotiations. There shouldn't be any conditions attached to it. Let's just sit down and talk about it. We're prepared, as we have been, to continue to discuss and to try to modify and try to move towards an agreement. They ought to be prepared to do the same thing.

Q On a near-term practical point --

Q -- appropriations, how does that -- how can you --what happens, sir, if they start sending you all these targeted appropriations they talk about? And doesn't that put the President in an awful bind of facing the choice of vetoing spending he essentially agrees with because it doesn't include other spending he wants?

MR. PANETTA: Well, as I said, first of all, I think what the Republicans have got to stop doing is using threats. They've got to stop using the taking of hostages on their proposals. They've got to stop using the challenge of either using the debt ceiling or the CR as a vehicle to try to get their way on their agenda. That has not proven very effective on their part. I think in essence that strategy has blown up. Now, if they continue to kind of use Rube Goldberg kind of approaches to appropriations bills, where they basically say these are the areas we're prepared to fund, but there are other areas that we are not prepared to fund, then obviously the President is going look at those one by one. If they, in fact, undercut his priority programs, then he will continue to oppose those proposals. That, as I said on Sunday, if there are proposals that again try to hold his priorities hostage in exchange for keeping the government running, as we have shown in the past, we are not gong to accept that kind of blackmail in trying to do the business of the country. I think they've learned their lesson. Hopefully they have, and we can negotiate our differences out and try to keep the government running.

Q But doesn't that effectively put the onus back on the President? If in fact they fund parts of the government, wouldn't he be, in fact, shutting down the works of the government?

MR. PANETTA: Look, we are now about three and a half, almost four months beyond where this Congress should have been in completing the business of the country. They should have had all the appropriations bills done by October 1. That hasn't happened. That's what produced the problem with the continuing resolution. We are now in a year where they ought to be focusing on the '97 budget; and we still haven't completed the '96 budget. I think the time has come for the Congress to understand why the American people elect people to office, which is to run the country, not to try to threaten it, not try to hurt people in this country, but to run the country.

So let's dispose of the '96 issues. We can either do a CR or we can work through the differences on these appropriations bills. We're prepared to do that. But let's now get on with the issues in '97. We are already in the year when we ought to be looking at the '97 budget. Too much time, frankly, has gone by for us to focus on the problems that confront this country. We can't operate in this fashion.

Q Leon, basically, you've ruled out offering a new plan in response to the latest Republican demand.

MR. PANETTA: What we're saying essentially is we have a new proposal on the table. This is the proposal we presented to them in the Oval Office. For them to continue to state we're waiting for an additional offer doesn't make sense because we've already given them an offer. The President has made suggestions beyond that that they ought to consider. The fact is, if they don't come down here and talk, it is they who are not taking advantage of the opportunity to give this country a balanced budget.

Q What suggestions beyond this? You're saying he has made suggestions beyond this?

MR. PANETTA: He is always prepared to discuss new ideas. This President is always prepared to discuss new thoughts and new ideas. But you can't discuss them when one party doesn't even want to sit down and negotiate.

Q So is there a deadline when you'll get up from the table, Mr. Panetta?

MR. PANETTA: We'll still be there.

THE PRESS: Thank you.

END 12:15 P.M. EST

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AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
January 22, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for $11,537 million of 13-week bills to be issued January 25, 1996 and to mature April 25, 1996 were accepted today (CUSIP: 912794Y40).

RANGE OF ACCEPTED
COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	4.97%	5.12%	98.744
High	4.99%	5.14%	98.739
Average	4.99%	5.14%	98.739

Tenders at the high discount rate were allotted 51%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$56,074,720	$11,537,010
Type		
Competitive	$51,344,654	$6,806,944
Noncompetitive	1,309,466	1,309,466
Subtotal, Public	$52,654,120	$8,116,410
Federal Reserve	3,032,500	3,032,500
Foreign Official Institutions	388,100	388,100
TOTALS	$56,074,720	$11,537,010

4.98 - 98.741

RR-819

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
January 22, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for $11,585 million of 26-week bills to be issued January 25, 1996 and to mature July 25, 1996 were accepted today (CUSIP: 912794Z64).

RANGE OF ACCEPTED
COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	4.87%	5.08%	97.538
High	4.88%	5.09%	97.533
Average	4.88%	5.09%	97.533

Tenders at the high discount rate were allotted 23%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$56,620,277	$11,584,787
Type		
Competitive	$50,177,816	$5,142,326
Noncompetitive	1,163,361	1,163,361
Subtotal, Public	$51,341,177	$6,305,687
Federal Reserve	3,000,000	3,000,000
Foreign Official Institutions	2,279,100	2,279,100
TOTALS	$56,620,277	$11,584,787

RR-820

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

January 22, 1996

The Honorable Newt Gingrich
Speaker
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

As I stated in my testimony before the House Banking Committee on December 13, the ability of the Department of the Treasury to continue to finance the operations of the Government without an increase in the debt limit is limited. I also stated that when we approached the next critical date relating to our ability to finance the Government's operations, I would provide Congress and the American people with information as to whether we could get beyond that date, and, if so, how.

I have now concluded that either February 29 or March 1 is the date on which Treasury will no longer be able to fulfill all of its financial obligations without legislation increasing the statutory debt limit. On February 29, an interest payment of $5.8 billion is due. On March 1, over $30 billion of payments are due including Social Security, Veterans, Railroad Retirement, Civil Service Retirement, military retirement, and other benefits, certain Medicare and low income housing payments, and military active duty pay. I detail below the extraordinary actions I can take to provide sufficient debt limit room prior to those dates. Beyond these actions, there are no legal and prudent options I am able or willing to take. I want to urge in the strongest terms that Congress take action this week to enact a clean debt limit increase.

If we were not to take any extraordinary actions, we would not have sufficient leeway under the debt limit to raise the cash needed to pay bills on February 15. In the absence of such actions, the United States would default on its debt on February 15 for the first time in the Nation's history. However, I have repeatedly said that default is unthinkable, and I do not believe Congress will let it happen. In letters to Congress, I have always said that I will take whatever legal and practical steps I can take to avoid default.

There are several steps that I believe are both legal and prudent to take to avoid a default on February 15 if Congress does not increase the debt limit before then:

- First, I will suspend the re-investment of the approximately $3.9 billion of Treasury securities held by the Exchange Stabilization Fund (ESF). These securities will equal the amount of the ESF's holdings of dollars, and the ESF will be given a credit balance in that amount. This is an action that several Treasury Secretaries prior to me have been forced to take.

- Second, the Federal Financing Bank (FFB), as permitted by its statutes, will exchange approximately $9 billion of the assets held in its portfolio, consisting of debt obligations of various federal agencies, for an equivalent amount of Treasury securities held by certain government trust funds. FFB will, in turn, reduce its own indebtedness to the Treasury by transferring such securities to Treasury, which will in turn cancel these securities.

- Third, based on current circumstances, I will amend my November 15 determination of a 12-month debt issuance suspension period to extend that period by another two months, to 14 months. This action is consistent with the earlier opinions given to me and represents the maximum term permissible under these circumstances. This action will permit the redemption of approximately $6.4 billion in additional Treasury debt held by the Civil Service Retirement and Disability Fund (CSRDF).

We estimate that these actions will enable us to finance Government operations into the last week of February -- although I caution that our present projections are subject to change as our information on cash flows is updated daily. The recent Government shutdown and extreme weather conditions have affected both revenues and outlays.

These actions may not create sufficient debt limit room to enable us to make the $5.8 billion interest payment on February 29, and in no case will they create sufficient debt limit room to enable us to raise enough cash to make the $30 billion of benefit and other payments due on March 1.

I want to emphasize that we will have no other options that are both legal and prudent. While a variety of possible additional actions have been mentioned in the press, there are no other actions that we will be able or willing to take. Some of these suggested actions are beyond our legal authority. Others, such as delaying tax refunds to American taxpayers and selling the Nation's gold reserves are completely unacceptable, particularly in light of the fact that Congress clearly has the power to ensure that the government will meet its obligations by assuming its responsibility to increase the debt limit. Tens of millions of Americans count on the Department of the Treasury to make prompt payments to them of tax refunds to which they are entitled, and it would create enormous hardship to delay these payments. Further, as Secretary Baker wrote to Congress in 1985, it would undercut confidence in our Government both here and abroad if we were to consider selling the Nation's gold.

The actions I am announcing today are all fully authorized and have been concurred in by my General Counsel and the Office of Legal Counsel at the Department of Justice. These actions will be unnecessary if Congress increases the debt limit prior to February 15. As I have repeatedly said, this is no way to run the finances of a great nation. We need a clean increase in the debt limit in order to stop putting unnecessary costs on the American taxpayers, to avoid the uncertainty in the financial markets that will surface as we get closer to March 1, and to concentrate on the critical task of balancing the budget. Failing to increase the debt limit does not reduce the deficit by one cent. The Nation's creditworthiness is critical to all of us and should be off the table with respect to the budget process.

I again urge Congress to pass a clean increase in the debt limit this week. We will of course be most eager to work with you to craft an agreeable bill.

Sincerely,

Robert E. Rubin

Robert E. Rubin

cc: Congressional Leadership
Committee Chairmen
Ranking Members

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
January 23, 1996

CONTACT: Jon Murchinson
(202) 622-2960

FACT SHEET

KEY 1995 DEBT LIMIT EVENTS

Beginning in July 1995, Secretary Rubin communicated to Congress the Administration's request for an increase in the debt ceiling. As the following chronology shows, these requests were made before any imminent difficulties with cash balances or "head room" occurred. In the various communications with the leadership, the Secretary cautioned that failure to pass a debt ceiling increase would lead either to the United States not being able to meet its obligations or to the Secretary having to take extraordinary actions to avoid a default.

- On June 29, the Conference Report to the Concurrent Budget Resolution instructed the House Ways and Means Committee and the Senate Finance Committee to include in their respective reconciliation bills a debt limit increase of $600 billion, to $5.5 trillion--an amount that would accommodate the spending commitments in either the President's or the Republicans' budget proposals until the end of fiscal year 1997.

- On July 17, Secretary Rubin wrote to the Congressional leadership calling for an increase in the debt limit.

- On July 26, Secretary Rubin wrote to Senator Dole and Speaker Gingrich urging that the debt limit and budget issues be separated.

- On July 28, Under Secretary John D. Hawke, Jr. testified before the Senate Finance Committee on the debt limit.

- On August 3, Secretary Rubin and Budget Director Rivlin wrote to 31 Congressmen requesting timely action on the budget and decoupling of the budget and debt limit.

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- On September 18:

  - Secretary Rubin wrote to the Congressional leadership urging action on an increase in the debt limit separate from resolution of the budget debate.

  - Assistant Secretary Leslie B. Samuels testified on the debt limit before the House Ways and Means Committee.

- On September 19, the House Ways and Means Committee approved a debt limit increase to $5.5 trillion as a part of its tax bill.

- On September 30, the Senate Finance Committee approved a debt limit increase to $5.5 trillion as part of its tax bill.

- On October 17:

  - Treasury announced a cut in the October 23 auction of 13-week bills in order to stay under the debt limit on October 31.

  - Treasury suspended issuance of additional amounts of Treasury bills to Federal Reserve Banks as agents for foreign and international monetary authorities ("foreign add-ons").

  - Treasury suspended the issuance of State and Local Government Series Treasury securities ("SLGS") other than on subscriptions received by October 17.

  - Secretary Rubin wrote to the Congressional leadership describing the actions taken and urging prompt action on an increase in the debt limit. The Secretary also referred to the prospect of being forced to take extraordinary actions if a debt limit increase was not enacted in time.

- On October 18:

  - Treasury suspended awards of foreign add-ons to Treasury notes sold to the public.

  - Secretary Rubin wrote to Senator Dole and Speaker Gingrich welcoming the Speaker's suggestion of a temporary increase. The Secretary also referred to the prospect of being forced to take extraordinary actions if a debt limit increase was not enacted in time.

- On October 24, Secretary Rubin wrote to the Congressional leadership to remind them of the importance of an increase in the debt limit before November 1. The Secretary also referred to the prospect of being forced to take extraordinary actions if a debt limit increase was not enacted in time.

- On October 27, Secretary Rubin wrote to the Congressional leadership to request an $85 billion temporary increase in the debt limit.

- On October 31:

  - Secretary Rubin wrote to Senator Dole and Speaker Gingrich to warn of market disruptions if prompt action was not forthcoming on the debt limit. The Secretary also referred to the prospect of being forced to take extraordinary actions if a debt limit increase was not enacted in time.

  - Treasury and the Internal Revenue Service issued guidance to state and local government entities that had already issued refunding bonds on how to preserve the tax-exempt status of such bonds given the suspension of SLGS issuance.

- On November 1:

  - Secretary Rubin wrote to Senator Dole and Speaker Gingrich to answer certain questions they had raised. The Secretary also referred to the prospect of being forced to take extraordinary actions if a debt limit increase was not enacted in time.

  - Secretary Rubin met with the President and the Congressional leadership to discuss a possible temporary increase in the debt limit.

  - Treasury called back approximately $2.4 billion of Treasury cash balances from eight large banks.

  - Treasury announced a tentative schedule for the regular quarterly refunding.

- On November 6, Treasury postponed the auctions of 3- and 10-year notes that had tentatively been scheduled for November 7 and 8, respectively.

- On November 7, Under Secretary Hawke, Assistant Secretary Linda Robertson and General Counsel Edward S. Knight appeared before the House Ways and Means Committee during the mark-up of a bill to increase the debt limit.

- On November 8, Treasury postponed the auction of 52-week bills that had tentatively been scheduled for November 9.

- On November 10, Treasury mailed notices to approximately 23,000 investors who hold Treasury securities through the TREASURY DIRECT system. These investors held securities coming due the following week and had given standing instructions to roll their investments over into new similar securities. The notice warned such holders that they might not be able to roll their investments and offered them options.

- On November 12, Congress forwarded legislation to the President that, among other things, authorized a temporary increase in the debt limit.

- On November 13:

  - The President vetoed such legislation because, among other things, it would have placed unacceptable limitations on the Treasury Secretary's power to manage the federal debt and would have rolled back the permanent debt limit, upon the expiration of the temporary increase, to a level below the current limit.

  - Treasury announced it would conduct auctions of regular weekly bills on November 13, $57.5 billion of cash management bills on November 14 and $18.75 billion of 52-week bills on November 15. Treasury also announced that the auctions of 3- and 10- year notes that had been postponed from the previous week would be held on November 20 and 21, respectively.

- On November 15:

  - Secretary Rubin authorized not reinvesting fully the assets of the Federal Employees Retirement System's Government Securities Investment Fund (the "G-Fund") and redeeming a portion of the assets of the Civil Service Retirement and Disability Fund (the "CSRDF").

  - Secretary Rubin wrote to the Congressional leadership describing the actions taken and urging prompt action on an increase in the debt limit.

- On November 30, Deputy Assistant Secretary Darcy E. Bradbury testified on the debt limit before the Senate Finance Committee.

- On December 12:

  - Secretary Rubin wrote to the Congressional leadership describing the need for an increase in the debt limit prior to the end of the year.

  - Secretary Rubin wrote to the Congressional leadership to express the Administration's objections to H.R.2621.

- On December 13, Secretary Rubin testified on the debt limit before the House Banking Committee.

- On December 14, Under Secretary Hawke appeared before the Senate Finance Committee during its markup of S.1470.

- On December 28, Secretary Rubin wrote to the Congressional leadership describing the actions that would happen on the following day and urging prompt action on an increase in the debt limit.

- On December 29, Treasury was unable to issue securities to the CSRDF to enable it to invest $14.5 billion it received that day in interest payments.

- On January 22, Secretary Rubin wrote to the Congressional leadership that he will take the remaining three steps available to him to avoid a default on February 15 if Congress does not act to increase the debt limit before then:

    - Suspend the re-investment of approximately $3.9 billion of Treasury securities held by the Exchange Stabilization Fund.

    - Exchange approximately $9 billion of the assets held in the portfolio of the Federal Financing Bank, which consists of federal agency debt obligations, for an amount of Treasury securities held by certain government trust funds. [FFB will, in turn, reduce its indebtedness to Treasury by transfering such securities to Treasury, which will cancel them.]

    - Amend his determination of a 12-month debt limit suspension period to extend that period by another two months, to 14 months.

- On January 22, Secretary Rubin wrote to the Congressional leadership that either February 29 or March 1 is the date on which Treasury will no longer be able to fulfill all of its financial obligations.

NEWS RELEASE

Department of the Treasury
Financial Management Service
Washington, D.C. 20227
202/874-6750

FOR IMMEDIATE RELEASE
January 17, 1996

Contact: Mary Hewitt
(202) 874-7085

RELEASE OF MONTHLY TREASURY STATEMENT DELAYED

The release of the Monthly Treasury Statement for December 1995 will be delayed due to the federal government closure because of inclement weather in Washington, D.C.

The statement will be released at 2 p.m. Tuesday January 30, 1996.

-30-

RR-822

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
January 23, 1996

Contact: Peter Hollenbach
(202) 219-3302

BUREAU OF THE PUBLIC DEBT AIDS SAVINGS BONDS OWNERS AFFECTED BY FLOODS IN PENNSYLVANIA

The Bureau of Public Debt took action to assist victims of floods that struck Pennsylvania 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 Pennsylvania affected by the floods. These procedures will remain in effect through February 29, 1996.

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 Allegheny, Bedford, Blair, Bradford, Cambria, Centre, Clearfield, Columbia, Cumberland, Dauphin, Fayette, Huntingdon, Lackawanna, Luzerne, Lycoming, McKean, Mifflin, Montour, Northumberland, Perry, Somerset, Snyder, Westmoreland, Washington, Wyoming, York, 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 "Floods" on the front of their envelopes to help expedite the processing of claims.

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PA-207
(RR-823)

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
January 23, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 2-YEAR NOTES

Tenders for $18,251 million of 2-year notes, Series AB-1998, to be issued January 31, 1996 and to mature January 31, 1998 were accepted today (CUSIP: 912827W57).

The interest rate on the notes will be 5%. All competitive tenders at yields lower than 5.068% were accepted in full. Tenders at 5.068% were allotted 99%. All noncompetitive and successful competitive bidders were allotted securities at the yield of 5.068%, with an equivalent price of 99.872. The median yield was 5.050%; that is, 50% of the amount of accepted competitive bids were tendered at or below that yield. The low yield was 5.010%; 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	$44,814,449	$18,251,210

The $18,251 million of accepted tenders includes $1,642 million of noncompetitive tenders and $16,609 million of competitive tenders from the public.

In addition, $807 million of tenders was also accepted at the high yield from Federal Reserve Banks for their own account in exchange for maturing securities.

The $1,642 million noncompetitive total includes $950 million awarded to foreign official institutions.

RR-824

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.
January 23, 1996

CONTACT: Office of Financing
202/219-3350

TREASURY'S WEEKLY BILL OFFERING

The Treasury will auction two series of Treasury bills totaling approximately $28,000 million, to be issued February 1, 1996. This offering will provide about $2,350 million of new cash for the Treasury, as the maturing weekly bills are outstanding in the amount of $25,662 million.

Federal Reserve Banks hold $6,805 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 $5,855 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. Due to the public debt limit and Treasury's need to plan for the debt level, additional amounts of Treasury bills will not be issued to Federal Reserve Banks as agents for foreign and international monetary authorities in these auctions.

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.

oOo

Attachment

RR-825

HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS TO BE ISSUED FEBRUARY 1, 1996

January 23, 1996

Offering Amount	$14,000 million	$14,000 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912794 Y5 7	912794 3B 8
Auction date	January 29, 1996	January 29, 1996
Issue date	February 1, 1996	February 1, 1996
Maturity date	May 2, 1996	August 1, 1996
Original issue date	May 4, 1995	February 1, 1996
Currently outstanding	$30,750 million	- - -
Minimum bid amount	$10,000	$10,000
Multiples	$ 1,000	$ 1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids . . . . Accepted in full up to $1,000,000 at the average discount rate of accepted competitive bids

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

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

Maximum Award . . . . 35% of public offering

Receipt of Tenders:

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

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

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

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
January 24, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 5-YEAR NOTES

Tenders for $12,005 million of 5-year notes, Series E-2001, to be issued January 31, 1996 and to mature January 31, 2001 were accepted today (CUSIP: 912827W65).

The interest rate on the notes will be 5 1/4%. All competitive tenders at yields lower than 5.360% were accepted in full. Tenders at 5.360% were allotted 35%. All noncompetitive and successful competitive bidders were allotted securities at the yield of 5.360%, with an equivalent price of 99.523. The median yield was 5.304%; that is, 50% of the amount of accepted competitive bids were tendered at or below that yield. The low yield was 5.260%; 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	$26,689,113	$12,005,113

The $12,005 million of accepted tenders includes $341 million of noncompetitive tenders and $11,664 million of competitive tenders from the public.

In addition, $800 million of tenders was also accepted at the high yield from Federal Reserve Banks for their own account in exchange for maturing securities.

The $341 million noncompetitive total includes $50 million awarded to foreign official institutions.

RR-826

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
January 24, 1996

STATEMENT OF TREASURY SECRETARY ROBERT E. RUBIN

As we have said from the very beginning, the nation's creditworthiness is critical to all of us. I am confident that Congress will enact a straightforward debt limit increase. And we are prepared to work to this end.

-30-

RR-827

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
January 24, 1996

Contact: Peter Hollenbach
(202) 219-3302

BUREAU OF THE PUBLIC DEBT AIDS SAVINGS BONDS OWNERS AFFECTED BY FLOODS IN MARYLAND

The Bureau of Public Debt took action to assist victims of floods that struck Maryland 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 Maryland affected by the floods. These procedures will remain in effect through February 29, 1996.

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 Allegany, Cecil, Frederick, Garrett and Washington 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 "Floods" on the front of their envelopes to help expedite the processing of claims.

oOo

PA-208
(RR-828)

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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

ADV 11:30 A.M. EST
Remarks as prepared for delivery
January 26, 1996

REMARKS OF TREASURY SECRETARY ROBERT E. RUBIN
U.S. CONFERENCE OF MAYORS

As Treasury Secretary with broad responsibilities for economic policy, I am firmly convinced that our economy will fall far short of its potential if we ignore the problems of our cities and distressed rural areas. That's not a social judgment. It is not a moral judgment. It is a hard-headed business judgment about the future economic health of our nation.

Right now, the Congressional majority and the Administration are engaged in what is probably what is probably the most significant public policy debate in decades -- one about how to best prepare our economy for the coming years and decades. This debate is central to the future of our cities. And in my view the future of our cities is central to the future of our economy, our nation, and all Americans, no matter where they live or work.

I think most of you are familiar with the core differences in the budget debate -- education, training, investment in human capital, the environment, health care and taxes. Unfortunately, the issue of the debt limit also has made its way into that debate. The debt limit -- which is about meeting existing obligations, not about deficit reduction, which can only be accomplished through the budget process -- must be separated from the budget debate.

In the State of the Union address this week the President again asked Congress for a straightforward extension of the debt ceiling -- that is, an extension that is free of efforts to use the debt ceiling and use threats to the creditworthiness of the nation as a device to create pressure to accomplish other purposes. Also, a debt ceiling increase should be at least one year, so that the nation's creditworthiness is not again subject to question -- as in the Moody's creditworthiness announcement of earlier this week -- in this political election year.

RR-829 (more)

In the final analysis, I am confident, the United States will not fail to meet its legally mandated financial obligations for the first time in our history, interest and principal on debt, the funding of urban initiatives and the like, and that Congress will pass a straightforward extension. But it is very important that all of us get involved in calling for this to be done, and expeditiously.

With that, let me return to be the budget debate and the cities.

For the past three years, economic conditions have been better than they have been in decades, with growth well over 3 percent per annum, inflation well under 3 percent per annum, unemployment down from 7.1 percent to 5.6 per annum, and 7.8 million new jobs. Alan Greenspan, the Chairman of the Federal Reserve Board, testified last year that the fundamentals of our economy have not looked this strong in 30 years. And he's right. Moreover, while many factors have contributed, a key and indispensable factor was the presidents powerful 1993 deficit reduction budget -- which has reduced the deficit by roughly 50 percent, which in turn fueled the lower long-term interest rates that drove and sustained the recovery.

But not everyone, as you know too well, has benefited from our strong economy. A recent Committee for Economic Development report said that a third of the neighborhoods in our 100 largest cities are distressed or in danger. The Census Bureau calculates that well over four in 10 Americans in poverty live in our inner cities. The Organization for Economic Cooperation and Development (OECD) in Paris ranks us at the top of a list of 18 industrialized nations in income disparity. Moreover, the study also tells us that a greater percentage of our children are poor than in almost all other Western industrialized nations. The number of children in this country under the age of 18 who live in poverty rose by roughly half between 1979 and 1993. That is not a recipe for a healthy future for any American.

Our responsibility in reviving the cities is clear: we must replace economic distress with economic opportunity, and we must increase investments in human capital and access to financial capital.

The Clinton Administration believes it is imperative to empower the residents of our inner cities and distressed rural areas with the education and job skills -- and the opportunity -- to get jobs, build businesses, and regain hope.

Let me focus for a moment on financial capital, as befits a Secretary of the Treasury. Treasury has as one of its high priorities to encourage the private sector to bring capital to areas that for too long have been forgotten or ignored.

Accomplishing that aim can help create new businesses and jobs, and can even help restore whole neighborhoods. I have seen this approach work, in visiting the South Bronx and South Chicago. It works in rural Iowa, and it can work throughout our nation.

To provide access to capital for distressed areas, we must stand by proven programs that are now under threat; we must continue to develop innovative solutions to get capital where it is needed; and the private sector must rise to the challenge in partnership with local communities.

The first example is the Community Reinvestment Act. The CRA encourages federally insured financial institutions to serve creditworthy borrowers in neighborhoods which have either been ignored or overlooked in the past.

New regulations, developed in cooperation with the lending industry and community representatives, are now going into force, replacing rules that had emphasized paperwork and process rather than on-the-ground action. We believe these reforms deserve a chance to work and should not be undercut; others want to roll back CRA.

Second, Treasury's Community Development Financial Institutions Fund provides seed capital through loans, grants and equity investments to community development-focused banks, credit unions, microenterprise lenders, and the like. In turn, these entities make loans and investments to help small businesses and build housing, and they help people find jobs and start businesses. The fund also provides incentives to mainstream financial institutions to engage in community development activities.

Three years ago this project had broad bipartisan support, but it would have been defunded by the reconciliation bill the President vetoed. Some $50 million has previously been appropriated for the CDFI fund, but that is far, far too little for such a promising program. We can not let the Fund, grounded in an empowerment response to the problems of our distressed communities, be destroyed. Also, in my conversations with mayors and local businessmen around the country, I have noted that cities and businesses can join together in investing in local community development funds, helping to bring jobs and growth to their communities.

Third, we are taking new steps to advance microenterprise lending, an approach the President and Mrs. Clinton have encouraged since their days in Arkansas. It has had remarkable success in low income areas in other countries and might well here too if applied on a broad scale.

Microenterprise lending puts money into the hands of individuals -- often very low-income individuals -- who need very limited amounts of capital to get started. Examples include lending someone who wants to start a tailors' shop enough money for a sewing machine, or lending a mechanic money for special tools to take on more complex and profitable repair jobs.

President Clinton has asked Treasury to launch a microenterprise project through the CDFI Fund, including the coordination of existing programs in other parts of the government. Moreover, at the President's direction, we will soon establish a Presidential Award program for microenterprise lenders to compete for recognition just as large American corporations compete for the Baldrige award.

Fourth, in 1993 we made permanent the Low Income Housing Tax Credit to encourage investment in housing. As I walked around the South Bronx and talked to community leaders and businessmen, they repeatedly told me of the tax credit's critical role. According to the National Council of Housing Agencies, on average, 100,000 units a year of low income housing has been created with this credit each year since its enactment. This program would have been sunseted in the reconciliation bill the President vetoed.

Fifth, as the President announced in his State of the Union address this week and discussed with you yesterday, the administration is taking up an issue long on your agenda. That is, of course, a new targeted tax incentive to encourage companies to clean up abandoned industrial sites and other environmentally damaged properties in distressed areas. This so-called "brown fields tax credit" holds real prospects for more rapidly getting these contaminated properties in distressed areas productive again.

The final point I would like to make about broadening access to capital and promoting growth in our inner cities and other distressed areas, is the critical role of business, particularly in this era of budget stringency.

Many of our businesses are already actively involved on an on-going basis in our inner cities and other distressed areas. But I think that it is very much in their long-term self-interest to increase that activity, institutionalize it and put it on an on-going basis. I have started to have discussions about finding ways to accomplish this institutionalization with corporate leaders, both in Washington and when I meet with CEOs outside Washington. The areas we discuss are assisting community development with loans, investments and expertise; mentoring inner city businesses and inner city youth; forging school-to-work links, providing meaningful summer jobs, and helping young people climb the job ladder as their skills progress.

To conclude, all of us must rise to the challenge to bring our cities and all Americans into the economic mainstream. If we do not meet that challenge, the United States will fall far short of its full potential in the global economy of the 21st Century, thus, the future of the cities is of vital importance to all Americans, no matter where they work or live.

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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.
January 26, 1996

CONTACT: Office of Financing
202/219-3350

TREASURY'S 52-WEEK BILL OFFERING

The Treasury will auction approximately $18,750 million of 52-week Treasury bills to be issued February 8, 1996. This offering will provide about $1,300 million of new cash for the Treasury, as the maturing 52-week bill is currently outstanding in the amount of $17,455 million. In addition to the maturing 52-week bills, there are $27,849 million of maturing 13-week and 26-week bills.

Federal Reserve Banks hold $11,948 million of bills for their own accounts in the maturing issues. These may be refunded at the weighted average discount rate of accepted competitive tenders.

Federal Reserve Banks hold $3,885 million of the maturing issues as agents for foreign and international monetary authorities. These may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders. Foreign and international monetary authorities are considered to hold $411 million of the maturing 52-week issue. Due to the public debt limit and Treasury's need to plan for the debt level, additional amounts of Treasury bills will not be issued to Federal Reserve Banks as agents for foreign and international monetary authorities in this auction.

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-830

HIGHLIGHTS OF TREASURY OFFERING OF 52-WEEK BILLS TO BE ISSUED FEBRUARY 8, 1996

January 26, 1996

Offering Amount	$18,750 million
Description of Offering:	
Term and type of security .	364-day bill
CUSIP number	912794 2L 7
Auction date	February 1, 1996
Issue date	February 8, 1996
Maturity date	February 6, 1997
Original issue date	February 8, 1996
Maturing amount.	$17,455 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 Standard time on auction day
Competitive tenders	Prior to 1:00 p.m. Eastern Standard time on auction day
Payment Terms	Full payment with tender or by charge to a funds account at a Federal Reserve bank on issue date

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
January 26, 1996

Contact: Peter Hollenbach
(202) 219-3302

BUREAU OF THE PUBLIC DEBT AIDS SAVINGS BONDS OWNERS AFFECTED BY FLOODS IN WEST VIRGINIA

The Bureau of Public Debt took action to assist victims of floods that struck West Virginia 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 West Virginia affected by the floods. These procedures will remain in effect through February 29, 1996.

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 Brooke, Grant, Greenbriar, Hampshire, Hancock, Hardy, Marshall, Mason, Monroe, Ohio, Pendleton, Pleasants, Pocahontas, Preston, Randolph, Summers, Tucker, Tyler, Webster, Wetzel and Wood 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 "Floods" on the front of their envelopes to help expedite the processing of claims.

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PA-209

(RR-831)

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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

Monthly Release of U.S. Reserve Assets

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

As indicated in this table, U.S. reserve assets amounted to $85,832 million at the end of December 1995, up from $85,755 million in November 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					
November	85,755	11,050	11,034	49,099	14,572
December	85,832	11,050	11,037	49,096	14,649

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-832

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED FOR 4:30 P.M. EST RELEASE
January 26, 1996

Contact: Michelle Smith
(202) 622-2960

RUBIN ANNOUNCES MEXICAN REPAYMENT OF $1.3 BILLION

Treasury Secretary Robert E. Rubin confirmed Friday that Mexico will repay the United States $1.3 billion due on Monday in short-term swaps -- half to Treasury's Exchange Stabilization Fund (ESF) and half to the Federal Reserve System.

"We continue to see further evidence that the program is working to restore stability and the basis for growth, and we are confident the United States will be paid back with interest for the assistance we have provided to Mexico under the support program," Secretary Rubin said.

In providing assistance to Mexico under the Feb. 21, 1995, agreements, the Administration acted to protect America's interest in exports and jobs, the security of our common border and the stability of other emerging market economies.

"Mexico rapidly regained access to international capital markets, and has established the basis for a resumption of growth," Secretary Rubin said. "This program helped avert years of financial turmoil and lost economic opportunity which Mexico and the rest of Latin America endured following the 1982 crisis."

After this repayment, outstanding U.S. support will fall to $10.5 billion, all of it in the form of medium-term swaps. Under the program, Mexico has paid about $750 million in interest to date on its swaps to the United States. No additional principal payments are due to the United States until June 1997.

Secretary Rubin also announced that Mexico has requested that the implementation period of the program be continued through Aug. 21, 1996, as provided for in the U.S.-Mexico Financial Agreements of Feb. 21, 1995. Treasury will consent to this request.

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RR-833

Removal Notice

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
January 29, 1996

Contact: Jon Murchinson
(202) 622-2960

BORROWING ADVISORY COMMITTEE MEETING, REFUNDING PLANNED

The Treasury Department's Borrowing Advisory Committee will hold an open meeting at 11:30 a.m. Tuesday, January 30, 1996 at the Treasury Department, room 3327, 1500 Pennsylvania Avenue NW.

Assistant Secretary (Financial Markets) Darcy Bradbury will announce the Treasury Department's quarterly refunding at 1 p.m. on Wednesday, January 31, 1996 in room 3327 of the Treasury Department.

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 number and date of birth, by 6 p.m. Monday, January 29 for Tuesday's event and by 6 p.m. Tuesday, January 30 for Wednesday's event. This information can be faxed to (202) 622-1999.

-30-

RR-834

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
January 29, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for $14,083 million of 13-week bills to be issued February 1, 1996 and to mature May 2, 1996 were accepted today (CUSIP: 912794Y57).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	4.96%	5.11%	98.746
High	5.02%	5.17%	98.731
Average	5.01%	5.16%	98.734

Tenders at the high discount rate were allotted 36%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$45,132,947	$14,082,927
Type		
Competitive	$40,221,635	$9,171,615
Noncompetitive	1,371,397	1,371,397
Subtotal, Public	$41,593,032	$10,543,012
Federal Reserve	3,255,115	3,255,115
Foreign Official Institutions	284,800	284,800
TOTALS	$45,132,947	$14,082,927

4.97 -- 98.744   5.00 -- 98.736

RR-835

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
January 29, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for $14,003 million of 26-week bills to be issued February 1, 1996 and to mature August 1, 1996 were accepted today (CUSIP: 9127943B8).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	4.86%	5.07%	97.543
High	4.90%	5.11%	97.523
Average	4.90%	5.11%	97.523

Tenders at the high discount rate were allotted 39%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$45,210,454	$14,003,196
Type		
Competitive	$37,699,285	$6,492,027
Noncompetitive	1,236,769	1,236,769
Subtotal, Public	$38,936,054	$7,728,796
Federal Reserve	3,550,000	3,550,000
Foreign Official Institutions	2,724,400	2,724,400
TOTALS	$45,210,454	$14,003,196

4.88 -- 97.533   4.89 -- 97.528

RR-836

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 3 PM
January 29, 1996

Contact: Jon Murchinson
(202) 622-2960

TREASURY ANNOUNCES MARKET BORROWING ESTIMATES

The Treasury Department announced on Monday that its net market borrowing for the January - March 1996 quarter is estimated to be $85.3 billion, with a cash balance of $20 billion on March 31. The Treasury also announced that its net market borrowing for the April - June 1996 quarter is estimated to be in the range of $0 to $5 billion, with a cash balance of $35 billion on June 30. These estimates do not include new cash to be raised in the June 2-year and 5-year notes, which will settle on July 1, 1996.

In the quarterly announcement of its borrowing needs on October 30, 1995, the Treasury estimated net market borrowing for the January - March quarter to be in a range of $70 billion to $75 billion, assuming a $20 billion cash balance on March 31. The current estimate primarily reflects a shift in outlays from the first quarter of the fiscal year to the second quarter. Given the uncertainty with respect to the timing of final action on several appropriation bills for FY 1996, it is possible that the Treasury's borrowing requirement in the January - March quarter will be reduced from the $85.3 billion that the Treasury announced today.

Actual net market borrowing in the October - December quarter was $48.1 billion, while the end-of-quarter cash balance was $20.5 billion. On October 30, the Treasury estimated net market borrowing for the October - December quarter to be $61.5 billion, with a $20.0 billion cash balance on December 31. The difference in net market borrowing was primarily the result of lower than estimated outlays.

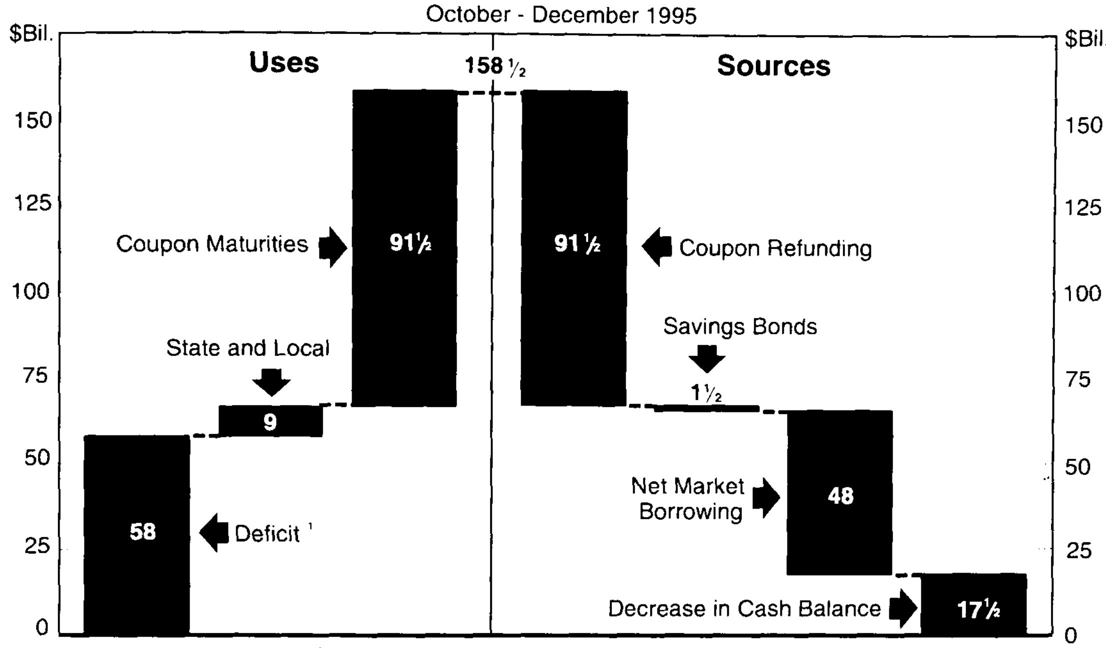
The regular Treasury quarterly refunding press conference will be held at 1 p.m. on Wednesday, January 31, 1996.

-30-

RR-837

TREASURY FINANCING REQUIREMENTS

October - December 1995



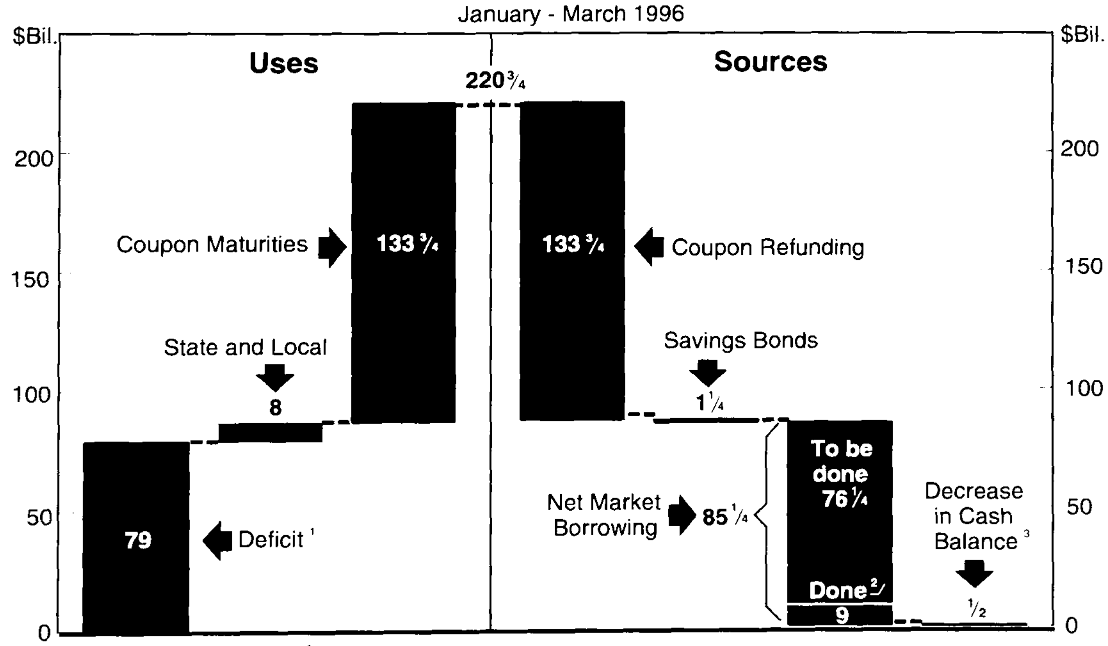
[1] Includes budget deficit, changes in accrued interest and checks outstanding and minor miscellaneous debt transactions.

Department of the Treasury
Office of Market Finance

January 29, 1996-1

TREASURY FINANCING REQUIREMENTS

January - March 1996



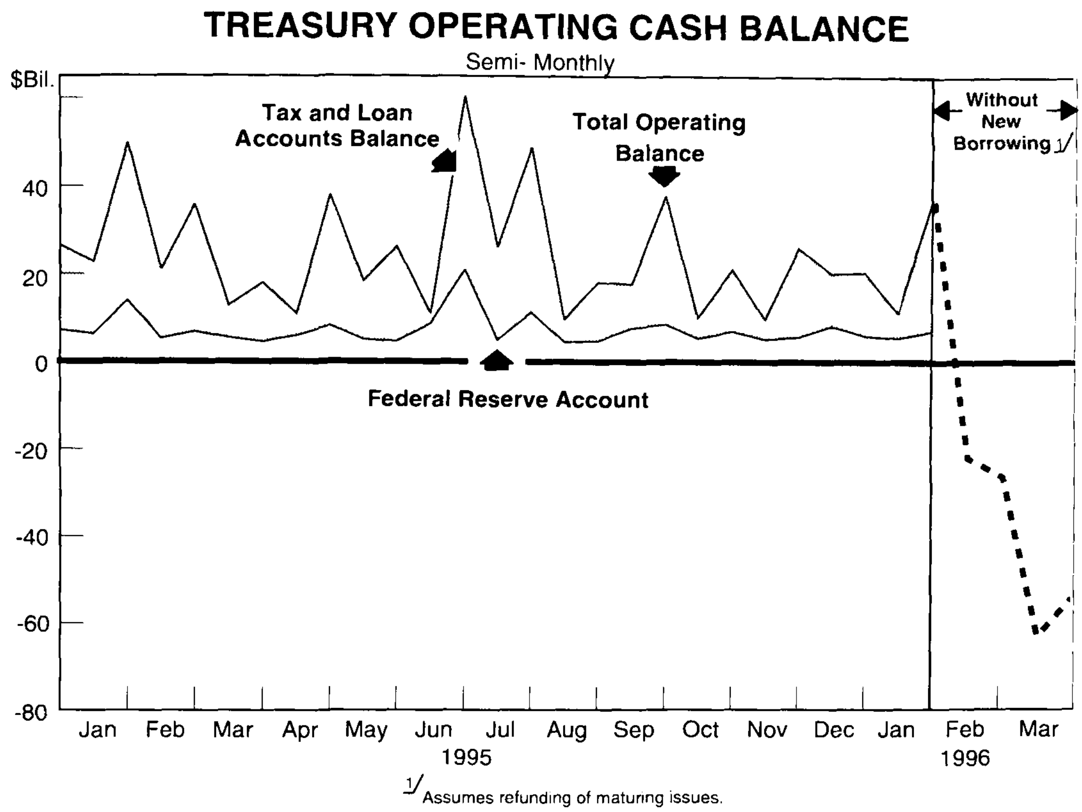
[1] Includes budget deficit, changes in accrued interest and checks outstanding and minor miscellaneous debt transactions.

[2] Issued or announced through January 26, 1996.

[3] Assumes a $20 billion cash balance March 31, 1996.

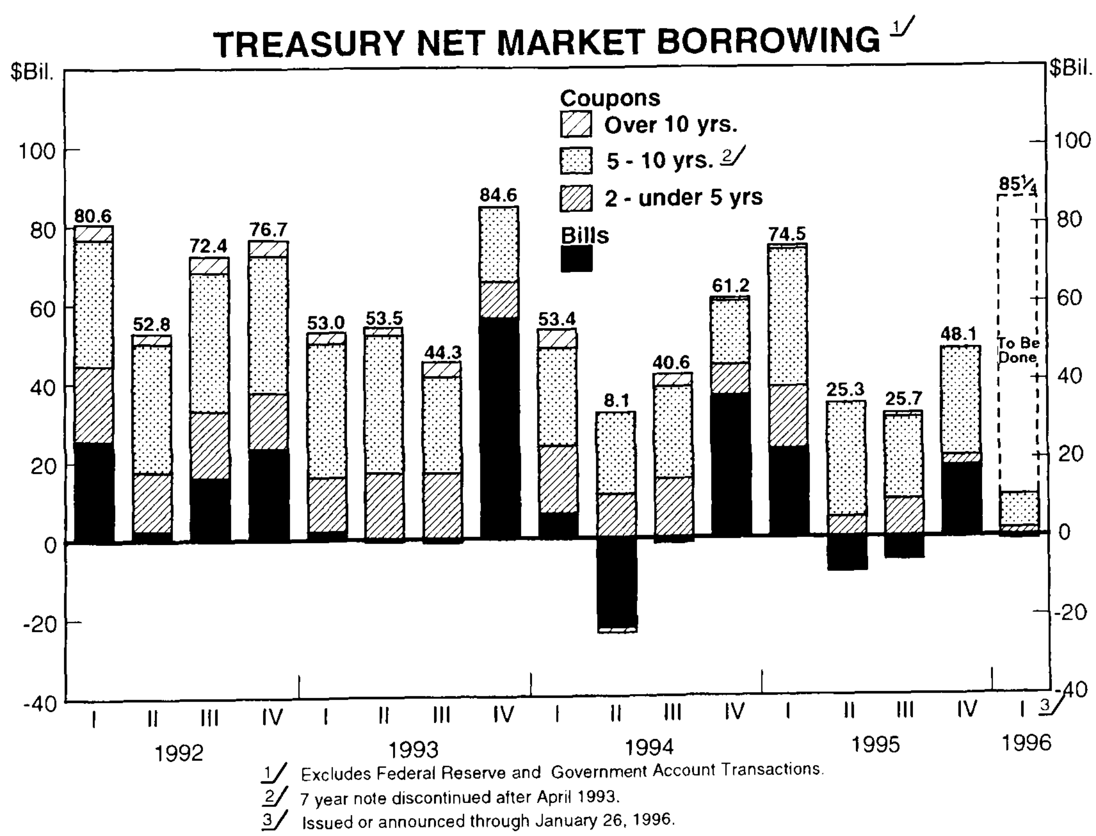
Department of the Treasury
Office of Market Finance

January 29, 1996-2



Department of the Treasury
Office of Market Finance

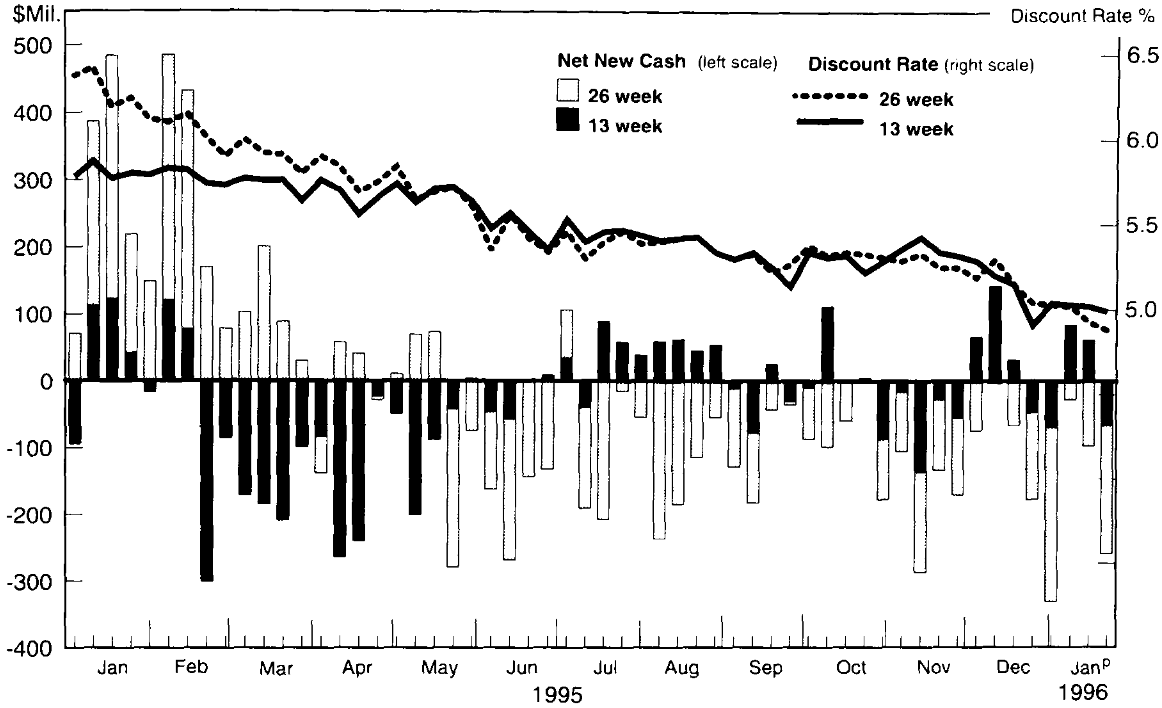
January 29, 1996-3



Department of the Treasury
Office of Market Finance

January 29, 1996-4

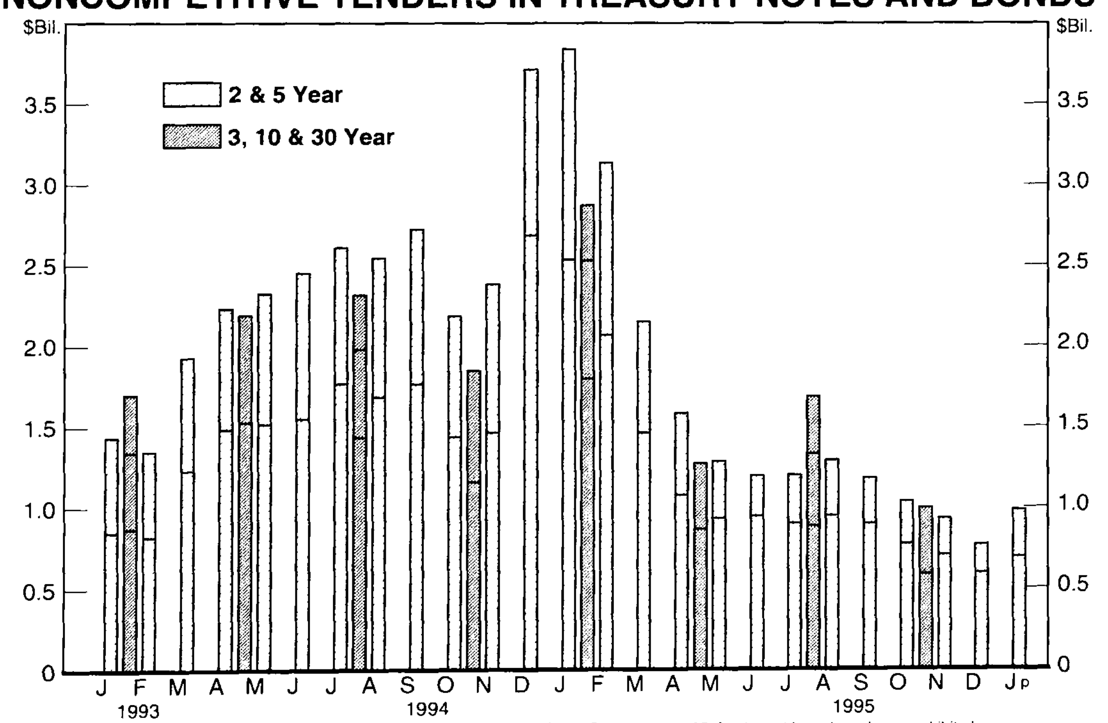
NET NEW CASH FROM NONCOMPETITIVE TENDERS IN WEEKLY BILL AUCTIONS 1/



1/ Excludes noncompetitive tenders from foreign official accounts and the Federal Reserve account.

p Preliminary

NONCOMPETITIVE TENDERS IN TREASURY NOTES AND BONDS 1/



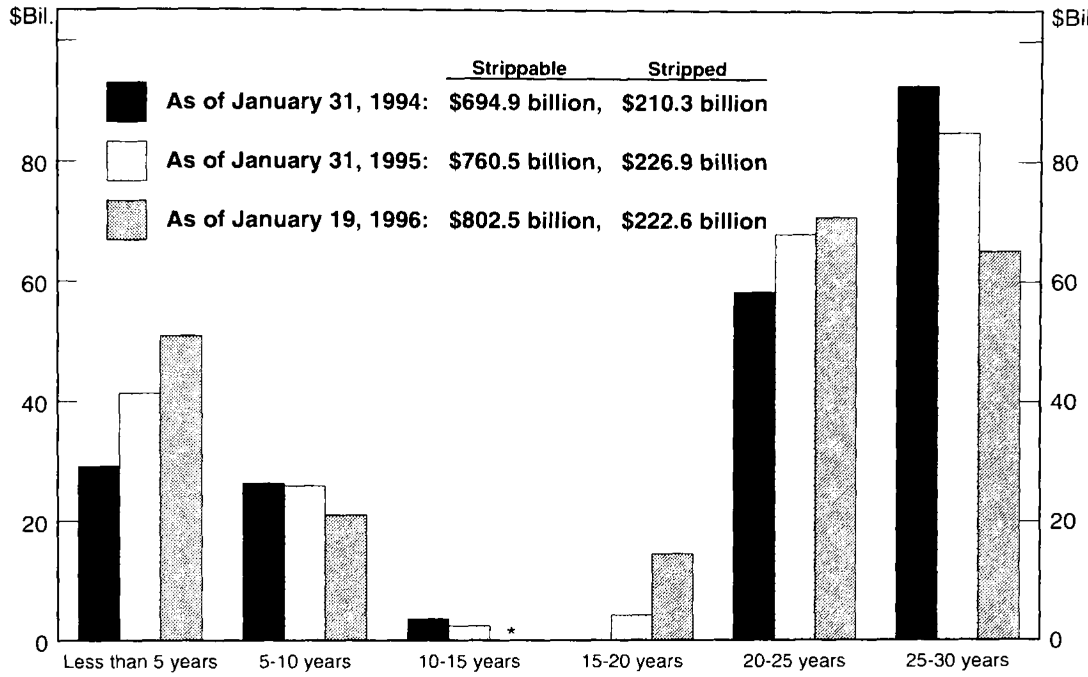
1/ Excludes foreign add-ons from noncompetitive tenders. Since October 18, 1995, foreign add-ons have been prohibited to avoid exceeding the debt limit; foreign rollovers are also excluded from noncompetitive tenders. p Preliminary

Treasury increased the maximum noncompetitive award to any noncompetitive bidder to $5 million effective November 5, 1991.

Effective February 11, 1992, a noncompetitive bidder may not hold a position in WI trading, futures, or forward contracts, nor submit both competitive and noncompetitive bids for its own account.

SECURITIES HELD IN STRIPS FORM 1994-1996

Privately Held



Years Remaining to Maturity

Note: The STRIPS program was established in February 1985. The 11 5/8% note of November 15, 1994, issued on November 15, 1984, was the first STRIPS-eligible security to mature.

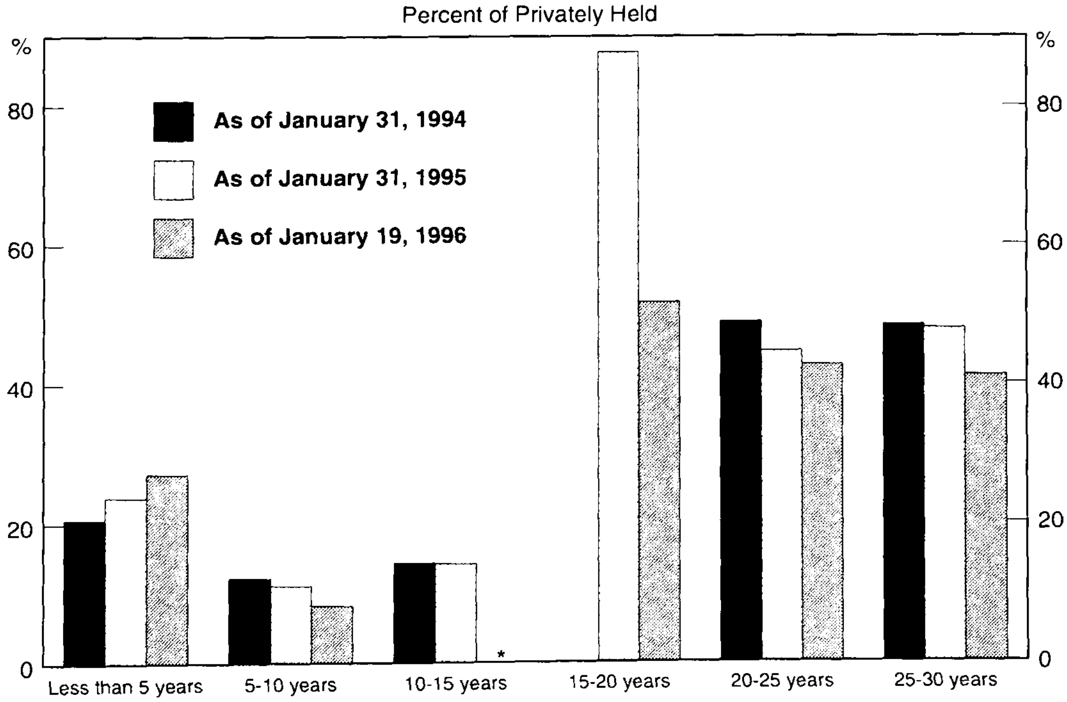
* Less than $3 million.

Department of the Treasury
Office of Market Finance

January 29, 1996-7

SECURITIES HELD IN STRIPS FORM 1994-1996

Percent of Privately Held



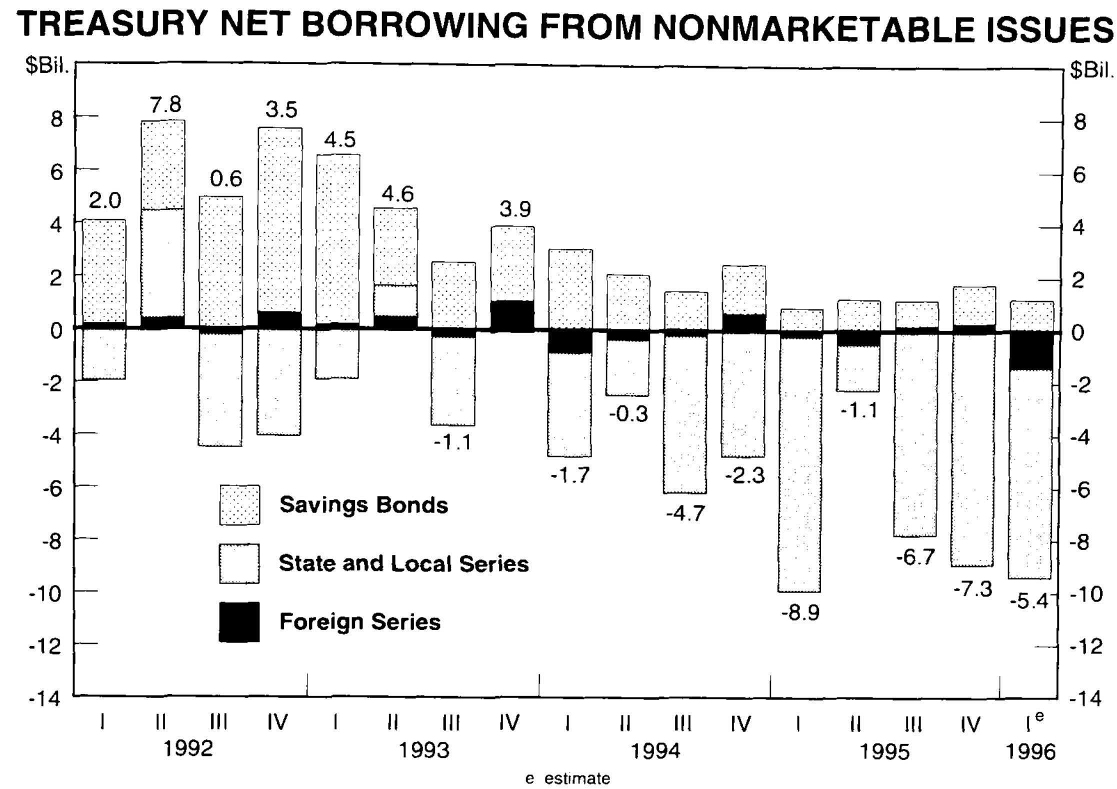
Years Remaining to Maturity

Note: The STRIPS program was established in February 1985. The 11 5/8% note of November 15, 1994, issued on November 15, 1984, was the first STRIPS-eligible security to mature.

* Less than 1 percent.

Department of the Treasury
Office of Market Finance

January 29, 1996-8



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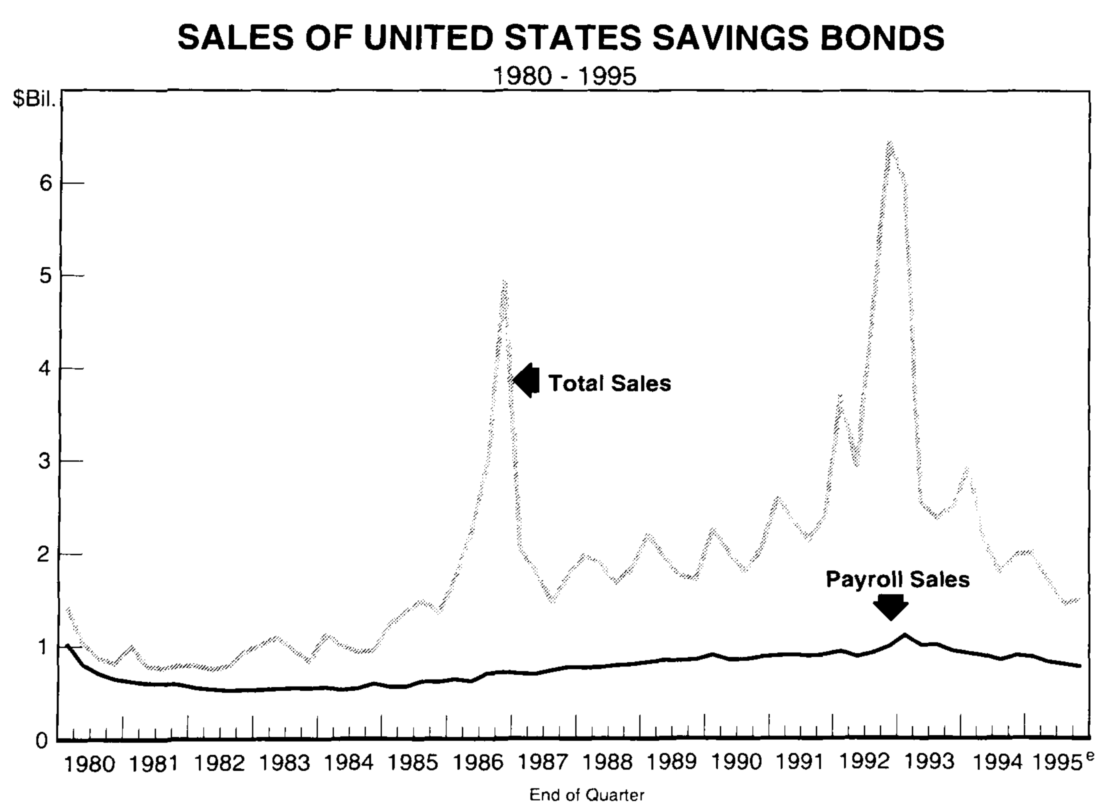
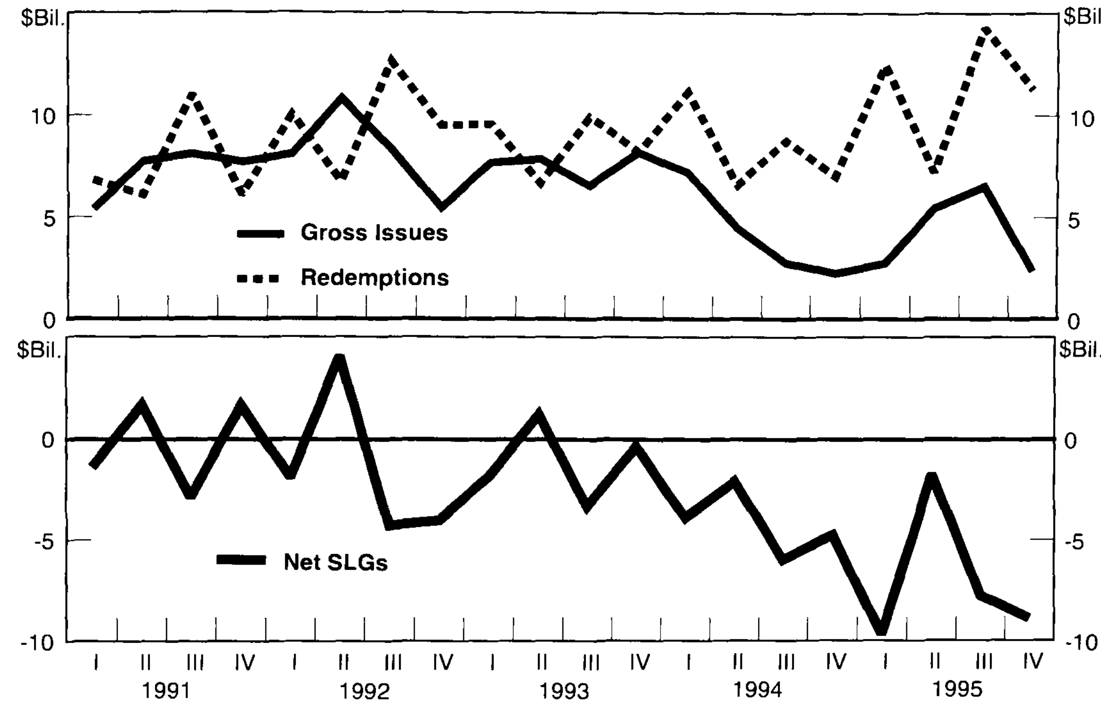


Department of the Treasury
Office of Market Finance

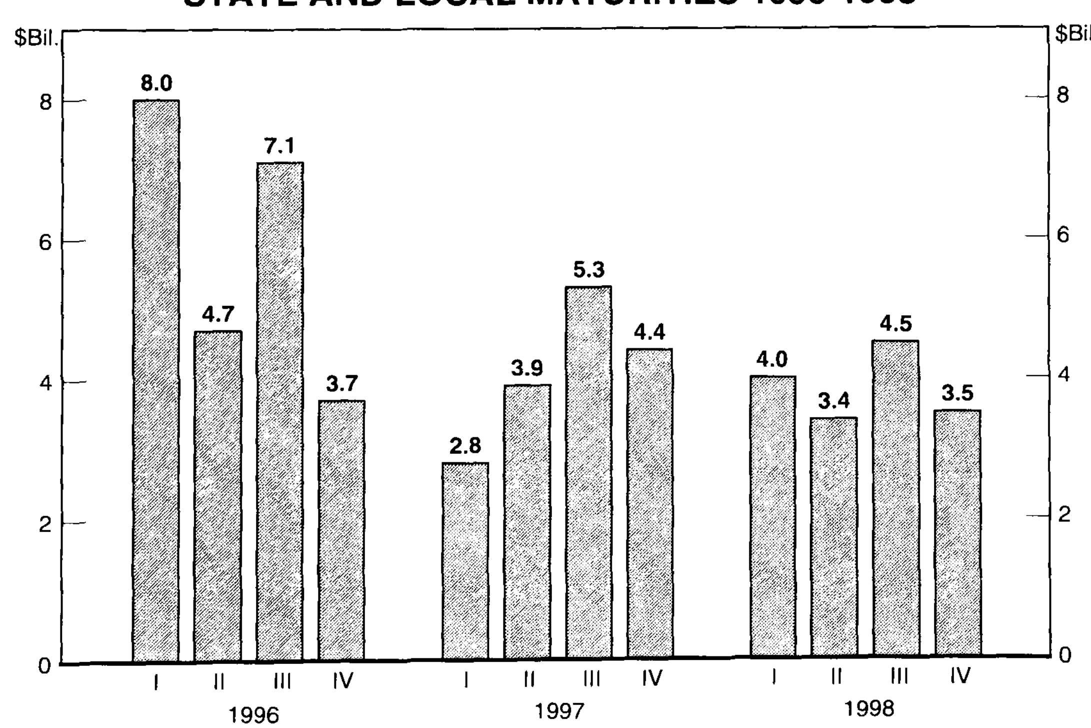
January 29, 1996-10

STATE & LOCAL GOVERNMENT SERIES

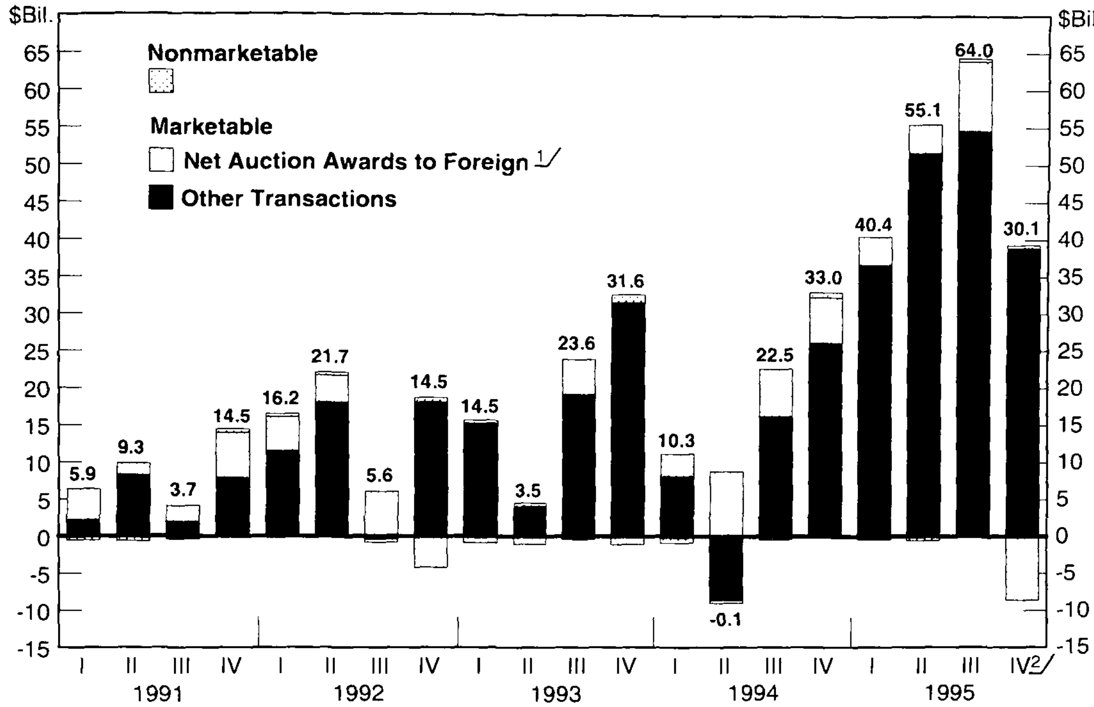


Note: SLGS sales were suspended effective October 18, 1995.

STATE AND LOCAL MATURITIES 1996-1998



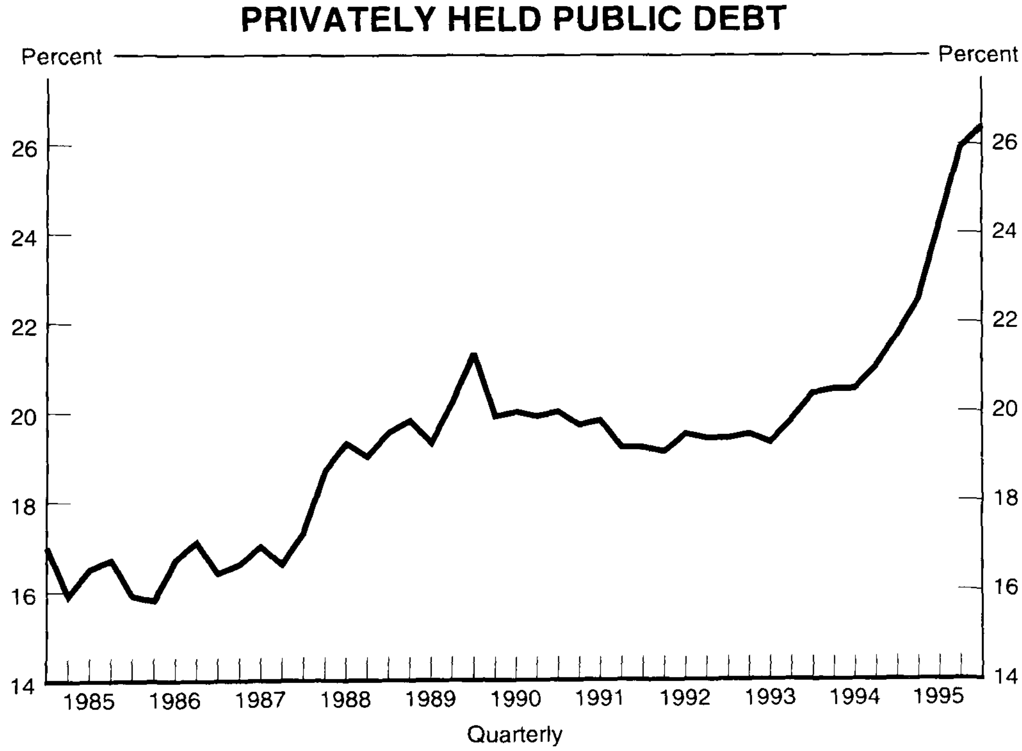
QUARTERLY CHANGES IN FOREIGN AND INTERNATIONAL HOLDINGS OF PUBLIC DEBT SECURITIES



1/ Auction awards to foreign official purchasers netted against holdings of maturing securities.

2/ Data through November 30, 1995.

FOREIGN HOLDINGS AS A PERCENT OF TOTAL PRIVATELY HELD PUBLIC DEBT



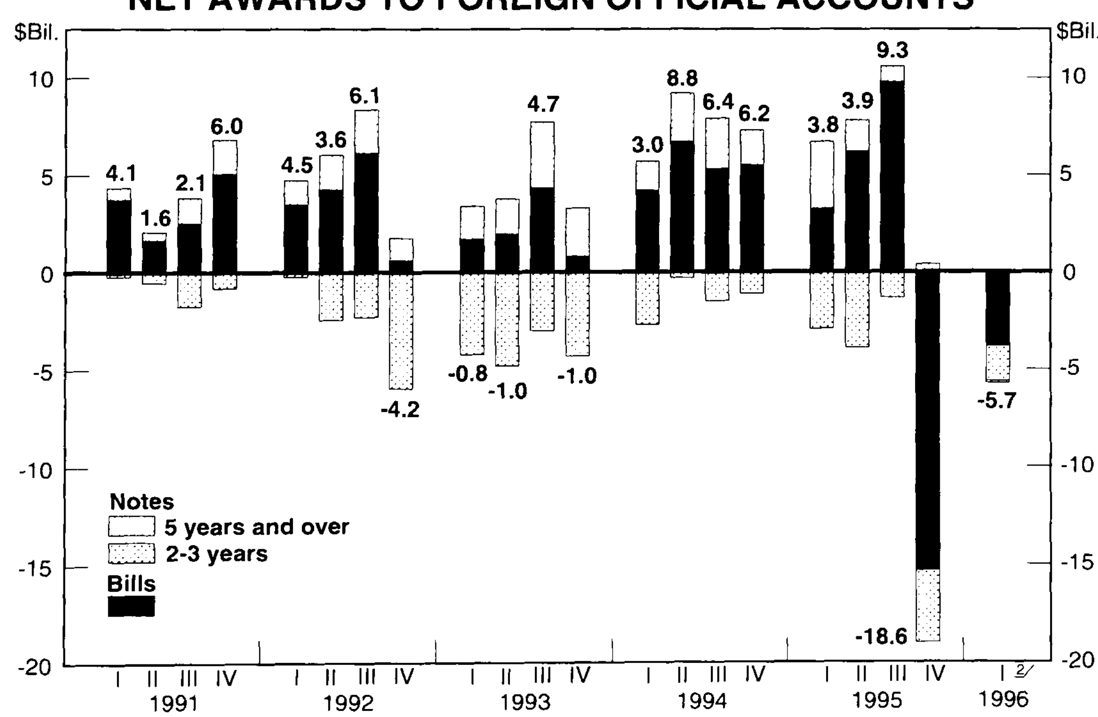
MAJOR FOREIGN HOLDERS OF TREASURY SECURITIES

Country	December 31, 1993			December 31, 1994			November 30, 1995		
	$ Billions	As a % of Total Foreign	As a % of Total Private	$ Billions	As a % of Total Foreign	As a % of Total Private	$ Billions	As a % of Total Foreign	As a % of Total Private
Japan	$142.7	22.9%	4.7%	$175.7	25.5%	5.5%	$225.1	25.6%	6.8%
United Kingdom	68.4	11.0%	2.2%	91.0	13.2%	2.9%	129.9	14.8%	3.9%
Germany	46.4	7.4%	1.5%	54.4	7.9%	1.7%	55.3	6.3%	1.7%
Netherland Antilles	17.1	2.7%	0.6%	27.6	4.0%	0.9%	52.2	5.9%	1.6%
Switzerland	32.6	5.2%	1.1%	32.4	4.7%	1.0%	35.6	4.1%	1.1%
Singapore	18.2	2.9%	0.6%	21.9	3.2%	0.7%	33.0	3.8%	1.0%
Mainland China	4.6	0.7%	0.2%	20.5	3.0%	0.6%	31.5	3.6%	0.9%
OPEC	26.7	4.3%	0.9%	25.6	3.7%	0.8%	29.3	3.3%	0.9%
Canada	22.8	3.7%	0.7%	24.6	3.6%	0.8%	25.0	2.8%	0.8%
Taiwan	28.2	4.5%	0.9%	25.8	3.7%	0.8%	23.6	2.7%	0.7%
Spain	31.2	5.0%	1.0%	27.9	4.1%	0.9%	19.7	2.2%	0.6%
Hong Kong	13.7	2.2%	0.4%	13.8	2.0%	0.4%	18.8	2.1%	0.6%
Mexico	23.2	3.7%	0.8%	7.9	1.1%	0.2%	16.6	1.9%	0.5%
Belgium	12.0	1.9%	0.4%	13.1	1.9%	0.4%	14.7	1.7%	0.4%
France	8.9	1.4%	0.3%	9.7	1.4%	0.3%	9.3	1.1%	0.3%
Other	126.2	20.3%	4.1%	116.7	16.9%	3.7%	158.6	18.1%	4.8%
Estimated Foreign Total	622.9	100.0%	20.4%	688.6	100.0%	21.7%	878.2	100.0%	26.4%

Note: RP's are included in "other". Detail may not add to totals due to rounding.

Source: Treasury Foreign Portfolio Investment Survey benchmark as of end-year 1989 and monthly data collected under the Treasury International Capital reporting system.

NET AWARDS TO FOREIGN OFFICIAL ACCOUNTS [1/]

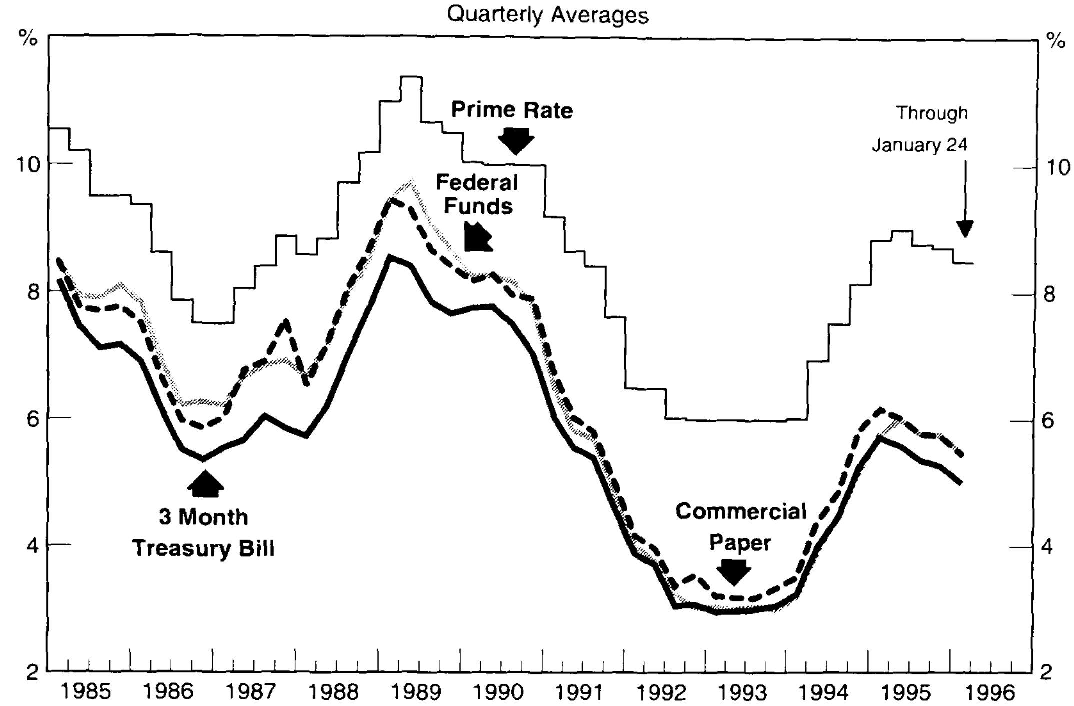


1/ Noncompetitive awards to foreign official accounts held in custody at the Federal Reserve in excess of foreign custody account holdings of maturing securities. Foreign add-ons prohibited since October 18, 1995 to avoid exceeding the debt limit.

2/ Through January 26, 1996.

SHORT TERM INTEREST RATES

Quarterly Averages



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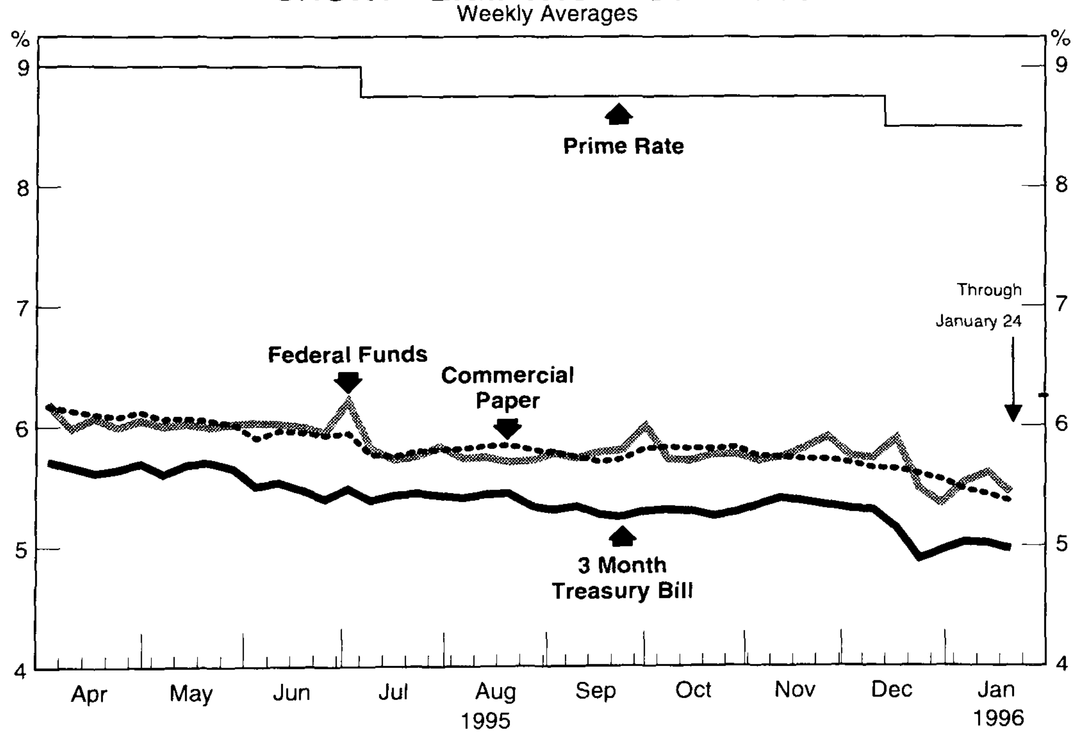
SHORT TERM INTEREST RATES

Weekly Averages



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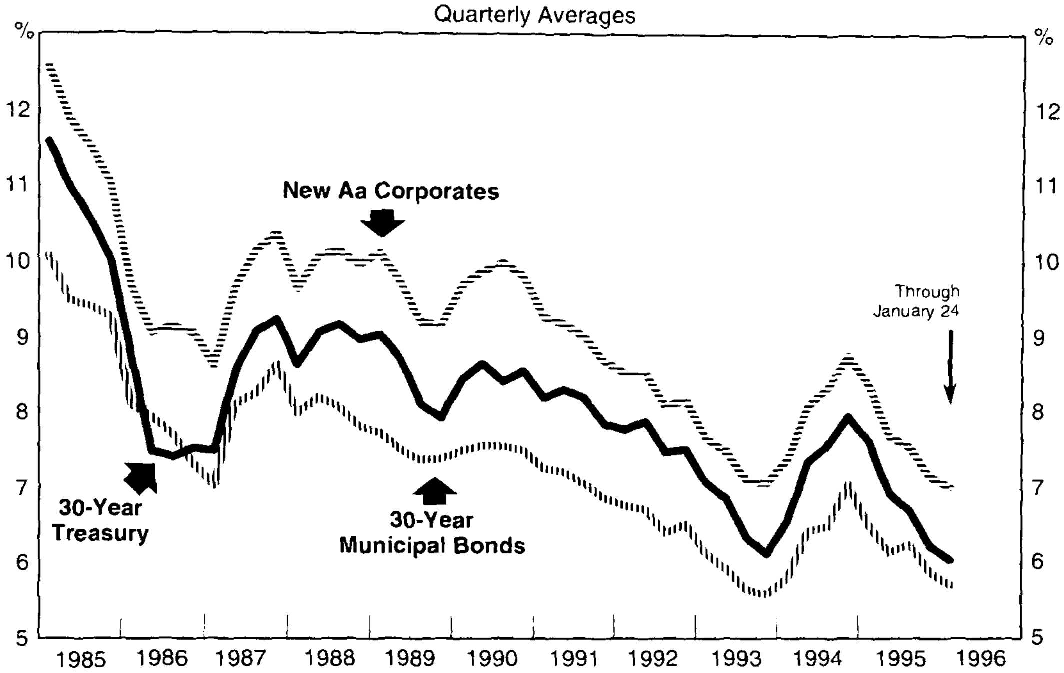
LONG TERM MARKET RATES

Quarterly Averages

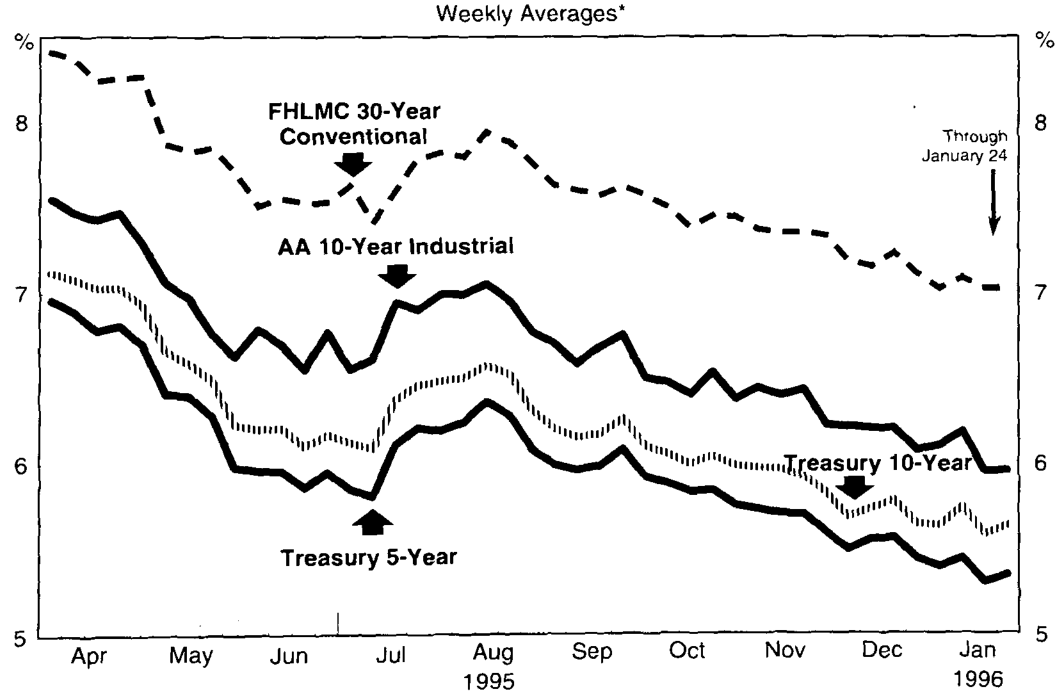


Department of the Treasury
Office of Market Finance

January 29, 1996-19

INTERMEDIATE TERM INTEREST RATES

Weekly Averages*



* Salomon 10-yr. AA Industrial is a Thursday rate.

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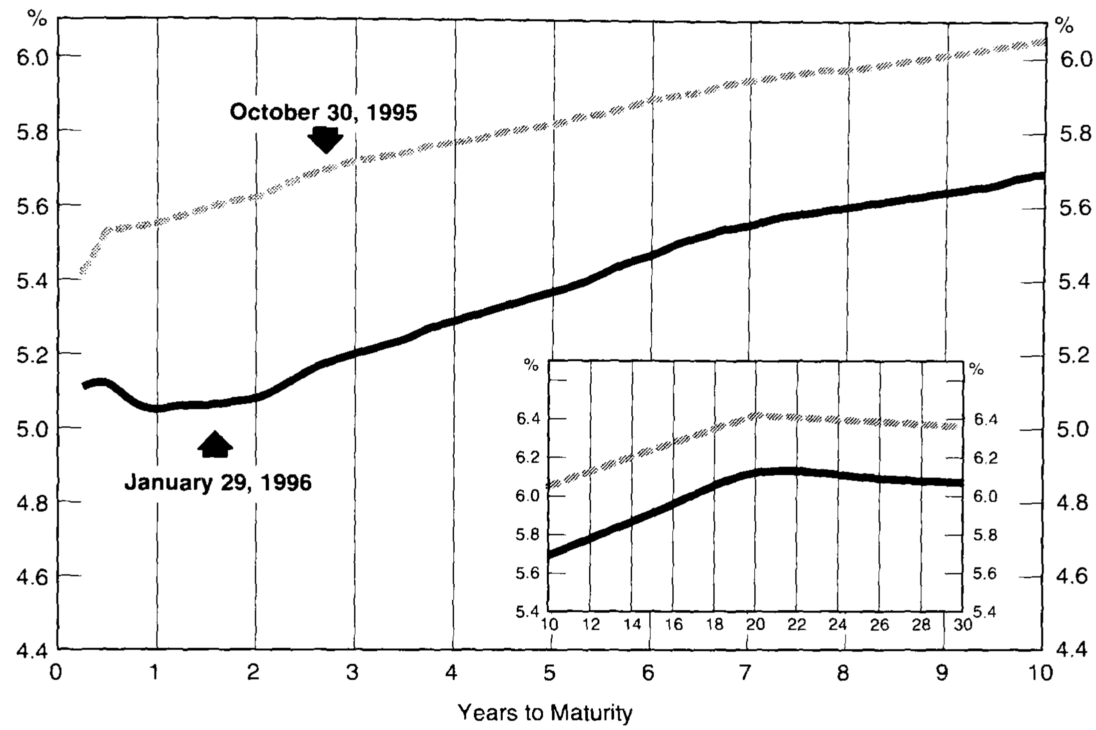
January 29, 1996-20

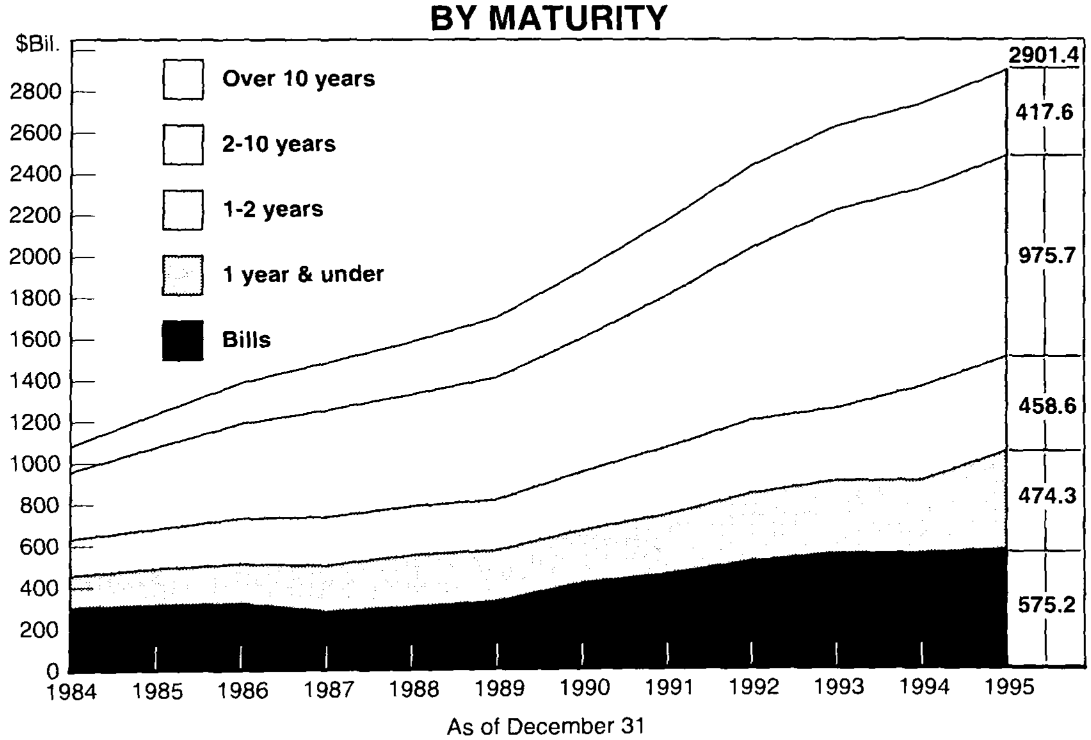
MARKET YIELDS ON GOVERNMENTS



Department of the Treasury
Office of Market Finance

January 30, 1996-21

PRIVATE HOLDINGS OF TREASURY MARKETABLE DEBT BY MATURITY

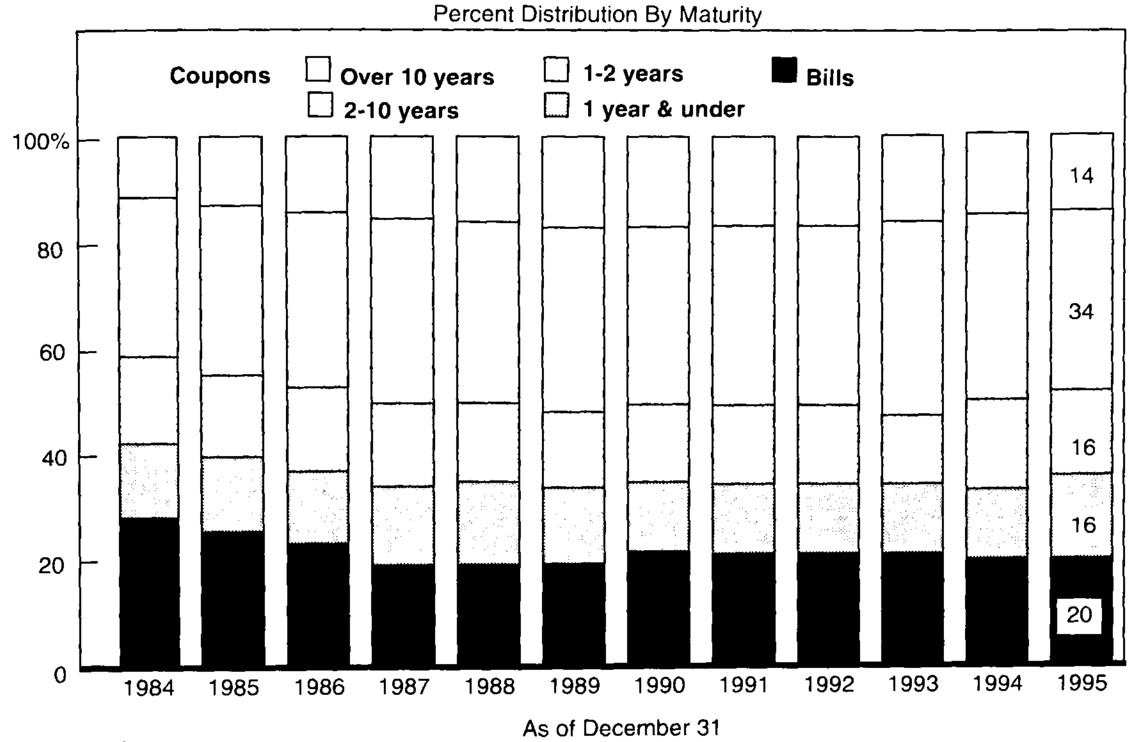


Department of the Treasury
Office of Market Finance

January 29, 1996-22

PRIVATE HOLDINGS OF TREASURY MARKETABLE DEBT

Percent Distribution By Maturity



Department of the Treasury
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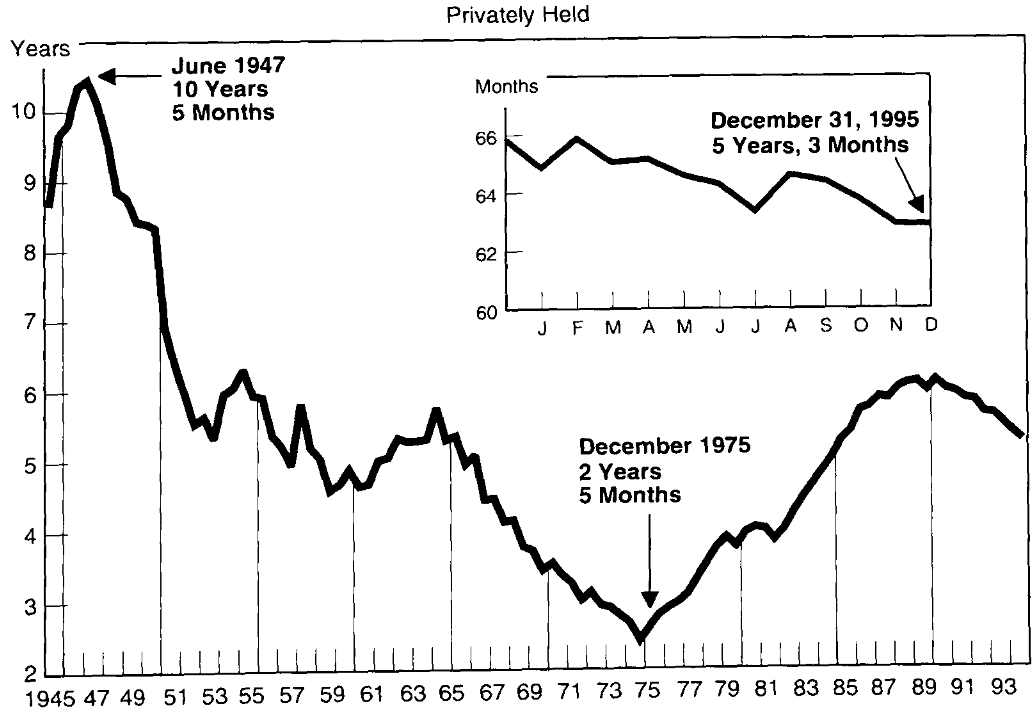
AVERAGE LENGTH OF THE MARKETABLE DEBT

Privately Held



Department of the Treasury
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MATURING COUPON ISSUES

February - June 1996

(in millions of dollars)

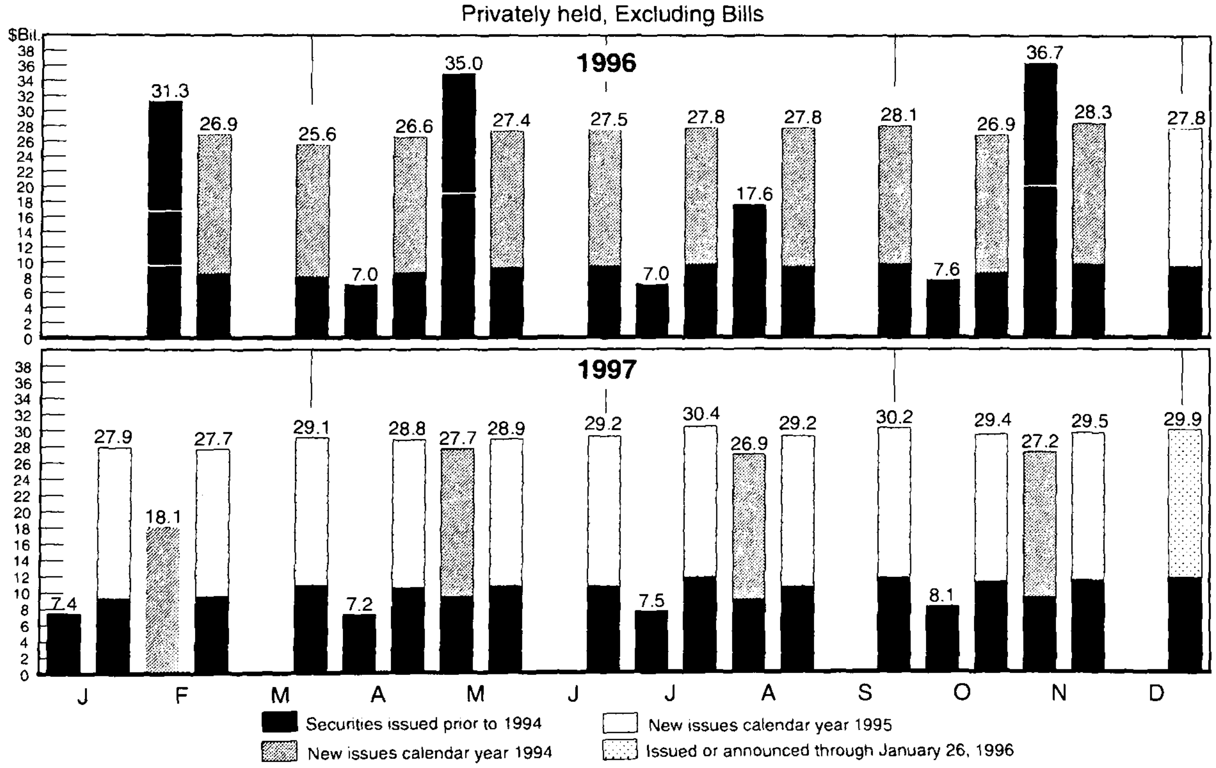
Maturing Coupons	December 31, 1995			
	Total	Held by		
		Federal Reserve & Government Accounts	Private Investors	Foreign[1/] Investors
8 7/8% Note 02/15/96[2/]	8,575	616	7,959	374
7 7/8% Note 02/15/96	9,055	1,427	7,628	679
4 5/8% Note 02/15/96	19,537	3,828	15,709	630
7 1/2% Note 02/29/96	9,622	1,256	8,366	435
4 5/8% Note 02/29/96	18,949	448	18,501	2,479
7 3/4% Note 03/31/96	9,081	1,119	7,962	555
5 1/8% Note 03/31/96	19,579	1,980	17,599	1,955
9 3/8% Note 04/15/96	7,782	787	6,995	647
7 5/8% Note 04/30/96	9,496	926	8,570	786
5 1/2% Note 04/30/96	18,806	800	18,006	2,685
7 3/8% Note 05/15/96	20,086	2,074	18,012	1,155
4 1/4% Note 05/15/96	19,264	2,228	17,036	3,557
7 5/8% Note 05/31/96	9,617	393	9,224	1,312
5 7/8% Note 05/31/96	18,927	753	18,174	4,574
7 7/8% Note 06/30/96	9,770	412	9,358	574
6 % Note 06/30/96	19,859	1,765	18,094	4,784
Totals	228,005	20,812	207,193	27,152

1/ F.R.B. custody accounts for foreign official institutions; included in Private Investors.

2/ Includes $125 million of foreign targeted Treasury note.

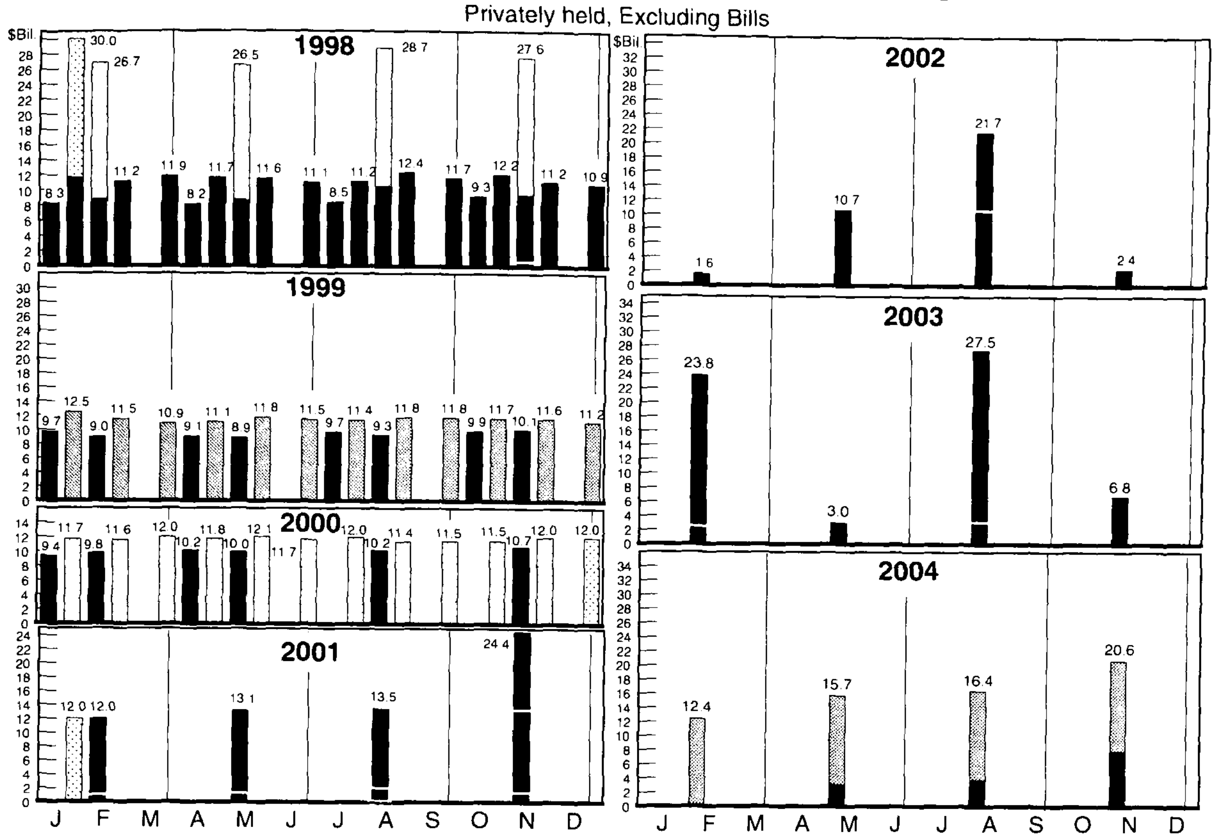
TREASURY MARKETABLE MATURITIES

Privately held, Excluding Bills



TREASURY MARKETABLE MATURITIES

Privately held, Excluding Bills



Securities issued prior to 1994

New issues calendar year 1994

New issues calendar year 1995

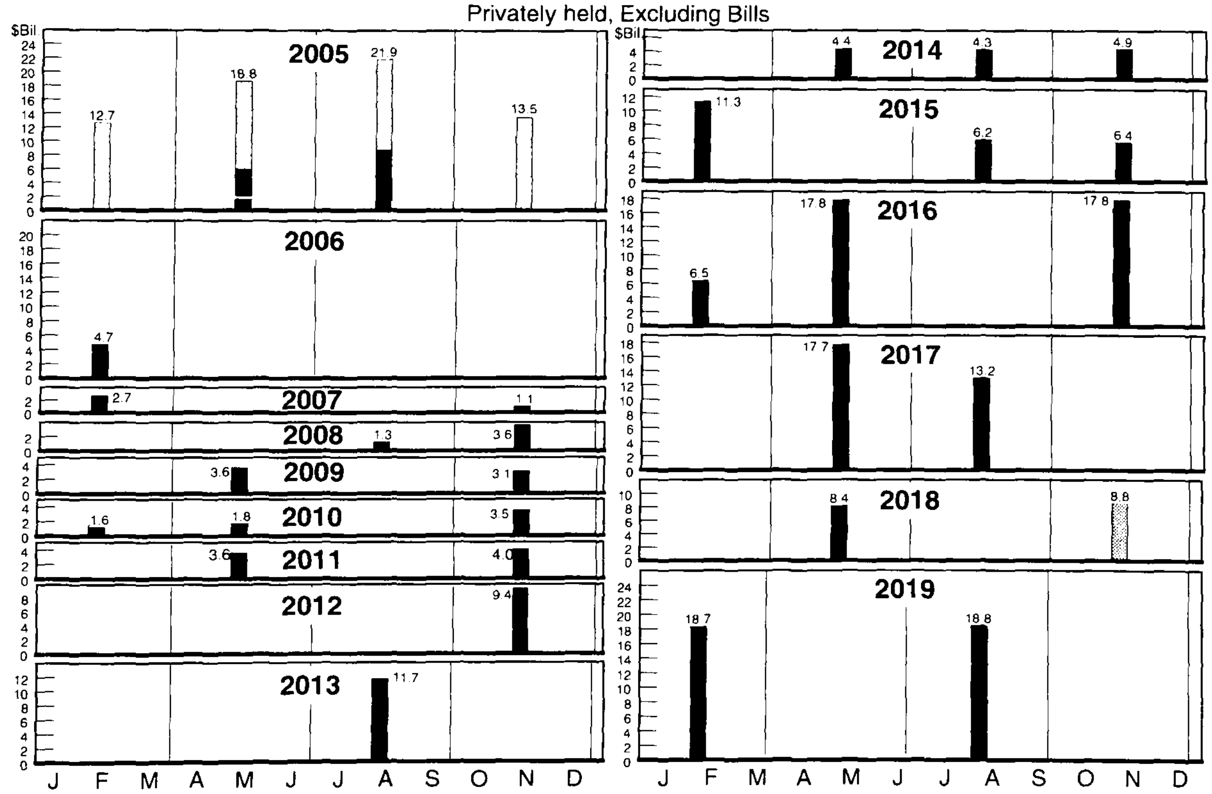
Issued or announced through January 26, 1996

Department of the Treasury
Office of Market Finance

January 29, 1996-27

TREASURY MARKETABLE MATURITIES

Privately held, Excluding Bills



Securities issued prior to 1994

New issues calendar year 1994

New issues calendar year 1995

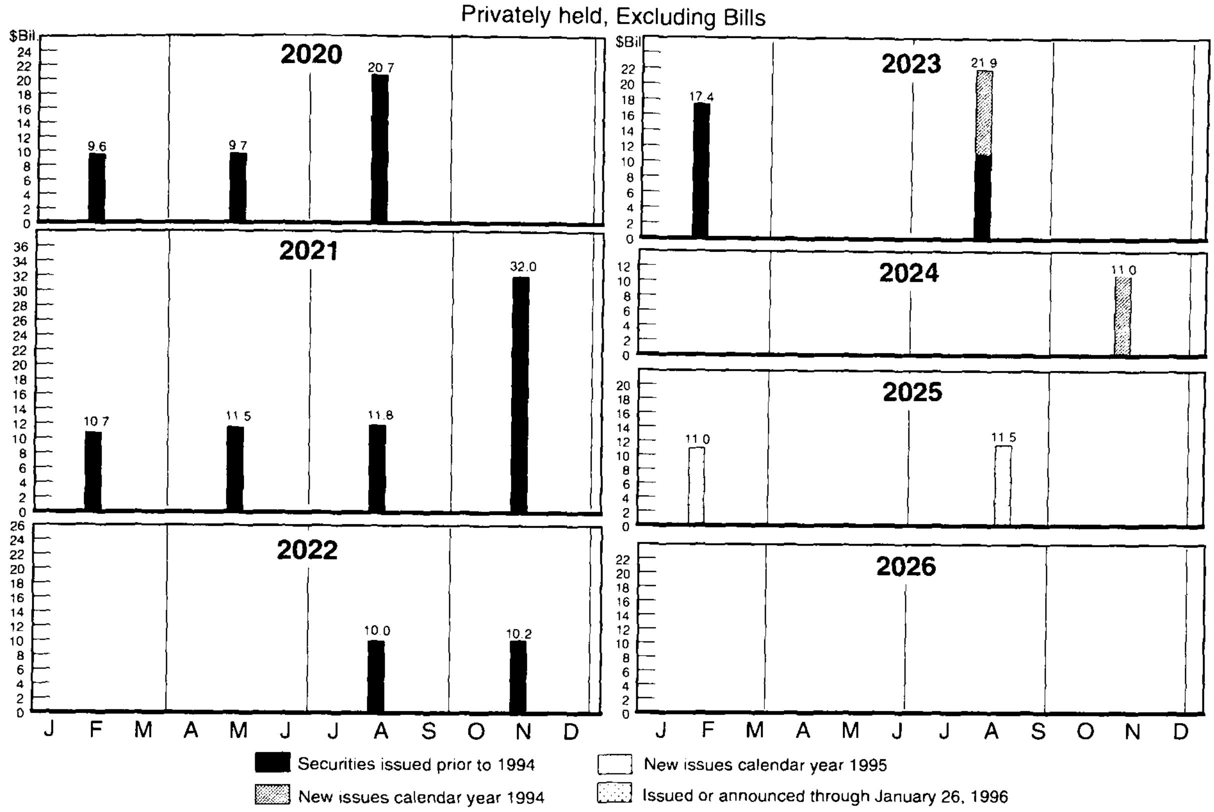
Issued or announced through January 26, 1996

Department of the Treasury
Office of Market Finance

January 29, 1996-28

TREASURY MARKETABLE MATURITIES

Privately held, Excluding Bills



Department of the Treasury
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January 29, 1996-29

SCHEDULE OF ISSUES TO BE ANNOUNCED AND AUCTIONED IN FEBRUARY 1996 1/

Monday	Tuesday	Wednesday	Thursday	Friday
			1 Auction 52 week 2/	2
5	6 Auction 3 year 3/	7 Auction 10 year 3/	8 Auction 30 year 3/	9
12	13	14	15	16
19 Holiday	20	21 Announce 2 year 5 year	22	23 Announce 52 week
26	27 Auction 2 year 4/	28 Auction 5 year 4/	29 Auction 52 week 5/	

1/ Does not include weekly bills
2/ For settlement February 8
3/ For settlement February 15
4/ For settlement February 29
5/ For settlement March 7

Department of the Treasury
Office of Market Finance

January 31, 1996-30

SCHEDULE OF ISSUES TO BE ANNOUNCED AND AUCTIONED IN MARCH 1996 [1]

Monday	Tuesday	Wednesday	Thursday	Friday
				1
4	5	6	7	8
11	12	13	14	15
18	19	20 Announce 2 year 5 year	21	22 Announce 52 week
25	26	27 Auction 2 year [2]	28 Auction 5 year [2] and 52 week [3]	29

1/ Does not include weekly bills
2/ For settlement April 1
3/ For settlement April 4

Department of the Treasury
Office of Market Finance

January 31, 1996-31

SCHEDULE OF ISSUES TO BE ANNOUNCED AND AUCTIONED IN APRIL 1996 [1]

Monday	Tuesday	Wednesday	Thursday	Friday
1	2	3	4	5
8	9	10	11	12
15	16	17 Announce 2 year 5 year	18	19 Announce 52 week
22	23 Auction 2 year [2]	24 Auction 5 year [2]	25 Auction 52 week [3]	26
29	30			

1/ Does not include weekly bills
2/ For settlement April 30
3/ For settlement May 2

Department of the Treasury
Office of Market Finance

January 31, 1996-32

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
January 30, 1996

Contact: Peter Hollenbach
(202) 219-3302

BUREAU OF THE PUBLIC DEBT AIDS SAVINGS BONDS OWNERS AFFECTED BY FLOODS IN OHIO AND VIRGINIA

The Bureau of Public Debt took action to assist victims of floods that struck Ohio and Virginia 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 Ohio and Virginia affected by the floods. These procedures will remain in effect through February 29, 1996.

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.

Included in the initial declaration in Ohio are the counties of Belmont, Columbiana, Jefferson, Meigs, Monroe, and Washington; and included in Virginia they are Alleghany, Bath, Botetourt, Shenandoah, and Warren. 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 "Floods" on the front of their envelopes to help expedite the processing of claims.

oOo

PA-210
(RR-838)

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 Prepared for Delivery
January 30, 1996

REMARKS TO THE TREASURY BORROWING ADVISORY COMMITTEE OF THE PUBLIC SECURITIES ASSOCIATION BY ASSISTANT SECRETARY OF THE TREASURY FOR ECONOMIC POLICY JOSHUA GOTBAUM

It is a pleasure to be able to meet with you this morning. These are early days for me at Treasury but I am well-aware of the high regard in which you are held by Secretary Rubin and the rest of the Treasury team. We value your opinions and benefit from the perspectives that you can provide on financial market developments.

Although the U.S. economy still faces challenges, macroeconomic fundamentals have improved significantly. Inflation is at its lowest levels in a generation; business investment in equipment is very strong; and the economy has created 7.8 million jobs since January 1993. On the budget side, since the passage of the President's 1993 economic plan, the deficit as a share of GDP has been cut in half. Although there are important differences between the Administration and Congress over how best to continue this progress, all the players agree on the importance of continued fiscal discipline and on its benefit to our economy.

Let me return to the on-going economic expansion. The economy will soon complete its fifth year of growth. From a relatively slow start, the expansion developed momentum following the passage of deficit-reduction legislation and an ensuing decline in interest rates. As growth became self-reinforcing, propelled both by consumer spending and strong business investment, the economy pushed closer to a zone of relatively full utilization of resources. Growth has continued, though moderated, and the economy gives no sign of shifting onto an inflationary path.

A key question in the past couple of years has been how much and how fast the economy can grow without generating inflationary pressures. Early in the expansion, many argued that the natural rate of unemployment was 6 to 6½ percent. With the unemployment rate now running closer to 5½ percent for more than a year and inflationary pressures still largely absent, many observers have raised questions about the economy's current "speed limit".

RR-839

Wherever the precise boundaries are set, however, it is clear that the economy has moved closer to full use of its resources; as a result, some moderation in the pace of growth is both expected and probably appropriate. Otherwise, past experience suggests that inflationary pressures would eventually emerge and could prejudice continuation of the expansion itself.

Our view of the economic scene has been clouded by recent events – or should I say "snow blinded". As a result of disputes in the budget negotiations, the Federal government has been shut down twice. This led to a disruption of the flow of statistical information, which is only now coming back on stream. Furthermore, the recent blizzard imposed both direct economic and psychological effects in the East. Without the usual statistics and with many consumers shut in or shoveling out, anxiety over economic prospects is bound to rise a little. However, those who have followed the economy through episodes of severe weather on previous occasions will recall that many sales typically are postponed, not lost forever. Some bounce back is to be expected.

It is also inevitable that, as the economy shifts to a lower rate of growth and approaches the zone of full resource use, economic signals would be mixed. Some statistics suggest a slower pace of activity, some do not. Some regions forge ahead rapidly, others grow more slowly. When the signals are mixed, as they are now and may be for a time in the future, there is always room for doubt.

We are still "digging out", and do not yet have the full statistical picture. Nonetheless, the weight of evidence suggests to us that the economy is still on a path of low inflation and moderate economic growth.

- It appears, to us and others, that growth slowed down in the fourth quarter of last year from a 3 percent pace in the third. Data are still incomplete so there is a lot of guess work in any fourth-quarter estimate. For example, employment and workhours point to a stronger growth rate than the consumer spending side of the equation. How the quarter as a whole fits together remains to be seen.

- In the manufacturing sector, the record for the fourth quarter is fairly complete. Growth of output in that cyclically-sensitive part of the economy slowed from a 2.6% annual rate in the third quarter to 1.7% in the fourth, partly (it appears) as a result of continued inventory overhang. However, the manufacturing sector did continue to grow. This – coupled with the likelihood of continued gains in output of services suggest a moderate rise in GDP overall.

- The inflation picture remains very encouraging. Consumer prices in November were flat, their best performance in 4½ years. Consumer prices seem certain to have finished 1995 with an increase of less than 3 percent for a fourth straight year – an experience we have not enjoyed since the mid-1960's.

- Nonetheless, inflation measures are volatile and it is important not to make too much of a single month's performance, whether encouraging or otherwise. Special factors can always exert a heavy impact on monthly readings, particularly in the case of the producer price index. It is also worth recalling, as we enter the new year, the tendency in recent years to get some fairly high monthly inflation readings early in the year which are then washed out against lower readings later in the year.

- The fundamentals underscore the low inflation premise. The economy has slowed, and the industrial capacity utilization rate – less than 83 percent in December – was down more than 2 percentage points from its expansion high of a year ago. Overall, one must conclude that the threat of inflation has abated very substantially.

Although some observers have suggested that the economy may have weakened a little more than government shutdowns and severe weather can explain, there are many positives in the current picture. Most private economic forecasters expect the pattern of moderate real growth and low inflation to continue through this year and thereafter. We see no reason to disagree.

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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

Text as prepared for delivery
January 30, 1996

STATEMENT OF TREASURY DEPUTY SECRETARY
LAWRENCE H. SUMMERS

Good afternoon. I appreciate the opportunity to discuss with you a matter that is of extreme importance to our nation's financial health and security: the need for action on a clean bill increasing the debt limit.

It is time to end the debt limit impasse and get on with the nation's business. As Secretary Rubin stated in his testimony of December 13, before the Banking Committee, the Department of the Treasury's ability to continue to finance Government operations without an increase in the debt limit is limited. As the Secretary wrote to Congressional leadership on January 22, beyond a handful of measures that Treasury can take in mid-February, there are simply "no legal and prudent options" left that would allow Treasury to continue to meet government obligations beyond March 1 at the latest, and thereby avert serious risks to our nation's economy and financial system.

The United States has long been the bedrock of the international financial system and global economy. Never in our history has the United States defaulted or been unable to meet its financial obligations. A long list of private and public sector authorities have warned of the many dangers that our nation will face if we enter this unchartered territory.

RR-840

First, failure by the U.S. government to pay interest or principle on its debt would have severe consequences for the United States payments system. Treasury securities are viewed as cash equivalents; millions of people and institutions will be left short of liquidity if the United States fails to make required payments. The accumulated effects of such failures as they rebound through our economy could be extremely dangerous.

Second, failure by the U.S. government to meet obligations would raise the risk of holding U.S. government securities, thereby raising interest rates that the United States will have to pay to borrow in the future. Higher interest rates would mean higher costs for U.S. taxpayers, making it that much more difficult to accomplish the overriding goal of balancing the United States budget. Moreover, since the vast majority of American, and even international borrowing is priced off of interest rates on U.S. government securities, public and private interest rates generally would rise, both in the United States and abroad. Such higher rates would represent a significant drag on our efforts to sustain economic expansion. Higher interest rates would also make it that much more expensive for working Americans to obtain a mortgage for a new home, or finance purchases with a credit card, or take out a loan for education or investment. Just about all Americans would feel the crunch.

Third, a default or failure by the United States to meet its obligations could cause severe international financial difficulties. Investors would lose confidence in United States instruments. Exchange markets could experience bouts of instability and turbulence. Foreign economies could be damaged due to currency and interest rate shocks. The global economy could suffer, harming the exports on which our own economic expansion hinges.

Fourth, a failure to raise the debt limit would jeopardize the U.S. governments' ability to meet very basic obligations to working Americans. Millions of Americans rely on government payments in the form of Social Security, or military pay checks, or veterans' benefits. Put simply, if the debt limit is not raised quickly, these ordinary Americans might suffer the consequences.

Let me emphasize once again that aside from a limited number of actions that we can take in mid February, there are no other measures that Treasury can take to extend its ability to fund government operations beyond March 1 at the latest. Suggested actions such as selling the nation's gold reserves, or delaying tax refunds to American taxpayers, have all been carefully studied. They are all unacceptable. There is therefore no way of avoiding the fact that if a clean debt limit bill is not enacted by March 1 at the very latest, the United States will join Myanmar, Angola, Argentina, Venezuela, Brazil, Vietnam, and Russia on the short-list of nations that have defaulted on debt in their own currency over the past quarter century.

This is simply not the way to run the finances of a great nation.

In conclusion, I would like on behalf of the Treasury Department to thank the members of Congress -- those who sit on the Banking Committee and others -- who have understood the dangers of default, and have in the best interest of our nation sought to move a clean debt limit bill through the Congress. I urge you to continue in this very important task.

I am now happy to respond to your questions.

Monthly Treasury Statement

of Receipts and Outlays
of the United States Government

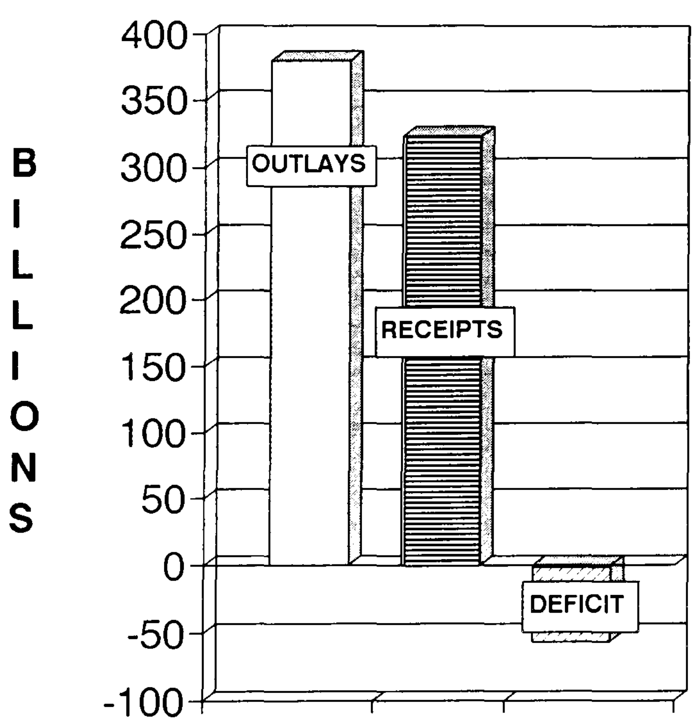
For Fiscal Year 1996 Through **December 31, 1995,** and Other Periods

Highlight

Military active duty pay, veterans benefits, and supplemental security income payments for January 1, 1996, were accelerated to December 29, 1995.

This issue includes the semi-annual interest payment to trust funds investing in government securities.

RECEIPTS, OUTLAYS, AND SURPLUS/DEFICIT THROUGH DECEMBER 1995



Contents

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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 1995 and 1996, by Month

[$ millions]

Period	Receipts	Outlays	Deficit/Surplus (−)
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
September	143,219	135,972	−7,247
Year-to-Date	**1,350,576**	**1,514,428**	**163,852**
FY 1996			
October	95,593	118,352	22,758
November	90,008	128,458	38,450
December	138,271	132,984	−5,286
Year-to-Date	**323,872**	**379,794**	**55,922**

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

[$ millions]

Classification	This Month	Current Fiscal Year to Date	Budget Estimates Full Fiscal Year[1]	Prior Fiscal Year to Date (1995)	Budget Estimates Next Fiscal Year (1997)[1]
Total on-budget and off-budget results:					
Total receipts	138,271	323,872	1,414,641	307,507	1,473,929
On-budget receipts	110,322	246,173	1,046,796	231,327	1,088,626
Off-budget receipts	27,949	77,698	367,845	76,179	385,303
Reduction in corporate subsidies	......	......	1,000	......	2,000
Total outlays	132,984	379,794	1,578,481	380,894	1,654,983
On-budget outlays	121,753	315,671	1,273,064	319,086	1,337,953
Off-budget outlays	11,231	64,123	305,417	61,808	317,030
Total surplus (+) or deficit (−)	+5,286	−55,922	−162,840	−73,387	−179,054
On-budget surplus (+) or deficit (−)	−11,431	−69,497	−225,268	−87,759	−247,327
Off-budget surplus (+) or deficit (−)	+16,717	+13,575	+62,428	+14,372	+68,273
Total on-budget and off-budget financing	−5,286	55,922	162,840	73,387	179,054
Means of financing:					
Borrowing from the public	−18,358	33,335	195,312	59,669	213,415
Reduction of operating cash, increase (−)	5,611	17,454	−10,000	9,362	......
By other means	7,461	5,133	−22,472	4,356	−34,361

[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

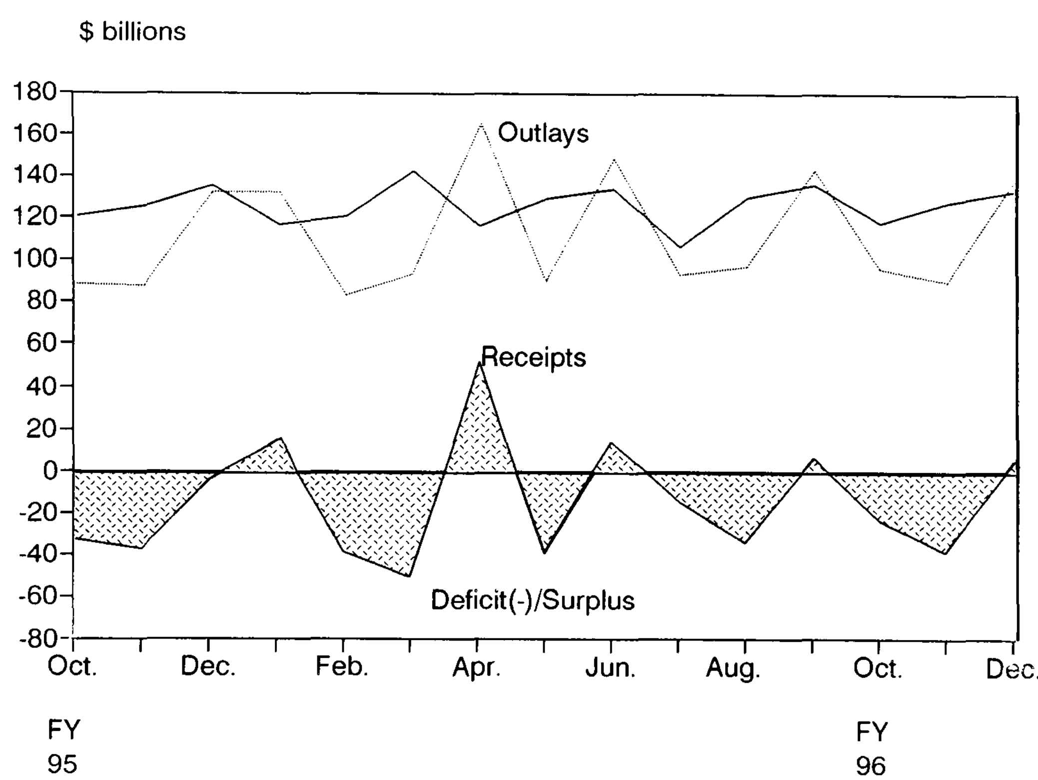

Figure 2. Monthly Receipts of the U.S. Government, by Source, Fiscal Years 1995 and 1996

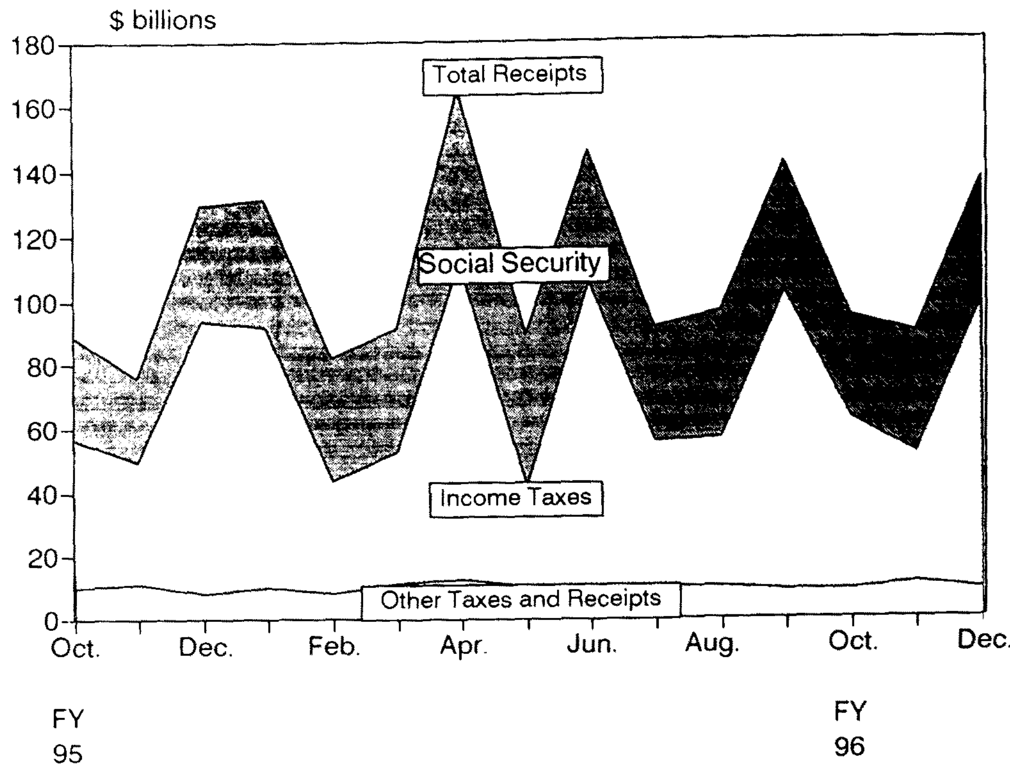

Figure 3. Monthly Outlays of the U.S. Government, by Function, Fiscal Years 1995 and 1996

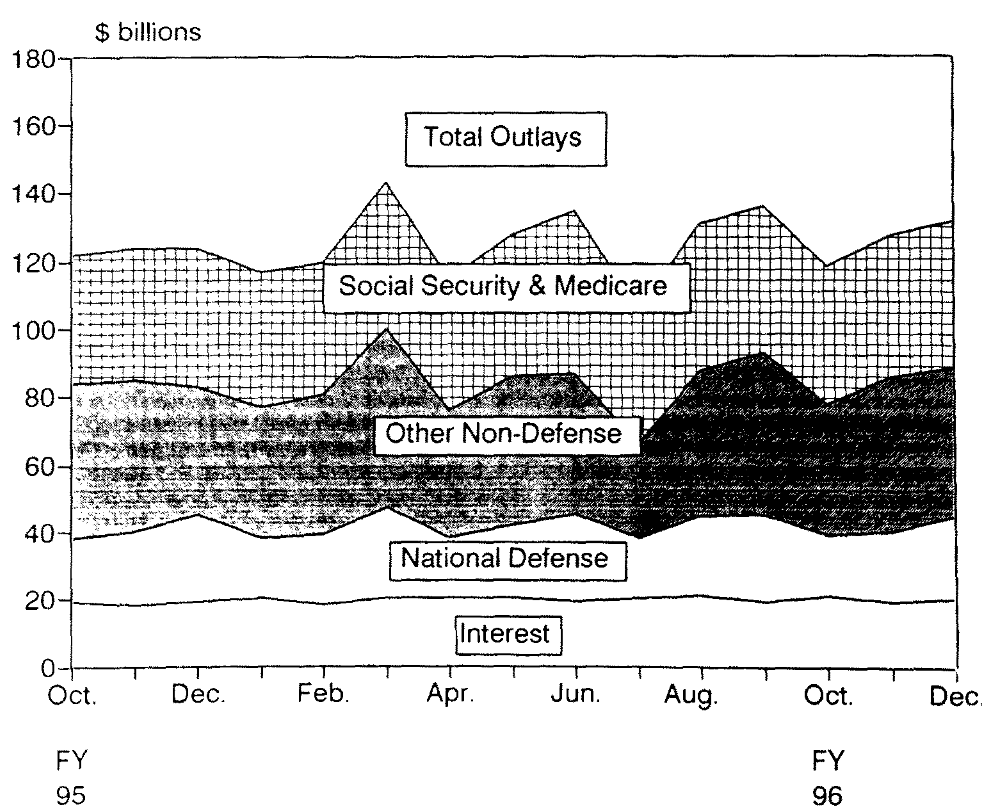

Table 3. Summary of Receipts and Outlays of the U.S. Government, December 1995 and Other Periods

[$ millions]

Classification	This Month	Current Fiscal Year to Date	Comparable Prior Period	Budget Estimates Full Fiscal Year[1]
Budget Receipts				
Individual income taxes	53,179	144,542	134,809	619,975
Corporation income taxes	38,021	41,895	36,468	164,193
Social insurance taxes and contributions:				
Employment taxes and contributions (off-budget)	27,949	77,698	76,179	367,845
Employment taxes and contributions (on-budget)	9,175	24,893	24,578	105,894
Unemployment insurance	223	4,377	4,552	28,390
Other retirement contributions	416	1,097	1,122	4,451
Excise taxes	4,870	14,477	14,497	57,456
Estate and gift taxes	1,383	3,891	3,513	16,225
Customs duties	1,439	4,817	5,421	20,999
Miscellaneous receipts	1,618	6,183	6,366	29,213
Total Receipts	**138,271**	**323,872**	**307,507**	**1,414,641**
(On-budget)	**110,322**	**246,173**	**231,327**	**1,046,796**
(Off-budget)	**27,949**	**77,698**	**76,179**	**367,845**
Reduction in corporate subsidies	......	......	......	**1,000**
Budget Outlays				
Legislative Branch	158	506	903	2,952
The Judiciary	226	619	656	3,339
Executive Office of the President	14	42	61	188
Funds Appropriated to the President	194	2,118	5,463	10,681
Department of Agriculture	4,240	16,590	19,938	56,348
Department of Commerce	250	884	909	4,051
Department of Defense—Military	23,988	61,520	64,966	249,543
Department of Defense—Civil	2,593	7,960	7,848	31,934
Department of Education	1,891	6,283	8,159	30,324
Department of Energy	1,498	4,376	4,756	15,580
Department of Health and Human Services	25,767	77,013	72,648	324,928
Department of Housing and Urban Development	2,701	6,138	7,723	21,388
Department of the Interior	500	1,619	2,021	7,264
Department of Justice	837	2,630	2,475	13,760
Department of Labor	2,431	7,768	6,507	33,809
Department of State	439	1,311	1,993	5,539
Department of Transportation	3,121	9,558	9,999	37,457
Department of the Treasury:				
Interest on the Public Debt	60,676	108,313	101,964	349,259
Other	1,146	62	1,062	21,812
Department of Veterans Affairs	4,416	9,297	9,265	37,707
Environmental Protection Agency	435	1,458	1,450	6,507
General Services Administration	477	1,205	451	494
National Aeronautics and Space Administration	973	3,220	3,190	13,681
Office of Personnel Management	3,576	10,570	9,988	42,992
Small Business Administration	76	331	274	310
Social Security Administration	32,777	91,133	86,996	380,481
Other independent agencies:				
Resolution Trust Corporation	−638	−2,423	−3,974	−1,214
Other	1,368	4,320	5,599	14,118
Allowances	......	......	......	−550
Undistributed offsetting receipts:				
Interest	−40,465	−46,616	−44,555	−95,851
Other	−2,683	−8,013	−7,842	−40,348
Total outlays	**132,984**	**379,794**	**380,894**	**1,578,481**
(On-budget)	**121,753**	**315,671**	**319,086**	**1,273,064**
(Off-budget)	**11,231**	**64,123**	**61,808**	**305,417**
Surplus (+) or deficit (−)	**+5,286**	**−55,922**	**−73,387**	**−162,840**
(On-budget)	**−11,431**	**−69,497**	**−87,759**	**−225,268**
(Off-budget)	**+16,717**	**+13,575**	**+14,372**	**+62,428**

[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.

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

Table 4. Receipts of the U.S. Government, December 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	50,597			137,460			129,042		
Presidential Election Campaign Fund	(* *)			1			2		
Other	3,227			11,118			9,410		
Total—Individual income taxes	**53,824**	**646**	**53,179**	**148,580**	**4,037**	**144,542**	**138,454**	**3,645**	**134,809**
Corporation income taxes	**38,954**	**932**	**38,021**	**46,823**	**4,928**	**41,895**	**40,811**	**4,343**	**36,468**
Social insurance taxes and contributions:									
Employment taxes and contributions:									
Federal old-age and survivors ins. trust fund:									
Federal Insurance Contributions Act taxes	23,500	......	23,500	66,434	643	65,791	50,962	......	50,962
Self-Employment Contributions Act taxes	212	......	212	178	......	178	−110	......	−110
Deposits by States	−1	......	−1	−1	......	−1	2	......	2
Other	(* *)	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)
Total—FOASI trust fund	23,711	......	23,711	66,611	643	65,968	50,854	......	50,854
Federal disability insurance trust fund:									
Federal Insurance Contributions Act taxes	4,200	......	4,200	11,802	119	11,682	24,841	......	24,841
Self-Employment Contributions Act taxes	38	......	38	48	......	48	484	......	484
Receipts from railroad retirement account	......	......	......	......	......	......	......	......	......
Deposits by States	......	......	......	......	......	......	(* *)	......	(* *)
Other	......	......	......	......	......	......	......	......	......
Total—FDI trust fund	4,238	......	4,238	11,850	119	11,730	25,325	......	25,325
Federal hospital insurance trust fund:									
Federal Insurance Contributions Act taxes	8,837	......	8,837	23,914	−13	23,927	23,564	......	23,564
Self-Employment Contributions Act taxes	83	......	83	100	......	100	90	......	90
Receipts from Railroad Retirement Board	......	......	......	......	......	......	......	......	......
Deposits by States	......	......	......	......	......	......	(* *)	......	(* *)
Total—FHI trust fund	8,920	......	8,920	24,015	−13	24,028	23,654	......	23,654
Railroad retirement accounts:									
Rail industry pension fund	152	36	116	456	37	420	467	7	460
Railroad Social Security equivalent benefit	138	......	138	446	......	446	464	......	464
Total—Employment taxes and contributions	37,160	36	37,123	103,377	786	102,591	100,764	7	100,758
Unemployment insurance:									
State taxes deposited in Treasury	185	......	185	3,597	......	3,597	3,790	......	3,790
Federal Unemployment Tax Act taxes	43	5	38	781	8	774	768	11	757
Railroad unemployment taxes	(* *)	......	(* *)	6	......	6	6	......	6
Railroad debt repayment	......	......	......	......	......	......	......	......	......
Total—Unemployment insurance	228	5	223	4,384	8	4,377	4,564	11	4,552
Other retirement contributions:									
Federal employees retirement – employee contributions	411	......	411	1,079	......	1,079	1,098	......	1,098
Contributions for non-federal employees	5	......	5	19	......	19	24	......	24
Total—Other retirement contributions	416	......	416	1,097	......	1,097	1,122	......	1,122
Total—Social insurance taxes and contributions	**37,803**	**41**	**37,762**	**108,859**	**794**	**108,065**	**106,451**	**18**	**106,432**
Excise taxes:									
Miscellaneous excise taxes[1]	2,613	−58	2,672	8,015	240	7,775	7,281	316	6,965
Airport and airway trust fund	447	6	441	1,363	6	1,357	1,376	6	1,371
Highway trust fund	1,802	96	1,706	5,287	97	5,190	5,993	1	5,992
Black lung disability trust fund	52	......	52	155	......	155	169	......	169
Total—Excise taxes	**4,914**	**44**	**4,870**	**14,820**	**343**	**14,477**	**14,820**	**323**	**14,497**
Estate and gift taxes	**1,411**	**29**	**1,383**	**3,992**	**101**	**3,891**	**3,616**	**103**	**3,513**
Customs duties	**1,532**	**94**	**1,439**	**5,124**	**306**	**4,817**	**5,761**	**340**	**5,421**
Miscellaneous Receipts:									
Deposits of earnings by Federal Reserve banks	1,388	......	1,388	5,261	......	5,261	5,377	......	5,377
All other	230	(* *)	230	925	3	922	995	6	989
Total — Miscellaneous receipts	**1,618**	**(* *)**	**1,618**	**6,186**	**3**	**6,183**	**6,372**	**6**	**6,366**
Total — Receipts	**140,056**	**1,785**	**138,271**	**334,384**	**10,512**	**323,872**	**316,285**	**8,779**	**307,507**
Total — On-budget	**112,108**	**1,785**	**110,322**	**255,923**	**9,750**	**246,173**	**240,106**	**8,779**	**231,327**
Total — Off-budget	**27,949**	**......**	**27,949**	**78,461**	**763**	**77,698**	**76,179**	**......**	**76,179**

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

...... No Transactions

(* *) Less than $500,000.

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

Table 5. Outlays of the U.S. Government, December 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	39	(* *)	39	103	(* *)	103	105	1	104
House of Representatives	66	(* *)	66	176	(* *)	176	192	1	192
Joint items	6	......	6	20	......	20	19	......	19
Congressional Budget Office	2	......	2	5	......	5	5	......	5
Architect of the Capitol	13	(* *)	12	40	2	38	54	2	52
Library of Congress	21	......	21	78	......	78	372	......	372
Government Printing Office:									
Revolving fund (net)	−50	......	−50	−24	......	−24	35	......	35
General fund appropriations	6	......	6	19	......	19	22	......	22
General Accounting Office	52	......	52	78	......	78	93	......	93
United States Tax Court	2	......	2	8	......	8	8	......	8
Other Legislative Branch agencies	2	......	2	7	......	7	9	......	9
Proprietary receipts from the public	......	(* *)	(* *)	......	2	−2	......	6	−6
Intrabudgetary transactions	1	......	1	−1	......	−1	−4	......	−4
Total—Legislative Branch	**159**	**1**	**158**	**510**	**4**	**506**	**912**	**9**	**903**
The Judiciary:									
Supreme Court of the United States	3	......	3	7	......	7	7	......	7
Courts of Appeals, District Courts, and other judicial services	218	(* *)	217	589	1	588	629	1	628
Other	6	......	6	24	......	24	22	......	22
Total—The Judiciary	**227**	**(* *)**	**226**	**621**	**1**	**619**	**658**	**1**	**656**
Executive Office of the President:									
Compensation of the President and the White House Office	3	......	3	8	......	8	8	......	8
Office of Management and Budget	4	......	4	12	......	12	14	......	14
Other	7	......	7	22	......	22	39	......	39
Total—Executive Office of the President	**14**	**......**	**14**	**42**	**......**	**42**	**61**	**......**	**61**
Funds Appropriated to the President:									
International Security Assistance:									
Foreign military loan program	30	36	−6	87	86	1	192	91	102
Foreign military financing program	83	......	83	659	......	659	2,062	......	2,062
Economic support fund	171	......	171	493	......	493	1,670	......	1,670
Peacekeeping Operations	2	......	2	12	......	12	13	......	13
Other	2	......	2	7	......	7	6	......	6
Proprietary receipts from the public	......	11	−11	......	49	−49	......	16	−16
Total—International Security Assistance	286	47	239	1,259	136	1,123	3,943	106	3,837
International Development Assistance:									
Multilateral Assistance:									
Contribution to the International Development Association	......	......	......	314	......	314	246	......	246
International organizations and programs	(* *)	......	(* *)	10	......	10	173	......	173
Other	......	......	......	212	......	212	201	......	201
Total—Multilateral Assistance	(* *)	......	(* *)	535	......	535	621	......	621
Agency for International Development:									
Sustainable development assistance program	160	......	160	424	......	424	405	......	405
Assistance for eastern europe and the baltic States	22	......	22	65	......	65	80	......	80
Assistance for the new independent States of the former soviet union	41	......	41	123	......	123	173	......	173
Development fund for Africa	52	......	52	155	......	155	188	......	188
Operating expenses	35	......	35	110	......	110	130	......	130
Payment to the Foreign Service retirement and disability fund	......	......	......	......	......	......	45	......	45
Other	16	4	12	74	9	65	59	10	49
Proprietary receipts from the public	......	87	−87	......	185	−185	......	176	−176
Intrabudgetary transactions	......	......	......	......	......	......	......	......	......
Total—Agency for International Development	326	91	235	951	194	757	1,080	186	895
Overseas Private Investment Corporation	7	20	−14	21	84	−63	11	65	−54
Peace Corps	13	......	13	46	......	46	57	......	57
Other	6	......	6	22	......	22	19	......	19
Total—International Development Assistance	351	111	240	1,575	278	1,297	1,788	251	1,537
International Monetary Programs	......	......	......	198	......	198	63	......	63
Military Sales Programs:									
Special defense acquisition fund	3	17	−14	20	48	−28	56	70	−13
Foreign military sales trust fund	1,428	......	1,428	3,851	......	3,851	3,384	......	3,384
Kuwait civil reconstruction trust fund	(* *)	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)
Proprietary receipts from the public	......	1,706	−1,706	......	4,329	−4,329	......	3,350	−3,350
Other	6	......	6	6	......	6	5	......	5
Total—Funds Appropriated to the President	**2,074**	**1,880**	**194**	**6,909**	**4,791**	**2,118**	**9,240**	**3,777**	**5,463**

Table 5. Outlays of the U.S. Government, December 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	57	......	57	181	......	181	179	......	179
Cooperative State Research Education and Extension Service									
Cooperative state research activities	31	......	31	97	......	97	112	......	112
Extension Service	25	......	25	93	......	93	104	......	104
Other	1	......	1	6	......	6	9	......	9
Animal and Plant Health Inspection Service	35	......	35	110	......	110	125	......	125
Food Safety and Inspection Service	38	......	38	124	......	124	115	......	115
Agricultural Marketing Service	90	......	90	292	......	292	302	......	302
Farm Service Agency:									
Salaries and expenses	218	......	218	239	......	239	239	......	239
Conservation programs	99	......	99	1,753	......	1,753	1,773	......	1,773
Federal crop insurance corporation fund	255	174	81	694	334	360	215	441	-226
Commodity Credit Corporation:									
Price support and related programs	1,072	707	365	4,716	1,546	3,171	7,572	1,265	6,307
National Wool Act Program	......	......	......	......	......	......	2	......	2
Agricultural credit insurance fund	10	124	-114	30	303	-273	179	401	-222
Other	(* *)	......	(* *)	1	......	1	1	......	1
Total—Farm Service Agency	1,655	1,006	650	7,434	2,183	5,251	9,980	2,107	7,873
Natural Resources Conservation Service:									
Conservation operations	49	......	49	141	......	141	126	......	126
Watershed and flood prevention operations	19	......	19	63	......	63	81	......	81
Other	9	......	9	30	......	30	24	......	24
Rural Utilities Service:									
Rural electrification and telephone fund	37	243	-207	491	997	-506	266	536	-270
Rural development insurance fund	29	68	-38	177	146	32	184	140	44
Other	96	21	75	200	65	135	100	55	45
Rural housing and Community Development Service:									
Rural housing insurance fund	48	210	-161	481	623	-143	649	674	-26
Other	83	......	83	252	......	252	279	......	279
Foreign Agricultural Service	-13	......	-13	105	......	105	304	......	304
Food and Consumer Service:									
Food stamp program	2,137	......	2,137	6,374	......	6,374	6,528	......	6,528
State child nutrition programs	858	......	858	2,122	......	2,122	1,912	......	1,912
Women, infants and children programs	291	......	291	945	......	945	900	......	900
Other	6	......	6	82	......	82	161	......	161
Total—Food and Consumer Service	3,292	......	3,292	9,524	......	9,524	9,500	......	9,500
Forest Service:									
National forest system	108	......	108	355	......	355	329	......	329
Forest and rangeland protection	23	......	23	103	......	103	275	......	275
Forest service permanent appropriations	89	......	89	312	......	312	341	......	341
Other	68	......	68	221	......	221	205	......	205
Total—Forest Service	288	......	288	992	......	992	1,149	......	1,149
Other	46	4	42	93	9	84	122	9	113
Proprietary receipts from the public	......	78	-78	......	227	-227	......	251	-251
Intrabudgetary transactions	-45	......	-45	-45	......	-45	(* *)	......	(* *)
Total—Department of Agriculture	**5,870**	**1,630**	**4,240**	**20,840**	**4,250**	**16,590**	**23,710**	**3,772**	**19,938**
Department of Commerce:									
Economic Development Administration	28	1	27	113	2	111	81	4	77
Bureau of the Census	31	......	31	77	......	77	107	......	107
Promotion of Industry and Commerce	25	......	25	69	......	69	92	......	92
Science and Technology:									
National Oceanic and Atmospheric Administration	125	2	123	464	3	461	518	7	511
National Institute of Standards and Technology	40	......	40	136	......	136	96	......	96
Other	7	2	4	39	7	32	36	8	28
Total—Science and Technology	171	4	167	638	10	628	650	16	635
Other	12	......	12	31	......	31	28	(* *)	28
Proprietary receipts from the public	......	10	-10	......	32	-32	......	30	-30
Intrabudgetary transactions	(* *)	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)
Offsetting governmental receipts	......	......	......	......	......	......	......	......	......
Total—Department of Commerce	**266**	**16**	**250**	**929**	**45**	**884**	**958**	**50**	**909**

Table 5. Outlays of the U.S. Government, December 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	3,005	......	3,005	6,180	......	6,180	6,158	......	6,158
Department of the Navy	2,664	......	2,664	6,040	......	6,040	6,599	......	6,599
Department of the Air Force	2,339	......	2,339	4,748	......	4,748	4,951	......	4,951
Total—Military personnel	8,009	......	8,009	16,968	......	16,968	17,707	......	17,707
Operation and maintenance:									
Department of the Army	1,583	......	1,583	4,908	......	4,908	5,368	......	5,368
Department of the Navy	2,064	......	2,064	4,775	......	4,775	5,503	......	5,503
Department of the Air Force	2,027	......	2,027	[1]5,664	......	5,664	6,217	......	6,217
Defense agencies	1,590	......	1,590	4,596	......	4,596	4,691	......	4,691
Total—Operation and maintenance	7,265	......	7,265	19,943	......	19,943	21,780	......	21,780
Procurement:									
Department of the Army	638	......	638	1,668	......	1,668	1,813	......	1,813
Department of the Navy	1,728	......	1,728	4,796	......	4,796	5,899	......	5,899
Department of the Air Force	1,229	......	1,229	[1]3,427	......	3,427	5,032	......	5,032
Defense agencies	329	......	329	899	......	899	1,089	......	1,089
Total—Procurement	3,924	......	3,924	10,791	......	10,791	13,833	......	13,833
Research, development, test, and evaluation:									
Department of the Army	422	......	422	1,234	......	1,234	1,213	......	1,213
Department of the Navy	727	......	727	2,021	......	2,021	2,029	......	2,029
Department of the Air Force	1,040	......	1,040	2,964	......	2,964	3,435	......	3,435
Defense agencies	716	......	716	2,020	......	2,020	1,969	......	1,969
Total—Research, development, test and evaluation	2,905	......	2,905	8,239	......	8,239	8,646	......	8,646
Military construction:									
Department of the Army	106	......	106	269	......	269	186	......	186
Department of the Navy	42	......	42	172	......	172	157	......	157
Department of the Air Force	107	......	107	330	......	330	352	......	352
Defense agencies	379	......	379	1,010	......	1,010	702	......	702
Total—Military construction	635	......	635	1,781	......	1,781	1,398	......	1,398
Family housing:									
Department of the Army	98	......	98	290	......	290	265	......	265
Department of the Navy	87	......	87	325	......	325	231	......	231
Department of the Air Force	107	......	107	255	......	255	267	......	267
Defense agencies	11	7	5	35	15	20	41	10	31
Revolving and management funds:									
Department of the Army	11	......	11	84	......	84	−17	......	−17
Department of the Navy	31	......	31	219	......	219	49	......	49
Department of the Air Force	......	......	......	......	......	......	......	......	......
Defense agencies:									
Defense business operations fund	661	......	661	[1]2,334	......	2,334	744	......	744
Other	(* *)	(* *)	(* *)	−33	2	−34	3	2	1
Trust funds:									
Department of the Army	(* *)	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)
Department of the Navy	2	......	2	15	8	7	9	3	6
Department of the Air Force	1	(* *)	(* *)	2	2	(* *)	(* *)	(* *)	(* *)
Defense agencies	−75	......	−75	−37	......	−37	52	......	52
Proprietary receipts from the public:									
Department of the Army	......	14	−14	......	186	−186	......	216	−216
Department of the Navy	......	20	−20	......	43	−43	......	96	−96
Department of the Air Force	......	26	−26	......	[1]262	−262	......	198	−198
Defense agencies	......	36	−36	......	−1	1	......	109	−109
Intrabudgetary transactions:									
Department of the Army	17	......	17	22	......	22	102	......	102
Department of the Navy	58	......	58	678	......	678	416	......	416
Department of the Air Force	−6	......	−6	[1]128	......	128	99	......	99
Defense agencies	354	......	354	(* *)	......	(* *)	−25	......	−25
Offsetting governmental receipts:									
Department of the Army	......	2	−2	......	2	−2	......	......	......
Defense agencies	......	......	......	......	(* *)	(* *)	......	(* *)	(* *)
Total—Department of Defense—Military	**24,093**	**105**	**23,988**	**62,039**	**519**	**61,520**	**65,599**	**633**	**64,966**

Table 5. Outlays of the U.S. Government, December 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	121	......	121	295	......	295	306	......	306
Operation and maintenance, general	131	......	131	402	......	402	438	......	438
Other	80	......	80	308	......	308	371	......	371
Proprietary receipts from the public	......	11	−11	......	37	−37	......	32	32
Total—Corps of Engineers	331	11	320	1,005	37	967	1,114	32	1,082
Military retirement:									
Payment to military retirement fund	......	......	......	10,699	......	10,699	11,470	......	11,470
Military retirement fund	2,257	......	2,257	6,989	......	6,989	6,747	......	6,747
Intrabudgetary transactions	......	......	......	−10,699	......	−10,699	−11,470	......	11,470
Education benefits	11	......	11	−10	......	−10	6	......	6
Other	7	(* *)	7	18	1	17	17	1	16
Proprietary receipts from the public	......	1	−1	......	4	−4	......	4	−4
Total—Department of Defense—Civil	**2,606**	**13**	**2,593**	**8,002**	**42**	**7,960**	**7,885**	**37**	**7,848**
Department of Education:									
Office of Elementary and Secondary Education:									
Education for the disadvantaged	476	......	476	1,699	......	1,699	1,566	......	1,566
Impact aid	14	......	14	73	......	73	555	......	555
School improvement programs	82	......	82	273	......	273	384	......	384
Other	14	......	14	60	......	60	25	......	25
Total—Office of Elementary and Secondary Education	586	......	586	2,104	......	2,104	2,531	......	2,531
Office of Bilingual Education and Minority Languages Affairs	6	......	6	27	......	27	50	......	50
Office of Special Education and Rehabilitative Services:									
Special education	237	......	237	698	......	698	889	......	889
Rehabilitation services and disability research	167	......	167	548	......	548	471	......	471
Special institutions for persons with disabilities	10	......	10	22	......	22	32	......	32
Office of Vocational and Adult Education	118	......	118	395	......	395	446	......	446
Office of Postsecondary Education:									
College housing loans	......	5	−5	......	22	−22	6	27	−22
Student financial assistance	377	......	377	1,593	......	1,593	1,841	......	1,841
Higher education	38	......	38	161	......	161	195	......	195
Howard University	17	......	17	38	......	38	48	......	48
Federal direct student loan program	10	......	10	189	......	189	39	......	39
Federal family education loans	278	......	278	340	......	340	1,440	......	1,440
Other	(* *)	......	(* *)	−1	......	−1	−2	......	−2
Total—Office of Postsecondary Education	719	5	714	2,321	22	2,299	3,567	27	3,540
Office of Educational Research and Improvement	25	......	25	82	......	82	109	......	109
Departmental management	29	......	29	110	......	110	105	......	105
Proprietary receipts from the public	......	1	−1	......	3	−3	......	13	−13
Total—Department of Education	**1,896**	**5**	**1,891**	**6,307**	**24**	**6,283**	**8,199**	**40**	**8,159**
Department of Energy:									
Atomic energy defense activities	1,344	......	1,344	3,332	......	3,332	3,171	......	3,171
Energy programs:									
General science and research activities	92	......	92	279	......	279	508	......	508
Energy supply, R and D activities	307	......	307	889	......	889	843	......	843
Uranium supply and enrichment activities	9	......	9	28	......	28	26	......	26
Fossil energy research and development	51	......	51	131	......	131	113	......	113
Energy conservation	58	......	58	159	......	159	130	......	130
Strategic petroleum reserve	27	......	27	57	......	57	59	......	59
Clean coal technology	......	......	......	......	......	......	......	......	......
Nuclear waste disposal fund	21	......	21	65	......	65	80	......	80
Other	53	(* *)	53	197	(* *)	197	277	(* *)	277
Total—Energy programs	619	(* *)	619	1,806	(* *)	1,806	2,038	(* *)	2,037
Power Marketing Administration	92	169	−77	369	397	−28	482	487	−4
Departmental administration	30	......	30	89	......	89	115	......	115
Proprietary receipts from the public	......	90	−90	......	440	−440	......	418	−418
Intrabudgetary transactions	−327	......	−327	−381	......	−381	−140	......	−140
Offsetting governmental receipts	......	(* *)	(* *)	......	(* *)	(* *)	......	5	−5
Total—Department of Energy	**1,758**	**260**	**1,498**	**5,214**	**838**	**4,376**	**5,666**	**911**	**4,756**

Table 5. Outlays of the U.S. Government, December 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	66	(* *)	66	197	1	196	205	1	204
Health Resources and Services Administration	162	......	162	541	......	541	603	......	603
Indian Health Services	152	......	152	473	......	473	481	......	481
Centers for Disease Control and Prevention	126	......	126	446	......	446	455	......	455
National Institutes of Health	751	......	751	2,663	......	2,663	2,510	......	2,510
Substance Abuse and Mental Health Services Administration	159	......	159	549	......	549	586	......	586
Agency for Health Care Policy and Research	11	......	11	32	......	32	25	......	25
Assistant secretary for health	51	......	51	175	......	175	88	......	88
Total—Public Health Service	1,478	(* *)	1,478	5,077	1	5,076	4,953	1	4,951
Health Care Financing Administration:									
Grants to States for Medicaid	6,702	......	6,702	22,024	......	22,024	21,488	......	21,488
Payments to health care trust funds	3,448	......	3,448	11,160	......	11,160	9,152	......	9,152
Federal hospital insurance trust fund:									
Benefit payments	10,274	......	10,274	29,016	......	29,016	26,232	......	26,232
Administrative expenses	28	......	28	237	......	237	301	......	301
Interest on normalized tax transfers	......	......	......	......	......	......	......	......	......
Total—FHI trust fund	10,302	......	10,302	29,254	......	29,254	26,533	......	26,533
Federal supplementary medical insurance trust fund:									
Benefit payments	6,013	......	6,013	17,010	......	17,010	15,530	......	15,530
Administrative expenses	19	......	19	302	......	302	396	......	396
Total—FSMI trust fund	6,032	......	6,032	17,312	......	17,312	15,926	......	15,926
Other	130	......	130	144	......	144	10	......	10
Total—Health Care Financing Administration	26,614	......	26,614	79,893	......	79,893	73,108	......	73,108
Administration for children and families:									
Family support payments to States	1,235	......	1,235	4,492	......	4,492	4,364	......	4,364
Low income home energy assistance	93	......	93	215	......	215	354	......	354
Refugee and entrant assistance	27	......	27	75	......	75	105	......	105
Payments to States for the job opportunities and basic skills training program	81	......	81	215	......	215	222	......	222
State legalization impact assistance grants	−1	......	−1	−2	......	−2	136	......	136
Payments to States for the child care and development block grant	83	......	83	262	......	262	217	......	217
Social services block grant	212	......	212	599	......	599	726	......	726
Children and families services programs	532	......	532	1,225	......	1,225	1,200	......	1,200
Payments to States for foster care and adoption assistance	339	......	339	895	......	895	733	......	733
Other	6	......	6	27	......	27	3	......	3
Total—Administration for children and families	2,607	......	2,607	8,006	......	8,006	8,059	......	8,059
Administration on aging	38	......	38	172	......	172	214	......	214
Departmental management	20	......	20	79	......	79	95	......	95
Proprietary receipts from the public	......	1,542	−1,542	......	5,053	−5,053	......	4,628	−4,628
Intrabudgetary transactions:									
Payments for health insurance for the aged:									
Federal hospital insurance trust fund	......	......	......	......	......	......	......	......	......
Federal supplementary medical insurance trust fund	−3,448	......	−3,448	−11,170	......	−11,170	−9,151	......	−9,151
Payments for tax and other credits:									
Federal hospital insurance trust fund	......	......	......	10	......	10	−1	......	−1
Other	......	......	......	......	......	......	......	......	......
Total—Department of Health and Human Services	**27,308**	**1,542**	**25,767**	**82,068**	**5,054**	**77,013**	**77,278**	**4,629**	**72,648**

Table 5. Outlays of the U.S. Government, December 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	11	5	6	39	23	17	39	27	12
Credit accounts									
Federal housing administration fund	329	355	–27	2,650	3,592	–942	1,496	1,461	35
Housing for the elderly or handicapped fund	(* *)	56	–56	253	125	128	308	168	140
Other	61	......	61	156	......	156	140	......	140
Rent supplement payments	4	......	4	14	......	14	31	......	31
Homeownership assistance	8	......	8	27	......	27	31	......	31
Rental housing assistance	51	......	51	160	......	160	172	......	172
Rental housing development grants	......	......	......	......	......	......	(* *)	......	(* *)
Low-rent public housing	64	......	64	308	......	308	317	......	317
Public housing grants	327	......	327	1,030	......	1,030	958	......	958
College housing grants	2	......	2	5	......	5	5	(* *)	5
Lower income housing assistance	849	......	849	1,739	......	1,739	2,473	......	2,473
Section 8 contract renewals	487	......	487	989	......	989	1,159	......	1,159
Other	26	......	26	75	......	75	31	......	31
Total—Housing programs	2,219	416	1,803	7,445	3,740	3,705	7,160	1,656	5,504
Public and Indian Housing programs:									
Low-rent public housing—Loans and other expenses	3	(* *)	3	230	186	44	243	197	46
Payments for operation of low-income housing projects	239	......	239	676	......	676	665	......	665
Community Partnerships Against Crime	18	......	18	55	......	55	38	......	38
Other	7	......	7	20	......	20	2	......	2
Total—Public and Indian Housing programs	266	(* *)	266	981	186	795	948	197	751
Government National Mortgage Association:									
Management and liquidating functions fund	......	......	......	......	......	......	......	......	......
Guarantees of mortgage-backed securities	16	41	–25	49	181	–132	115	181	–66
Total—Government National Mortgage Association	16	41	–25	49	181	–132	115	181	–66
Community Planning and Development:									
Community Development Grants	425	......	425	1,215	......	1,215	1,070	......	1,070
Home investment partnerships program	108	......	108	298	......	298	300	......	300
Other	30	8	22	89	27	61	72	34	38
Total—Community Planning and Development	563	8	555	1,601	27	1,574	1,442	34	1,409
Management and Administration	83	......	83	229	......	229	116	......	116
Other	4	......	4	11	......	11	15	......	15
Proprietary receipts from the public	......	[2]–14	14	......	44	–44	......	4	–4
Offsetting governmental receipts	......	......	......	......	......	......	......	......	......
Total—Department of Housing and Urban Development	**3,152**	**451**	**2,701**	**10,316**	**4,178**	**6,138**	**9,795**	**2,072**	**7,723**
Department of the Interior:									
Land and minerals management:									
Bureau of Land Management:									
Management of lands and resources	60	......	60	169	......	169	168	......	168
Other	11	......	11	48	......	48	191	......	191
Minerals Management Service	11	......	11	122	......	122	199	......	199
Office of Surface Mining Reclamation and Enforcement	20	......	20	114	......	114	90	......	90
Total—Land and minerals management	103	......	103	453	......	453	648	......	648
Water and science:									
Bureau of Reclamation:									
Construction program	26	......	26	64	......	64	99	......	99
Operation and maintenance	16	......	16	55	......	55	61	......	61
Other	27	15	12	90	30	60	102	30	72
Central utah project	(* *)	......	(* *)	1	......	1	23	......	23
United States Geological Survey	37	......	37	108	......	108	108	......	108
Bureau of Mines	13	2	11	38	6	32	42	6	36
Total—Water and science	119	17	102	357	36	320	435	36	399
Fish and wildlife and parks:									
United States Fish and Wildlife Service	106	......	106	294	......	294	273	......	273
National Biological Survey	5	......	5	18	......	18	25	......	25
National Park Service	87	......	87	327	......	327	359	......	359
Total—Fish and wildlife and parks	198	......	198	639	......	639	657	......	657

Table 5. Outlays of the U.S. Government, December 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	127	......	127	292	......	292	381	......	381
Indian tribal funds	11	......	11	75	......	75	17	......	17
Other	21	2	19	72	4	68	156	2	153
Total—Bureau of Indian Affairs	158	2	157	440	4	436	554	2	551
Territorial and international affairs	4	......	4	128	......	128	272	......	272
Departmental offices	7	......	7	31	......	31	77	......	77
Proprietary receipts from the public	......	54	−54	......	337	−337	......	488	−488
Intrabudgetary transactions	−17	......	−17	−52	......	−52	−95	......	−95
Offsetting governmental receipts	......	......	......	......	(* *)	(* *)	......	(* *)	(* *)
Total—Department of the Interior	**573**	**73**	**500**	**1,996**	**377**	**1,619**	**2,548**	**526**	**2,021**
Department of Justice:									
Legal activities	182	......	182	577	......	577	538	......	538
Federal Bureau of Investigation	152	......	152	513	......	513	449	......	449
Drug Enforcement Administration	59	......	59	185	......	185	225	......	225
Immigration and Naturalization Service	131	......	131	434	......	434	388	......	388
Federal Prison System	248	11	237	762	33	729	667	32	635
Office of Justice Programs	76	......	76	219	......	219	255	......	255
Other	33	......	33	140	......	140	122	......	122
Intrabudgetary transactions	−1	......	−1	−8	......	−8	−6	......	−6
Offsetting governmental receipts	......	32	−32	......	159	−159	......	131	−131
Total—Department of Justice	**880**	**43**	**837**	**2,822**	**192**	**2,630**	**2,638**	**163**	**2,475**
Department of Labor:									
Employment and Training Administration:									
Training and employment services	308	......	308	1,011	......	1,011	1,117	......	1,117
Community Service Employment for Older Americans	33	......	33	92	......	92	96	......	96
Federal unemployment benefits and allowances	26	......	26	74	......	74	65	......	65
State unemployment insurance and employment service operations	−66	......	−66	44	......	44	37	......	37
Payments to the unemployment trust fund	......	......	......	......	......	......	......	......	......
Advances to the unemployment trust fund and other funds	......	......	......	......	......	......	......	......	......
Unemployment trust fund:									
Federal-State unemployment insurance:									
State unemployment benefits	1,772	......	1,772	4,906	......	4,906	4,614	......	4,614
State administrative expenses	337	......	337	800	......	800	802	......	802
Federal administrative expenses	1	......	1	18	......	18	24	......	24
Veterans employment and training	16	......	16	38	......	38	46	......	46
Repayment of advances from the general fund	......	......	......	......	......	......	......	......	......
Railroad unemployment insurance	6	......	6	16	......	16	14	......	14
Other	2	......	2	5	......	5	5	......	5
Total—Unemployment trust fund	2,133	......	2,133	5,783	......	5,783	5,506	......	5,506
Other	7	......	7	18	......	18	21	......	21
Total—Employment and Training Administration	2,440	......	2,440	7,023	......	7,023	6,841	......	6,841
Pension Benefit Guaranty Corporation	89	224	−135	247	1	246	219	129	91
Employment Standards Administration:									
Salaries and expenses	15	......	15	47	......	47	58	......	58
Special benefits	70	......	70	199	......	199	−717	......	−717
Black lung disability trust fund	43	......	43	133	......	133	144	......	144
Other	10	......	10	40	......	40	40	......	40
Occupational Safety and Health Administration	21	......	21	62	......	62	70	......	70
Bureau of Labor Statistics	12	......	12	50	......	50	50	......	50
Other	35	......	35	109	......	109	95	......	95
Proprietary receipts from the public	......	(* *)	(* *)	......	1	−1	......	1	−1
Intrabudgetary transactions	−79	......	−79	−140	......	−140	−163	......	−163
Total—Department of Labor	**2,655**	**224**	**2,431**	**7,770**	**1**	**7,768**	**6,637**	**130**	**6,507**

Table 5. Outlays of the U.S. Government, December 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	139	......	139	426	......	426	436	......	436
Acquisition and maintenance of buildings abroad	42	......	42	145	......	145	142	......	142
Payment to Foreign Service retirement and disability fund	25	......	25	25	......	25	129	......	129
Foreign Service retirement and disability fund	37	......	37	112	......	112	110	......	110
Other	30	......	30	94	......	94	76	......	76
Total—Administration of Foreign Affairs	274	......	274	803	......	803	893	......	893
International organizations and Conferences	100	......	100	315	......	315	1,021	......	1,021
Migration and refugee assistance	81	......	81	169	......	169	220	......	220
Other	19	......	19	58	......	58	41	......	41
Proprietary receipts from the public	......	......	......	......	......	......	......	......	......
Intrabudgetary transactions	−34	......	−34	−34	......	−34	−182	......	−182
Offsetting governmental receipts	......	......	......	......	......	......	......	......	......
Total—Department of State	**439**	**......**	**439**	**1,311**	**......**	**1,311**	**1,993**	**......**	**1,993**
Department of Transportation:									
Federal Highway Administration:									
Highway trust fund:									
Federal-aid highways	1,477	......	1,477	4,953	......	4,953	4,934	......	4,934
Other	15	......	15	43	......	43	46	......	46
Other programs	25	......	25	71	......	71	52	......	52
Total—Federal Highway Administration	1,517	......	1,517	5,067	......	5,067	5,033	......	5,033
National Highway Traffic Safety Administration	29	......	29	76	......	76	64	......	64
Federal Railroad Administration:									
Grants to National Railroad Passenger Corporation	253	......	253	308	......	308	344	......	344
Other	18	(* *)	18	60	3	58	52	3	48
Total—Federal Railroad Administration	271	(* *)	271	368	3	366	396	3	392
Federal Transit Administration:									
Formula grants	104	......	104	444	......	444	144	......	144
Discretionary grants	194	......	194	541	......	541	488	......	488
Other	26	......	26	65	......	65	419	......	419
Total—Federal Transit Administration	324	......	324	1,050	......	1,050	1,050	......	1,050
Federal Aviation Administration:									
Operations	294	......	294	1,035	......	1,035	423	......	423
Airport and airway trust fund:									
Grants-in-aid for airports	145	......	145	427	......	427	533	......	533
Facilities and equipment	190	......	190	529	......	529	638	......	638
Research, engineering and development	17	......	17	51	......	51	53	......	53
Operations	......	......	......	(* *)	......	(* *)	708	......	708
Total—Airport and airway trust fund	351	......	351	1,007	......	1,007	1,932	......	1,932
Other	(* *)	1	−1	(* *)	1	−1	(* *)	(* *)	(* *)
Total—Federal Aviation Administration	645	1	644	2,043	1	2,042	2,355	(* *)	2,355
Coast Guard:									
Operating expenses	234	......	234	611	......	611	625	......	625
Acquisition, construction, and improvements	15	......	15	91	......	91	86	......	86
Retired pay	47	......	47	133	......	133	132	......	132
Other	19	(* *)	18	15	1	14	64	1	63
Total—Coast Guard	314	(* *)	314	849	1	848	907	1	906
Maritime Administration	44	5	39	128	39	90	153	41	112
Other	−9	1	−10	40	1	39	99	(* *)	99
Proprietary receipts from the public	......	(* *)	(* *)	......	1	−1	......	1	−1
Intrabudgetary transactions	......	......	......	(* *)	......	(* *)	......	......	......
Offsetting governmental receipts	......	5	−5	......	19	−19	......	11	−11
Total—Department of Transportation	**3,134**	**13**	**3,121**	**9,623**	**65**	**9,558**	**10,058**	**59**	**9,999**

Table 5. Outlays of the U.S. Government, December 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	77	10	67	−324	22	−346	−559	5	−564
Other	18	......	18	109	......	109	65	......	65
Financial Management Service:									
Salaries and expenses	11	......	11	52	......	52	54	......	54
Payment to the Resolution Funding Corporation	......	......	......	587	......	587	587	......	587
Claims, judgements, and relief acts	54	......	54	105	......	105	199	......	199
Net interest paid to loan guarantee financing accounts	−14	......	−14	36	......	36	83	......	83
Other	12	......	12	28	......	28	22	......	22
Total—Financial Management Service	63	......	63	808	......	808	946	......	946
Federal Financing Bank	556	......	556	336	......	336	337	......	337
Bureau of Alcohol, Tobacco and Firearms:									
Salaries and expenses	20	......	20	49	......	49	90	......	90
Internal revenue collections for Puerto Rico	22	......	22	60	......	60	56	......	56
United States Customs Service	137	......	137	413	......	413	448	......	448
Bureau of Engraving and Printing	−3	......	−3	2	......	2	−8	......	−8
United States Mint	49	90	−41	77	217	−140	−48	......	−48
Bureau of the Public Debt	44	......	44	73	......	73	74	......	74
Internal Revenue Service:									
Processing, assistance, and management	87	......	87	277	......	277	395	......	395
Tax law enforcement	316	......	316	887	......	887	952	......	952
Information systems	121	......	121	310	......	310	340	......	340
Payment where earned income credit exceeds liability for tax	57	......	57	203	......	203	51	......	51
Health insurance supplement to earned income credit	......	......	......	......	......	......	......	......	......
Refunding internal revenue collections, interest	155	......	155	575	......	575	639	......	639
Other	(* *)	......	(* *)	(* *)	......	(* *)	1	......	1
Total—Internal Revenue Service	737	......	737	2,251	......	2,251	2,379	......	2,379
United States Secret Service	42	......	42	122	......	122	137	......	137
Comptroller of the Currency	30	2	27	87	6	82	105	10	95
Office of Thrift Supervison	10	1	9	52	4	48	37	3	34
Interest on the public debt:									
Public issues (accrual basis)	20,563	......	20,563	60,832	......	60,832	56,278	......	56,278
Special issues (cash basis)	40,113	......	40,113	47,481	......	47,481	45,685	......	45,685
Total—Interest on the public debt	60,676	......	60,676	108,313	......	108,313	101,964	......	101,964
Other	7	......	7	21	......	21	12	......	12
Proprietary receipts from the public	......	264	−264	......	973	−973	......	693	−693
Receipts from off-budget federal entities	......	......	......	......	......	......	......	......	......
Intrabudgetary transactions	−226	......	−226	−2,554	......	−2,554	−2,041	......	−2,041
Offsetting governmental receipts	......	70	−70	......	299	−299	......	255	−255
Total—Department of the Treasury	**62,259**	**437**	**61,822**	**109,895**	**1,521**	**108,375**	**103,992**	**966**	**103,026**

Table 5. Outlays of the U.S. Government, December 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	1,192	......	1,192	3,642	......	3,642	3,802	......	3,802
Other	52	19	33	154	52	102	172	70	102
Veterans Benefits Administration:									
Public enterprise funds:									
Guaranty and indemnity fund	78	27	51	305	130	176	196	132	64
Loan guaranty revolving fund	59	25	35	215	85	130	129	93	36
Other	(* *)	31	−31	31	38	−7	59	40	19
Compensation and pensions	2,911	......	2,911	4,500	......	4,500	4,386	......	4,386
Readjustment benefits	146	......	146	336	......	336	332	......	332
Post-Vietnam era veterans education account	5	......	5	11	......	11	18	......	18
Insurance funds:									
National service life	80	......	80	255	......	255	285	......	285
United States government life	1	......	1	4	......	4	5	......	5
Veterans special life	10	75	−65	28	81	−53	30	80	−49
Other	−3	......	−3	−5	......	−5	8	......	8
Total—Veterans Benefits Administration	3,288	157	3,131	5,680	333	5,347	5,449	344	5,105
Construction	40	......	40	163	(* *)	163	151	(* *)	151
Departmental administration	93	......	93	271	......	271	352	......	352
Proprietary receipts from the public:									
National service life	......	17	−17	......	53	−53	......	68	−68
United States government life	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)	(* *)
Other	......	52	−52	......	169	−169	......	176	−176
Intrabudgetary transactions	−4	......	−4	−4	......	−4	−3	......	−3
Total—Department of Veterans Affairs	**4,662**	**246**	**4,416**	**9,906**	**608**	**9,297**	**9,923**	**658**	**9,265**
Environmental Protection Agency:									
Program and research operations	1	......	1	39	......	39	202	......	202
Abatement, control, and compliance	128	......	128	398	......	398	348	......	348
Water infrastructure financing	182	......	182	617	......	617	507	......	507
Hazardous substance superfund	99	......	99	309	......	309	324	......	324
Other	43	(* *)	43	142	(* *)	142	369	(* *)	369
Proprietary receipts from the public	......	18	−18	......	46	−46	......	49	−49
Intrabudgetary transactions	......	......	......	......	......	......	−250	......	−250
Offsetting governmental receipts	......	(* *)	(* *)	......	2	−2	......	2	−2
Total—Environmental Protection Agency	**453**	**18**	**435**	**1,505**	**47**	**1,458**	**1,501**	**51**	**1,450**
General Services Administration:									
Real property activities	460	......	460	1,134	......	1,134	394	......	394
Personal property activities	−24	......	−24	−61	......	−61	−110	......	−110
Other	41	......	41	139	......	139	168	......	168
Proprietary receipts from the public	......	(* *)	(* *)	......	7	−7	......	2	−2
Total—General Services Administration	**477**	**(* *)**	**477**	**1,212**	**7**	**1,205**	**453**	**2**	**451**
National Aeronautics and Space Administration:									
Human space flight	487	......	487	1,333	......	1,333	216	......	216
Science, aeronautics and technology	229	......	229	991	......	991	349	......	349
Mission support	166	......	166	492	......	492	332	......	332
Research and development	59	......	59	207	......	207	1,277	......	1,277
Space flight, control and data communications	11	......	11	124	......	124	857	......	857
Construction of facilities	19	......	19	67	......	67	74	......	74
Research and program management	(* *)	......	(* *)	2	......	2	82	......	82
Other	1	......	1	3	......	3	3	......	3
Total—National Aeronautics and Space Administration	**973**	**......**	**973**	**3,220**	**......**	**3,220**	**3,190**	**......**	**3,190**
Office of Personnel Management:									
Government payment for annuitants, employees health and life insurance benefits	291	......	291	725	......	725	870	......	870
Payment to civil service retirement and disability fund	......	......	......	......	......	......	......	......	......
Civil service retirement and disability fund	3,258	......	3,258	9,780	......	9,780	9,393	......	9,393
Employees life insurance fund	276	139	138	541	676	−135	540	676	−136
Employees and retired employees health benefits fund	1,291	1,396	−105	3,925	3,706	218	3,767	3,915	−148
Other	−3	......	−3	−13	......	−13	17	......	17
Intrabudgetary transactions:									
Civil service retirement and disability fund:									
General fund contributions	......	......	......	......	......	......	......	......	......
Other	−2	......	−2	−7	......	−7	−8	......	−8
Total—Office of Personnel Management	**5,111**	**1,535**	**3,576**	**14,952**	**4,382**	**10,570**	**14,579**	**4,591**	**9,988**

Table 5. Outlays of the U.S. Government, December 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	76	30	46	248	96	152	125	81	44
Disaster loan fund	25	31	−6	158	90	69	173	66	107
Other	2	1	(* *)	3	4	−1	6	4	2
Other	37	(* *)	37	111	(* *)	110	121	(* *)	121
Total—Small Business Administration	**139**	**63**	**76**	**520**	**190**	**331**	**426**	**152**	**274**
Social Security Administration:									
Payments to Social Security trust funds	12	......	12	979	......	979	654	......	654
Special benefits for disabled coal miners	56	......	56	170	......	170	185	......	185
Supplemental security income program	4,246	......	4,246	6,592	......	6,592	6,415	......	6,415
Office of the Inspector General	(* *)	......	(* *)	2	......	2	......	......	......
Federal old-age and survivors insurance trust fund (off-budget):									
Benefit payments	24,647	......	24,647	73,376	......	73,376	70,354	......	70,354
Administrative expenses	287	......	287	516	......	516	237	......	237
Payment to railroad retirement account	......	......	......	......	......	......	......	......	......
Quinquennial military service credit adjustment	129	......	129	129	......	129	......	......	......
Total—FOASI trust fund	25,064	......	25,064	74,021	......	74,021	70,591	......	70,591
Federal disability insurance trust fund (off-budget):									
Benefit payments	3,513	......	3,513	10,339	......	10,339	9,651	......	9,651
Administrative expenses	56	......	56	222	......	222	230	......	230
Payment to railroad retirement account	......	......	......	......	......	......	......	......	......
Quinquennial military service credit adjustment	203	......	203	203	......	203	......	......	......
Total—FDI trust fund	3,773	......	3,773	10,764	......	10,764	9,881	......	9,881
Proprietary receipts from the public:									
On-budget	......	30	−30	......	83	−83	......	77	−77
Off-budget	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)	(* *)
Intrabudgetary transactions:									
On-budget:									
Quinquennial adjustment for military service credits from FOASI and FDI:	−332	......	−332	−332	......	−332	......	......	......
Off-budget[3]	−12	......	−12	−979	......	−979	−654	......	−654
Total—Social Security Administration	**32,807**	**30**	**32,777**	**91,216**	**84**	**91,133**	**87,073**	**77**	**86,996**
Other independent agencies:									
Board for International Broadcasting	(* *)	......	(* *)	(* *)	......	(* *)	59	......	59
Corporation for National and Community Service	40	......	40	91	......	91	98	......	98
Corporation for Public Broadcasting	......	......	......	275	......	275	286	......	286
District of Columbia:									
Federal payment	......	......	......	379	......	379	714	......	714
Other	−5	......	−5	−1	12	−13	11	12	−1
Equal Employment Opportunity Commission	13	(* *)	13	44	(* *)	44	57	(* *)	57
Export-Import Bank of the United States	79	280	−201	134	322	−188	575	82	493
Federal Communications Commission	12	1	12	150	7	143	31	15	16
Federal Deposit Insurance Corporation:									
Bank insurance fund	89	69	20	271	930	−659	541	1,373	−832
Savings association insurance fund	1	83	−82	4	140	−136	16	30	−15
FSLIC resolution fund	11	82	−71	738	315	423	695	320	375
Affordable housing and bank enterprise	(* *)	......	(* *)	1	......	1	1	......	1
Total—Federal Deposit Insurance Corporation	101	234	−133	1,014	1,386	−371	1,253	1,723	−470
Federal Emergency Management Agency:									
Public enterprise funds	98	17	80	204	75	129	183	78	105
Disaster relief	108	......	108	477	......	477	693	......	693
Emergency management planning and assistance	19	......	19	60	......	60	65	......	65
Other	12	......	12	34	......	34	66	1	65
Federal Trade Commission	6	......	6	21	......	21	13	......	13
Interstate Commerce Commission	1	......	1	5	......	5	11	......	11
Legal Services Corporation	1	......	1	28	......	28	124	......	124
National Archives and Records Administration	12	(* *)	12	29	(* *)	29	46	(* *)	46
National Credit Union Administration:									
Credit union share insurance fund	−6	−9	3	90	26	65	−2	4	−6
Central liquidity facility	......	......	......	......	......	......	5	5	(* *)
Other	7	1	6	10	1	8	10	1	9

Table 5. Outlays of the U.S. Government, December 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	1	......	1	25	......	25	42	......	42
National Endowment for the Humanities	8	......	8	31	......	31	39	......	39
National Labor Relations Board	11	......	11	34	......	34	41	......	41
National Science Foundation	208	......	208	675	......	675	619	......	619
Nuclear Regulatory Commission	33	102	−69	112	118	−6	123	148	−24
Panama Canal Commission	57	51	6	153	160	−7	133	148	−15
Postal Service:									
Public enterprise funds (off-budget)	5,481	[4]5,148	333	13,783	14,442	−659	12,662	13,354	−692
Payment to the Postal Service fund	3	......	3	58	......	58	61	......	61
Railroad Retirement Board:									
Federal windfall subsidy	20	......	20	60	......	60	65	......	65
Federal payments to the railroad retirement accounts	(* *)	......	(* *)	41	......	41	46	......	46
Rail industry pension fund:									
Benefit payments	232	......	232	701	......	701	706	......	706
Advances from FOASDI fund	−90	......	−90	−274	......	−274	−271	......	−271
OASDI certifications	90	......	90	275	......	275	271	......	271
Administrative expenses	6	......	6	16	......	16	18	......	18
Interest on refunds of taxes	8	......	8	8	......	8	16	......	16
Other	(* *)	......	(* *)	1	......	1	2	......	2
Intrabudgetary transactions:									
Payments from other funds to the railroad retirement trust funds	......	......	......	......	......	......	......	......	......
Other	......	......	......	−41	......	−41	−46	......	−46
Supplemental annuity pension fund:									
Benefit payments	7	......	7	22	......	22	23	......	23
Interest on refund of taxes	1	......	1	(* *)	......	(* *)	1	......	1
Railroad Social Security equivalent benefit account:									
Benefit payments	408	......	408	1,222	......	1,222	1,195	......	1,195
Interest on refund of taxes	8	......	8	9	......	9	(* *)	......	(* *)
Other	(* *)	......	(* *)	(* *)	......	(* *)	1	......	1
Total—Railroad Retirement Board	692	......	692	2,041	......	2,041	2,026	......	2,026
Resolution Trust Corporation	250	888	−638	813	3,236	−2,423	1,050	5,024	−3,974
Securities and Exchange Commission	−13	......	−13	−6	......	−6	32	......	32
Smithsonian Institution	32	......	32	87	......	87	82	......	82
Tennessee Valley Authority	746	650	96	2,492	2,088	405	2,375	1,752	623
United States Information Agency	81	......	81	293	......	293	277	(* *)	277
Other	264	255	9	593	457	135	636	527	109
Total—Other independent agencies	**8,348**	**7,618**	**731**	**24,227**	**22,331**	**1,896**	**24,500**	**22,875**	**1,625**
Allowances	......	......	......	......	......	......	......	......	......
Undistributed offsetting receipts:									
Other interest	......	......	......	......	(* *)	(* *)	......	(* *)	(* *)
Employer share, employee retirement:									
Legislative Branch:									
United States Tax Court:									
Tax court judges survivors annuity fund	......	......	......	......	......	......	(* *)	......	(* *)
The Judiciary:									
Judicial survivors annuity fund	......	......	......	......	......	......	......	......	......
Department of Defense—Civil:									
Military retirement fund	−912	......	−912	−2,749	......	−2,749	−3,044	......	−3,044
Department of Health and Human Services:									
Federal hospital insurance trust fund:									
Federal employer contributions	−155	......	−155	−515	......	−515	−475	......	−475
Postal Service employer contributions	−49	......	−49	−99	......	−99	−134	......	−134
Payments for military service credits	......	......	......	......	......	......	......	......	......
Department of State:									
Foreign Service retirement and disability fund	−9	......	−9	−25	......	−25	−25	......	−25
Office of Personnel Management:									
Civil service retirement and disability fund	−962	......	−962	−2,516	......	−2,516	−2,352	......	−2,352
Social Security administration (off-budget):									
Federal old-age and survivors insurance trust fund:									
Federal employer contributions	−403	......	−403	−1,210	......	−1,210	−1,182	......	−1,182
Payments for military service credits	......	......	......	......	......	......	17	......	17
Federal disability insurance trust fund:									
Federal employer contributions	−72	......	−72	−216	......	−216	−212	......	−212
Payments for military service credits	......	......	......	......	......	......	−17	......	−17
Independent agencies:									
Court of veterans appeals retirement fund	......	......	......	(* *)	......	(* *)	......	......	......
Total—Employer share, employee retirement	−2,562	......	−2,562	−7,331	......	−7,331	−7,422	......	−7,422

Table 5. Outlays of the U.S. Government, December 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	–4	......	–4
Department of Defense—Civil:									
Corps of Engineers	–1	......	–1	–2	......	–2	–1	......	–1
Military retirement fund	73	......	73	–5,295	......	–5,295	–5,373	......	–5,373
Education benefits fund	(* *)	......	(* *)	–13	......	–13	–15	......	–15
Soldiers' and airmen's home permanent fund	(* *)	......	(* *)	–1	......	–1	–3	......	–3
Other	......	......	......	(* *)	......	(* *)	(* *)	......	(* *)
Department of Health and Human Services:									
Federal hospital insurance trust fund	–5,051	......	–5,051	–5,174	......	–5,174	–5,318	......	–5,318
Federal supplementary medical insurance trust fund	–516	......	–516	–549	......	–549	–903	......	–903
Department of Labor:									
Unemployment trust fund	–1,633	......	–1,633	–1,666	......	–1,666	–1,287	......	–1,287
Department of State:									
Foreign Service retirement and disability fund	–311	......	–311	–312	......	–312	–299	......	–299
Department of Transportation:									
Highway trust fund	–557	......	–557	–582	......	–582	–508	......	–508
Airport and airway trust fund	–383	......	–383	–385	......	–385	–371	......	–371
Oil spill liability trust fund	(* *)	......	(* *)	–2	......	–2	–2	......	–2
Department of Veterans Affairs:									
National service life insurance fund	–519	......	–519	–525	......	–525	–535	......	–535
United States government life Insurance Fund	–4	......	–4	–4	......	–4	–4	......	–4
Environmental Protection Agency	(* *)	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)
National Aeronautics and Space Administration	(* *)	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)
Office of Personnel Management:									
Civil service retirement and disability fund	–14,065	......	–14,065	–14,082	......	–14,082	–13,801	......	–13,801
Social Security administration (off-budget):									
Federal old-age and survivors insurance trust fund	–16,373	......	–16,373	–16,505	......	–16,505	–15,102	......	–15,102
Federal disability insurance trust fund	–1,078	......	–1,078	–1,093	......	–1,093	–823	......	–823
Independent agencies:									
Railroad Retirement Board	–46	......	–46	–438	......	–438	–158	......	–158
Other	(* *)	......	(* *)	–6	......	–6	–2	......	–2
Other	–2	......	–2	25	......	25	–44	......	–44
Total—Interest received by trust funds	–40,465	......	–40,465	–46,616	......	–46,616	–44,555	......	–44,555
Rents and royalties on the outer continental shelf lands	......	121	–121	......	681	–681	......	420	–420
Sale of major assets	......	......	......	......	......	......	......	......	......
Spectrum auction proceeds	......	......	......	......	......	......	......	......	......
Total—Undistributed offsetting receipts	**–43,027**	**121**	**–43,148**	**–53,947**	**682**	**–54,629**	**–51,977**	**420**	**–52,397**
Total outlays	**149,307**	**16,323**	**132,984**	**430,026**	**50,232**	**379,794**	**427,495**	**46,601**	**380,894**
Total on-budget	**132,928**	**11,175**	**121,753**	**351,460**	**35,789**	**315,671**	**352,333**	**33,247**	**319,086**
Total off-budget	**16,379**	**5,148**	**11,231**	**78,566**	**14,443**	**64,123**	**75,162**	**13,355**	**61,808**
Total surplus (+) or deficit			**+5,286**			**–55,922**			**–73,387**
Total on-budget			**–11,431**			**–69,497**			**–87,759**
Total off-budget			**+16,717**			**+13,575**			**+14,372**

MEMORANDUM

Receipts offset against outlays [$ millions]

	Current Fiscal Year to Date	Comparable Period Prior Fiscal Year
Proprietary receipts	11,175	11,088
Receipts from off-budget federal entities	......	......
Intrabudgetary transactions	79,624	75,759
Governmental receipts	600	554
Total receipts offset against outlays	91,398	87,400

[1]Outlays have been adjusted by $175 million in November 1995 to reflect additional reporting by the Department of the Air Force.

[2]Includes a prior period adjustment.

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

[4]The Postal Service accounting is composed of thirteen 28-day periods. To conform with the MTS calendar-month reporting basis used by all other Federal agencies, the MTS reflectgs USPS results through December 8th and estimates for $1,451 million through December 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, December 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			Account Balances Current Fiscal Year		
	This Month	Fiscal Year to Date		Beginning of		Close of This month
		This Year	Prior Year	This Year	This Month	
Liability accounts:						
Borrowing from the public:						
Public debt securities, issued under general Financing authorities:						
Obligations of the United States, issued by:						
United States Treasury	−665	14,682	107,400	4,958,983	4,974,330	4,973,665
Federal Financing Bank	......	......	......	15,000	15,000	15,000
Total, public debt securities	−665	14,682	107,400	4,973,983	4,989,330	4,988,665
Plus premium on public debt securities	−8	−23	−23	1,236	1,220	1,213
Less discount on public debt securities	−752	−857	2,126	81,231	81,126	80,375
Total public debt securities net of Premium and discount	79	15,516	105,251	4,893,989	4,909,425	4,909,505
Agency securities, issued under special financing authorities (see Schedule B. for other Agency borrowing, see Schedule C)	104	1,284	−1,777	26,962	28,142	28,245
Total federal securities	183	16,799	103,474	4,920,950	4,937,567	4,937,750
Deduct:						
Federal securities held as investments of government accounts (see Schedule D)	18,578	−16,328	43,944	1,320,800	1,285,894	1,304,472
Less discount on federal securities held as investments of government accounts	37	207	140	3,188	3,358	3,395
Net federal securities held as investments of government accounts	18,541	−16,535	43,804	1,317,612	1,282,537	1,301,077
Total borrowing from the public	−18,358	33,335	59,669	3,603,338	3,655,031	3,636,672
Accrued interest payable to the public	15,136	706	5,195	50,611	36,181	51,317
Allocations of special drawing rights	2	−97	−37	7,380	7,281	7,283
Deposit funds	−8,083	8,650	905	8,186	24,920	16,836
Miscellaneous liability accounts (includes checks Outstanding etc.)	2,750	−4,234	−2,731	4,813	−2,171	580
Total liability accounts	**−8,554**	**38,360**	**63,002**	**3,674,329**	**3,721,242**	**3,712,688**
Asset accounts (deduct)						
Cash and monetary assets:						
U.S. Treasury operating cash:[1]						
Federal Reserve account	276	−2,641	313	8,620	5,703	5,979
Tax and loan note accounts	−5,887	−14,814	−9,675	29,329	20,402	14,515
Balance	−5,611	−17,454	−9,362	37,949	26,105	20,495
Special drawing rights:						
Total holdings	2	2	68	11,035	11,034	11,037
SDR certificates issued to Federal Reserve banks	......	......	......	−10,168	−10,168	−10,168
Balance	2	2	68	867	866	869
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	......	−535	−200	8,196	7,661	7,661
Letter of credit issued to IMF	76	165	27	−26,315	−26,226	−26,151
Dollar deposits with the IMF	......	(* *)	1	−105	−105	−105
Receivable/Payable (−) for interim maintenance of value adjustments	......	337	136	1,145	1,482	1,482
Balance	76	−33	−36	14,682	14,574	14,650
Loans to International Monetary Fund	......	......	......	(* *)	(* *)	(* *)
Other cash and monetary assets	459	90	−458	30,525	30,156	30,615
Total cash and monetary assets	−5,074	−17,396	−9,788	84,023	71,702	66,628
Net activity, guaranteed loan financing	−51	172	−913	−12,714	−12,491	−12,542
Net activity, direct loan financing	706	2,488	1,807	19,732	21,513	22,220
Miscellaneous asset accounts	1,151	−2,827	−1,321	−1,721	−5,699	−4,548
Total asset accounts	**−3,267**	**−17,562**	**−10,215**	**89,320**	**75,025**	**71,758**
Excess of liabilities (+) or assets (−)	**−5,286**	**+55,922**	**+73,217**	**+3,585,008**	**+3,646,217**	**+3,640,930**
Transactions not applied to current year's surplus or deficit (see Schedule a for Details)	......	......	171	......	......	......
Total budget and off-budget federal entities (financing of deficit (+) or disposition of surplus (−))	**−5,286**	**+55,922**	**+73,387**	**+3,585,008**	**+3,646,217**	**+3,640,930**

[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, December 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	3,646,217	3,584,970	3,422,146
Adjustments during current fiscal year for changes in composition of unified budget:			
Revisions by federal agencies to the prior budget results	......	39	−268
Excess of liabilities beginning of period (current basis)	3,646,217	3,585,008	3,421,878
Budget surplus (−) or deficit:			
Based on composition of unified budget in prior fiscal yr	−5,286	55,922	73,387
Changes in composition of unified budget	......	......	......
Total surplus (−) or deficit (Table 2)	−5,286	55,922	73,387
Total-on-budget (Table 2)	11,431	69,497	87,759
Total-off-budget (Table 2)	−16,717	−13,575	−14,372
Transactions not applied to current year's surplus or deficit:			
Seigniorage	......	......	−171
Total-transactions not applied to current year's Surplus or deficit	......	......	−171
Excess of liabilities close of period	**3,640,930**	**3,640,930**	**3,495,095**

Table 6. Schedule B—Securities Issued by Federal Agencies Under Special Financing Authorities, December 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	......	......	......	158	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	4	10	4	87	93	97
Department of the Interior:						
Bureau of Land Management	......	......	......	13	13	13
Department of Transportation:						
Coast Guard:						
Family housing mortgages	......	......	......	(* *)	(* *)	(* *)
Obligations not guaranteed by the United States, issued by:						
Legislative Branch:						
Architect of the Capitol	1	4	4	182	185	186
Department of Defense:						
Homeowners assistance mortgages	(* *)	(* *)	......	......	(* *)	(* *)
Independent agencies:						
Farm Credit System Financial Assistance Corporation	......	......	......	1,261	1,261	1,261
National Archives and Records Administration	......	......	......	295	295	295
Tennessee Valley Authority	99	1,269	−1,785	24,960	26,131	26,229
Total, agency securities	**104**	**1,284**	**−1,777**	**26,962**	**28,142**	**28,245**

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

Table 6. Schedule C (Memorandum)—Federal Agency Borrowing Financed Through the Issue of Public Debt Securities, December 1995 and Other Periods

[$ millions]

Classification	Transactions			Account Balances Current Fiscal Year		
	This Month	Fiscal Year to Date		Beginning of		Close of This month
		This Year	Prior Year	This Year	This Month	
Borrowing from the Treasury:						
Funds Appropriated to the President:						
International Security Assistance:						
Foreign military loan program	......	343	337	788	1,131	1,131
Agency for International Development:						
International Debt Reduction	......	......	......	335	335	335
Housing and other credit guaranty programs	......	......	......	125	125	125
Private sector revolving fund	......	......	......	1	1	1
Overseas Private Investment Corporation	13	13	......	52	52	66
Department of Agriculture:						
Farm Service Agency:						
Commodity Credit Corporation	−34	−6,916	−10,227	6,987	106	71
Agricultural credit insurance fund	......	602	−1,748	1,605	2,207	2,207
Natural Resources Conservation Service	......	......	......	4	4	4
Rural Utilities Service:						
Rural electrification and telephone revolving fund	678	678	689	8,666	8,666	9,344
Rural Telephone Bank	−28	−19	98	664	672	644
Rural development insurance fund	......	220	715	2,806	3,026	3,026
Rural communication development fund	......	......	......	25	25	25
Rural housing and Community Development Service:						
Rural housing insurance fund	......	951	1,177	5,353	6,304	6,304
Self-help housing land development fund	......	......	1	(* *)	(* *)	(* *)
Rural Business and Cooperative Development Service:						
Rural development loan fund	......	17	40	61	78	78
Rural economic development loan fund	......	......	5	30	30	30
Foreign Agricultural Service	......	......	−7	563	563	563
Department of Education:						
Federal direct student loan program	3,192	7,607	4,868	5,067	9,482	12,674
Federal family education loan program	......	......	......	1,134	1,134	1,134
College housing and academic facilities fund	......	......	18	184	184	184
College housing loans	(* *)	(* *)	......	360	360	359
Department of Energy:						
Bonneville power administration fund	......	......	......	2,563	2,563	2,563
Department of Housing and Urban Development:						
Housing programs:						
Federal Housing Administration	......	−68	−21	1,647	1,579	1,579
Housing for the ederly and handicapped	......	......	−770	7,714	7,714	7,714
Public and Indian housing:						
Low-rent public housing	−20	−20	......	20	20	......
Department of the Interior:						
Bureau of Reclamation Loans	......	9	......	17	26	26
Bureau of Mines, Helium Fund	......	......	......	252	252	252
Bureau of Indian Affairs:						
Revolving funds for loans	......	......	−1	28	28	28
Department of Justice:						
Federal prison industries, incorporated	......	......	......	20	20	20
Department of Transportation:						
Federal Highway Administration:						
High priority quarters loan fund	......	......	......	32	32	32
Federal Railroad Administration:						
Railroad rehabilitation and improvement financing funds	......	......	(* *)	(* *)	(* *)	(* *)
Amtrak corridor improvement loans	......	......	(* *)	3	3	3
Other	......	......	......	(* *)	(* *)	(* *)
Federal Aviation Administration:						
Aircraft purchase loan guarantee program	......	......	......	(* *)	(* *)	(* *)
Minority business resource center fund	14	14	......	15	15	28
Department of the Treasury:						
Federal Financing Bank revolving fund	−3,012	−5,616	−5,540	69,297	66,693	63,681
Department of Veterans Affairs:						
Guaranty and indemnity fund	......	......	......	302	302	302
Loan guaranty revolving fund	......	......	......	1,272	1,272	1,272
Direct loan revolving fund	......	......	......	1	1	1
Native american veteran housing fund	......	......	......	7	7	7
Vocational rehabilitation revolving fund	......	−2	......	2	1	1

Table 6. Schedule C (Memorandum)—Federal Agency Borrowing Financed Through the Issue of Public Debt Securities, December 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	......	10	11	37	47	47
Small Business Administration:						
Business loan and revolving fund	......	......	......	342	342	342
Disaster loan fund	......	......	......	7,999	7,999	7,999
Independent agencies:						
District of Columbia	......	−51	......	147	96	96
Export-Import Bank of the United States	......	59	−27	2,665	2,723	2,723
Federal Emergency Management Agency:						
National insurance development fund	83	125	......	268	310	393
Disaster assistance loan fund	......	......	......	222	222	222
Pennsylvania Avenue Development Corporation:						
Land aquisition and development fund	......	......	......	85	85	85
Railroad Retirement Board:						
Rail industry pension fund	......	......	......	2,128	2,128	2,128
Social Security equivalent benefit account	258	761	734	2,828	3,331	3,588
Smithsonian Institution:						
John F. Kennedy Center parking facilities	......	......	......	20	20	20
Tennessee Valley Authority	......	......	......	150	150	150
Total agency borrowing from the Treasury financed through public debt securities issued	**1,143**	**−1,284**	**−9,645**	**134,892**	**132,466**	**133,609**
Borrowing from the Federal Financing Bank:						
Funds Appropriated to the President:						
Foreign military financing program	−13	−35	−37	3,493	3,471	3,458
Department of Agriculture:						
Farm Service Agency:						
Agriculture credit insurance fund	......	......	......	1,470	1,470	1,470
Rural Utilities Service:						
Rural electrification and telephone revolving fund	3	−131	76	21,875	21,741	21,744
Rural development insurance fund	......	......	......	3,675	3,675	3,675
Rural housing and Community Development Service:						
Rural housing insurance fund	......	−685	−410	21,700	21,015	21,015
Department of Defense:						
Department of the Navy	......	......	......	1,624	1,624	1,624
Defense agencies	......	......	......	−192	−192	−192
Department of Health and Human Services:						
Medical facilities guarantee and loan fund	......	......	−9	33	33	33
Department of Housing and Urban Development:						
Low rent housing loans and other expenses	......	−62	−58	1,689	1,627	1,627
Community Development Grants	−1	−5	−5	89	85	84
Department of Interior:						
Territorial and international affairs	......	......	......	21	21	21
Department of Transportation:						
Federal Railroad Administration	(* *)	−1	−1	14	14	14
General Services Administration:						
Federal buildings fund	−14	−16	64	1,893	1,891	1,877
Small Business Administration:						
Business loan fund	−3	−13	−34	361	352	349
Independent agencies:						
Export-Import Bank of the United States	−463	−463	−478	2,506	2,506	2,044
Pennsylvania Avenue Development Corporation	6	24	29	374	391	398
Postal Service	−1,500	−1,500	−900	7,265	7,265	5,765
Resolution Trust Corporation	−1,035	−2,738	−3,577	13,209	11,506	10,471
Tennessee Valley Authority	......	......	−200	3,200	3,200	3,200
Total borrowing from the Federal Financing Bank	**−3,020**	**−5,624**	**−5,540**	**84,298**	**81,694**	**78,674**

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

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

Table 6. Schedule D—Investments of Federal Government Accounts in Federal Securities, December 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	(* *)	(* *)	(* *)	......	......	(* *)
Department of Commerce	(* *)	1	2	20	22	21
Department of Defense—Military:						
Defense cooperation account	......	(* *)	−4	1	1	1
Department of Energy	281	547	217	4,951	5,217	5,498
Department of Housing and Urban Development:						
Housing programs:						
Federal housing administration fund	198	370	−81	6,678	6,850	7,048
Government National Mortgage Association:						
Management and liquidating functions fund:						
Agency securities	......	......	......	15	15	15
Guarantees of mortgage-backed securities:						
Public debt securities	24	124	96	4,210	4,310	4,334
Agency securities	......	......	......	1	1	1
Other	......	7	19	209	216	216
Department of the Interior	−268	−277	464	3,431	3,422	3,154
Department of Labor	138	−316	−94	5,796	5,341	5,480
Department of Transportation	5	12	16	481	488	493
Department of the Treasury	−185	534	1,306	2,559	3,278	3,093
Department of Veterans Affairs:						
Canteen service revolving fund	3	2	4	38	37	40
Veterans reopened insurance fund	19	14	15	526	521	540
Servicemen's group life insurance fund	(* *)	(* *)	−38	4	4	4
Independent agencies:						
Export-Import Bank of the United States	−263	−67	−17	135	331	68
Federal Deposit Insurance Corporation:						
Bank insurance fund	−7	688	824	21,017	21,713	21,705
Savings association insurance fund	83	137	16	3,600	3,654	3,737
FSLIC resolution fund	71	−258	−375	528	199	270
Federal Emergency Management Agency:						
National flood insurance fund	......	......	−67	......	......	......
National Credit Union Administration	−14	−80	−3	3,325	3,258	3,245
Postal Service	−1,981	−269	−73	1,249	2,961	980
Tennessee Valley Authority	......	904	−2,701	1,242	2,146	2,146
Other	70	76	86	1,422	1,427	1,498
Other	−78	18	255	2,978	3,075	2,997
Total public debt securities	−1,904	2,168	−133	64,399	68,471	66,567
Total agency securities	......	......	......	16	16	16
Total Federal funds	**−1,904**	**2,168**	**−133**	**64,415**	**68,487**	**66,583**
Trust funds:						
Legislative Branch:						
Library of Congress	(* *)	2	9	13	15	14
United States Tax Court	......	(* *)	(* *)	5	5	5
Other	(* *)	(* *)	5	31	32	32
The Judiciary:						
Judicial retirement funds	(* *)	5	28	287	293	292
Department of Agriculture	1	2	4	310	311	312
Department of Commerce	......	(* *)	(* *)	(* *)	(* *)	(* *)
Department of Defense—Military:						
Voluntary separation incentive fund	82	37	−6	685	641	723
Other	(* *)	−17	(* *)	88	71	71
Department of Defense—Civil:						
Military retirement fund	−1,467	10,216	13,405	112,963	124,646	123,179
Other	−4	80	−58	1,495	1,579	1,575

Table 6. Schedule D—Investments of Federal Government Accounts in Federal Securities, December 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	4,889	1,579	4,825	129,864	126,554	131,443
Federal supplementary medical insurance trust fund	−494	−479	−1,711	13,513	13,529	13,035
Other	6	1	16	992	987	993
Department of the Interior	8	38	64	315	344	353
Department of Justice	−40	......	45	......	40	......
Department of Labor:						
Unemployment trust fund	−117	897	750	47,141	48,155	48,038
Other	−7	−30	−28	77	54	46
Department of State:						
Foreign Service retirement and disability fund	317	265	395	7,801	7,748	8,066
Other	−22	−27	−50	29	24	2
Department of Transportation:						
Highway trust fund	881	−24	482	18,531	17,626	18,507
Airport and airway trust fund	545	1,036	−52	11,145	11,636	12,182
Other	1	1	157	1,880	1,880	1,881
Department of the Treasury	−27	−109	−92	235	154	127
Department of Veterans Affairs:						
General post fund, national homes	......	......	......	36	36	36
National service life insurance	419	286	300	11,954	11,821	12,240
United States government life Insurance Fund	(* *)	−3	−3	106	104	103
Veterans special life insurance fund	60	47	48	1,546	1,534	1,593
Environmental Protection Agency	159	261	442	7,243	7,345	7,504
National Aeronautics and Space Administration	(* *)	(* *)	(* *)	16	16	16
Office of Personnel Management:						
Civil service retirement and disability fund	−1,855	−45,850	7,897	366,126	322,131	320,276
Employees life insurance fund	−137	134	138	15,839	16,109	15,973
Employees and retired employees health benefits fund	118	−200	154	7,890	7,571	7,689
Social Security Administration:						
Federal old-age and survivors insurance trust fund	15,613	10,666	6	447,947	442,999	458,612
Federal disability insurance trust fund	1,690	2,421	16,879	35,225	35,957	37,647
Independent agencies:						
Harry S. Truman memorial scholarship trust fund	1	(* *)	(* *)	54	53	54
Japan-United States Friendship Commission	(* *)	(* *)	(* *)	16	16	16
Railroad Retirement Board	−131	279	−102	14,440	14,851	14,719
Other	−6	−10	127	544	540	534
Total public debt securities	20,482	−18,496	44,077	1,256,385	1,217,407	1,237,889
Total trust funds	**20,482**	**−18,496**	**44,077**	**1,256,385**	**1,217,407**	**1,237,889**
Grand total	**18,578**	**−16,328**	**43,944**	**1,320,800**	**1,285,894**	**1,304,472**

... 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 1996

[$ 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	51,840	39,524	53,179										144,542	134,809
Corporation income taxes	2,180	1,694	38,021										41,895	36,468
Social insurance taxes and contributions:														
Employment taxes and contributions	30,549	34,919	37,123										102,591	100,758
Unemployment insurance	1,214	2,940	223										4,377	4,552
Other retirement contributions	342	340	416										1,097	1,122
Excise taxes	4,453	5,154	4,870										14,477	14,497
Estate and gift taxes	1,160	1,349	1,383										3,891	3,513
Customs duties	1,786	1,593	1,439										4,817	5,421
Miscellaneous receipts	2,070	2,496	1,618										6,183	6,366
Total—Receipts this year	**95,593**	**90,008**	**138,271**										**323,872**	......
(On-budget)	**72,200**	**63,651**	**110,322**										**246,173**	......
(Off-budget)	**23,393**	**26,357**	**27,949**										**77,698**	......
Total—Receipts prior year	*89,024*	*87,673*	*130,810*										......	*307,507*
(On budget)	*65,384*	*62,083*	*103,860*										......	*231,327*
(Off budget)	*23,639*	*25,590*	*26,950*										......	*76,179*
Outlays														
Legislative Branch	175	173	158										506	903
The Judiciary	197	196	226										619	656
Executive Office of the President	14	14	14										42	61
Funds Appropriated to the President:														
International Security Assistance	120	764	239										1,123	3,837
International Development Assistance	801	256	240										1,297	1,537
Other	−199	183	−286										−302	89
Department of Agriculture:														
Commodity Credit Corporation and Foreign Agricultural Service	820	2,104	352										3,276	6,612
Other	4,990	4,436	3,888										13,315	13,326
Department of Commerce	353	280	250										884	909
Department of Defense:														
Military:														
Military personnel	3,033	5,927	8,009										16,968	17,707
Operation and maintenance	5,957	6,721	7,265										19,943	21,780
Procurement	3,616	3,250	3,924										10,791	13,833
Research, development, test, and evaluation	2,645	2,689	2,905										8,239	8,646
Military construction	535	611	635										1,781	1,398
Family housing	307	287	296										890	793
Revolving and management funds	796	1,105	702										2,603	778
Other	381	−328	253										306	32
Total Military	17,270	20,262	23,988										61,520	64,966
Civil	2,660	2,707	2,593										7,960	7,848
Department of Education	2,056	2,336	1,891										6,283	8,159
Department of Energy	1,495	1,383	1,498										4,376	4,756
Department of Health and Human Services:														
Public Health Service	1,902	1,696	1,478										5,076	4,951
Health Care Financing Administration:														
Grants to States for Medicaid	7,252	8,071	6,702										22,024	21,488
Federal hospital ins. trust fund	9,082	9,869	10,302										29,254	26,533
Federal supp. med. ins. trust fund	5,367	5,913	6,032										17,312	15,926
Other	3,934	3,792	3,577										11,304	9,162
Administration for children and families	2,426	2,972	2,607										8,006	8,059
Other	−5,545	−5,485	−4,931										−15,962	−13,471
Department of Housing and Urban Development	1,087	2,350	2,701										6,138	7,723
Department of the Interior	641	478	500										1,619	2,021
Department of Justice	809	985	837										2,630	2,475
Department of Labor:														
Unemployment trust fund	1,786	1,864	2,133										5,783	5,506
Other	730	957	298										1,985	1,002
Department of State	531	341	439										1,311	1,993
Department of Transportation:														
Highway trust fund	1,632	1,873	1,492										4,996	4,980

Table 7. Receipts and Outlays of the U.S. Government by Month, Fiscal Year 1996—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	1,506	1,427	1,630										4,563	5,019
Department of the Treasury:														
Interest on the public debt	21,631	26,006	60,676										108,313	101,964
Other	−30	−1,053	1,146										62	1,062
Department of Veterans Affairs:														
Compensation and pensions	101	1,488	2,911										4,500	4,386
National service life	75	63	63										202	218
United States government life	1	1	1										4	5
Other	1,442	1,710	1,441										4,592	4,656
Environmental Protection Agency	484	538	435										1,458	1,450
General Services Administration	339	389	477										1,205	451
National Aeronautics and Space Administration	1,128	1,119	973										3,220	3,190
Office of Personnel Management	3,576	3,418	3,576										10,570	9,988
Small Business Administration	16	238	76										331	274
Social Security Administration:														
Federal old-age and survivors ins. trust fund (off-budget)	24,544	24,413	25,064										74,021	70,591
Federal disability ins. trust fund (off-budget)	3,516	3,475	3,773										10,764	9,881
Other	174	2,233	3,941										6,348	6,523
Independent agencies:														
Fed. Deposit Ins. Corp.:														
Bank insurance fund	−609	−69	20										−659	−832
Savings association insurance fund	−40	−14	−82										−136	−15
FSLIC resolution fund	407	87	−71										423	375
Affordable housing and bank enterprise	(* *)	......	(* *)										1	1
Postal Service:														
Public enterprise funds (off-budget)	−374	−618	333										−659	−692
Payment to the Postal Service fund	55	......	3										58	61
Resolution Trust Corporation	−946	−840	−638										−2,423	−3,974
Tennessee Valley Authority	123	186	96										405	623
Other independent agencies	2,026	1,792	1,069										4,888	6,077
Undistributed offsetting receipts:														
Employer share, employee retirement	−2,404	−2,365	−2,562										−7,331	−7,422
Interest received by trust funds	−415	−5,736	−40,465										−46,616	−44,555
Rents and royalties on outer continental shelf lands	−361	−200	−121										−681	−420
Other	(* *)	(* *)	......										(* *)	(* *)
Totals this year:														
Total outlays	**118,352**	**128,458**	**132,984**										**379,794**	......
(On-budget)	**92,151**	**101,767**	**121,753**										**315,671**	......
(Off-budget)	**26,201**	**26,691**	**11,231**										**64,123**	......
Total-surplus (+) or deficit (−)	**−22,758**	**−38,450**	**+5,286**										**−55,922**	......
(On-budget)	**−19,951**	**−38,116**	**−11,431**										**−69,497**	......
(Off-budget)	**−2,807**	**−334**	**+16,717**										**+13,575**	......
Total borrowing from the public	**13,353**	**38,339**	**−18,358**										**33,335**	**59,669**
Total-outlays prior year	*120,365*	*124,915*	*135,613*										......	*380,894*
(On-budget)	*95,307*	*99,464*	*124,316*										......	*319,086*
(Off-budget)	*25,059*	*25,452*	*11,297*										......	*61,808*
Total-surplus (+) or deficit (−) prior year	*−31,342*	*−37,242*	*−4,803*										......	*−73,387*
(On-budget)	*−29,922*	*−37,381*	*−20,456*										......	*−87,759*
(Off-budget)	*−1,420*	*+138*	*+15,653*										......	*+14,372*

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

Table 8. Trust Fund Impact on Budget Results and Investment Holdings as of December 31, 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	824	351	473	1,742	1,007	735	11,145	11,636	12,182
Black lung disability	52	43	9	155	133	22	......	......	......
Federal disability insurance	5,388	3,773	1,615	13,124	10,764	2,360	35,225	35,957	37,647
Federal employees life and health	......	32	−32	......	84	−84	23,729	23,681	23,662
Federal employees retirement	15,797	3,297	12,500	18,077	9,897	8,180	374,219	330,177	328,640
Federal hospital insurance	14,202	10,302	3,900	30,001	29,254	747	129,864	126,554	131,443
Federal old-age and survivors insurance	40,498	25,064	15,435	84,576	74,021	10,556	447,947	442,999	458,612
Federal supplementary medical insurance	5,477	6,032	−555	16,568	17,312	−745	13,513	13,529	13,035
Highways	2,263	1,711	552	5,772	5,590	183	18,531	17,626	18,507
Military advances	1,706	1,428	278	4,329	3,851	478	......	......	......
Railroad retirement	300	672	−371	1,344	1,981	−637	14,440	14,851	14,719
Military retirement	838	2,257	−1,418	18,743	6,989	11,754	112,963	124,646	123,179
Unemployment	1,935	2,133	−198	6,178	5,783	395	47,141	48,155	48,038
Veterans life insurance	540	16	524	583	206	377	13,606	13,458	13,937
All other trust	499	269	230	1,122	936	186	14,060	14,136	14,288
Total trust fund receipts and outlays and investments held from Table 6-D	**90,321**	**57,381**	**32,940**	**202,315**	**167,808**	**34,507**	**1,256,385**	**1,217,407**	**1,237,889**
Less: Interfund transactions	46,657	46,657	......	77,117	77,117	......			
Trust fund receipts and outlays on the basis of Tables 4 & 5	43,664	10,724	32,940	125,198	90,691	34,507			
Total Federal fund receipts and outlays	**97,978**	**125,631**	**−27,653**	**208,402**	**298,831**	**−90,429**			
Less: Interfund transactions	22	22	......	64	64	......			
Federal fund receipts and outlays on the basis of Table 4 & 5	97,956	125,609	−27,653	208,338	298,767	−90,429			
Less: Offsetting proprietary receipts	3,349	3,349	......	9,665	9,665	......			
Net budget receipts & outlays	**138,271**	**132,984**	**5,286**	**323,872**	**379,794**	**−55,922**			

...... 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, December 1995 and Other Periods

[$ millions]

Classification	This Month	Fiscal Year To Date	Comparable Period Prior Fiscal Year
RECEIPTS			
Individual income taxes	53,179	144,542	134,809
Corporation income taxes	38,021	41,895	36,468
Social insurance taxes and contributions:			
Employment taxes and contributions	37,123	102,591	100,758
Unemployment insurance	223	4,377	4,552
Other retirement contributions	416	1,097	1,122
Excise taxes	4,870	14,477	14,497
Estate and gift taxes	1,383	3,891	3,513
Customs	1,439	4,817	5,421
Miscellaneous	1,618	6,183	6,366
Total	**138,271**	**323,872**	**307,507**
NET OUTLAYS			
National defense	25,376	64,964	68,258
International affairs	431	3,121	7,850
General science, space, and technology	1,274	4,174	4,318
Energy	−163	674	1,260
Natural resources and environment	1,711	6,791	7,214
Agriculture	708	4,107	6,770
Commerce and housing credit	−451	−3,576	−3,968
Transportation	3,117	9,529	9,961
Community and Regional Development	912	2,942	3,000
Education, training, employment and social services	3,623	11,364	13,513
Health	8,567	28,413	27,402
Medicare	14,794	41,522	37,844
Income security	19,738	52,394	50,757
Social Security	28,505	84,454	80,472
Veterans benefits and services	4,435	9,309	9,291
Administration of justice	1,233	3,714	3,794
General government	1,924	4,354	4,788
Interest	19,934	59,557	56,212
Undistributed offsetting receipts	−2,683	−8,013	−7,842
Total	**132,984**	**379,794**	**380,894**

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 January 1996 Statement will be 2:00 pm EST February 22, 1996.

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 (202) 512-1800. The subscription price is $35.00 per year (domestic), $43.75 per year (foreign).
No single copies are sold.

The Monthly Treasury Statement is now available on the Department of Commerce's Economic Bulletin Board.
For information call (202)482-1986.

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.
January 30, 1996

CONTACT: Office of Financing
202/219-3350

TREASURY'S WEEKLY BILL OFFERING

The Treasury will auction two series of Treasury bills totaling approximately $32,400 million, to be issued February 8, 1996. This offering will provide about $4,550 million of new cash for the Treasury, as the maturing weekly bills are outstanding in the amount of $27,849 million. In addition to the maturing 13-week and 26-week bills, there are $17,455 million of maturing 52-week bills. The disposition of this latter amount was announced last week.

Federal Reserve Banks hold $11,948 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 $3,885 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. Foreign and international monetary authorities are considered to hold $3,475 million of the 13-week and 26-week issues. <u>Due to the public debt limit and Treasury's need to plan for the debt level, additional amounts of Treasury bills will not be issued to Federal Reserve Banks as agents for foreign and international monetary authorities in these auctions</u>.

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.

oOo

Attachment

RR-841

HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS
TO BE ISSUED FEBRUARY 8, 1996

January 30, 1996

Offering Amount	$16,200 million	$16,200 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912794 Y6 5	912794 3C 6
Auction date	February 5, 1996	February 5, 1996
Issue date	February 8, 1996	February 8, 1996
Maturity date	May 9, 1996	August 8, 1996
Original issue date	November 9, 1995	February 8, 1996
Currently outstanding	$14,695 million	- - -
Minimum bid amount	$10,000	$10,000
Multiples	$ 1,000	$ 1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids . . . . Accepted in full up to $1,000,000 at the average discount rate of accepted competitive bids

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

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

Maximum Award . . . . 35% of public offering

Receipt of Tenders:

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

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

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

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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

FOR IMMEDIATE RELEASE
January 31, 1996

CONTACT: Calvin A. Mitchell
(202) 622-2920

VETERANS AFFAIRS SECRETARY JESSE BROWN TO OPEN TREASURY'S BLACK HISTORY MONTH CELEBRATION

Treasury Secretary Robert E. Rubin will welcome Veterans Affairs Secretary Jesse Brown to the Cash Room of the Department of the Treasury on February 1, 1996, at 11:00 a.m., as the keynote speaker in the opening program of the Department's 1996 Black History Celebration.

Secretary Brown will speak about the achievements of many unsung African-Americans throughout the history of our Nation and the opportunities and possibilities ahead as the Nation approaches the next century.

Secretary Rubin will make remarks and introduce Secretary Brown. The program at the Treasury Department will also include songs by the Cardozo High School Choir and presentations of Commemorative Medals honoring African-Americans.

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 number and date of birth, by 6 p.m. Wednesday, January 31, for Thursday's event. This information can be faxed to (202) 622-1999.

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RR-842
(Revised Copy)

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
January 31, 1996

REMARKS BY DARCY BRADBURY
ASSISTANT SECRETARY FOR FINANCIAL MARKETS
TREASURY QUARTERLY REFUNDING PRESS CONFERENCE

Good afternoon. Today we are announcing the terms of the regular Treasury February midquarter refunding. I will also discuss Treasury financing requirements for the balance of the current calendar quarter and our estimated cash needs for the April-June quarter.

1. We are offering $44.5 billion of notes and bonds to refund $31.3 billion of privately held notes and bonds maturing on February 15 and to raise approximately $13.2 billion new cash.

The three securities are:

-- First, a 3-year note in the amount of $18.5 billion, maturing on February 15, 1999. This note is scheduled to be auctioned on a yield basis at 1:00 p.m. Eastern time on Tuesday, February 6, 1996. The minimum purchase amount will be $5,000 and purchases above $5,000 may be made in multiples of $1,000.

-- Second, a 10-year note in the amount of $14.0 billion, maturing on February 15, 2006. This note is scheduled to be auctioned on a yield basis at 1:00 p.m. Eastern time on Wednesday, February 7. The minimum purchase amount will be $1,000.

-- Third, a 30-year bond in the amount of $12.0 billion, maturing on February 15, 2026. This bond is scheduled to be auctioned on a yield basis at 1:00 p.m. Eastern time on Thursday, February 8. The minimum purchase amount will be $1,000.

2. We are also offering $8.0 billion of cash management bills to be issued February 15. These bills will mature on February 22, 1996. The cash management bills are scheduled to be auctioned on a discount basis at 11:30 a.m. Eastern time on Thursday, February 8, 1996. The minimum purchase amount will be $10,000.

-MORE-

RR-843

3. Due to the Treasury's need to avoid exceeding the debt limit, none of the securities that I am announcing today will be issued to Federal Reserve Banks as agents for foreign and international monetary authorities. Maturing notes held by Federal Reserve Banks as agents for such accounts may be rolled over on a noncompetitive basis within the public offering amounts of the notes and bonds.

4. As announced on Monday, January 29, 1996, we estimate a net market borrowing need of $85.3 billion for the January-March quarter. The estimate assumes a $20 billion cash balance at the end of March. Including the securities in this refunding, we have raised $26.8 billion of cash from the sale of marketable securities. This was accomplished as follows:

-- raised $0.8 billion from the 2-year notes that settled January 2 and today;
-- raised $15.8 billion from the 5-year notes that settled January 2 and January 31;
-- raised $2.9 billion from the 52-week bills with settlement dates of January 11 and February 8;
-- raised $9.6 billion in cash in the regular weekly bills including those announced yesterday;
-- paid down $7.4 billion in the 7-year note that matured January 15;
-- paid down $8.1 billion in the cash management bills that matured January 25; and
-- raised $13.2 billion from the notes and bonds that I am announcing today.

5. The Treasury will need to raise $58.5 billion in market borrowing during the rest of the January-March quarter. This financing can be accomplished through regular sales of 13-, 26-, and 52-week bills in February and March and 2-year and 5-year notes in February. Additional cash management bills will be needed to cover the low points in the cash balance in early March. Since the cash management bill being announced today will mature February 22, it will not effect the total borrowing need for the quarter. These estimates do not include cash from the March two and five-year notes to be issued April 1, 1996.

6. We estimate Treasury net market borrowing to be in a range of $0 to $5 billion for the April-June 1996 quarter, assuming a $35 billion cash balance on June 30. These estimates do not include cash from the June two and five-year notes to be issued July 1, 1996.

7. The tentative auction calendars for February, March and April 1996 are included in the chart package which was distributed today.

8. The May midquarter refunding press conference is scheduled to be held on Wednesday, May 1, 1996.

-30-

federal financing bank NEWS
WASHINGTON, D.C. 20220
Press 202-622-2960
FFB 202-622-2450

January 31, 1996

FEDERAL FINANCING BANK

Charles D. Haworth, Secretary, Federal Financing Bank (FFB), announced the following activity for the month of December 1995.

FFB holdings of obligations issued, sold or guaranteed by other Federal agencies totaled $78.7 billion on December 31, 1995, posting a decrease of $3,011.9 million from the level on November 30, 1995. This net change was the result of a decrease in holdings of agency debt of $2,997.3 million, and in holdings of agency guaranteed loans of $14.6 million. FFB made 12 disbursements during the month of December, and executed 45 maturity extensions of GSA loans for federal buildings. FFB also received 11 prepayments in December.

Attached to this release are tables presenting FFB December loan activity and FFB holdings as of December 31, 1995.

RR-844

FEDERAL FINANCING BANK
DECEMBER 1995 ACTIVITY

BORROWER	DATE	AMOUNT OF ADVANCE	FINAL MATURITY	INTEREST RATE
AGENCY DEBT				
RESOLUTION TRUST CORPORATION				
Note 29 /Advance #1	12/15	$10,471,000,000.00	4/1/96	5.545% S/A
GOVERNMENT - GUARANTEED LOANS				
GENERAL SERVICES ADMINISTRATION				
Oakland Office Building	12/1	$93,008.92	9/5/23	6.210% S/A
Foley Services Contract	12/8	$506,381.01	12/11/95	5.627% S/A
*Foley Services Contract	12/11	$250,546.40	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$418,280.66	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$148,215.84	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$429,180.35	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$280,020.21	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$263,333.02	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$176,579.94	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$356,464.00	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$393,865.52	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$215,334.05	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$335,674.90	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$210,196.37	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$469,215.55	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$316,057.85	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$187,038.98	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$182,724.61	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$177,160.18	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$230,540.00	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$314,007.92	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$506,381.01	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$2,560.36	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$311,761.12	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$203,069.10	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$29,709.47	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$252,246.00	7/31/25	6.148% S/A

S/A is a Semi-annual rate
* maturity extension or interest rate reset

FEDERAL FINANCING BANK
DECEMBER 1995 ACTIVITY

BORROWER	DATE	AMOUNT OF ADVANCE	FINAL MATURITY	INTEREST RATE
GOVERNMENT - GUARANTEED LOANS				
GENERAL SERVICES ADMINISTRATION				
*Foley Services Contract	12/11	$243,266.00	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$184,695.00	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$140,827.00	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$358,024.00	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$279,086.00	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$69,677.00	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$92,145.00	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$200,919.00	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$395,945.00	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$243,604.00	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$190,950.00	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$240,786.00	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$127,000.00	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$219,361.00	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$220,464.00	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$103,889.00	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$103,889.00	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$117,929.00	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$122,314.50	7/31/25	6.148% S/A
*Foley Services Contract	12/11	$113,621.37	7/31/25	6.148% S/A
Chamblee Office Building	12/15	$710.04	4/1/97	5.478% S/A
Foley Square Courthouse	12/15	$548,972.00	7/25/25	6.168% S/A
Atlanta CDC Office Bldg.	12/18	$543,356.78	9/2/25	6.176% S/A
HCFA Headquarters	12/18	$710.23	7/1/25	6.175% S/A
HCFA Headquarters	12/26	$705.98	7/1/25	6.144% S/A
GSA/PADC				
ICTC Building	12/18	$8,197,419.08	11/2/26	6.183% S/A
ICTC Building	12/27	$6,150,000.00	11/2/26	6.136% S/A
RURAL UTILITIES SERVICE				
Farmers Telephone #399	12/15	$2,057,000.00	7/1/96	5.501% Qtr.
Sho-Me Power #382	12/29	$505,000.00	12/31/25	6.024% Qtr.

S/A is a Semi-annual rate: Qtr. is a Quarterly rate
* maturity extension or interest rate reset

FEDERAL FINANCING BANK
(in millions)

Program	December 31, 1995	November 30, 1995	Net Change 12/1/95-12/31/95	FY '96 Net Change 10/1/95-12/31/95
Agency Debt:				
Export-Import Bank	$ 2,043.5	$ 2,506.3	$ -462.8	$ -462.8
Resolution Trust Corporation	10,471.0	11,505.5	-1,034.5	-2,737.6
Tennessee Valley Authority	3,200.0	3,200.0	0.0	0.0
U.S. Postal Service	5,764.7	7,264.7	-1,500.0	-1,500.0
sub-total*	21,479.2	24,476.5	-2,997.3	-4,700.3
Agency Assets:				
FmHA-ACIF	1,470.0	1,470.0	0.0	0.0
FmHA-RDIF	3,675.0	3,675.0	0.0	0.0
FmHA-RHIF	21,015.0	21,015.0	0.0	-685.0
DHHS-Health Maintenance Org.	8.1	8.1	0.0	0.0
DHHS-Medical Facilities	23.8	23.8	0.0	0.0
Rural Utilities Service-CBO	4,598.9	4,598.9	0.0	0.0
Small Business Administration	0.1	0.1	0.0	0.0
sub-total*	30,790.9	30,790.9	0.0	-685.0
Government-Guaranteed Loans:				
DOD-Foreign Military Sales	3,457.9	3,470.8	-12.9	-35.2
DHUD-Community Dev. Block Grant	83.8	84.9	-1.1	-5.3
DHUD-Public Housing Notes	1,626.8	1,626.8	0.0	-61.7
General Services Administration +	2,282.9	2,282.4	0.5	16.0
DOI-Virgin Islands	21.0	21.0	0.0	0.0
DON-Ship Lease Financing	1,432.1	1,432.1	0.0	0.0
Rural Utilities Service	17,144.4	17,141.9	2.6	-131.1
SBA-Small Business Investment Cos.	2.5	3.0	-0.5	-3.0
SBA-State/Local Development Cos.	346.1	349.0	-2.9	-9.7
DOT-Section 511	13.9	14.1	-0.2	-0.6
sub-total*	26,411.3	26,425.9	-14.6	-230.6
grand-total*	$ 78,681.4	$ 81,693.2	$ -3,011.9	$ -5,615.9

*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 RELEASE WHEN AUTHORIZED AT PRESS CONFERENCE
January 31, 1996

CONTACT: Office of Financing
202/219-3350

TREASURY FEBRUARY QUARTERLY FINANCING

The Treasury will auction $18,500 million of 3-year notes, $14,000 million of 10-year notes, and $12,000 million of 30-year bonds to refund $31,296 million of publicly-held securities maturing February 15, 1996, and to raise about $13,200 million new cash. The Treasury will also auction a 7-day cash management bill on February 8, 1996. Details about the cash management bill are given in a separate announcement.

In addition to the public holdings, Federal Reserve Banks hold $5,872 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 $1,665 million held by Federal Reserve Banks as agents for foreign and international monetary authorities. Due to the Treasury's need to avoid exceeding the debt limit, no additional securities will be issued to Federal Reserve Banks as agents for foreign and international monetary authorities. Maturing notes held by Federal Reserve Banks as agents for such accounts may be rolled over on a noncompetitive basis within the public offering amounts.

The 10-year note and 30-year bond being offered today are eligible for the STRIPS program.

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 the notes and bond are given in the attached offering highlights.

oOo

RR-845

Attachment

HIGHLIGHTS OF TREASURY OFFERINGS TO THE PUBLIC
FEBRUARY 1996 QUARTERLY FINANCING

January 31, 1996

Offering Amount	$18,500 million	$14,000 million	$12,000 million
Description of Offering:			
Term and type of security	3-year notes	10-year notes	30-year bonds
Series	W-1999	A-2006	Bonds of February 2026
CUSIP number	912827 W7 3	912827 W8 1	912810 EW 4
Auction date	February 6, 1996	February 7, 1996	February 8, 1996
Issue date	February 15, 1996	February 15, 1996	February 15, 1996
Dated date	February 15, 1996	February 15, 1996	February 15, 1996
Maturity date	February 15, 1999	February 15, 2006	February 15, 2026
Interest rate	Determined based on the average of accepted competitive bids	Determined based on the average of accepted competitive bids	Determined based on the average of accepted competitive bids
Yield	Determined at auction	Determined at auction	Determined at auction
Interest payment dates	August 15 and February 15	August 15 and February 15	August 15 and February 15
Minimum bid amount	$5,000	$1,000	$1,000
Multiples	$1,000	$1,000	$1,000
Accrued interest payable by investor	None	None	None
Premium or discount	Determined at auction	Determined at auction	Determined at auction
STRIPS Information:			
Minimum amount required	Not applicable	Determined at auction	Determined at auction
Corpus CUSIP number	Not applicable	912820 BR 7	912803 BG 7
Due dates and CUSIP numbers for additional TINTs	Not applicable	Not applicable	February 15, 2026 -- 912833 LY 4

The following rules apply to all securities mentioned above:

Submission of Bids:	
Noncompetitive bids	Accepted in full up to $5,000,000 at the average yield of accepted competitive bids.
Competitive bids	(1) Must be expressed as a yield with three decimals, e.g., 7.160%. (2) Net long position for each bidder must be reported when the sum of the total bid amount, at all yields, and the net long position is $2 billion or greater. (3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.
Maximum Recognized Bid at a Single Yield	35% of public offering
Maximum Award	35% of public offering
Receipt of Tenders:	
Noncompetitive tenders	Prior to 12:00 noon Eastern Standard time on auction day
Competitive tenders	Prior to 1:00 p.m. Eastern Standard time on auction day
Payment Terms	Full payment with tender or by charge to a funds account at a Federal Reserve Bank on issue date

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR RELEASE WHEN AUTHORIZED AT PRESS CONFERENCE
January 31, 1996

CONTACT: Office of Financing
202/219-3350

TREASURY TO AUCTION CASH MANAGEMENT BILLS

The Treasury will auction approximately $8,000 million of 7-day Treasury cash management bills to be issued February 15, 1996.

Competitive and noncompetitive tenders will be received at all Federal Reserve Banks and Branches. Tenders will not be accepted for bills to be maintained on the book-entry records of the Department of the Treasury (TREASURY DIRECT). Tenders will not be received at the Bureau of the Public Debt, Washington, D.C.

Tenders for the bills will not be accepted from Federal Reserve Banks for foreign and international monetary authorities.

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.

oOo

Attachment

RR-846

HIGHLIGHTS OF TREASURY OFFERING
OF 7-DAY CASH MANAGEMENT BILL

January 31, 1996

Offering Amount . . . . . . $8,000 million

Description of Offering:

Term and type of security	7-day Cash Management Bill
CUSIP number	912794 X3 3
Auction date	February 8, 1996
Issue date	February 15, 1996
Maturity date	February 22, 1996
Original issue date	August 24, 1995
Currently outstanding	$24,758 million
Minimum bid amount	$10,000
Multiples	$1,000
Minimum to hold amount	$10,000
Multiples to hold	$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 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 11:00 a.m. Eastern Standard time on auction day

Competitive tenders . . . . Prior to 11:30 a.m. Eastern Standard time on auction day

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

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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

FOR IMMEDIATE RELEASE
January 31, 1996

REMARKS BY DARCY BRADBURY
ASSISTANT SECRETARY FOR FINANCIAL MARKETS
TREASURY QUARTERLY REFUNDING PRESS CONFERENCE

Good afternoon. Today we are announcing the terms of the regular Treasury February midquarter refunding. I will also discuss Treasury financing requirements for the balance of the current calendar quarter and our estimated cash needs for the April-June quarter.

1. We are offering $44.5 billion of notes and bonds to refund $31.3 billion of privately held notes and bonds maturing on February 15 and to raise approximately $13.2 billion new cash.

The three securities are:

-- First, a 3-year note in the amount of $18.5 billion, maturing on February 15, 1999. This note is scheduled to be auctioned on a yield basis at 1:00 p.m. Eastern time on Tuesday, February 6, 1996. The minimum purchase amount will be $5,000 and purchases above $5,000 may be made in multiples of $1,000.

-- Second, a 10-year note in the amount of $14.0 billion, maturing on February 15, 2006. This note is scheduled to be auctioned on a yield basis at 1:00 p.m. Eastern time on Wednesday, February 7. The minimum purchase amount will be $1,000.

-- Third, a 30-year bond in the amount of $12.0 billion, maturing on February 15, 2026. This bond is scheduled to be auctioned on a yield basis at 1:00 p.m. Eastern time on Thursday, February 8. The minimum purchase amount will be $1,000.

2. We are also offering $8.0 billion of cash management bills to be issued February 15. These bills will mature on February 22, 1996. The cash management bills are scheduled to be auctioned on a discount basis at 11:30 a.m. Eastern time on Thursday, February 8, 1996. The minimum purchase amount will be $10,000.

-MORE-

RR-843

3. Due to the Treasury's need to avoid exceeding the debt limit, none of the securities that I am announcing today will be issued to Federal Reserve Banks as agents for foreign and international monetary authorities. Maturing notes held by Federal Reserve Banks as agents for such accounts may be rolled over on a noncompetitive basis within the public offering amounts of the notes and bonds.

4. As announced on Monday, January 29, 1996, we estimate a net market borrowing need of $85.3 billion for the January-March quarter. The estimate assumes a $20 billion cash balance at the end of March. Including the securities in this refunding, we have raised $26.8 billion of cash from the sale of marketable securities. This was accomplished as follows:

-- raised $0.8 billion from the 2-year notes that settled January 2 and today;
-- raised $15.8 billion from the 5-year notes that settled January 2 and January 31;
-- raised $2.9 billion from the 52-week bills with settlement dates of January 11 and February 8;
-- raised $9.6 billion in cash in the regular weekly bills including those announced yesterday;
-- paid down $7.4 billion in the 7-year note that matured January 15;
-- paid down $8.1 billion in the cash management bills that matured January 25; and
-- raised $13.2 billion from the notes and bonds that I am announcing today.

5. The Treasury will need to raise $58.5 billion in market borrowing during the rest of the January-March quarter. This financing can be accomplished through regular sales of 13-, 26-, and 52-week bills in February and March and 2-year and 5-year notes in February. Additional cash management bills will be needed to cover the low points in the cash balance in early March. Since the cash management bill being announced today will mature February 22, it will not effect the total borrowing need for the quarter. These estimates do not include cash from the March two and five-year notes to be issued April 1, 1996.

6. We estimate Treasury net market borrowing to be in a range of $0 to $5 billion for the April-June 1996 quarter, assuming a $35 billion cash balance on June 30. These estimates do not include cash from the June two and five-year notes to be issued July 1, 1996.

7. The tentative auction calendars for February, March and April 1996 are included in the chart package which was distributed today.

8. The May midquarter refunding press conference is scheduled to be held on Wednesday, May 1, 1996.

-30-

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR RELEASE WHEN AUTHORIZED AT PRESS CONFERENCE
January 31, 1996

CONTACT: Office of Financing
202/219-3350

TREASURY FEBRUARY QUARTERLY FINANCING

The Treasury will auction $18,500 million of 3-year notes, $14,000 million of 10-year notes, and $12,000 million of 30-year bonds to refund $31,296 million of publicly-held securities maturing February 15, 1996, and to raise about $13,200 million new cash. The Treasury will also auction a 7-day cash management bill on February 8, 1996. Details about the cash management bill are given in a separate announcement.

In addition to the public holdings, Federal Reserve Banks hold $5,872 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 $1,665 million held by Federal Reserve Banks as agents for foreign and international monetary authorities. Due to the Treasury's need to avoid exceeding the debt limit, no additional securities will be issued to Federal Reserve Banks as agents for foreign and international monetary authorities. Maturing notes held by Federal Reserve Banks as agents for such accounts may be rolled over on a noncompetitive basis within the public offering amounts.

The 10-year note and 30-year bond being offered today are eligible for the STRIPS program.

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 the notes and bond are given in the attached offering highlights.

oOo

RR-845

Attachment

HIGHLIGHTS OF TREASURY OFFERINGS TO THE PUBLIC

FEBRUARY 1996 QUARTERLY FINANCING

January 31, 1996

Offering Amount	$18,500 million	$14,000 million	$12,000 million
Description of Offering:			
Term and type of security	3-year notes	10-year notes	30-year bonds
Series	W-1999	A-2006	Bonds of February 2026
CUSIP number	912827 W7 3	912827 W8 1	912810 EW 4
Auction date	February 6, 1996	February 7, 1996	February 8, 1996
Issue date	February 15, 1996	February 15, 1996	February 15, 1996
Dated date	February 15, 1996	February 15, 1996	February 15, 1996
Maturity date	February 15, 1999	February 15, 2006	February 15, 2026
Interest rate	Determined based on the average of accepted competitive bids	Determined based on the average of accepted competitive bids	Determined based on the average of accepted competitive bids
Yield	Determined at auction	Determined at auction	Determined at auction
Interest payment dates	August 15 and February 15	August 15 and February 15	August 15 and February 15
Minimum bid amount	$5,000	$1,000	$1,000
Multiples	$1,000	$1,000	$1,000
Accrued interest payable by investor	None	None	None
Premium or discount	Determined at auction	Determined at auction	Determined at auction
STRIPS Information:			
Minimum amount required	Not applicable	Determined at auction	Determined at auction
Corpus CUSIP number	Not applicable	912820 BR 7	912803 BG 7
Due dates and CUSIP numbers for additional TINTs	Not applicable	Not applicable	February 15, 2026 -- 912833 LY 4

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids . . . . Accepted in full up to $5,000,000 at the average yield of accepted competitive bids.

Competitive bids . . . . (1) Must be expressed as a yield with three decimals, e.g., 7.160%.
(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all yields, and the net long position is $2 billion or greater.
(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

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

Maximum Award . . . . 35% of public offering

Receipt of Tenders:

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

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

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

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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

FOR RELEASE WHEN AUTHORIZED AT PRESS CONFERENCE
January 31, 1996

CONTACT: Office of Financing
202/219-3350

TREASURY TO AUCTION CASH MANAGEMENT BILLS

The Treasury will auction approximately $8,000 million of 7-day Treasury cash management bills to be issued February 15, 1996.

Competitive and noncompetitive tenders will be received at all Federal Reserve Banks and Branches. Tenders will not be accepted for bills to be maintained on the book-entry records of the Department of the Treasury (TREASURY DIRECT). Tenders will not be received at the Bureau of the Public Debt, Washington, D.C.

Tenders for the bills will not be accepted from Federal Reserve Banks for foreign and international monetary authorities.

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.

oOo

Attachment

RR-846

HIGHLIGHTS OF TREASURY OFFERING
OF 7-DAY CASH MANAGEMENT BILL

January 31, 1996

Offering Amount . . . . $8,000 million

Description of Offering:

Term and type of security .	7-day Cash Management Bill
CUSIP number	912794 X3 3
Auction date	February 8, 1996
Issue date	February 15, 1996
Maturity date	February 22, 1996
Original issue date	August 24, 1995
Currently outstanding . . .	$24,758 million
Minimum bid amount	$10,000
Multiples	$1,000
Minimum to hold amount . .	$10,000
Multiples to hold	$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 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 11:00 a.m. Eastern Standard time on auction day
Competitive tenders	Prior to 11:30 a.m. Eastern Standard time on auction day

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

REPORT TO THE SECRETARY OF THE TREASURY
FROM THE
TREASURY BORROWING ADVISORY COMMITTEE
OF THE
PUBLIC SECURITIES ASSOCIATION

JANUARY 31, 1996

Dear Mr. Secretary:

At the outset of this report, the Committee would again urge in its most forceful terms that legislative action to increase the statutory debt limit be taken promptly. In the Committee 's judgment, raising the specter of default by failure to act on the debt limit as a means to support the political agenda of any constituency is inappropriate and counterproductive.

Since the Committee 's last meeting in November 1995, the Secretary has taken a series of extraordinary actions to enable the Treasury to borrow the funds needed to meet the financial obligations of the Federal Government in a timely manner. These necessary measures were taken in the absence of an increase in the debt limit. Further, the Secretary has recently unveiled additional measures, if needed, to enable the Treasury to finance Government operations until February 29 or March 1. Thus, in the absence of action to increase the debt limit, the financial markets will once again confront the uncertainty and risk of the Treasury 's inability to fulfill all of its financial obligations.

In our last report, dated November 1, 1995, the Committee addressed these risks, uncertainties and potential effects of default. It is our strong and unanimous view that there should never be any reason for the financial integrity of the United States Government to be questioned or doubted. Our Nation 's creditworthiness is a precious asset which benefits all of us; it should not be bargained or compromised.

* * * * *

Also, since the Committee's last meeting in November 1995, the economy has continued to expand although at a somewhat slower pace than the third quarter. Inflationary pressures have remained generally subdued. As a result of some improvement in inflationary prospects, monetary policy was eased slightly in December.

Yields on Treasury securities extended the decline begun early last year. Short and intermediate-term rates declined 40 - 60 basis points, reflecting market perceptions of somewhat slower economic growth as well as the Fed's modest easing step. Currently, yield levels for short and intermediate maturities anticipate further easing moves by the monetary authorities. Yields for 30-year bonds fell about 25 basis points as the yield curve steepened. The more limited yield decline for longer-term securities reflected the cyclical nature of slower economic growth, as well as some disappointment on the inability to reach agreement on balancing the budget in seven years.

Within this context, to refund the $31.3 billion of privately-held notes maturing on February 15, 1996 and to raise $21.2 billion of cash, the Committee recommends that the Treasury auction $52.5 billion of the following securities:

- $18.5 billion 3-year notes due February 15, 1999;
- $14.0 billion 10-year notes due February 15, 2006;
- $12.0 billion 30-year bonds due February 15, 2026; and,
- $8.0 billion cash management bills due February 29, 1996.

The 16 Committee members present for the meeting were unanimous in their support of the composition of the refunding package.

In considering whether to recommend issuing a new 10-year note or reopening the 5 7/8 percent notes due November 15, 2005, Committee members observed that though the outstanding issue has recently been in short supply in the repurchase agreement market, there was no compelling evidence that the shortage was unusual. It seems likely that the shortage should be alleviated once a new 10-year note is auctioned. On this basis, the Committee voted 15 to 1 in favor of a new issue.

The Committee also considered whether to recommend issuing a new 30-year bond or reopening the 6 7/8 percent bonds due August 15, 2025. Generally, Committee members remain supportive of bond reopenings for the purpose of enhancing liquidity, particularly in view of the diminished level of activity in the secondary market for Treasury bonds which has occurred since the Treasury's reduced issuance in this maturity sector. However, the 11 point premium of the current 30-year bond, was viewed as a significant impediment to broad-based investor interest in a reopening. On this basis, the Committee voted unanimously in favor of a new 30-year bond.

With the aim of achieving a cash balance of $20 billion on March 31, the Committee unanimously recommends that for the remainder of the quarter, the Treasury meet its borrowing requirement in the following manner:

- One 5-year note totaling $12.5 billion, to raise $4.1 billion of new cash;
- One 2-year note totaling $18.75 billion, to raise $0.3 billion of new cash;
- One 1-year bill totaling $19.25 billion, to raise $1.9 billion of new cash;
- Weekly issuance of 3- and 6-month bills through the remainder of the quarter, to raise $20.8 billion of new cash; and
- Cash management bills totaling $36.0 billion to mature in late April to refund the cash management bills which mature on February 29 as well as to meet the seasonal cash need in early March.

Including the $21.2 billion raised in the mid-quarter refunding, the proposed financing schedule will raise a total of $76.3 billion. This amount, when added to the $9.0 billion already raised or announced in the quarter, will accomplish the total net borrowing requirement of $85.3 billion.

In considering the Treasury's financing composition for the remainder of the January to March quarter, the Committee noted an abnormally large amount of uncertainty with respect to the timing of Federal expenditures. It is possible that the Treasury's borrowing requirement in the current quarter will be less than the estimated $85.3 billion. In this circumstance, the Committee feels that heavy reliance on cash management bills with late April maturities will afford the Treasury maximum flexibility.

For the April-June quarter, the Treasury estimates a net borrowing requirement in the range of $0 - 5 billion with a cash balance of $35 billion at the end of June. To accomplish the anticipated net borrowing requirement, the Committee recommends the provisional financing schedule attached to this report.

In developing its financing recommendations, the Committee was mindful that the cash raising potential of the 5-year note has been substantially diminished. For this reason, and consistent with our last report, the Committee recommends modest increases in all coupon cycle offerings each quarter during 1996. However, even with modest and steady increases in the size of coupon issues this year, more than 50 percent of the Treasury's net market borrowing requirement will be achieved through the issuance of Treasury bills. This increased concentration of short-term financing, if continued, will ultimately become worrisome to investors. Thus, the Committee continues to advocate a debt management policy which avoids undue reliance on short-term financing and arrests the decline in the average length of the debt. Specifically, and as outlined in our last report, the Committee again recommends more frequent issuance of longer dated securities.

In response to a request for its views, the Committee considered the Treasury 's role in overseeing and coordinating the scheduling of securities issues by Government sponsored agencies. However useful and necessary such a role might have been in the early stages of development of the Agency securities market, the Committee members generally felt that such a role was no longer needed at least insofar as the stability of the Treasury and Federal Agency securities markets was concerned. Moreover, with the advent of new financing techniques, including the development of medium-term note programs, there is some evidence that the requirements for prior review are contributing to inefficiencies, including artificial distortions of issue sizes. Finally, such a review process might be mistakenly viewed as connoting Treasury approval of the structural features of the debt being issued, the adequacy of information being provided to investors, or even the credit standing of the issuer. Accordingly, the Committee felt that the Treasury should consider procedural steps it might take, within the framework of the existing law, to streamline the process and minimize the Treasury 's role as a reviewer.

Respectfully submitted,

Richard M. Kelly
Chairman

Estimated Treasury Marketable Borrowing
(billions of dollars)
April - June 1996

	Amount Maturing	Amount Offered	Foreign Add-ons	Cash Raised
Treasury bills				
Regular weekly bills	$354.6	374.1	--	$19.5
52-week bills				
April 4	17.6	19.75	--	2.15
May 2	18.0	19.75	--	1.75
May 30	18.6	19.75	--	1.15
June 27	19.3	19.75	--	.45
Cash management bills*	36.0	--	--	-36.0
Total bills	464.1	453.1		-11.0
Treasury coupons				
March 2-year	17.6	19.25	1.0	2.65
March 5-year	8.0	13.0	0.3	5.3
April 7-year	7.8	--	--	-7.8
April 2-year	18.0	19.25	1.0	2.25
April 5-year	8.6	13.0	0.3	4.7
May 3-year		19.0	1.0	
May 10-year		15.0	0.2	
Refunding subtotal	35.0	34.0	1.2	0.2
May 2-year	18.2	19.25	1.0	2.05
May 5-year	9.2	13.0	0.3	4.1
Total coupons	122.4	130.8	5.1	13.5
Total borrowing	$586.5	583.9	5.1	$2.5

*Assumes that $36.0 billion of cash management bills will be issued in late February - early March and mature in late April. Also intra-quarter cash management bills will be needed to cover cash low points during the quarter.

MINUTES OF THE MEETING OF THE TREASURY BORROWING ADVISORY COMMITTEE OF THE PUBLIC SECURITIES ASSOCIATION January 30 and 31, 1996

January 30

The Committee convened at 11:40 a.m. at the Treasury Department for the portion of the meeting that was open to the public. All members were present, except Mr. Kessenich and Mr. McKnew. The Federal Register announcement of the meeting and a list of Committee members are attached.

Assistant Secretary for Financial Markets Bradbury welcomed the Committee and the public to the meeting. Assistant Secretary for Economic Policy Gotbaum summarized the current state of the U.S. economy. Jill Ouseley, Director, Office of Market Finance, discussed charts, which had been released to the public on January 29, updating Treasury borrowing estimates and providing statistical information on recent Treasury borrowing and market interest rates.

The public meeting ended at 12:10 p.m.

Debt limit

The Committee reconvened in closed session at the Madison Hotel at 2:10 p.m. The members were present who had attended the public briefing. Assistant Secretary Bradbury gave the Committee its Charge, which is also attached. The Committee began by agreeing by consensus to open its report to the Secretary with an apolitical statement of its concern that the statutory debt limit should be increased in order to prevent a default on the Government's obligations.

February refunding

The Committee then discussed an overall approach to funding for the January-March and April-June quarters, displayed in the attached draft proformas, which were prepared by one of the Committee members using the Treasury market borrowing estimates that were released by the Treasury on January 29.

The Committee voted unanimously to recommend a February mid-quarter refunding consisting of offerings to the public of $18.5 billion of 3-year notes, $14.0 billion of 10-year notes, $12.0 billion of 30-year bonds to raise a total of $13.2 billion of cash in the refunding. Each of the amounts of the notes and bonds is $0.5 billion above amounts offered in the most recent sale of each maturity. The Committee voted by 15-1 to recommend a new 10-year note and unanimously to recommend a new 30-year bond, as opposed to reopening outstanding securities. The Committee also voted unanimously to recommend issuing $8 billion of cash management bills (CMBs) maturing on February 29, 1996.

For the rest of the January-March quarter, the Committee consensus was to raise each of the notes and 52-week bills by $0.5 billion and finance the remainder of the borrowing need in bills, especially CMBs with April maturities.

The Committee agreed by consensus to recommend a financing plan for the April-June quarter, which includes a $0.5 billion increase in each of the notes, except for a $1.0 billion increase in the 10-year notes, and $0.5 billion increase in the 52-week bills, and paying down Treasury bills, on balance.

Scheduling Government-sponsored enterprise market entry

In reply to the question in the Charge, the Committee consensus was that the Treasury's traditional "traffic cop" role in scheduling GSEs' new issues does not make a significant contribution to the stability of either the Treasury market or the market for agency securities. The consensus was that, while this Treasury function probably served a historical purpose, it is anachronistic in today's highly liquid capital markets and could be streamlined.

The meeting adjourned at 3:40 p.m.

January 31

The Committee reconvened at 8:30 a.m. at the Treasury in closed session. All members were present, except Mr. Kessenich. The Chairman presented the Committee report (copy attached) to Under Secretary for Domestic Finance Hawke and Assistant Secretary Bradbury.

In response to questions, the Committee expanded on the discussion in the Committee report regarding Treasury approval of the timing of Government-sponsored enterprise sales of debt securities. Also, the Committee urged the Treasury to announce as soon as practical the borrowing strategy that it intends to pursue over the next several years. For example, whether the Treasury intends to increase the number of times securities are offered or to introduce alternative debt instruments.

The meeting adjourned at 8:45 a.m.

Jill K. Ouseley
Jill K. Ouseley, Director
Office of Market Finance
Domestic Finance
January 31, 1996

Attachments

Certified by: Richard Kelly
Richard Kelly, Chairman
Treasury Borrowing Advisory Committee
of the Public Securities Association
January 31, 1996

present oral statements at the meeting. The public may present written statements to the committee at any time by providing 25 copies of the Assistant Executive Director for Aircraft Certification Procedures or by bringing the copies to him at the meeting. Arrangements may be made by contacting the person listed under the heading FOR FURTHER INFORMATION CONTACT.

Sign and oral interpretation can be made available at the meeting, as well as an assistive listening device, if requested 10 calendar days before the meeting.

Issued in Washington, DC, on January 2, 1996.

Elizabeth Yoest,

Acting Assistant Executive Director, Aviation Rulemaking Advisory Committee for Aircraft Certification Procedures.

[FR Doc. 96-225 Filed 1-5-96; 8:45 am]

BILLING CODE 4910-13-M

Aviation Rulemaking Advisory Committee Meeting on Noise Certification Issues

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of meeting.

SUMMARY: The FAA is issuing this notice to advise the public of a meeting of the Federal Aviation Administration Aviation Rulemaking Advisory Committee to discuss noise certification issues.

DATES: The meeting will be held on January 24, 1996, at 9 a.m. Arrange for oral presentations by January 17, 1996.

ADDRESSES: The meeting will be held at the General Aviation Manufacturers Association, suite 801, 1400 K Street NW., Washington, DC 20005.

FOR FURTHER INFORMATION CONTACT: Carolina Forrester, Federal Aviation Administration, Office of Rulemaking (ARM-206), 800 Independence Avenue SW., Washington, DC 20591, telephone (202) 267-9690; fax (202) 267-5075.

SUPPLEMENTARY INFORMATION: Pursuant to § 10(a)(2) of the Federal Advisory Committee Act (Pub. L. 92-463; 5 U.S.C. App. II), notice is hereby given of a meeting of the Aviation Rulemaking Advisory Committee to be held on January 24, 1996, at the General Aviation Manufacturers Association, Suite 801, 1400 K Street NW., Washington, DC 20005. The agenda will include:

- Opening Remarks
- Committee administration
- Status report from the FAR/JAR Harmonization Working Group for Helicopters
- Status report from the FAR/JAR Harmonization Working Group for Propeller-Driven Small Airplanes
- Status Report from the FAR/JAR Harmonization Working Group for Subsonic Transport Category Large Airplanes and Subsonic Turbojet Powered Airplanes
- A discussion of future meeting dates, activities, and plans.
- Adjourn

Attendance is open to the interested public, but will be limited to the space available. The public must make arrangements by January 17, 1996, to present oral statements at the meeting. The public may present written statements to the committee at any time by providing 25 copies to the Executive Director, or by bringing the copies to him at the meeting. In addition, sign and oral interpretation can be made available at the meeting, as well as an assistive listening device, if requested 10 calendar days before the meeting. Arrangements may be made by contacting the person listed under the heading FOR FURTHER INFORMATION CONTACT.

Issued in Washington, DC, on January 2, 1996.

Paul R. Dykeman,

Assistant Executive Director for Noise Certification Issues, Aviation Rulemaking Advisory Committee.

[FR Doc. 96-[illegible] Filed 1-5-96; 8:45 am]

BILLING CODE 4910-13-M

Aviation Security Advisory Committee; Meeting

AGENCY: Federal Aviation Administration, DOT.

SUMMARY: Notice is hereby given of a scheduled meeting of the Aviation Security Advisory Subcommittee on Policy, Procedures, and Public Awareness.

DATE: The meeting will be held January 23, 1996, from 10 a.m. to 12 p.m.

ADDRESS: The meeting will be held in Room 8C on the eighth floor, Federal Aviation Administration, 800 Independence Avenue SW., Washington, DC 20591, telephone 202-267-7451.

SUPPLEMENTARY INFORMATION: Pursuant to section 10(a)(2) of the Federal Advisory Committee Act (Pub. L. 92-463; 5 U.S.C. App. 11), notice is hereby given of a meeting of the Aviation Security Advisory Subcommittee to be held January 23, 1996, in Room 8C on the eighth floor, Federal Aviation Administration, 800 Independence Avenue SW., Washington, DC. The agenda for the meeting will include the Final Rule on Unescorted Access Privilege. The FAA is currently evaluating whether further changes may be warranted and the possible impact of a more extensive criminal history check requirement.

Attendance at the January 23, 1996, meeting is open to the public but is limited to space available. Members of the public may address the committee only with the written permission of the chair, which should be arranged in advance. The chair may entertain public comment if, in its judgment, doing so will not disrupt the orderly progress of the meeting and will not be unfair to any other person. Members of the public are welcome to present written material to the committee at any time. Persons wishing to present statement or obtain information should contact the Office of the Associate Administrator for Civil Aviation Security, 800 Independence Avenue SW., Washington, DC 20591. Telephone 202-267-7451

Issued in Washington, DC on January 2, 1996.

Karl Shrum,

Manager, Civil Aviation Security Division.

[FR Doc. 96-227 Filed 1-5-96; 8:45 am]

BILLING CODE 4910-13-M

DEPARTMENT OF THE TREASURY

Departmental Offices; Debt Management Advisory Committee; Meeting

Notice is hereby given, pursuant to 5 U.S.C. App. § 10(a)(2), that a meeting will be held at the U.S. Treasury Department, 15th and Pennsylvania Avenue, NW., Washington, DC., on January 30 and 31, 1996, of the following debt management advisory committee: Public Securities Association, Treasury Borrowing Advisory Committee.

The agenda for the meeting provides for a technical background briefing by Treasury staff on January 30, followed by a charge by the Secretary of the Treasury or his designate that the committee discuss particular issues, and a working session. On January 31, the committee will present a written report of its recommendations.

The background briefing by Treasury staff will be held at 11:30 a.m. Eastern time on January 30 and will be open to the public. The remaining sessions on January 30 and the committee's reporting session on January 31 will be closed to the public, pursuant to 5 U.S.C. App. § 10(d).

This notice shall constitute my determination, pursuant to the authority placed in heads of departments by 5

U.S.C. App. § 10(d) and vested in me by Treasury Department Order No. 101–05, that the closed portions of the meeting are concerned with information that is exempt from disclosure under 5 U.S.C. § 552b(c)(9)(A). The public interest requires that such meetings be closed to the public because the Treasury Department requires frank and full advice from representatives of the financial community prior to making its final decision on major financing operations. Historically, this advice has been offered by debt management advisory committees established by the several major segments of the financial community. When so utilized, such a committee is recognized to be an advisory committee under 5 U.S.C. App. § 3.

Although the Treasury's final announcement of financing plans may not reflect the recommendations provided in reports of the advisory committee, premature disclosure of the committee's deliberations and reports would be likely to lead to significant financial speculation in the securities market. Thus, these meetings fall within the exemption covered by 5 U.S.C. § 552b(c)(9)(A).

The Office of the Under Secretary for Domestic Finance is responsible for maintaining records of debt management advisory committee meetings and for providing annual reports setting forth a summary of committee activities and such other matters as may be informative to the public consistent with the policy of 5 U.S.C. § 552b.

Dated: December 26, 1995.

John D. Hawke, Jr.,

Under Secretary, Domestic Finance.

[FR Doc. 96–189 Filed 1–5–96; 8:45 am]

BILLING CODE 4810–25–M

Customs Service

Paperless Notification Concerning the Recordation of Intellectual Property Rights Information

AGENCY: Customs Service, Treasury.

ACTION: General notice.

SUMMARY: This notice advises the public that the Intellectual Property Rights (IPR) Branch of Customs will no longer notify Customs officers and the public of trademark and copyright recordations through the issuance of paper circulars or directives, but rather that all such future notifications will be accomplished by means of the IPR module developed for the Automated Commercial System (ACS). Customs will furnish a print screen of the first page of IPR module text and a video image to interested members of the public upon request.

EFFECTIVE DATE: January 1, 1996.

FOR FURTHER INFORMATION CONTACT: John F. Atwood, Chief, Intellectual Property Rights Branch, Office of Regulations and Rulings, (202) 482–6960.

SUPPLEMENTARY INFORMATION:

Background

Prior to creating the Intellectual Property Rights (IPR) Task Force and IPR Branch, the principal vehicle for notifying Customs officers and the public of trademark and copyright recordations was through the issu ace of paper "circulars" or "directiv ". During 1989–1990, an IPR mod le was developed for the Automated Commercial System (ACS) d the basic information and images or all outstanding recordation ansferred to that program, along wi the addition of all new recordations. urrently, that database is approach g 20,000 and more than 1,500 n recordations are added each year.

A comparativ analysis of the existing paper recordat n notification system with the pap ess ACS/IPR module indicates th substantial monetary savings ar increased efficiency will result by liminating the paper system. Becaus of the ongoing conversion to Local rea Networks (LANs), Customs offic s now have the ability to call up bo the text and images (in the case of v rd trademarks, an image may not be ntered into the system). Accordingly, as of January 1, 1996, the IPR Bran in the Office of Regulations & Rulir will no longer issue paper circulars d directives concerning tradema and copyright recordations; the A S/IPR module will become the sol tool for basic consultation on thos matters.

As to the public avail ility of recordations, use of th Customs Electronic Bulletin B ard (CEBB)("Help" num er (703) 440–6236) is encouraged. Te on the CEBB identifies the rec rded trademark or copyright, its o ner, a contact person, and whether e trademark or copyright receives so-c lled "gray market" import restriction On a monthly basis, beginnin with the July 17, 1991, edition he *Customs Bulletin* has publis ed a brief reference of all trad ark and copyright recordations (in uding all those recorded prior to J y 17, 1991). Upon request, Customs fficers will furnish a print screen of the first page of IPR module text for a trademark or copyright with any references to licensees in recordations prior to January 1, 1996, deleted. Beginning on January 1, 1996, recordation texts will not include licensee information on the first page (not all recordations show licensees).

Since video images are not currently available through the CEBB, Customs officers will provide a relevant image upon request from the public.

In addition to financial savings, by narrowing the administration of trademark and copyright recordations to the one automated system, this will permit the IPR Branch to concentrate on improving and refining the ACS/IPR module. Substantive questions about disclosure and IPR recordations should be directed to the IPR Branch at (202) 482–6960.

Dated: January 2, 1996.

Michael H. Lane,

Acting Commissioner of Customs.

[FR Doc. 96–204 Filed 1–5–96; 8:45 am]

BILLING CODE 4820–02–P

Treasury Borrowing Advisory Committee
of the
Public Securities Association

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Charlotte, NC 28255-0001

January 31, 1996

COMMITTEE CHARGE

The Treasury would like the Committee's specific advice on the following:

Treasury financing

-- the composition of a financing to refund $31.3 billion of privately held notes maturing on February 15 and to raise $20 to $22 billion of cash in 3- and 10-year notes, 30-year bonds, and cash management bills;

-- whether to reopen either the 5-7/8% notes of 11/15/05 or the 6-7/8% bonds of 8/15/25; and

-- the composition of Treasury marketable financing for the remainder of the January-March quarter and for the April-June quarter.

Other topics

We also would like the Committee's views on:

-- the scheduling of securities issues by the Government-sponsored enterprises (Fannie Mae, etc.) and suggestions for improving the current queue system; for example, is the Treasury's traditional "traffic cop" role in scheduling GSEs' new issues making a significant contribution to stability in the market for Treasury securities? for GSE and Federal agency securities?

We would welcome any comments that the Committee might wish to make on related matters.

Summary of January - March 1996
Estimated Net Marketable Borrowing
(billions of dollars)

Net new money raised or announced (as of 1/29/96, 3:30 p.m.):

Regular Treasury bills (	\$0.00 billion of foreign add-ons)	4.8
52-week Treasury bills (	\$0.50 billion of foreign add-ons)	3.3
Cash management bills		-8.1
2-year notes (includes	\$0.00 billion of foreign add-ons)	0.8
5-year notes (includes	\$0.00 billion of foreign add-ons)	15.8
7-year notes redemption		-7.4
		9.2

Net new money yet to be raised

Regular Treasury bills (	\$0.00 billion of foreign add-ons)	20.6
52-week Treasury bills (	\$0.00 billion of foreign add-ons)	1.9
Cash management bills (	\$0.00 billion of foreign add-ons)	36.0
2- & 5-year notes (	\$0.00 billion of foreign add-ons)	4.4
Mid-quarter refunding (	\$0.00 billion of foreign add-ons)	13.2
		76.0

Total net marketable borrowing in the quarter	85.3

Note: Assumes an end-of-quarter cash balance of \$20 billion.

Summary of April - June 1996
Estimated Net Marketable Borrowing
(billions of dollars)

Net new money to be raised

Regular Treasury bills (	\$0.00 billion of foreign add-ons)	8.9
52-week Treasury bills (	\$0.00 billion of foreign add-ons)	5.6
Cash management bills (	\$0.00 billion of foreign add-ons)	-24.0
2- & 5-year notes (	\$4.65 billion of foreign add-ons)	21.8
Mid-quarter refunding (	\$1.75 billion of foreign add-ons)	0.2
7-year notes redemption		-7.8

Total net marketable borrowing in the quarter	4.7

Note: Assumes an end of quarter cash balance of \$35 billion.

Estimated Treasury Marketable Borrowing
(billions of dollars)

January - March 1996

Total estimated marketable borrowing	85.3
Total net marketable borrowing issued or announced through January 29, 1996	9.2
Total remaining net marketable borrowing	76.0
Cash balance at end of quarter	$20 billion

		Amount Maturing	Amount Offered	Foreign Add-ons	Cash raised	Cumulative cash raised
3- & 6-month bills						
04-Jan		27.6	28.1	0.0	0.5	
11-Jan		27.7	28.1	0.0	0.4	
18-Jan		27.5	25.1	0.0	-2.4	
25-Jan		19.3	23.1	0.0	3.8	
01-Feb		25.7	28.1	0.0	2.4	
08-Feb		*27.8*	*28.0*	*0.0*	*0.2*	
15-Feb		*27.1*	*29.0*	*0.0*	*1.9*	
22-Feb		*24.8*	*29.0*	*0.0*	*4.2*	
29-Feb		*26.5*	*29.0*	*0.0*	*2.5*	
07-Mar		*26.4*	*29.0*	*0.0*	*2.6*	
14-Mar		*27.6*	*29.0*	*0.0*	*1.4*	
21-Mar		*25.5*	*29.0*	*0.0*	*3.5*	
28-Mar		*24.7*	*29.0*	*0.0*	*4.3*	*25.4*
52-week bills						
11-Jan		17.4	18.9	0.0	1.5	
08-Feb		17.5	18.8	0.5	1.8	
07-Mar		*17.4*	*19.3*	*0.0*	*1.9*	*5.2*
Cash Management Bills						
Settlement date	Maturity date					
	25-Jan	8.1	0.0	0.0	-8.1	
15-Feb	25-Apr	*0.0*	*18.0*	*0.0*	*18.0*	
01-Mar	18-Apr	*0.0*	*18.0*	*0.0*	*18.0*	*27.9*
Coupons						
January 7-year		7.4	0.0	0.0	-7.4	
December 2-year		17.6	18.3	0.0	0.6	
December 5-year		0.0	12.0	0.0	12.0	
January 2-year		18.1	18.3	0.0	0.2	
January 5-year		8.2	12.0	0.0	3.8	
February 3-year		*0.0*	*18.5*	*0.0*	*18.5*	
February 10-year		*31.3*	*14.0*	*0.0*	*-17.3*	
February 30-year		*0.0*	*12.0*	*0.0*	*12.0*	
Total Refunding		*31.3*	*44.5*	*0.0*	*13.2*	
February 2-year		*18.5*	*18.8*	*0.0*	*0.3*	
February 5-year		*8.4*	*12.5*	*0.0*	*4.1*	*26.7*
Grand total		*507.9*	*592.7*	*0.5*	*85.3*	*85.3*

Estimated Treasury Marketable Borrowing
(billions of dollars)

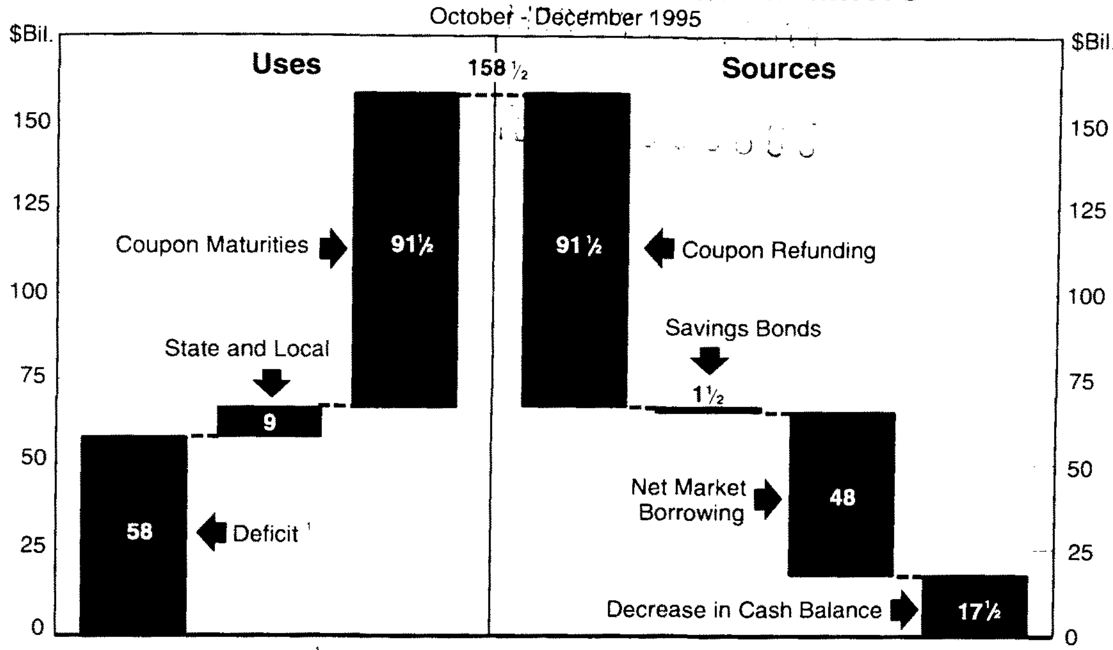
April - June 1996

Total estimated marketable borrowing	4.7
Total net marketable borrowing issued or announced through January 29, 1996	0.0
Total remaining net marketable borrowing	4.7
Cash balance at end of quarter	$45 billion

		Amount Maturing	Amount Offered	Foreign Add-ons	Cash raised	Cumulative cash raised
3- & 6-month bills						
04-Apr		26.9	29.0	0.0	2.1	
11-Apr		27.3	29.0	0.0	1.7	
18-Apr		25.6	26.0	0.0	0.4	
25-Apr		24.6	26.0	0.0	1.4	
02-May		26.9	26.0	0.0	-0.9	
09-May		28.7	28.0	0.0	-0.7	
16-May		29.3	28.0	0.0	-1.3	
23-May		27.1	28.0	0.0	0.9	
30-May		28.6	29.0	0.0	0.4	
06-Jun		28.5	29.0	0.0	0.5	
13-Jun		28.6	29.0	0.0	0.4	
20-Jun		28.6	30.0	0.0	1.4	
27-Jun		27.6	30.0	0.0	2.4	8.9
52-week bills						
04-Apr		17.6	19.8	0.0	2.2	
02-May		18.0	19.8	0.0	1.8	
30-May		18.6	19.8	0.0	1.2	
27-Jun		19.3	19.8	0.0	0.4	5.6
Cash management bills						
Settlement date	Maturity date					
03-Apr	18-Apr	0.0	15.0	0.0	15.0	
	18-Apr	33.0	0.0	0.0	-33.0	
	25-Apr	18.0	0.0	0.0	-18.0	
15-May	20-Jun	0.0	15.0	0.0	15.0	
03-Jun	19-Sep	0.0	12.0	0.0	12.0	
	20-Jun	15.0	0.0	0.0	-15.0	-24.0
Coupons						
April 7-year		7.8	0.0	0.0	-7.8	
March 2-year		17.6	19.3	1.3	2.9	
March 5-year		8.0	13.0	0.3	5.3	
April 2-year		18.0	19.3	1.3	2.5	
April 5-year		8.6	13.0	0.3	4.7	
~~November~~ 3-year		0.0	19.0	1.3	20.3	
May ~~November~~ 10-year		35.0	14.5	0.5	-20.0	
~~November~~ 30-year		0.0	0.0	0.0	0.0	
Refunding		35.0	33.5	1.8	0.2	
May 2-year		18.2	19.3	1.3	2.3	
May 5-year		9.2	13.0	0.3	4.1	14.2
Grand total		620.0	618.3	6.4	4.7	4.7

TREASURY FINANCING REQUIREMENTS

October - December 1995



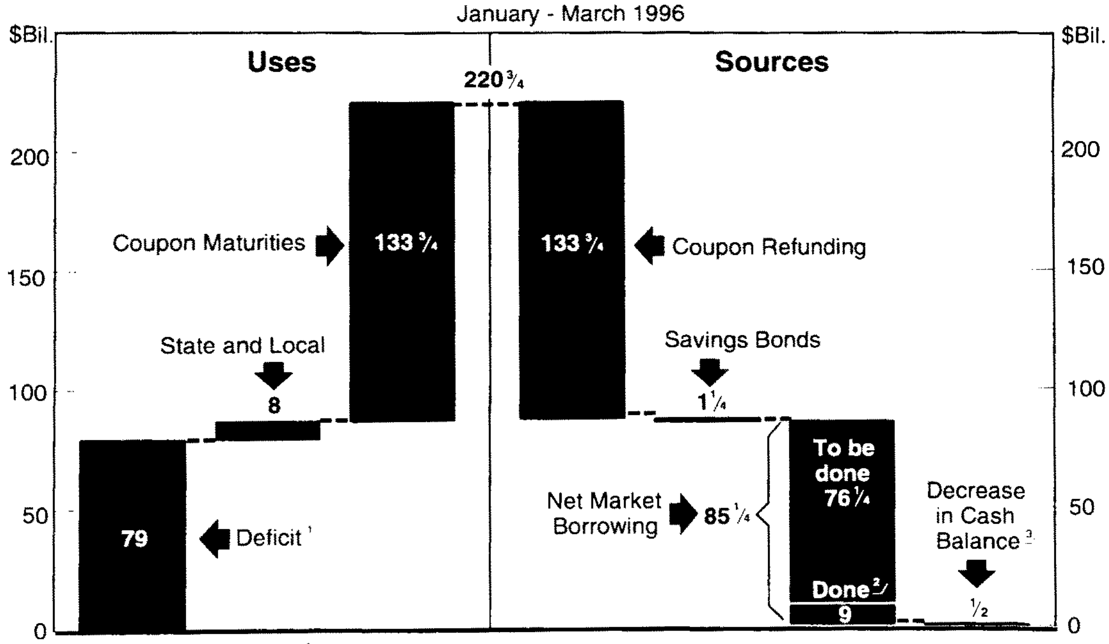
[1] Includes budget deficit, changes in accrued interest and checks outstanding and minor miscellaneous debt transactions.

Department of the Treasury
Office of Market Finance

January 29, 1996-1

TREASURY FINANCING REQUIREMENTS

January - March 1996



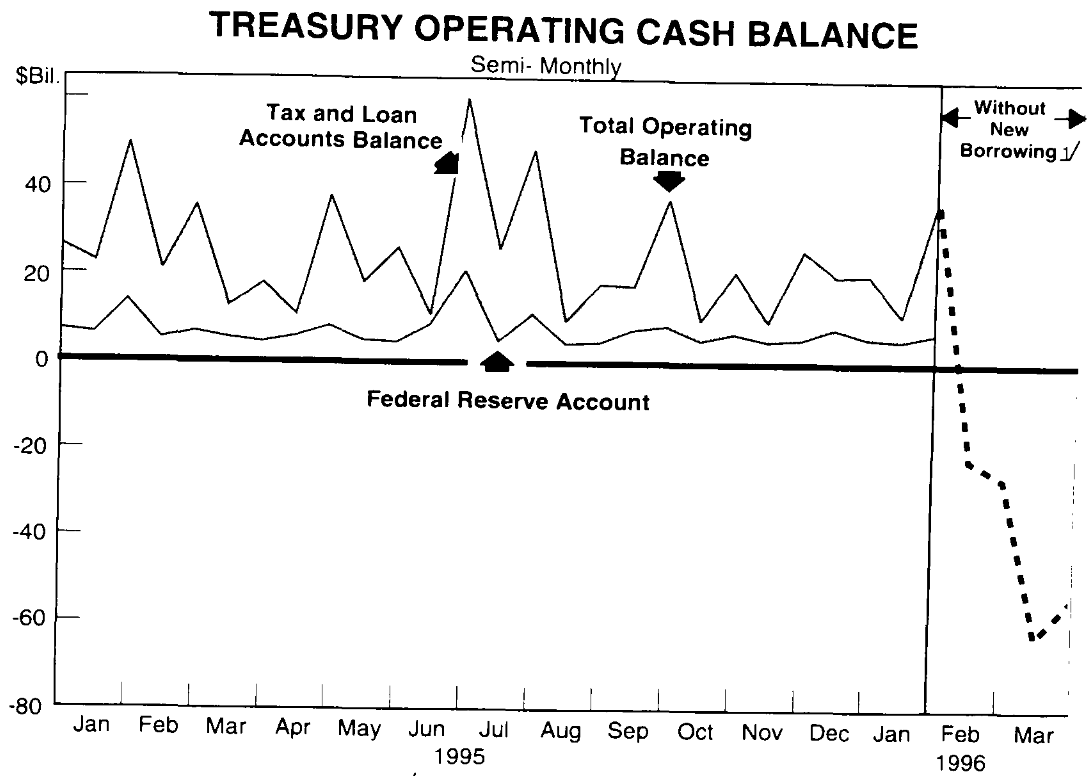
[1] Includes budget deficit, changes in accrued interest and checks outstanding and minor miscellaneous debt transactions.

[2] Issued or announced through January 26, 1996.

[3] Assumes a $20 billion cash balance March 31, 1996.

Department of the Treasury
Office of Market Finance

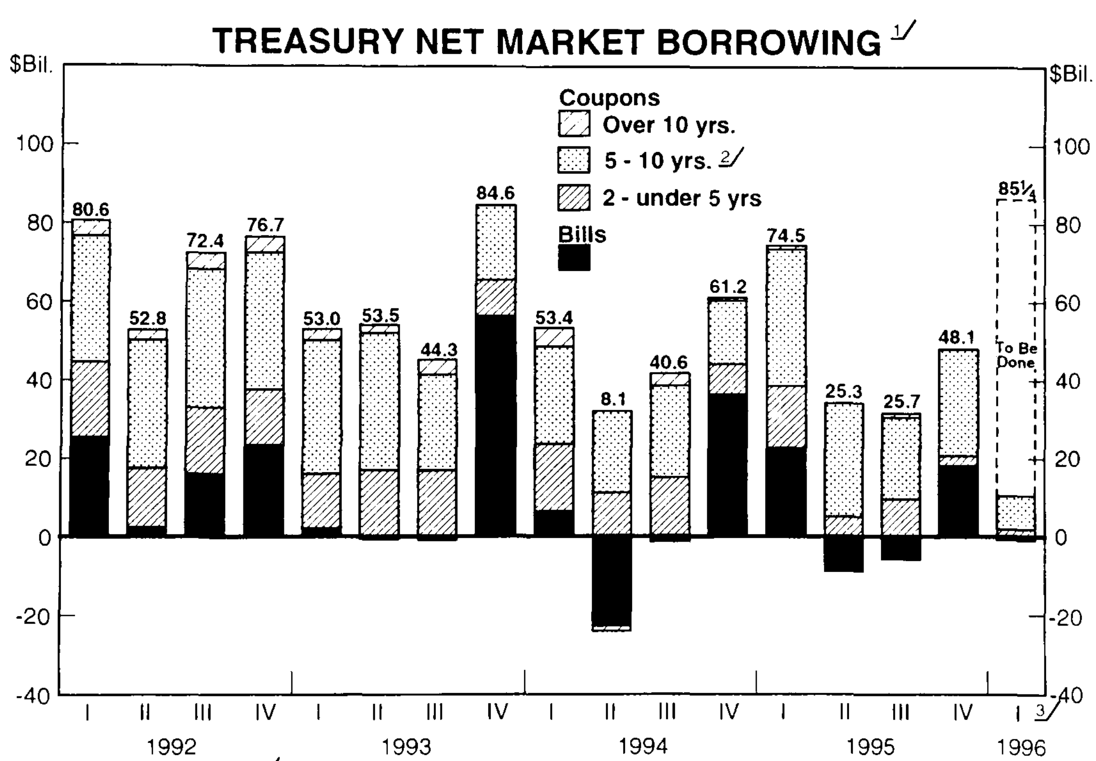
January 29, 1996-2



1/ Assumes refunding of maturing issues.

Department of the Treasury
Office of Market Finance

January 29, 1996-3

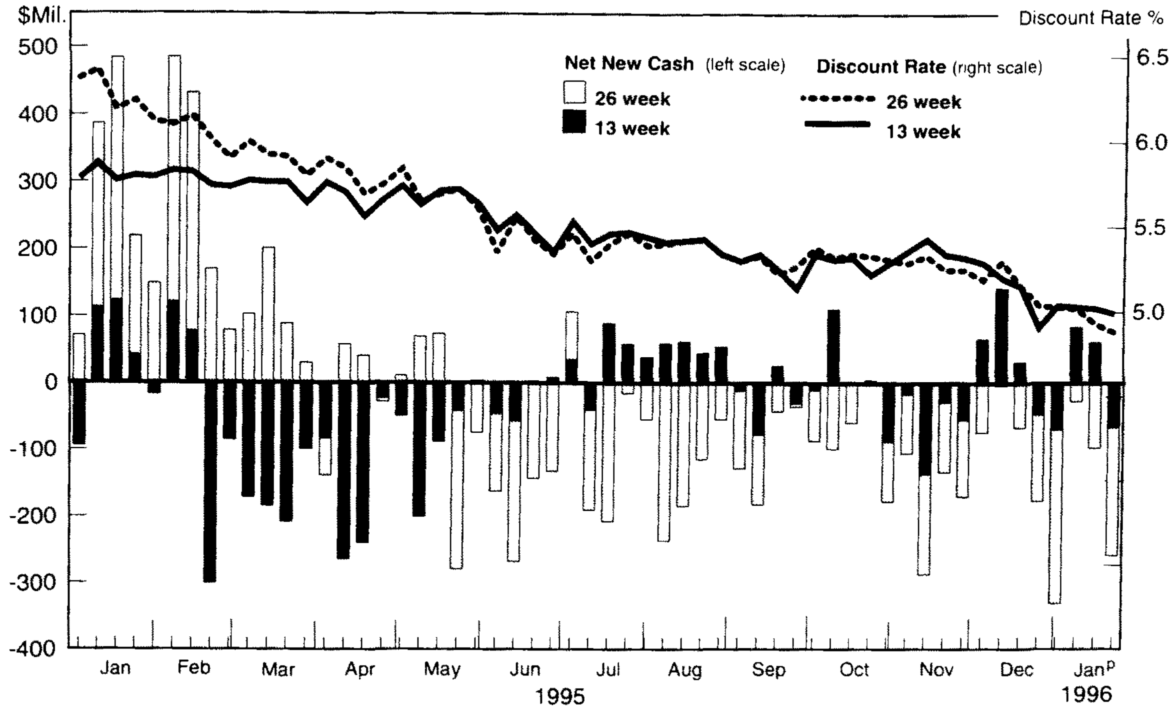


1/ Excludes Federal Reserve and Government Account Transactions.
2/ 7 year note discontinued after April 1993.
3/ Issued or announced through January 26, 1996.

Department of the Treasury
Office of Market Finance

January 29, 1996-4

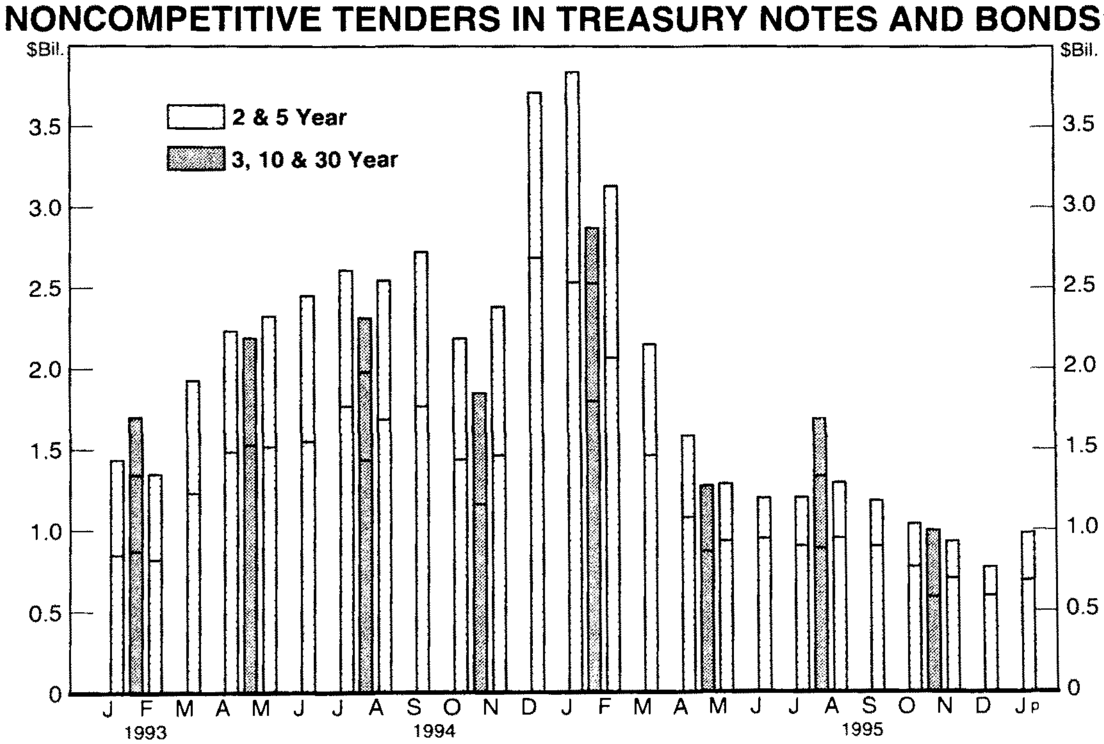
NET NEW CASH FROM NONCOMPETITIVE TENDERS IN WEEKLY BILL AUCTIONS 1/



1/ Excludes noncompetitive tenders from foreign official accounts and the Federal Reserve account.

p Preliminary

NONCOMPETITIVE TENDERS IN TREASURY NOTES AND BONDS 1/



1/ Excludes foreign add-ons from noncompetitive tenders. Since October 18, 1995, foreign add-ons have been prohibited to avoid exceeding the debt limit, foreign rollovers are also excluded from noncompetitive tenders.

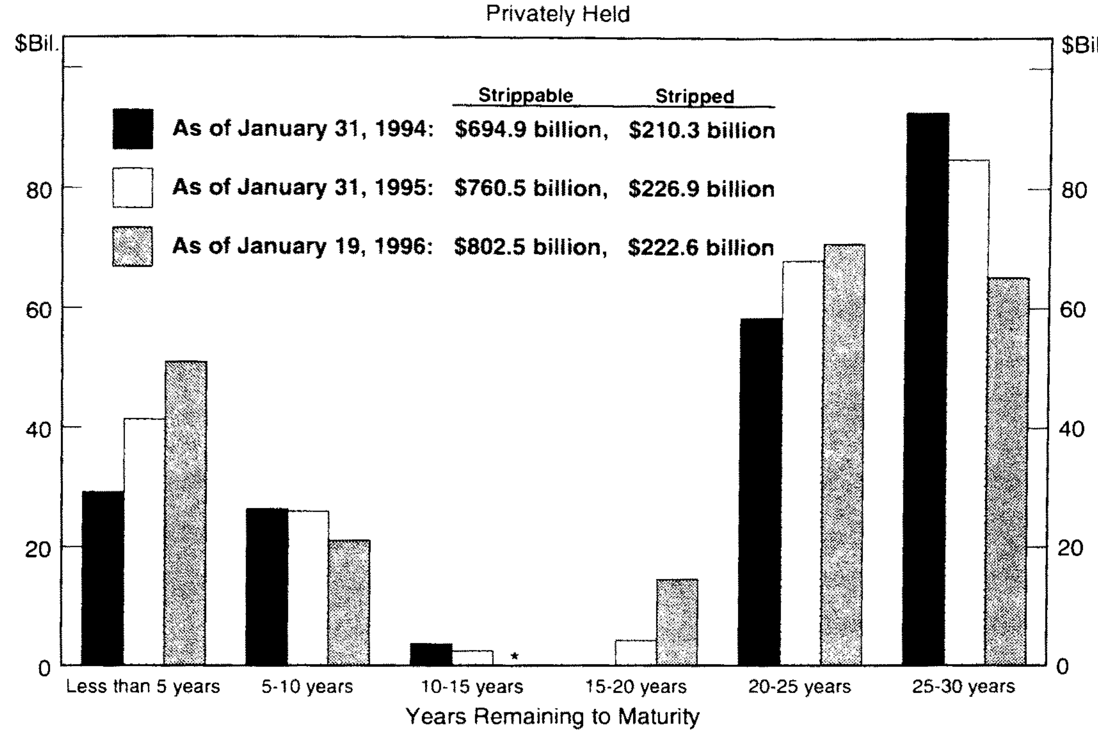
p Preliminary

Treasury increased the maximum noncompetitive award to any noncompetitive bidder to $5 million effective November 5, 1991

Effective February 11, 1992, a noncompetitive bidder may not hold a position in WI trading, futures, or forward contracts nor submit both competitive and noncompetitive bids for its own account

SECURITIES HELD IN STRIPS FORM 1994-1996

Privately Held



Note: The STRIPS program was established in February 1985. The 11 5/8% note of November 15, 1994, issued on November 15, 1984, was the first STRIPS-eligible security to mature.

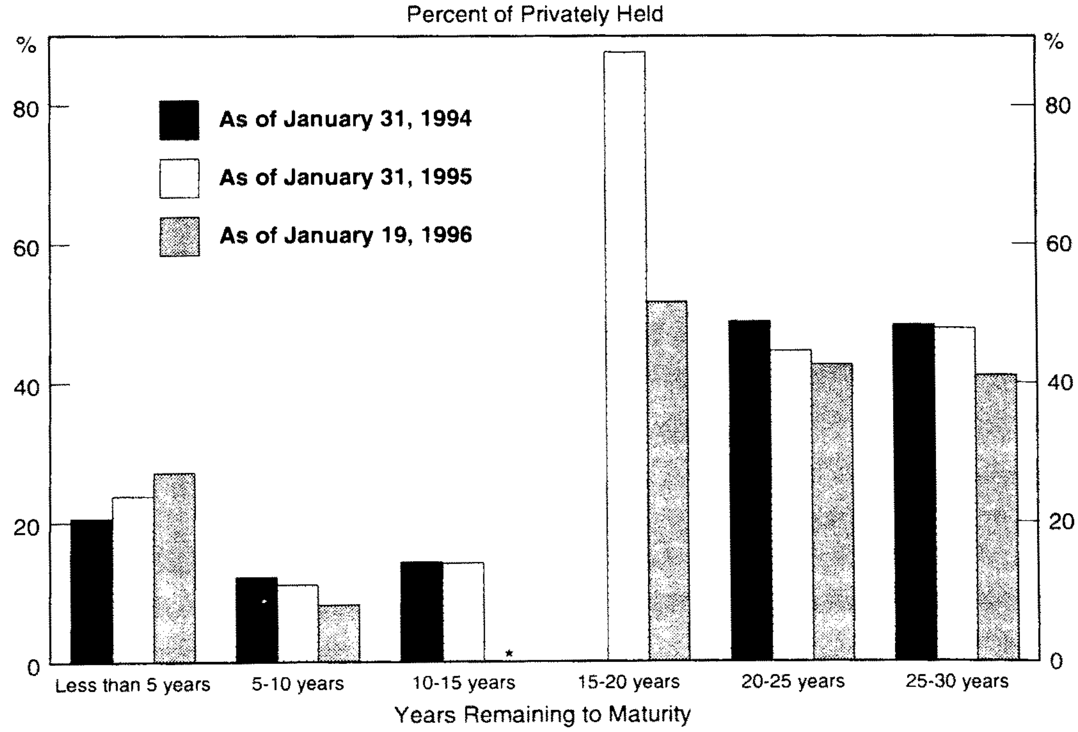
* Less than $3 million.

Department of the Treasury
Office of Market Finance

January 29, 1996-7

SECURITIES HELD IN STRIPS FORM 1994-1996

Percent of Privately Held

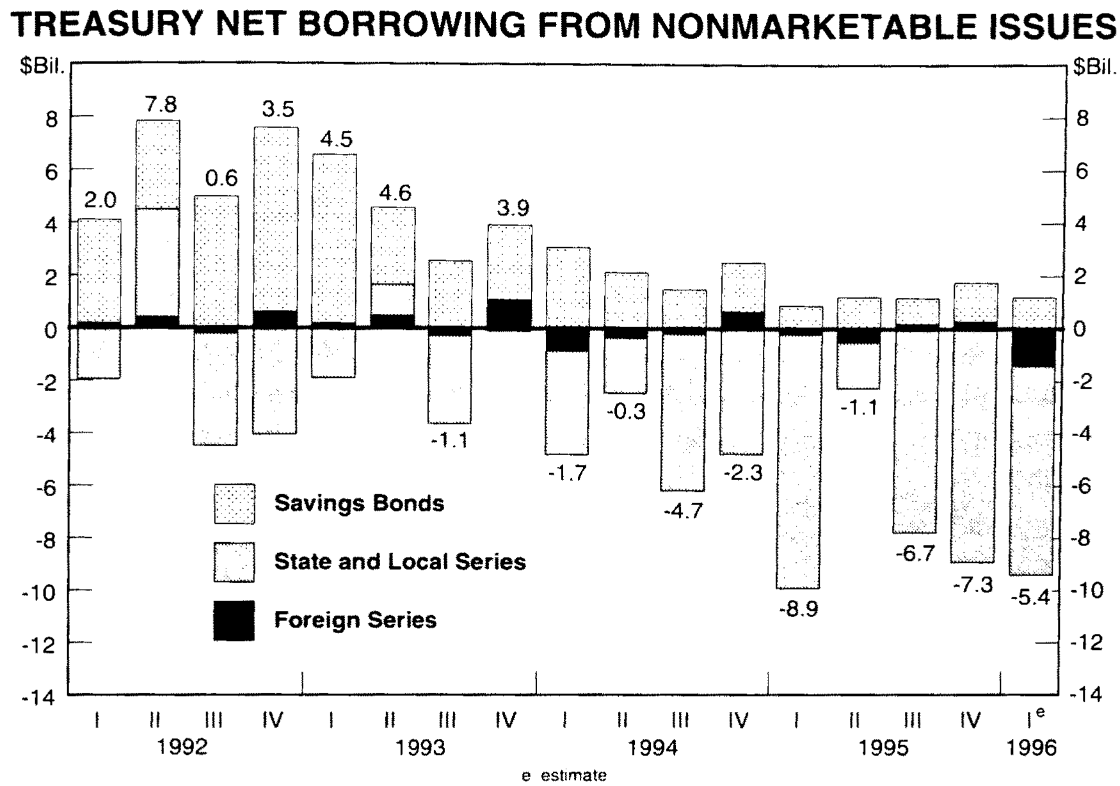


Note: The STRIPS program was established in February 1985. The 11 5/8% note of November 15, 1994, issued on November 15, 1984, was the first STRIPS-eligible security to mature.

* Less than 1 percent.

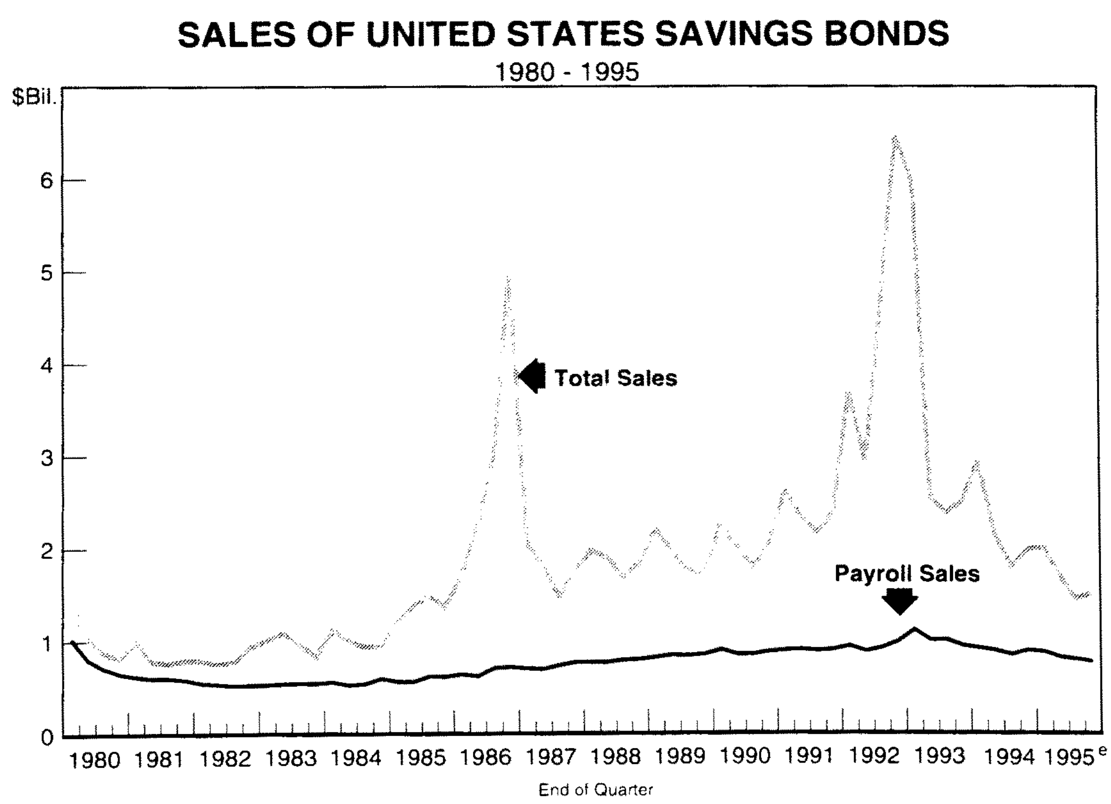
Department of the Treasury
Office of Market Finance

January 29, 1996-8



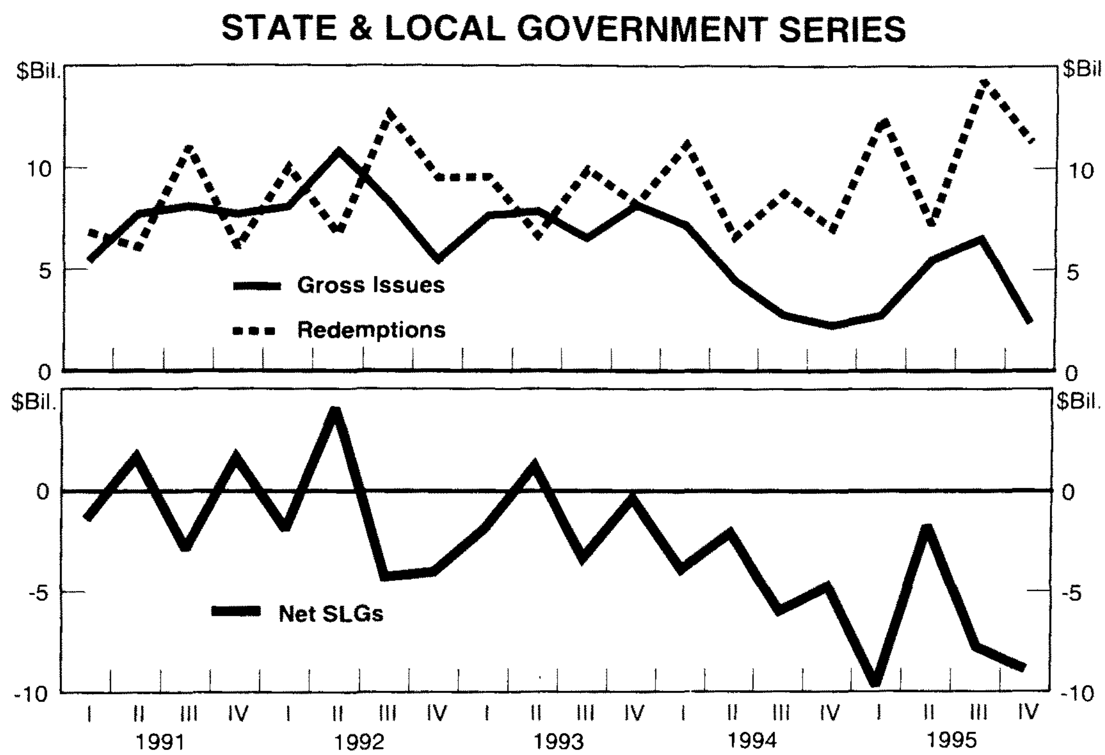
Department of the Treasury
Office of Market Finance

January 29, 1996-9



Department of the Treasury
Office of Market Finance

January 29, 1996-10



Note: SLGS sales were suspended effective October 18, 1995.

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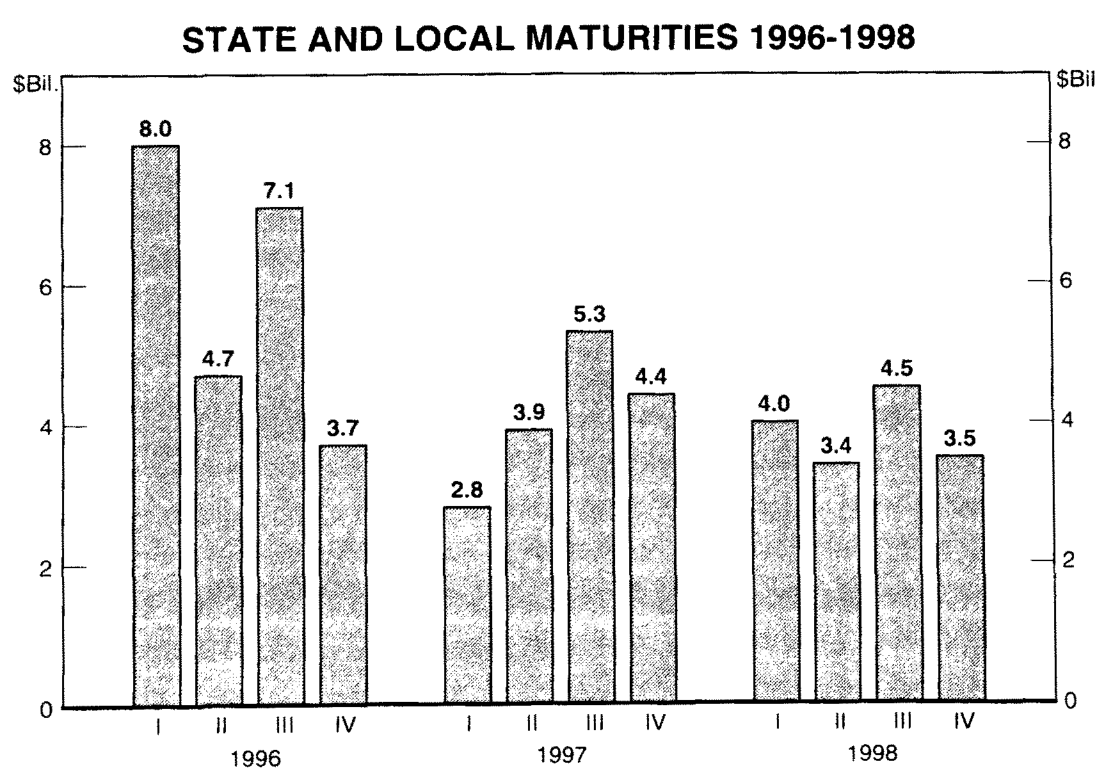
Office of Market Finance

January 29, 1996-11



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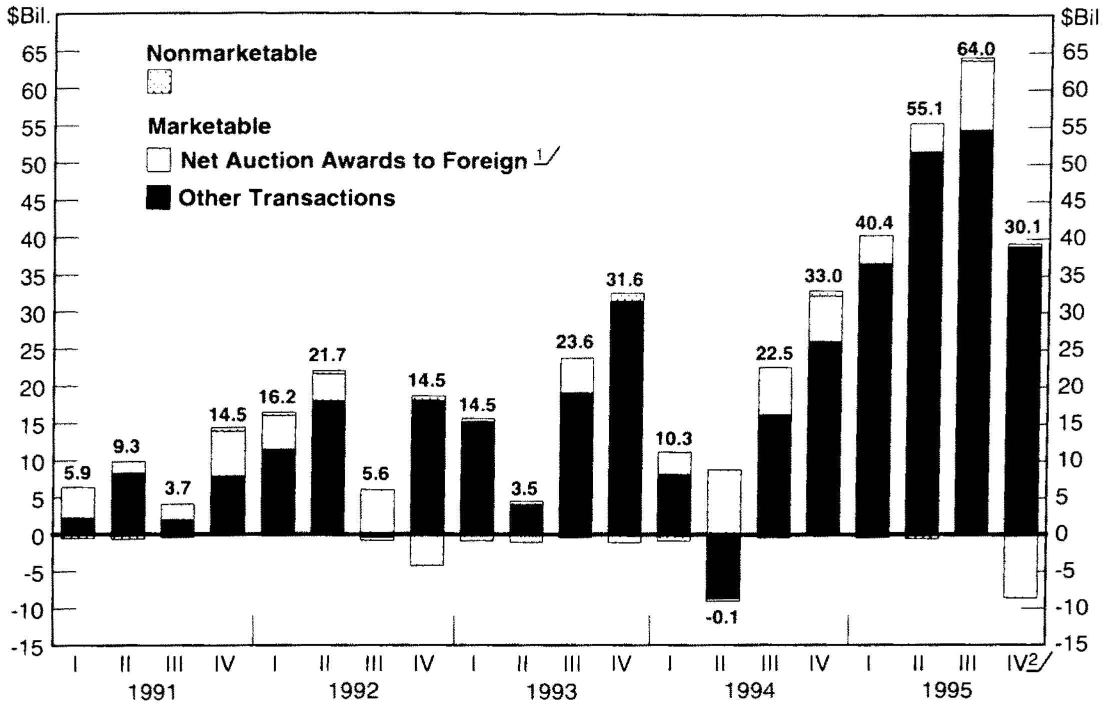
Office of Market Finance

January 29, 1996-12

QUARTERLY CHANGES IN FOREIGN AND INTERNATIONAL HOLDINGS OF PUBLIC DEBT SECURITIES



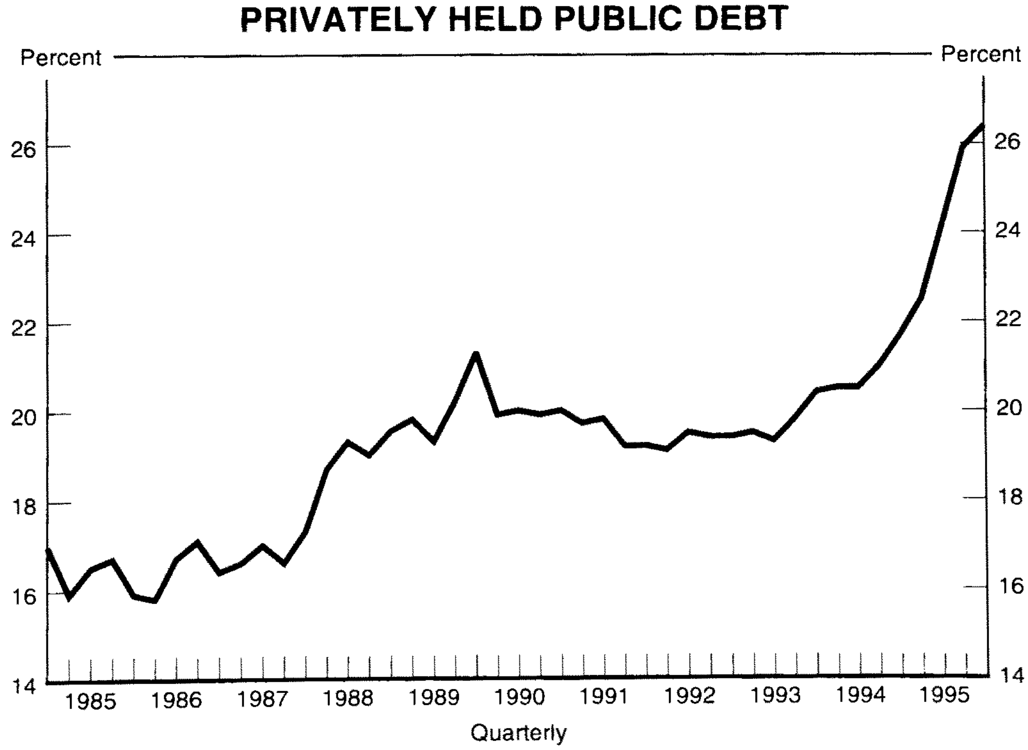
1/ Auction awards to foreign official purchasers netted against holdings of maturing securities.

2/ Data through November 30, 1995.

Department of the Treasury
Office of Market Finance

January 29, 1996-13

FOREIGN HOLDINGS AS A PERCENT OF TOTAL PRIVATELY HELD PUBLIC DEBT



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Office of Market Finance

January 29, 1996-14

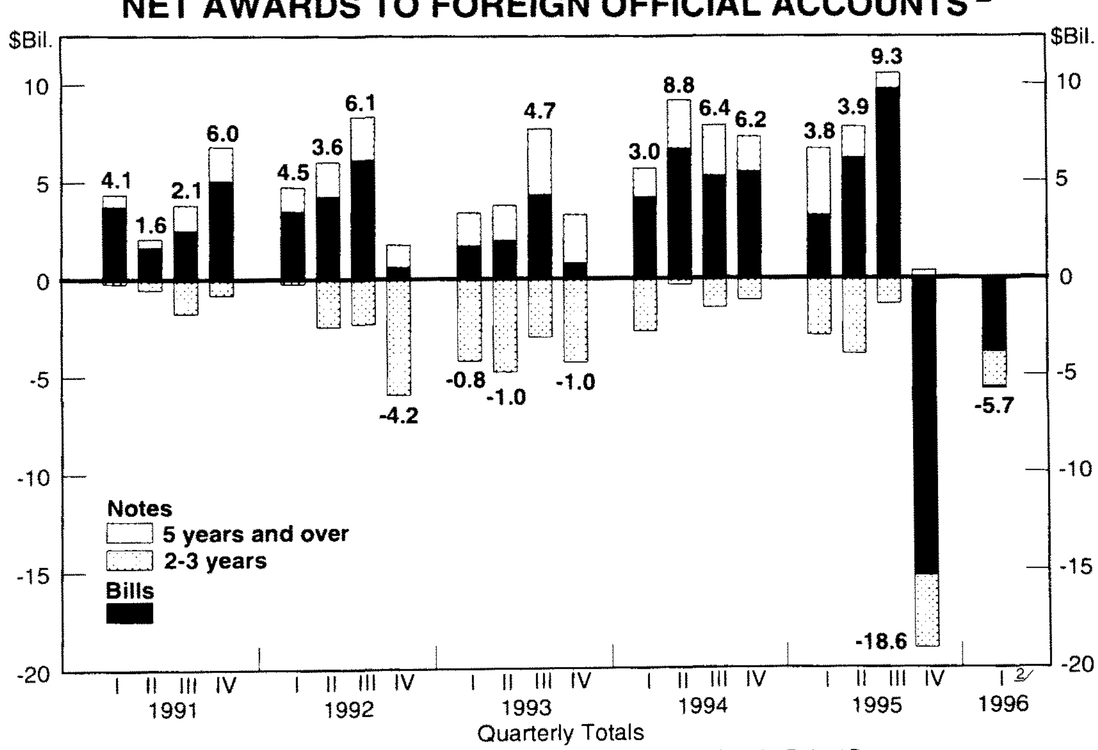
MAJOR FOREIGN HOLDERS OF TREASURY SECURITIES

Country	December 31, 1993 $ Billions	December 31, 1993 As a % of Total Foreign	December 31, 1993 As a % of Total Private	December 31, 1994 $ Billions	December 31, 1994 As a % of Total Foreign	December 31, 1994 As a % of Total Private	November 30, 1995 $ Billions	November 30, 1995 As a % of Total Foreign	November 30, 1995 As a % of Total Private
Japan	$142.7	22.9%	4.7%	$175.7	25.5%	5.5%	$225.1	25.6%	6.8%
United Kingdom	68.4	11.0%	2.2%	91.0	13.2%	2.9%	129.9	14.8%	3.9%
Germany	46.4	7.4%	1.5%	54.4	7.9%	1.7%	55.3	6.3%	1.7%
Netherland Antilles	17.1	2.7%	0.6%	27.6	4.0%	0.9%	52.2	5.9%	1.6%
Switzerland	32.6	5.2%	1.1%	32.4	4.7%	1.0%	35.6	4.1%	1.1%
Singapore	18.2	2.9%	0.6%	21.9	3.2%	0.7%	33.0	3.8%	1.0%
Mainland China	4.6	0.7%	0.2%	20.5	3.0%	0.6%	31.5	3.6%	0.9%
OPEC	26.7	4.3%	0.9%	25.6	3.7%	0.8%	29.3	3.3%	0.9%
Canada	22.8	3.7%	0.7%	24.6	3.6%	0.8%	25.0	2.8%	0.8%
Taiwan	28.2	4.5%	0.9%	25.8	3.7%	0.8%	23.6	2.7%	0.7%
Spain	31.2	5.0%	1.0%	27.9	4.1%	0.9%	19.7	2.2%	0.6%
Hong Kong	13.7	2.2%	0.4%	13.8	2.0%	0.4%	18.8	2.1%	0.6%
Mexico	23.2	3.7%	0.8%	7.9	1.1%	0.2%	16.6	1.9%	0.5%
Belgium	12.0	1.9%	0.4%	13.1	1.9%	0.4%	14.7	1.7%	0.4%
France	8.9	1.4%	0.3%	9.7	1.4%	0.3%	9.3	1.1%	0.3%
Other	126.2	20.3%	4.1%	116.7	16.9%	3.7%	158.6	18.1%	4.8%
Estimated Foreign Total	622.9	100.0%	20.4%	688.6	100.0%	21.7%	878.2	100.0%	26.4%

Note: RP's are included in "other". Detail may not add to totals due to rounding.

Source: Treasury Foreign Portfolio Investment Survey benchmark as of end-year 1989 and monthly data collected under the Treasury International Capital reporting system.

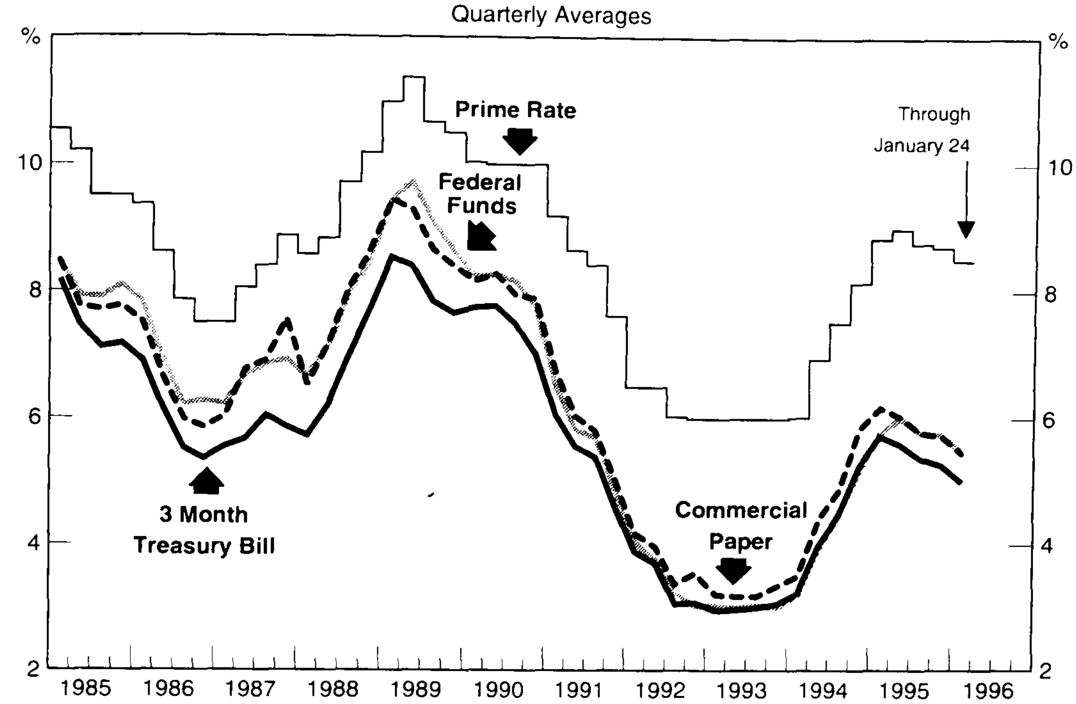
NET AWARDS TO FOREIGN OFFICIAL ACCOUNTS 1/



1/ Noncompetitive awards to foreign official accounts held in custody at the Federal Reserve in excess of foreign custody account holdings of maturing securities. Foreign add-ons prohibited since October 18, 1995 to avoid exceeding the debt limit.

2/ Through January 26, 1996.

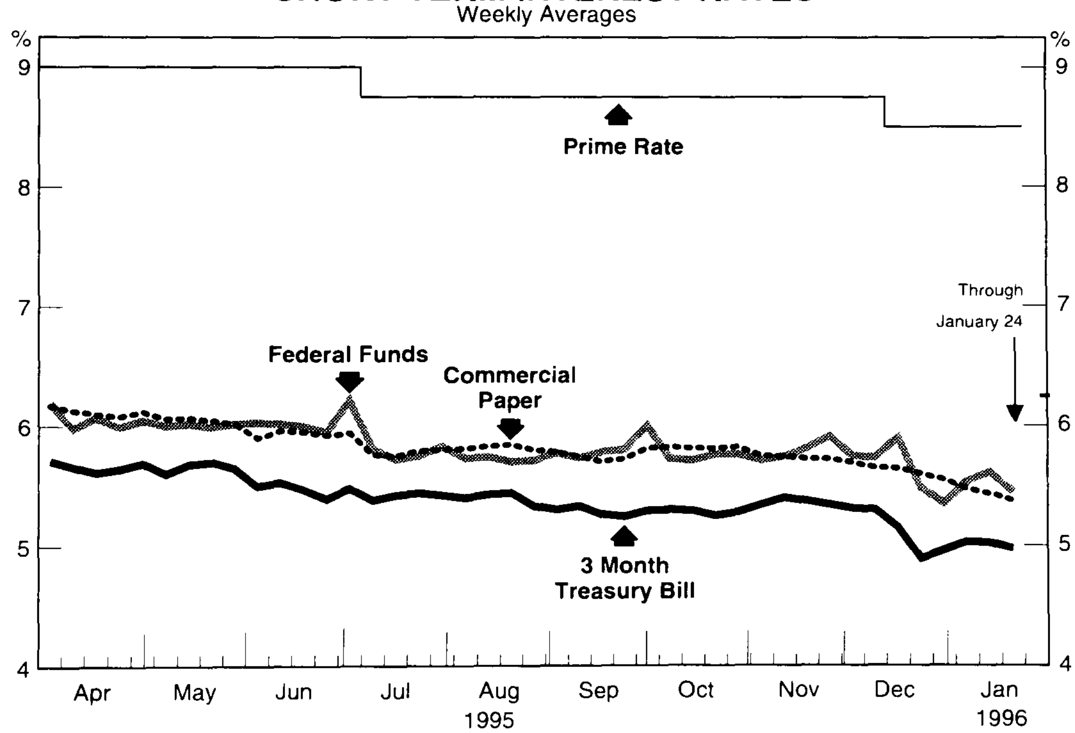
SHORT TERM INTEREST RATES
Quarterly Averages



Department of the Treasury
Office of Market Finance

January 29, 1996-17

SHORT TERM INTEREST RATES
Weekly Averages



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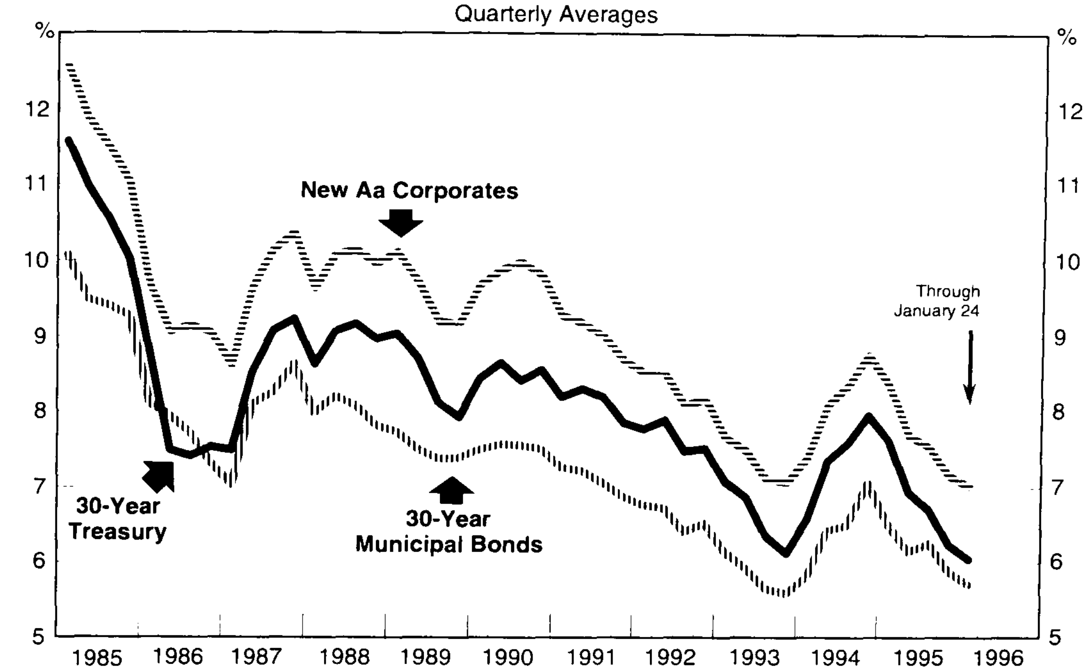
January 29, 1996-18

LONG TERM MARKET RATES

Quarterly Averages



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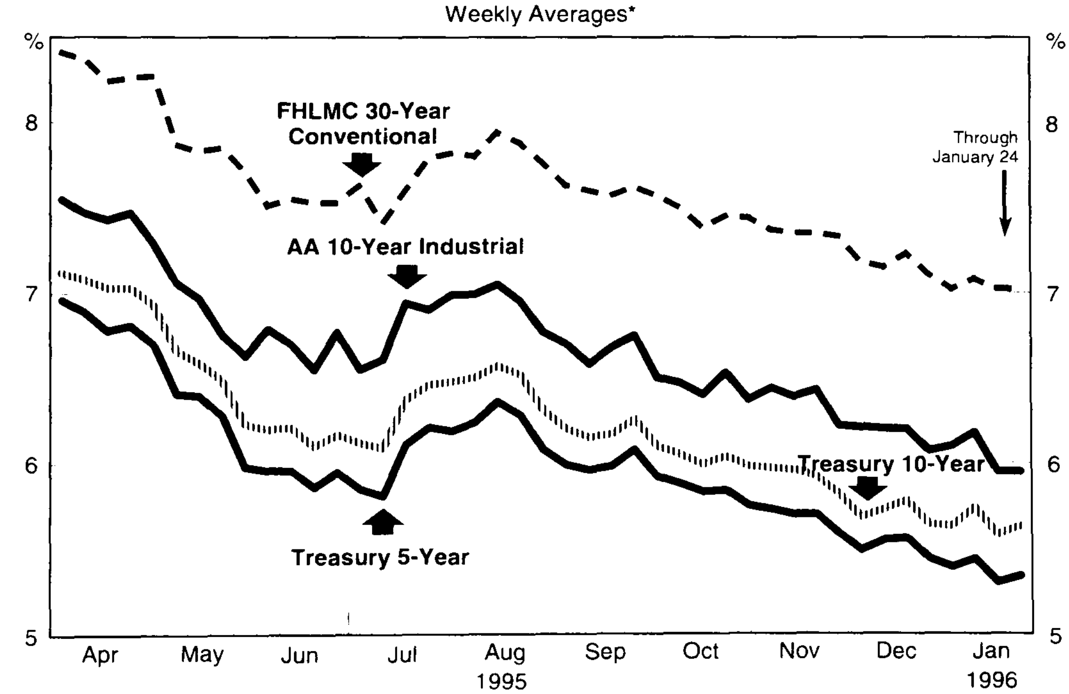
January 29, 1996-19

INTERMEDIATE TERM INTEREST RATES

Weekly Averages*



* Salomon 10-yr. AA Industrial is a Thursday rate.

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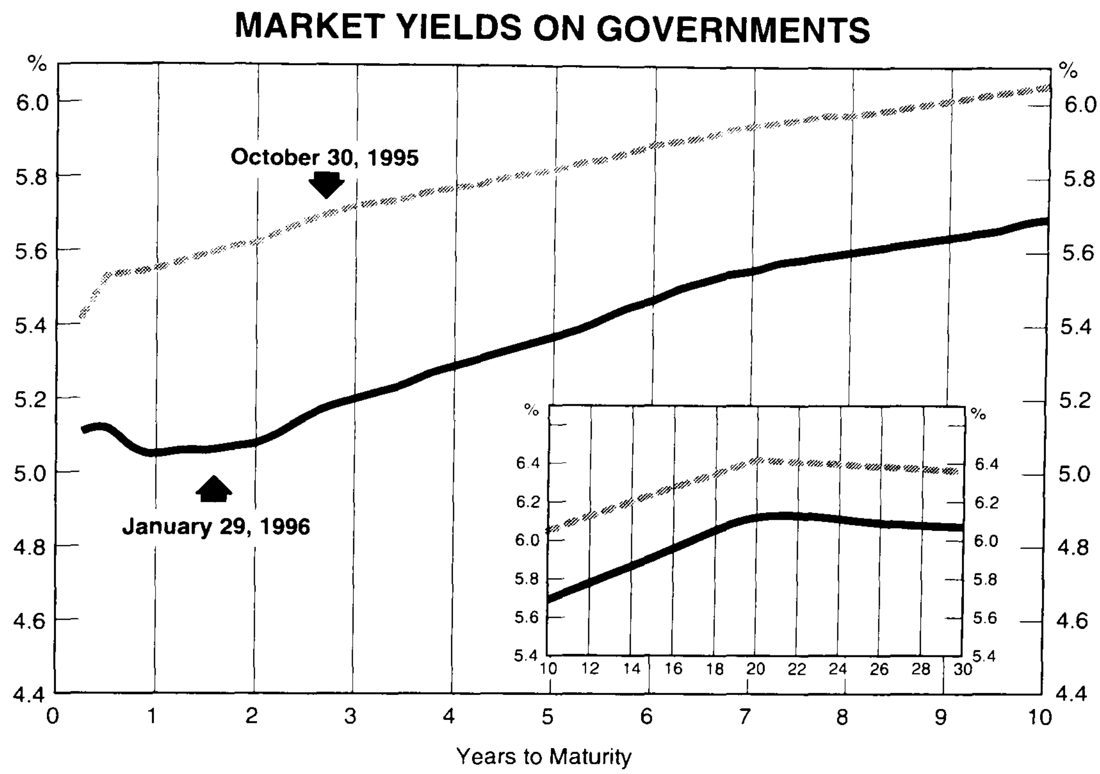
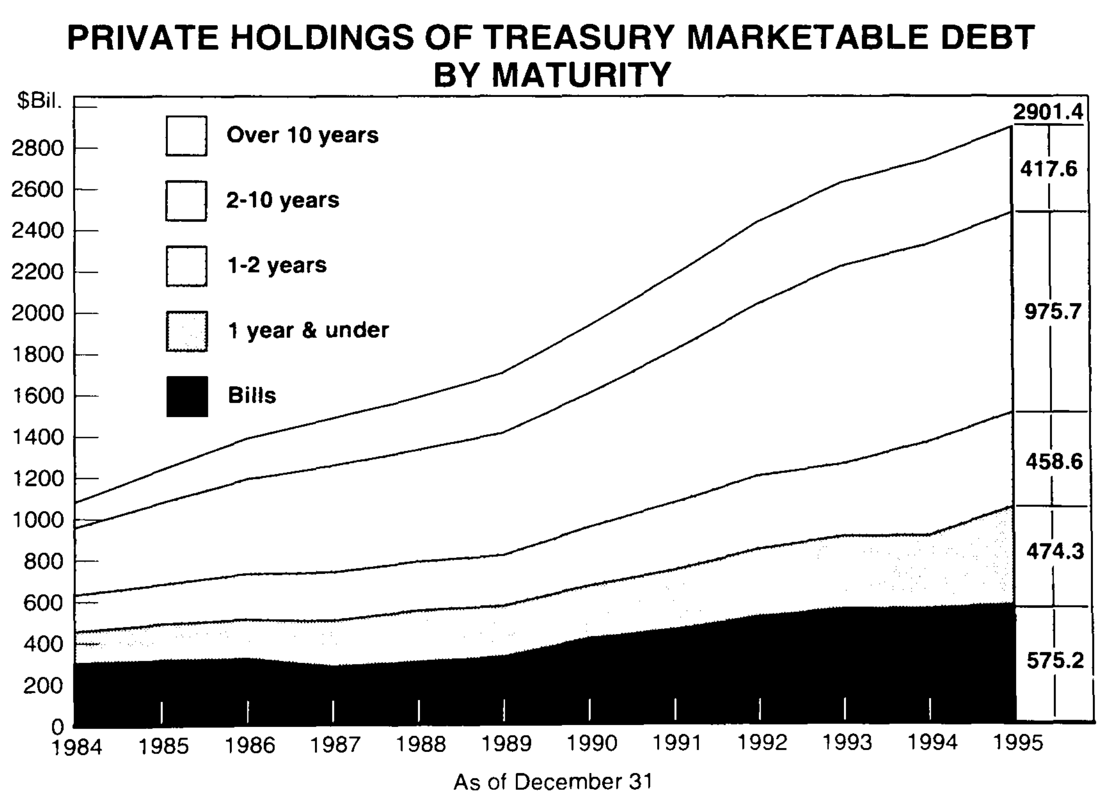
January 29, 1996-20



Department of the Treasury
Office of Market Finance

January 30, 1996-21

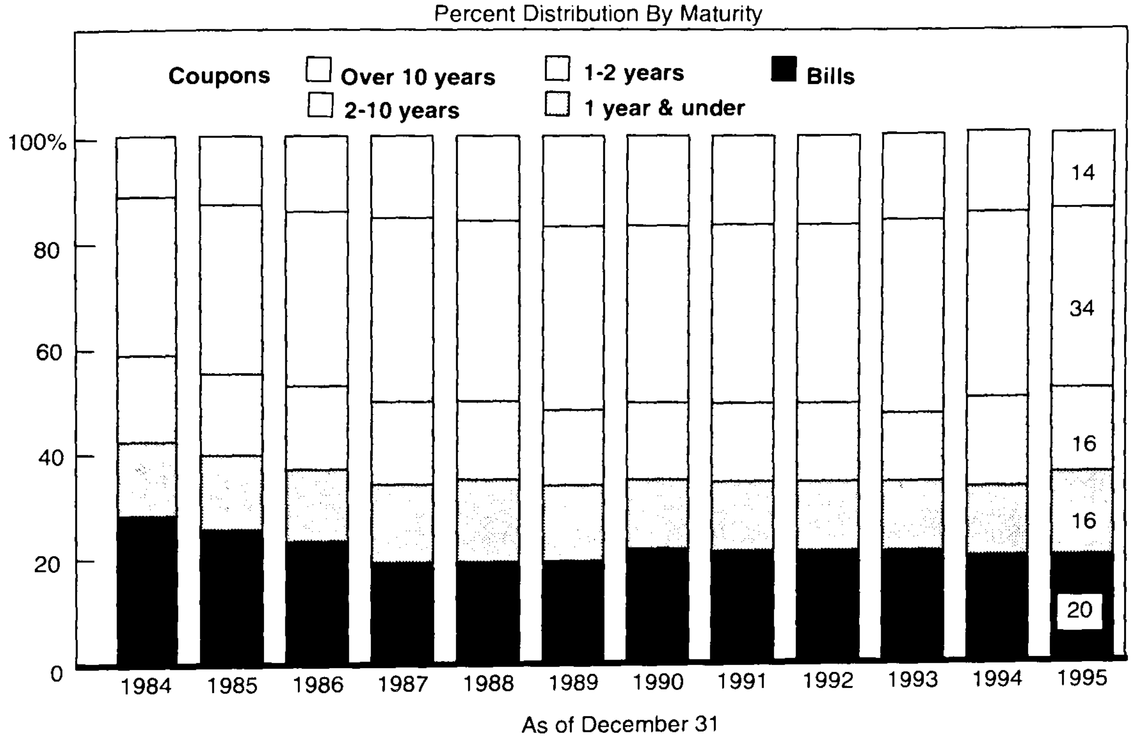


Department of the Treasury
Office of Market Finance

January 29, 1996-22

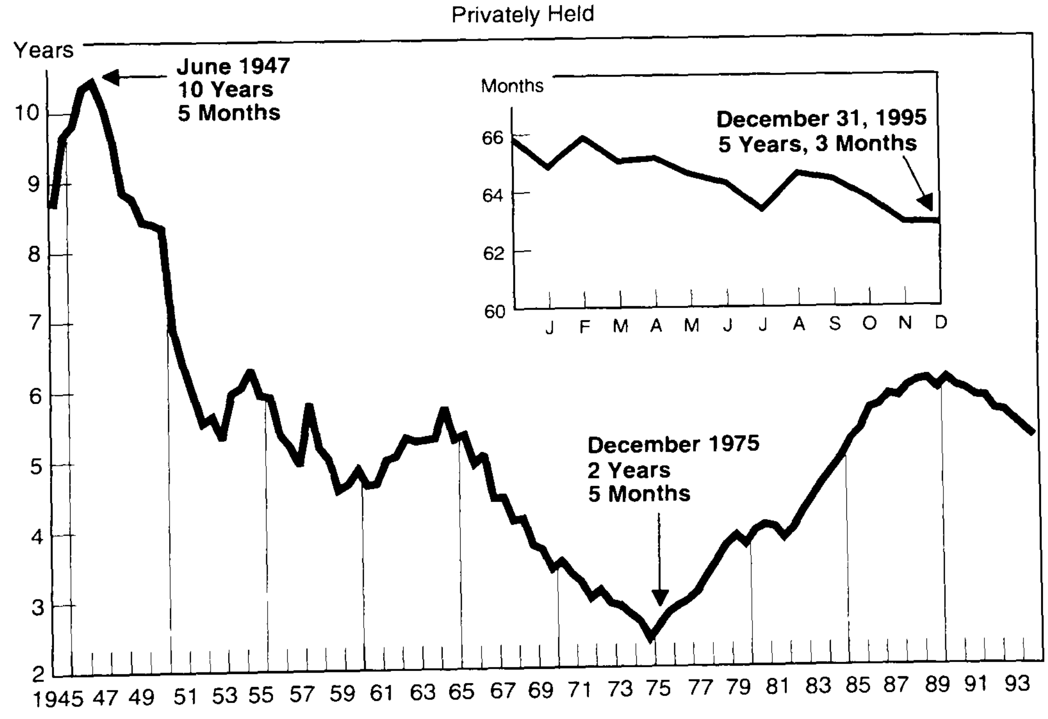
PRIVATE HOLDINGS OF TREASURY MARKETABLE DEBT

Percent Distribution By Maturity



AVERAGE LENGTH OF THE MARKETABLE DEBT

Privately Held



MATURING COUPON ISSUES

February - June 1996

(in millions of dollars)

Maturing Coupons			December 31, 1995			
			Total	Held by		
				Federal Reserve & Government Accounts	Private Investors	Foreign[1] Investors
8 7/8%	Note	02/15/96[2]	8,575	616	7,959	374
7 7/8%	Note	02/15/96	9,055	1,427	7,628	679
4 5/8%	Note	02/15/96	19,537	3,828	15,709	630
7 1/2%	Note	02/29/96	9,622	1,256	8,366	435
4 5/8%	Note	02/29/96	18,949	448	18,501	2,479
7 3/4%	Note	03/31/96	9,081	1,119	7,962	555
5 1/8%	Note	03/31/96	19,579	1,980	17,599	1,955
9 3/8%	Note	04/15/96	7,782	787	6,995	647
7 5/8%	Note	04/30/96	9,496	926	8,570	786
5 1/2%	Note	04/30/96	18,806	800	18,006	2,685
7 3/8%	Note	05/15/96	20,086	2,074	18,012	1,155
4 1/4%	Note	05/15/96	19,264	2,228	17,036	3,557
7 5/8%	Note	05/31/96	9,617	393	9,224	1,312
5 7/8%	Note	05/31/96	18,927	753	18,174	4,574
7 7/8%	Note	06/30/96	9,770	412	9,358	574
6 %	Note	06/30/96	19,859	1,765	18,094	4,784
Totals			228,005	20,812	207,193	27,152

1/ F.R.B. custody accounts for foreign official institutions; included in Private Investors.

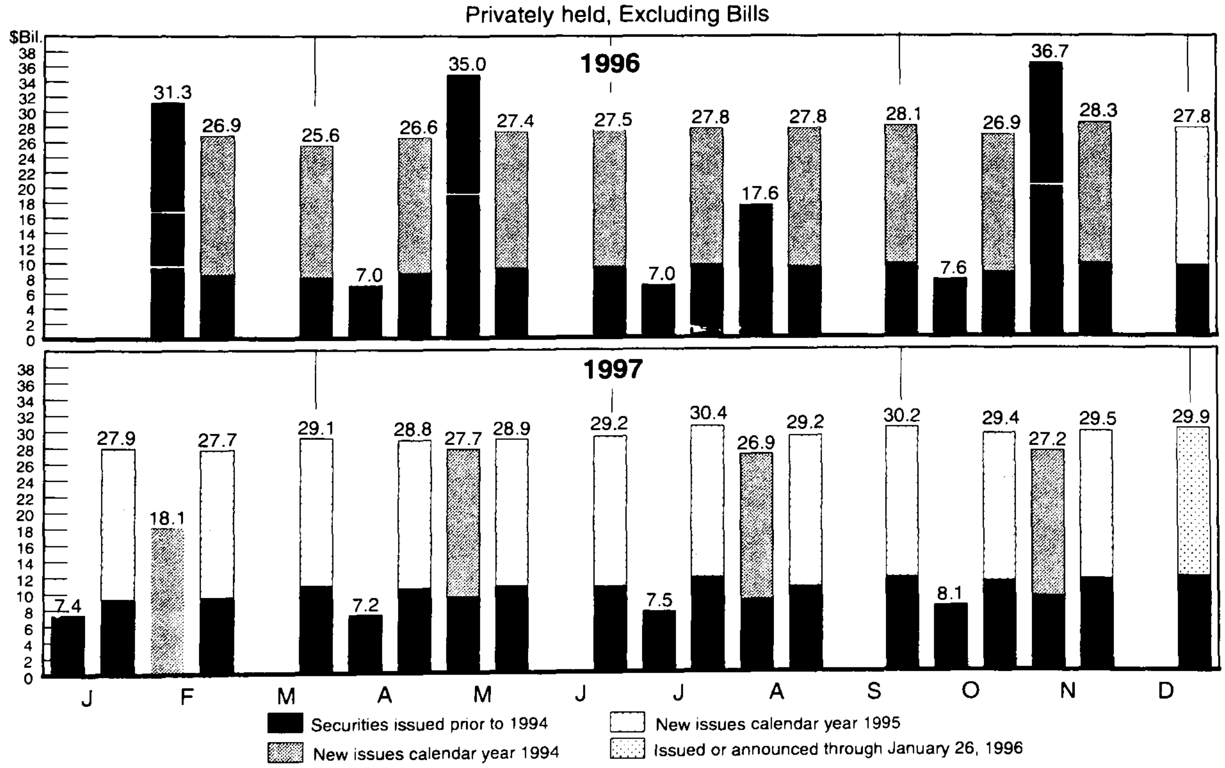
2/ Includes $125 million of foreign targeted Treasury note.

Department of the Treasury
Office of Market Finance

January 29, 1996-25

TREASURY MARKETABLE MATURITIES

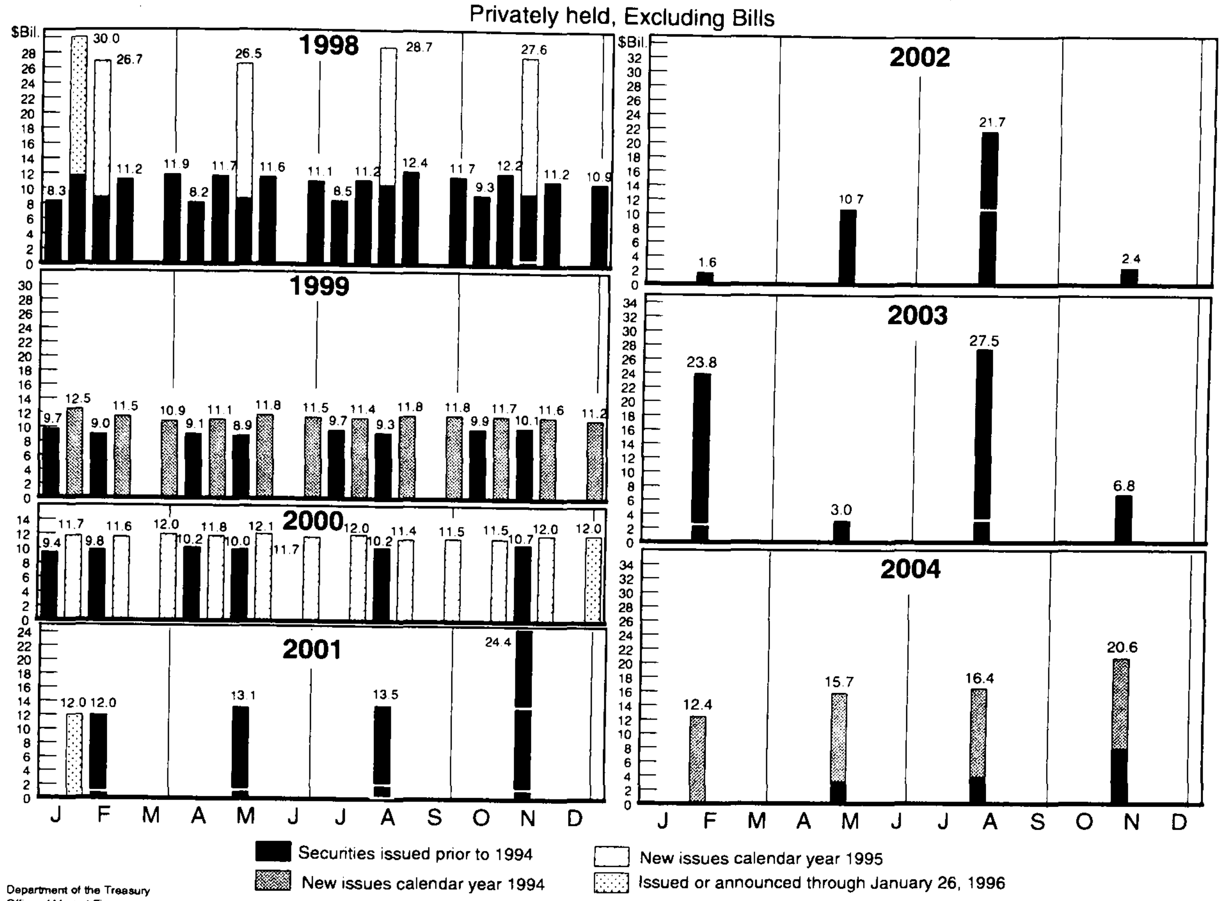
Privately held, Excluding Bills



Department of the Treasury
Office of Market Finance

January 29, 1996-26

TREASURY MARKETABLE MATURITIES
Privately held, Excluding Bills



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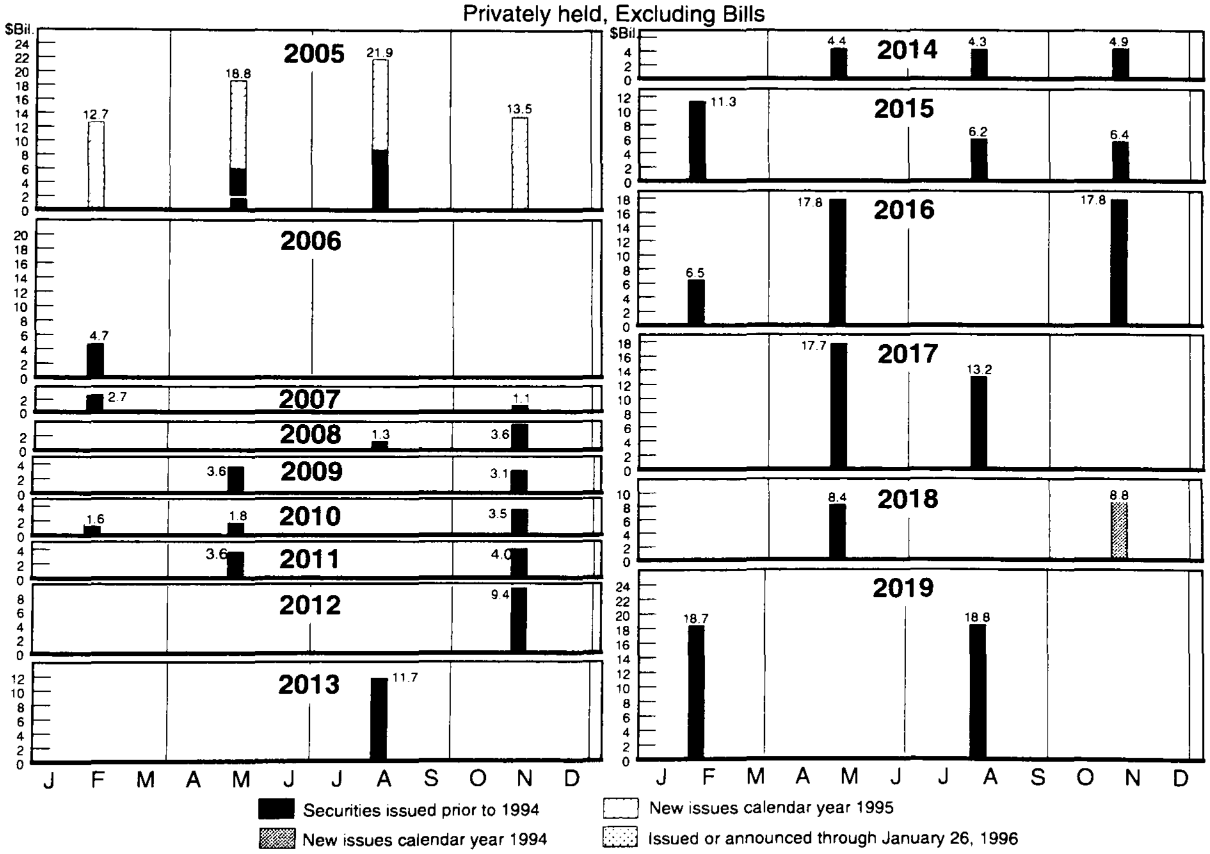
Office of Market Finance

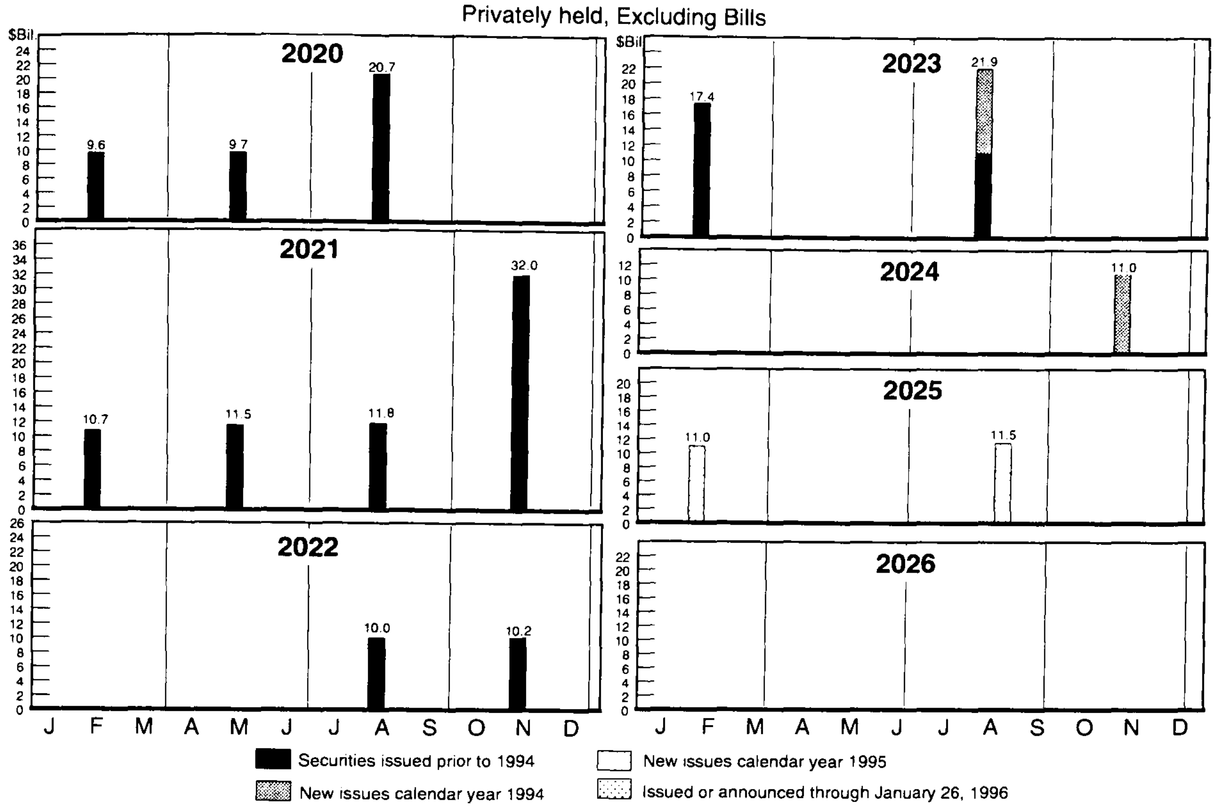
January 29, 1996-27

TREASURY MARKETABLE MATURITIES
Privately held, Excluding Bills



TREASURY MARKETABLE MATURITIES

Privately held, Excluding Bills



SCHEDULE OF ISSUES TO BE ANNOUNCED AND AUCTIONED IN FEBRUARY 1996 1/

Monday	Tuesday	Wednesday	Thursday	Friday
			1 Auction 52 week 2/	2
5	6 Auction 3 year 3/	7 Auction 10 year 3/	8 Auction 30 year 3/	9
12	13	14	15	16
19 Holiday	20	21 Announce 2 year 5 year	22	23 Announce 52 week
26	27 Auction 2 year 4/	28 Auction 5 year 4/	29 Auction 52 week 5/	

1/ Does not include weekly bills
2/ For settlement February 8
3/ For settlement February 15
4/ For settlement February 29
5/ For settlement March 7

SCHEDULE OF ISSUES TO BE ANNOUNCED AND AUCTIONED IN MARCH 1996 1/

Monday	Tuesday	Wednesday	Thursday	Friday
				1
4	5	6	7	8
11	12	13	14	15
18	19	20 Announce 2 year 5 year	21	22 Announce 52 week
25	26	27 Auction 2 year 2/	28 Auction 5 year 2/ and 52 week 3/	29

1/ Does not include weekly bills
2/ For settlement April 1
3/ For settlement April 4

Department of the Treasury
Office of Market Finance

January 31, 1996-31

SCHEDULE OF ISSUES TO BE ANNOUNCED AND AUCTIONED IN APRIL 1996 1/

Monday	Tuesday	Wednesday	Thursday	Friday
1	2	3	4	5
8	9	10	11	12
15	16	17 Announce 2 year 5 year	18	19 Announce 52 week
22	23 Auction 2 year 2/	24 Auction 5 year 2/	25 Auction 52 week 3/	26
29	30			

1/ Does not include weekly bills
2/ For settlement April 30
3/ For settlement May 2

Department of the Treasury
Office of Market Finance

January 31, 1996-32

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
January 31, 1996

STATEMENT BY TREASURY SECRETARY ROBERT E. RUBIN AND COUNCIL OF ECONOMIC ADVISERS CHAIRMAN JOSEPH E. STIGLITZ

Today the Federal Reserve, the independent agency that sets the nation's monetary policy, lowered the federal funds rate and the discount rate. This Administration recognizes and respects the independence of the Federal Reserve. We share the goal of maintaining strong economic growth and low inflation.

This Administration has taken forceful actions to get the economy moving, and the progress has been impressive. We cut the federal budget deficit by more than half as a share of national output. The economy has responded: Jobs are up by 7.8 million, unemployment is down, investment is strong, and inflation remains at its lowest level in a generation. Although growth rates always vary quarter to quarter, with these fundamentals in place, we believe that the economy will remain healthy in 1996.

RR-847

Monthly Report
by the
Secretary of the Treasury

Pursuant to the
Mexican Debt Disclosure Act
of 1995

January 1996

Treasury Secretary's Report to Congress
January 1996

Contents

Graphs

I. Overview

In providing assistance to Mexico under the February 21, 1995 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. U.S. and other international support has allowed Mexico to implement the policies necessary to avert default, regain access to capital markets, and set its economy back on a path to growth.

On January 29, 1996, Mexico repaid all $1.3 billion in outstanding short-term swaps to the Treasury and Federal Reserve. As of January 31, Mexico's outstanding obligations to the U.S. have declined to $10.5 billion under the program, all in the form of medium-term swaps. No further principal repayments are due until June 30, 1997. To date, the United States has received about $750 million dollars in interest payments from Mexico.

Mexico's rapid reentry to international capital markets has supported its ability to repay emergency support funds provided by the U.S. In January, Mexico continued to solidify its standing in international markets, including the sale of a DM1.5 billion (approximately $1 billion) seven-year bond issuance, the longest maturity of any government offering since the December 1994 devaluation. As of January 19, international reserves have risen to $16.0 billion from the end-1994 level of $6.1 billion.

In 1995, Mexico pursued the rigorous adjustment policies necessary to address the financial crisis that threatened its economic stability and prospects for sustained growth. In 1995, these policies led to a budgetary surplus for the first three quarters of 1995 of 1.5% of GDP, and a decline in monthly inflation from 8% in April to an average of 2.6% in the fourth quarter. Monthly inflation increased to 3.3% in December and 1.9% for the first half of January, after remaining roughly constant at about 2% from July to October. Peso depreciation and seasonal price patterns contributed to the uptick, with minimum-wage increases and adjustments to state-regulated prices pushing up rates further. For 1996, the Mexican authorities have indicated that they will continue to pursue tight fiscal and monetary policies.

Financial markets, while still fragile, have stabilized following a period of volatility in October and November. They have opened 1996 strongly, based in part on favorable expectations for the new year regarding the government's continued stabilization efforts, as well as the establishment of the basis for a resumption of economic growth. The peso strengthened to 7.40 pesos per dollar as of January 29 from 7.70 pesos per dollar on December 29. As of January 29, Mexico's stock market, in peso terms, was about 33% above pre-crisis levels, although it is down 38% in dollar terms. With a more stable peso, interest rates on the benchmark 28-day *cetes* declined to 37.2% in the

January 23 auction from 46.8% in the December 26 auction, well below the 83% annual rate reached in March 1995.

The recession in 1995 that accompanied the financial crisis was deep, as GDP dropped 9.6% in the third quarter of 1995 compared to the third quarter of 1994. Recent data on industrial production and unemployment, however, suggest that economic activity may be expanding. On a seasonally-adjusted basis, GDP rose by 2.4% from the second to the third quarter, according to the Government of Mexico. In a December survey by *Consensus Economics*, private analysts forecast that GDP would rise 2% in 1996.

Mexico's banking sector remains strained; however, the government's measures to mitigate the immediate impact of the problem, to improve regulation and supervision, and to encourage capital infusions have lent support. Through FOBAPROA, the central bank's insurance fund, the government has purchased loans from banks in proportion to new capital injected by share holders. So far, ten banks, holding 70% of the banking system's assets, have been recapitalized. As a result of the additional capital provided by bank shareholders and the sale of loans to FOBAPROA, these banks have sharply raised their net worth.

Outstanding U.S. disbursements under the February 21 agreements total $10.5 billion at the end of January, all of which are backed by the full faith and credit of the Mexican government. In addition, 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 January 23, about $7.4 billion had passed through this account.

II. Current Condition of Mexico's Economy

a. Monetary Policy

Monetary aggregates suggest policy remains tight

In 1996, the Bank of Mexico (BOM) is providing information on net international reserves (NIR) using a new definition in which it deducts IMF liabilities from NIR (see International Reserves section). Net international reserves decline as a result of this accounting adjustment, and net domestic credit (NDA), the monetary base less international reserves, increases; the monetary base is unaffected.

1995

- The level of base money reflects large seasonal fluctuations in money demand. End-1995 monetary base was NP66.8 billion, an increase of about 25% in December.

- In 1995, base money grew by 17%, although the real monetary base fell by 23% (yearly inflation was 52%).

- NDA (old BOM definition) fell NP77.7 billion during 1995.

    -- Mexico increased its liabilities to the IMF significantly in 1995. The IMF definition of NIR deducts these liabilities. As a result, during 1995, NDA, using the IMF definition, increased and NIR shrank

- M1 (the monetary base plus checking deposits) fell about 10% in nominal terms in 1995

1996

- Through January 19, base money fell about 10% to 59.9 billion pesos[1].

- Through January 19, NDA has fallen by about 15.9 billion pesos, as NIR increased by 9.1 billion pesos during the same period.

[1]On January 1, 1996, the Government of Mexico changed the name of the country's currency from "new pesos (NP)" to "pesos".

Market indicators also suggest that monetary policy remains tight

The real interest rate (the nominal rate adjusted for inflation) on 28-day *cetes* in mid-January was about 11%, down from last month's rate of 18%, but up from about 10% in mid-October.

- The January 23 primary auction resulted in a yield of about 37% on 28-day *cetes*. This was down from the average auction rate of 48.6% in December. Secondary market rates have moved with the primary auction rates.

- The real exchange rate appreciated by about 3.4% from mid-December to mid-January, though it is still down about 10% from end-September.

Tight policy has limited inflation, though there was an uptick in November and December.

- Monthly inflation increased to 3.3% in December and 1.9% for the first half of January, after remaining roughly constant at about 2% from July to October. Peso depreciation and seasonal price patterns contributed to the uptick, with minimum-wage increases and adjustments to state-regulated prices pushing up figures further.

II. b. Fiscal Policy

Tight fiscal policy produced surpluses in the first three quarters of 1995

Tight fiscal policies in 1995 resulted in a budget surplus at the close of the third quarter.

- The non-financial public sector surplus was NP17.4 billion at the end of the first three quarters of 1995 (1.5% of GDP), compared to a NP2.0 billion surplus (0.2% of GDP) for the same period last year.

- Mexico's primary surplus, which excludes interest payments, was NP70.3 billion (6.3% of GDP) for the first nine months, compared to a NP32.2 billion surplus (3.5% of GDP) for the same period in 1994.

Indications suggest a budget surplus for all of 1995, and Mexico projects a balanced budget in 1996

The overall and primary surpluses for 1995 have thus far exceeded those targeted in the economic program announced on March 9, 1995. This program targeted a 1995 budget surplus equal to 0.5% of GDP, and a primary surplus equal to 4.4% of GDP.

- Mexico's 1996 budget (described in the November report), projects a primary surplus of 4% of GDP and an overall balanced budget.

II. c. Structural Reform and Privatization

Market-oriented reforms continue

In 1995, the Mexican government expanded its existing privatization and liberalization program to include traditionally regulated sectors, such as transportation, telecommunications, and energy (described in the December 1995 Semi-Annual Report).

Additional long-distance telecommunications concession provided

On January 15, the Ministry of Communications and Transportation (SCT) announced that Cableados y Sistemas SA had received the seventh license for the provision of long-distance services when Telefonos de Mexico's (TELMEX) monopoly ends in 1997.

SCT confirmed an April time frame for the conclusion of discussions among TELMEX, new long-distance providers, and SCT on issues including interconnection fees, dialing codes, and billing, and for regulatory changes of the telecommunications law

Local telecommunication service procedures and wireless service concessions announced

On January 5, SCT announced procedures for obtaining local telephone licenses.

- As with the long-distance concessions, the new licenses will allow both domestic and foreign participants to compete with TELMEX for provision of services within regions.

SCT stated that it expects to provide a 15-year concession for a joint venture between Grupo Iusacell (Mexico) and Bell Atlantic (U.S.) for provision of fixed-wireless telephone technology.

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 substantially.

- In December, the Bank of Mexico began to publish quarterly targets for net domestic credit and net international reserves. This change, from the previous practice of publishing annual targets, should facilitate even closer monitoring of monetary policy

- 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

Inflation spiked in December but remains contained

After remaining roughly constant at about 2% from July to October, monthly inflation increased to 3.3% in December and 1.9% for the first half of January, although the rate is still well below the 8% peak in April. The inflation rate for all of 1995 was about 52%. Peso depreciation and seasonal price patterns contributed to the recent uptick, with minimum-wage increases and adjustments to state-regulated prices pushing up rates further.

Mexico's trade balance remains strongly in surplus

Mexico registered a merchandise trade surplus of $484 million (preliminary data) in December, an increase of about 28% from December 1994. The trade surplus for 1995 was about $7.4 billion, a dramatic increase from the $18.5 billion deficit recorded in 1994. Total exports were 31.2% higher while imports fell about 8.4% in 1995, compared to their levels in 1994.

Mexico's economy contracted in 1995, but some recent indicators point to a turnaround

Economic output contracted in the third quarter by 9.6% compared to the same period in 1994. On a seasonally-adjusted basis, however, GDP rose by 2.4% from the second to the third quarter, according to the Government of Mexico.

- Industrial production grew 0.4% in October after increasing 0.6% in September (seasonally adjusted). This represented the fourth consecutive monthly increase.

  -- Manufacturing production grew 4.4% in October after rising 0.3% in September (seasonally adjusted). The Bank of Mexico's survey of the manufacturing sector suggests a continued increase in production in November and December.

  -- Output in the hard-hit construction sector declined 7.0% in October compared to September, after rising for three consecutive months (seasonally adjusted).

After employment and incomes fell earlier in the year, labor markets have recently shown signs of strengthening.

- The open unemployment rate, a narrow rate of joblessness in the formal sector, fell to 5.2% in December (preliminary data) from 5.8% in November, after peaking at 7.6% in August.

  -- On a seasonally-adjusted basis, the open unemployment rate fell from 7.2% in August to 6.5% in December (preliminary data).

- Employment in the formal sector has been increasing since August, as registrants in the social security system (IMSS) rose by 42,000 in

November, bringing the total increase since August to over 121,000 new registrants.

While uncertainties remain, the economy is projected to recover in 1996

- In its 1996 budget presentation presented in November 1995, the Mexican Government projected that GDP would grow by 3% in 1996.
- In a December survey by *Consensus Economics*, private analysts forecast that GDP would rise 2% in 1996.

II. f. Banking Sector Developments

Banking system, while fragile, continues to restructure

Through FOBAPROA, the central bank's insurance fund, the government has purchased loans from banks in proportion to new capital injected by shareholders.

- The following banks had been recapitalized before December: Serfin, Probursa, Promex, Internacional, Atlantico, Bancrecer, Banoro, and Banorte.
- In December, Banamex, Mexico's largest bank, announced recapitalization plans, to be completed during 1996.
- In December, Banco Mexicano, Mexico's fourth largest bank, was also recapitalized
- These ten banks hold 70% of the banking system's assets.

The Investment Unit Program (UDI), which helps banks restructure portions of their loan portfolios, has expanded the amount of funds available.

- As of January 6, loans totaling 94 billion pesos had been restructured under the various UDI programs

The registration period for the debt relief program (ADE) targeted at consumer, credit card, small business, and mortgage borrowers has been extended for three months, giving debtors until April 30 to take advantage of the lower interest rates available under the program. The program, which covers about 25% of outstanding loans, is intended to encourage additional loan restructuring, avoid the development of a non-payment culture, and provide a transitional period for borrowers to restructure into UDIs.

- As of December 29, 1.5 million accounts, approximately 73% of estimated eligible accounts, had been restructured.

On January 18, the National Banking and Securities Commission announced that beginning in July, Mexican commercial banks should present their financial statements according to international standards, and that public disclosure should be made of assets held by FOBAPROA.

Banking system remains under strain

The level of nonperforming loans has increased through November, but at a declining rate. The levels reported at the ends of March, August, and November were 11%, 17%, and 18%, respectively.

- Excluding intervened banks and the bank Inverlat (see December 1995 Semi-Annual Report), and excluding loans sold to FOBAPROA, the nonperforming loan ratio was about 13% at the end of November 1995.

The various government programs to encourage loan restructuring have contributed to the reduction in the rate of increase in nonperforming loans.

II. g. Financial Market Trends

At the start of 1996, the peso has strengthened and the stock market has rallied as Mexico's financial markets continued to stabilize following the volatility of October and November, and as investors re-opened their books and money began to flow into the country.

- After reaching new lows in November (closing at a low of NP8.14 on November 9), the peso strengthened to 7.40 pesos per dollar as of January 29.

- As of January 29, Mexico's stock market, in peso terms, was about 33% above pre-crisis levels and about 113% above its February 1995 lows; in dollar terms, the stock market is down about 38% from pre-crisis levels, but is up about 72% from its February lows.

Interest rates have fallen in January.

- With a more stable peso, rates decreased to 37.2% in the January 23 auction of 28-day *cetes*, the benchmark government security, from 46.8% in the December 26 auction. In the secondary market, the overnight *cetes* rate was 34.1% as of January 29, down from 47% on December 29 and 74.2% on November 14.

- Since January 2, the Bank of Mexico has offered and sold one-year *cetes* in the weekly auction of government securities. Offerings of this instrument had been discontinued on October 3, 1995, because of low demand. Investor demand in the January 2, 1996 auction was strong, however, with bids worth 2.4 billion pesos received by the BOM, 4.1 times the 500 million pesos initially offered

Renewed investor interest in emerging markets and declining global interest rates also contributed to a rally in Brady Bonds that strengthened Mexican issues.

- Mexican Brady Bond interest rate spreads over U.S. Treasuries, adjusted to remove the effect of partial collateralization, have declined to 7.30% on January 29, 1,207 basis points below the 19.37% spread recorded in mid-March 1995

- On January 22 Moody's Investors Service raised its rating for Mexican Brady Bonds, bringing it into line with those of other Mexican sovereign securities

Mexico has further solidified its standing in the international capital markets.

The Mexican government and its agencies continue to attract new capital in international markets. After raising $4.7 billion in the international capital markets during the second half of 1995, the Mexican government began this year with about $2 billion in new issues.

- On January 8, the Mexican government announced the sale of DM1 billion in notes. At seven years, these notes have the longest maturity of any UMS offering since the December 1994 devaluation.

- The issue carries a 10.375% coupon and was priced to yield 484 basis points over German government bonds of comparable maturity (or 491 basis points over U.S. Treasuries when swapped into dollars). Owing to strong investor demand, the offering was increased on January 12 to DM1.5 billion (approximately $1.04 billion).

On January 30, the government sold a $1 billion global bond issue in five-year notes. The issue, which will settle on February 6, carries a 9.75% coupon and was priced to yield 445 basis points over the five-year U.S. Treasury.

Mexican government agencies have also commenced their international borrowing programs for 1996.

- On January 10, Nafinsa, the state-owned development bank, launched the sale of $100 million in 3-year, 9% coupon bonds.

- Also on January 10, Bancomext, the state-owned export finance bank, announced that it successfully sold $300 million of 180-day commercial paper in the United States.

In January, Empresas La Moderna, a private export firm, issued $125 million in three-year bonds, with a 11.375% coupon. This is the first Mexican corporation to borrow on the Eurobond market since the December 1994 financial crisis.

TABLE 1. Mexican public-sector note and bond issuances, 1996

Issuer	Type	Date[1]	Amount (US$ M)	Tenor	Interest rate
Bancomext	CP	January 10	$300	180 days	LIBOR + 2.5%[2]
Nafinsa	Eurobond	January 25	$100	3 years	9%
United Mexican States	Eurobond	January 29	DM1,500 ($1,040)	7 years	10.375%
	Global Bond	January 30 (to settle Feb. 6)	$1,000	5 years	9.75%

1. Date of settlement unless otherwise noted.
2. Discount to yield.

II. h. International Reserves

At the end of 1995, international reserves were $15.7 billion, an increase of $9.6 billion from end-1994 and $12.2 billion above their end-January 1995 trough. Aggregate reserves are now in line with several measures of reserve adequacy, at more than three months of non-*maquiladora* imports, and above 1996 debt amortizations.

In January 1996, in the interests of improving disclosure, the Bank of Mexico began presenting reserve data according to two definitions: the BOM's own legally mandated definition, as previously, and the IMF's definition. The Bank of Mexico's 1996 monetary program states its targets in terms of IMF-definition reserves (Mexico's 1996 monetary program was described in the December Semi-Annual Report)

The IMF definition of net international reserves (NIR) is different than the BOM definition of NIR in the following ways:

(1) the IMF definition deducts obligations to the IMF (neither definition deducts obligations for emergency financial support from the U.S. and Canada);

(2) the IMF definition includes resident dollar deposits, principally deposits of the Government of Mexico with the BOM; and

(3) the IMF definition of net reserves includes BOM net claims on other central banks, with terms greater than six months.

- As mentioned in the monetary section, these different accounting rules make IMF-definition reserves much smaller than BOM-definition reserves, primarily because of the exclusion of liabilities to the IMF. The two NIR definitions also can vary widely due to large, temporary fluctuations in resident dollar deposits. Other differences are relatively small and constant.

- A one-time difference is that the proceeds from one large issuance of external debt (the $1.5 billion "dual-note" issuance that was closed on December 12) were captured in BOM-definition reserves in December but not in IMF-definition reserves until January. Thus, year-to-date changes in BOM and IMF reserves will reflect this difference.

Reserves grew in the first three weeks of January (through January 19th) by about $1.1 billion according to the IMF definition and about $0.3 billion according to the BOM definition.

- Reserves were boosted in the December-January period by several large capital market issues by the Government of Mexico.

- Large end-of-year interest payments -- including quarterly payments to the U.S. -- accounted for most of the outflows in the period from December to January 19. The Bank of Mexico intervened in the foreign exchange market on December 29 using $45 million of reserves.

Table 2. Mexico's international reserves (US$ billions)

	Bank of Mexico Net International Reserves	IMF Net International Reserves
1992 December	18.6	n.a.
1993 December	24.5	n.a.
1994 December	6.1	n.a.
Q1 1995 (end period)	6.9	n.a.
Q2 1995	10.1	n.a.
Q3 1995	14.7	n.a.
Q4 1995 (end year)	15.7	0
January 19, 1996	16.0	1.1

III. Disbursements, Swaps, Guarantees and Compensation to the U.S. Treasury

On January 29, 1996, Mexico repaid all $1.3 billion in outstanding short-term swaps to the Treasury and Federal Reserve. As of January 31, $10.5 billion remain outstanding under this program, all in the form of medium-term swaps. No further principal payments are due until June 30, 1997. (see Table 3 for the amortization schedule of outstanding swaps).

- The outstanding total reflects full repayment by Mexico of the $3 billion in short-term swaps -- $1 billion on March 14, 1995; $700 million on October 11, 1995; and $1.3 billion on January 29, 1996.

- A total of $13.5 billion in U.S. funds has been disbursed to Mexico under the support program -- $3 billion in short-term swaps and $10.5 billion in medium-term swaps (swap arrangements are described in December 1995 Semi-Annual Report). Of this total, no more than $12.5 billion has been outstanding at one time. To date, the United States has not extended any securities guarantees to Mexico under the support program.

Mexico has not missed any interest payments or required principal repayments under any of the swaps. Through January 31, the Exchange Stabilization Fund (ESF) has received $698 million in interest payments from Mexico for short- and medium-term swaps. The Federal Reserve received $54 million in interest on its short-term swaps with Mexico. To date, the United States has received about $750 million dollars in interest payments from Mexico.

On January 25, the Department of the Treasury and the Federal Reserve, the Government of Mexico and the Bank of Mexico, and the Bank of Canada renewed the multilateral North American Framework Agreement (NAFA).

- The NAFA was established in April 1994 to complement a series of longstanding bilateral, short-term swap arrangements between the U.S., Mexico, and Canada. The NAFA provides for enhanced coordination of activities related to these bilateral swap arrangements.

Based on Mexico's success under the program to date, Treasury acceded to a Mexican request for a six-month continuation to August 21, 1996 of the implementation period for funding, as provided for under the financial Agreements of February 21, 1995. This action does not represent an extension of new funds to Mexico by the Treasury or the Federal Reserve.

Table 3. Amortization Schedule

Amortization Schedule of ESF and Federal Reserve Swaps with Mexico

Quarter Ending	Amount Disbursed (U.S. Millions)	Repayments to date (bold); Scheduled Repayment for outstanding balance (US$ million) — Short-term swaps* provided on: 01/11/95	01/13/95	02/02/95***	Medium-term swaps provided on: 03/14/95	04/19/95	05/19/95	07/05/95	Due (US$ million) Quarterly	Annually****
	13,500	500	500	2,000	3,000	3,000	2,000	2,500	10,500	10,500
Current Interest Rate:		n/a	n/a	n/a	7.30%	10.16%	10.16%	9.20%		
Mar-31-95	6,000	500 (Mar 14)	500 (Mar 14)							
Jun-30-95	5,000									
Sep-30-95	2,500									
Dec-31-95				700 (Oct 11)						
Mar-31-96				1,300 (Jan 29)	0	0	0	0		
Jun-30-96					0	0	0	0		
Sep-30-96					0	0	0	0		
Dec-31-96					0	0	0	0		
Mar-31-97					0	0	0	0		
Jun-30-97					0	245**	170**	0	415	
Sep-30-97					0	245	170	205**	620	
Dec-31-97					0	245	170	205	620	1,655
Mar-31-98					0	245	170	205	620	
Jun-30-98					375**	245	170	205	995	
Sep-30-98					375	245	170	205	995	
Dec-31-98					375	245	170	205	995	3,605
Mar-31-99					375	245	170	205	995	
Jun-30-99					375	245	170	205	995	
Sep-30-99					375	245	170	205	995	
Dec-31-99					750	245	170	205	1,370	4,355
Mar-31-2000					0	305	130	205	640	
Jun-30-2000					0	0	0	245	245	
Sep-30-2000					0	0	0	0	0	
Dec-31-2000					0	0	0	0	0	885

* Short-term swap totals for each period represent equivalent amounts for ESF and Federal Reserve

**All medium-term swaps payments are due on last date in each calendar quarter

***$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 August 1, 1995, for a new maturity date of October 30, 1995. On October 11, Mexico repaid $700 million of these obligations. The outstanding $1.3 billion was rolled over for an additional 90 day period on October 30, for a new maturity date of January 29, 1996, when they were repaid

**** This column represents the sum of quarterly payments in a given year, it does not represent an additional payment

IV. Mexico's Financial Transactions

In accordance with the February 21, 1995 Agreements, Mexico has requested, and Treasury has authorized, the use of the funds disbursed to date to redeem *tesobonos* and other short-term, dollar-denominated debt of the Mexican government and its agencies. All U.S. funds ($12.5 billion) have been used to redeem *tesobonos*.

V. Status of the Oil Facility

Payments through the Federal Reserve Bank of New York account

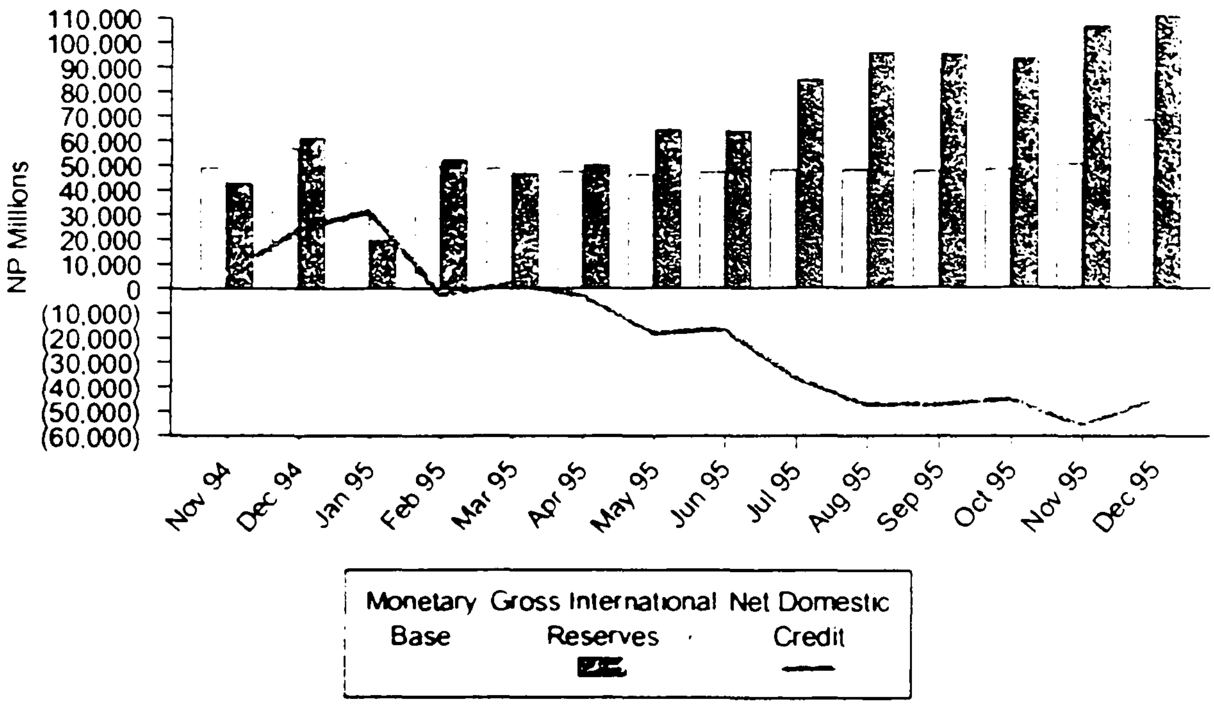
The payment mechanism, established under the Oil Proceeds Facility Agreement, continues to function smoothly.

An independent review in August has confirmed that the Mexican oil proceeds financial mechanism is working well. Petroleos Mexicanos' (PEMEX) independent public auditors, Coopers & Lybrand, analyzed the information utilized for the previous 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.

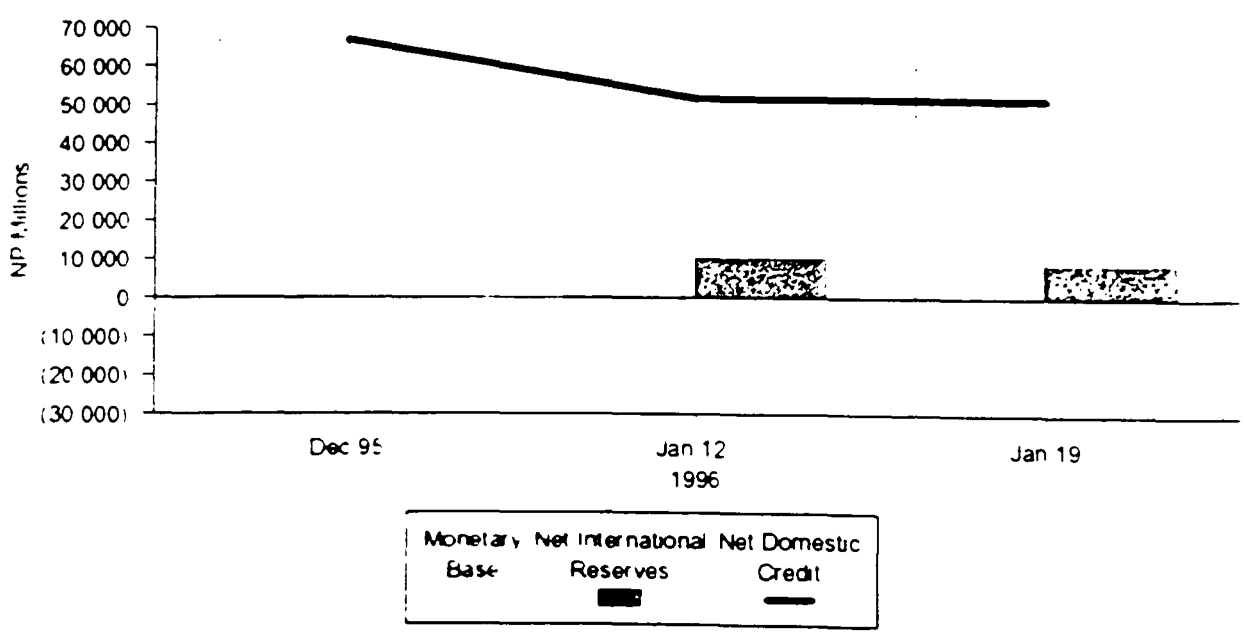
As of January 23, 1996, about $7.4 billion had flowed through Mexico's special funds account at the Federal Reserve Bank of New York since the oil agreement went into effect in early March 1995. An average of about $25 million flows through the account each day. To date, there have been no set-offs against the proceeds from Mexico's crude oil, petrochemical, and refined product exports.

Mexico has pursued tight monetary policy.

- **Net domestic credit was tightly controlled in 1995.**



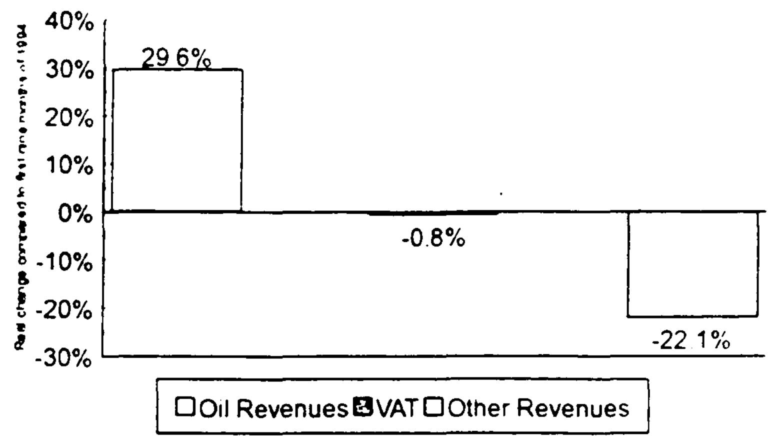
- **Net domestic credit remains tightly controlled this year *.**



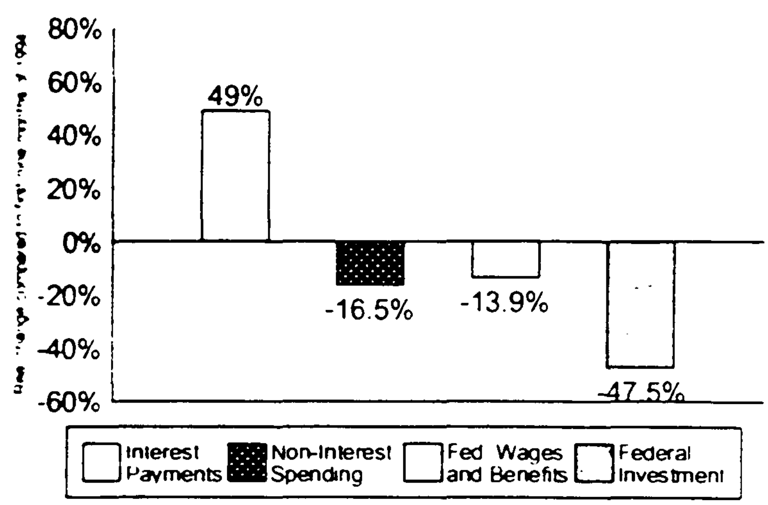
* Beginning in 1996 the BOM has changed its definition of NIR to include IMF liabilities. This accounting change has the effect of reducing NIR and increasing NDA. Base money is unchanged by this accounting adjustment.

Despite the effects of recession on revenues, Mexico has maintained a fiscal surplus.

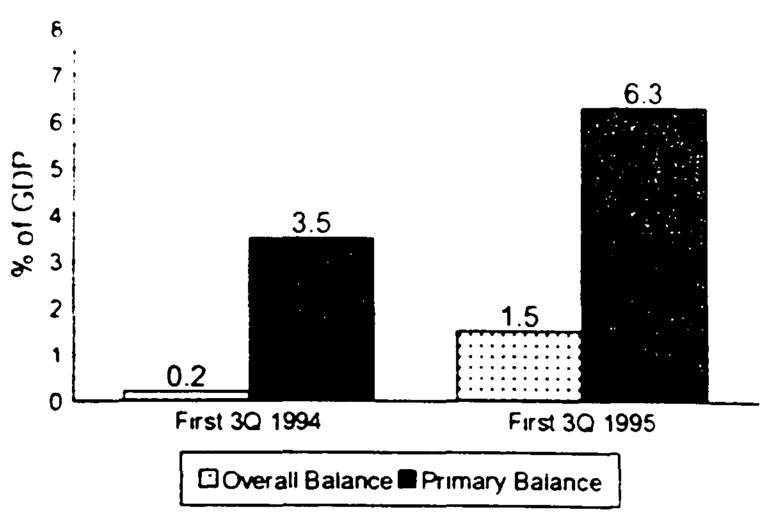
- Gains from the oil sector and a VAT increase helped offset sharp declines in other public sector revenues during the first three quarters of 1995.



- Cuts in real non-interest public sector spending, particularly investment, more than offset higher real interest payments.



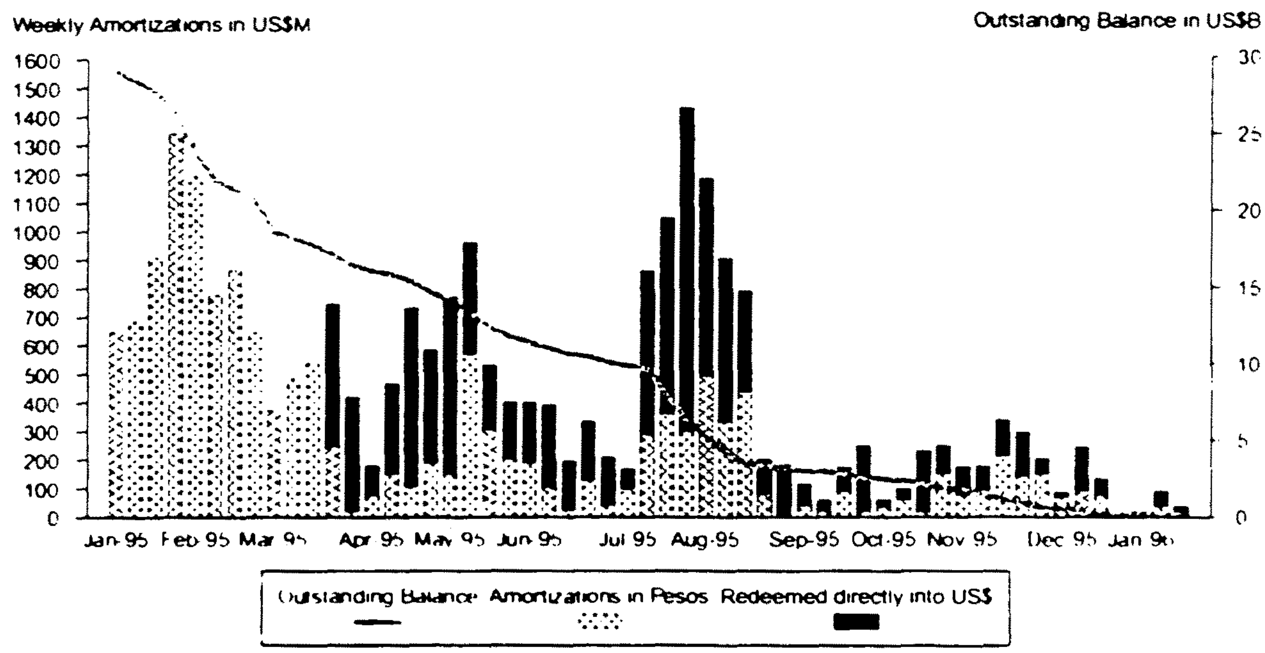
- As a result, the public sector non-financial balance increased compared to the first three quarters of 1994.



Third quarter nominal GDP estimated using reported increase in Mexican CPI. Primary balance equals overall balance less interest payments.

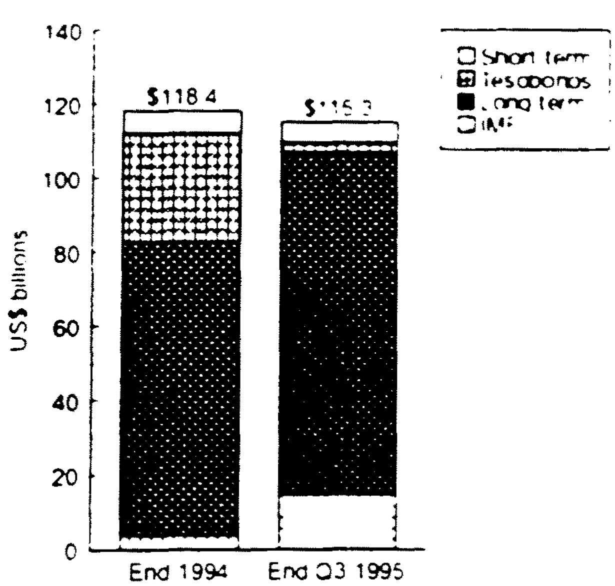
Mexico has effectively restructured its short-term dollar debt...

- **The outstanding balance of tesobonos has been reduced by over 99%.**

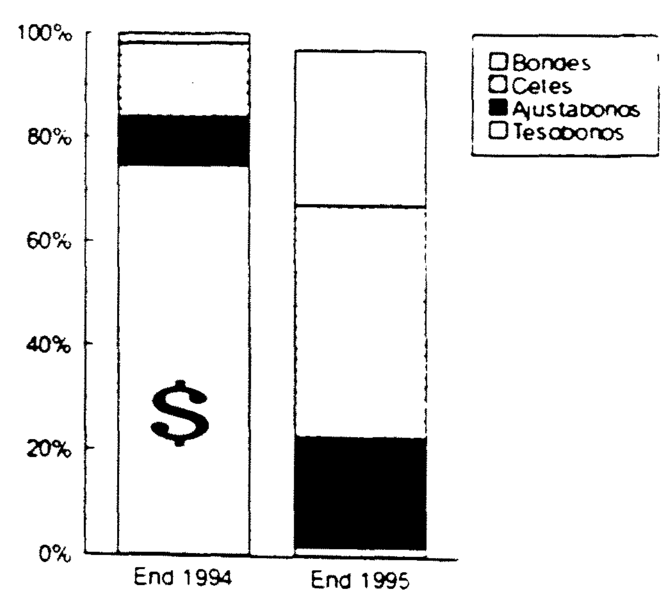


... and has reconfigured its debt profile.

- **Maturities of external debt* have been extended.**



- **Domestic debt** is now mostly peso-denominated: tesobonos are dollar-linked instruments.**

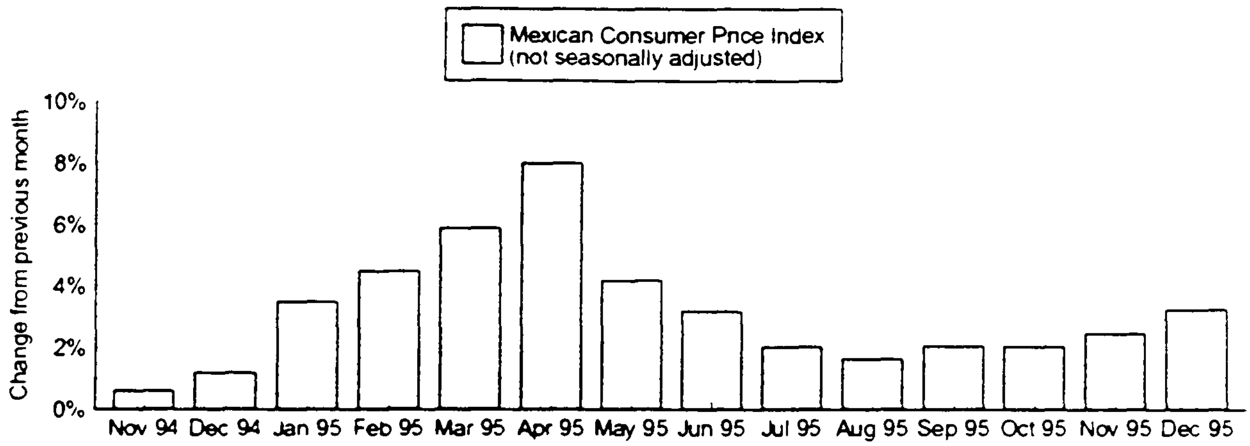


** All external public sector debt plus tesobonos, owed by GOM, plus IMF and U.S liabilities of the Bank of Mexico*

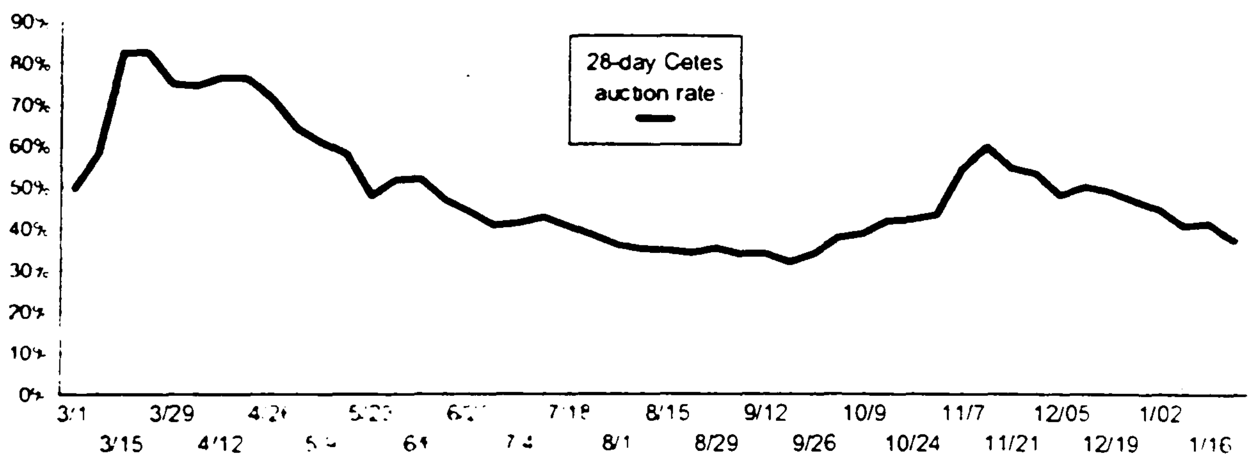
*** Debt held by public.*

Mexico's stabilization policies have produced strong results.

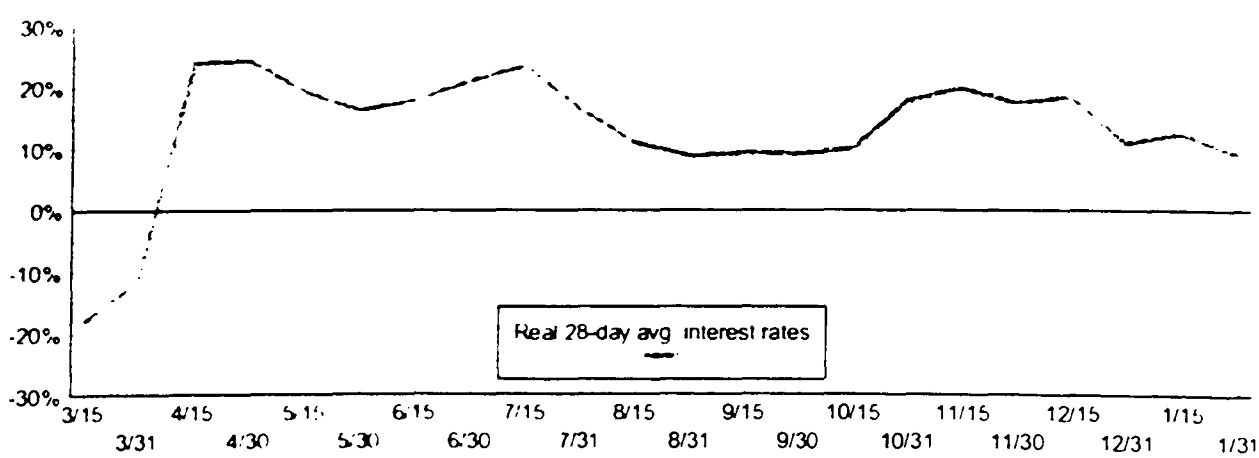
- Despite a recent uptick, inflation has moderated.



- Nominal interest rates remain well below their March peak.

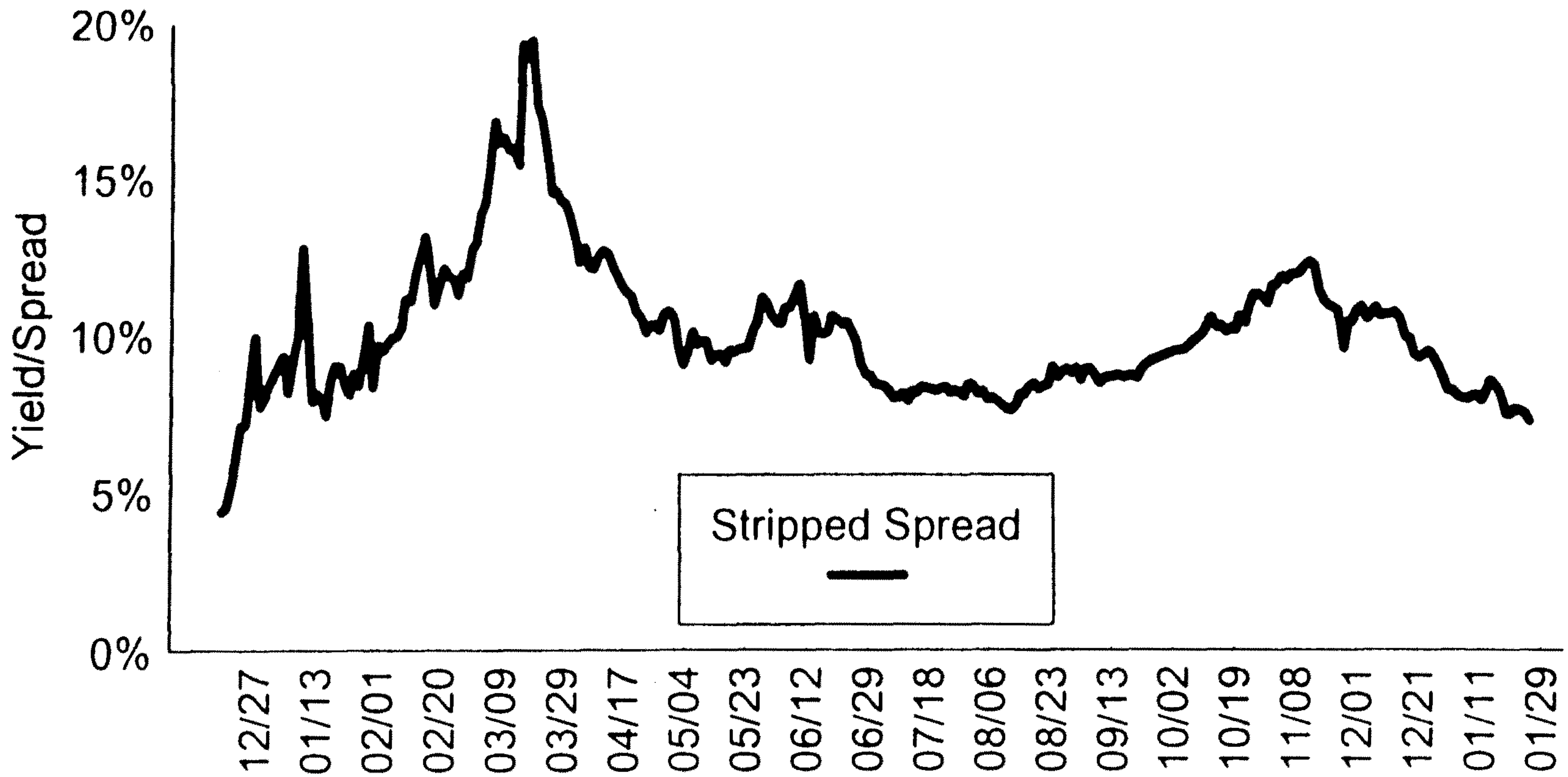


- High real interest rates reflect tight monetary policy.



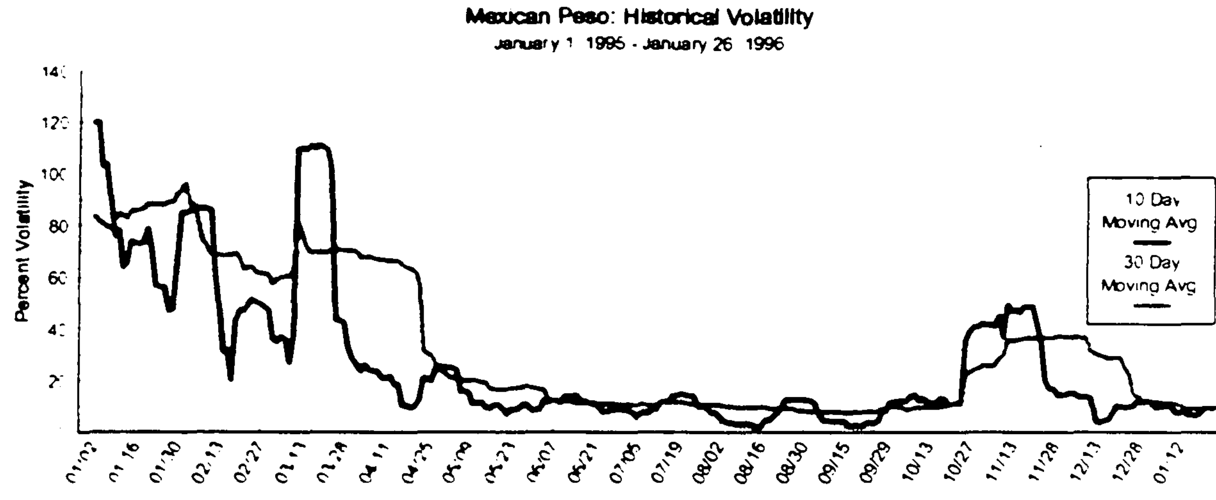
Brady Bond market has reacted favorably to Mexico's stabilization program, suggesting improved investor confidence.

- Stripped spreads on Mexican Brady Bonds have tightened significantly.

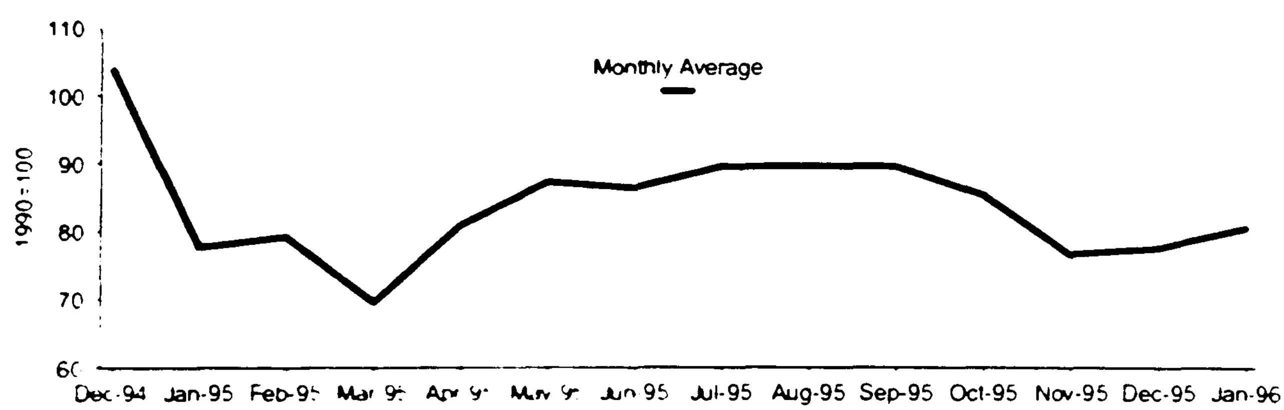


Mexico's financial markets have improved markedly since the height of the crisis.

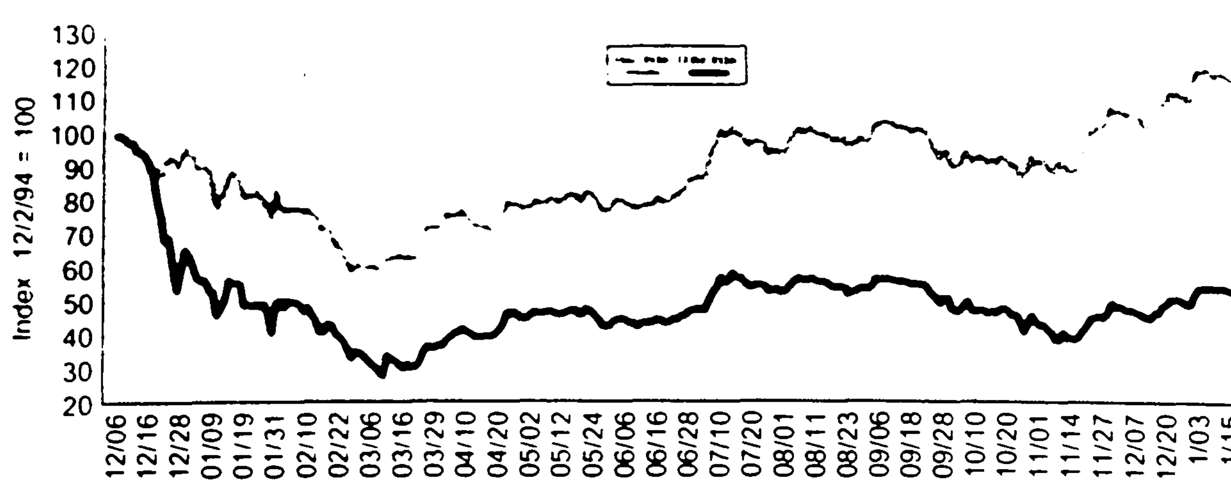
- Peso volatility has decreased.



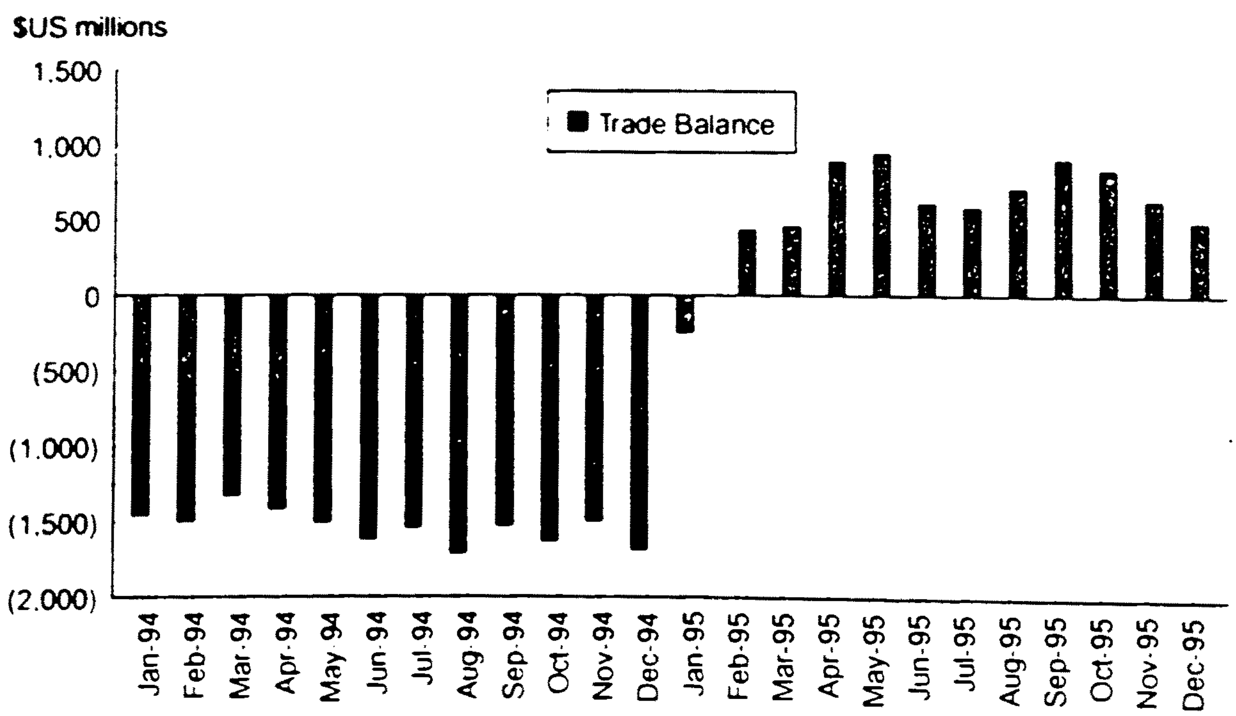
- Despite falls in October and November, the real exchange rate is still some 15% above its March low.



- Mexico's stock market is above its pre-crisis levels in peso terms.

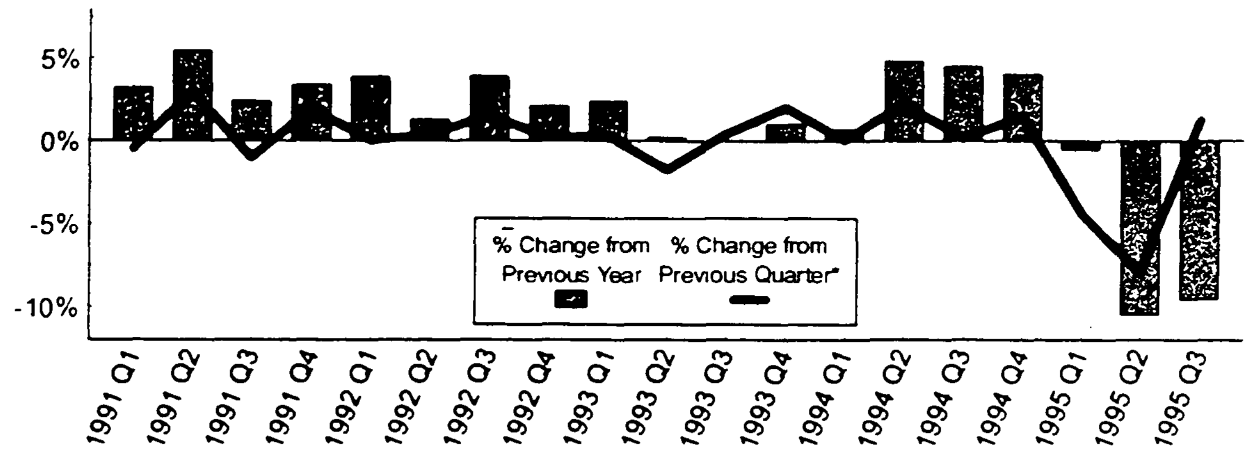


Exports have exceeded imports for eleven consecutive months, producing a trade surplus.



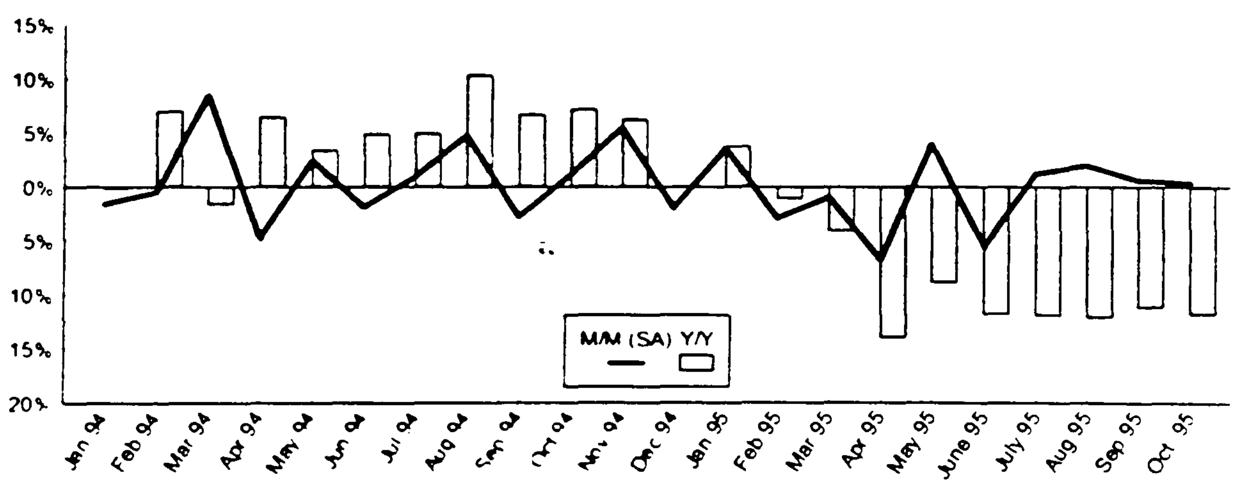
Mexico has experienced a sharp recession, although there are some recent signs of an upturn.

- GDP.



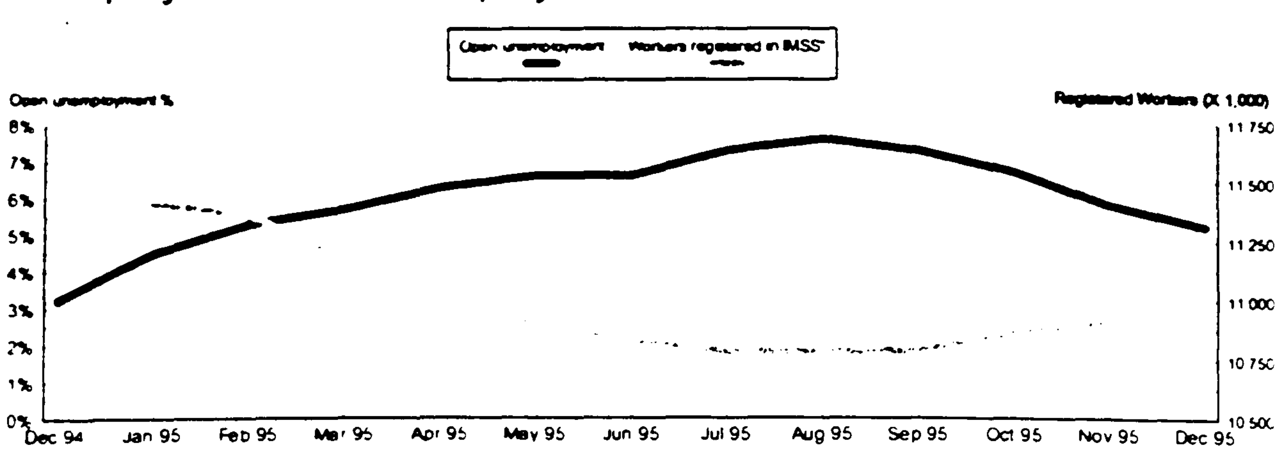
Quarterly figures seasonally adjusted by J P Morgan

- Industrial production.



SA indicates seasonally adjustec

- Employment and Unemployment.



Social Security System

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
February 1, 1996

RUBIN HOLDS FIRST MEETING OF COMMUNITY DEVELOPMENT ADVISORY BOARD

Treasury Secretary Robert E. Rubin will give the opening address at the first meeting of the Advisory Board of the Community Development Financial Institutions Fund this Friday, February 2 at 9:30 a.m. The meeting, which is open to the public, will be in the Office of Thrift Supervision Amphitheater, 1700 G Street NW.

The Community Development Financial Institutions (CDFI) Fund, which was established with bipartisan support, was created as part of President Clinton's initiative to support the private sector's creation of a national network of financial institutions dedicated to community development. The fund represents a new approach to community development that will leverage significant private sector and local resources, lead to self-sustaining CDFIs and catalyze new community lending and investment activity by conventional financial institutions. A total of $46.5 million will be available in the first round of funding through the CDFI fund's programs.

The amphitheater will be open for camera set up between 8:30 a.m and 9 a.m.

-30-

Contact: Jon Murchinson, Treasury Department, (202) 622-2960
Bill Luecht, CDFI Fund, (202) 566-6228

RR-848

Community Development Financial Institutions Fund
Advisory Board

The Secretary of Agriculture or his designee;

The Secretary of Commerce or his designee;

The Secretary of Housing and Urban Development or his designee;

The Secretary of the Interior or his designee;

The Secretary of the Treasury or his designee;

The Administrator of the Small Business Administration or his designee;

Frank Ballesteros, Executive Director, PPEP Microbusiness and Housing Development Corporation, Tucson, AZ;

Connie E. Evans, President, Women's Self-Employment Project, Chicago, IL;

Jacqueline L. Johnson, Executive Director, Tlingit-Haida Regional Housing Authority, Juneau, AK;

John A. Litzenberg, Program Officer, Charles Stewart Mott Foundation, Flint, MI;

Clara G. Miller, Chair of the Board, National Association of Community Development Loan Funds, Philadelphia, PA;

Carol J. Parry, Managing Director, Chemical Bank, New York, NY;

George P. Surgeon, Chairman and CEO, Elk Horn Bank and Trust, Arkadelphia, AR;

John E. Taylor, President and CEO, National Community Reinvestment Coalition, Washington, DC

February 1, 1996

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
February 1, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 52-WEEK BILLS

Tenders for $18,880 million of 52-week bills to be issued February 8, 1996 and to mature February 6, 1997 were accepted today (CUSIP: 9127942L7).

RANGE OF ACCEPTED
COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	4.62%	4.87%	95.329
High	4.64%	4.89%	95.308
Average	4.64%	4.89%	95.308

Tenders at the high discount rate were allotted 51%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$58,930,987	$18,880,297
Type		
Competitive	$53,392,370	$13,341,680
Noncompetitive	1,038,617	1,038,617
Subtotal, Public	$54,430,987	$14,380,297
Federal Reserve	4,500,000	4,500,000
Foreign Official Institutions	0	0
TOTALS	$58,930,987	$18,880,297

4.63 - 95.319

RR-849

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
February 1, 1996

STATEMENT OF TREASURY SECRETARY ROBERT E. RUBIN

The Archer legislation is a constructive step forward. Its enactment would ensure that Treasury will have sufficient funds to make the Social Security and other payments due on March 1.

This bill, however, is only a temporary solution to the problem. The debt limit must still be increased on a long-term basis to allow Treasury to honor obligations that the United States has already entered into pursuant to Congressional authorizations.

-30-

RR-850

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
Remarks as prepared for delivery
February 2, 1996

REMARKS OF TREASURY SECRETARY ROBERT E. RUBIN
COMMUNITY DEVELOPMENT ADVISORY BOARD

I want to speak just briefly about the topic of community development. But first I want to say how pleased I am that we have Kirsten Moy directing the CDFI Fund. Kirsten came to us from Equitable Real Estate Investment Management in New York where she developed great expertise in the area of affordable housing and community lending. She has years of experience with the issue of capital access in underserved communities -- which is at the heart of the CDFI concept. The work she's doing for us at Treasury is making an important contribution in advancing the cause of enabling the residents of the inner cities and other poorer areas to move into the economic mainstream.

I also want to thank each of the board members for your service. No program of this nature can achieve its full potential without the advice and input from the people who must work with it day in and day out, and policy coordiantion with other departments and agencies. Many of you have come quite some distance for today's meeting, and I appreciate your willingness to serve.

As you can tell from the range of organizations and agencies representated on the board, community development is an issue that touches broad areas of our country and broad segments of our economy. It isn't just our inner cities that need the kinds of assistance community development can offer. It can just as easily be a rural area or small town. It can come from the loss of an employer, demographic changes, or even from changes in the international economy.

As you might imagine, as Treasury Secretary, with broad responsibility for economic policy, I view each element of our economic program from the perspective of how it fits into encouraging growth in our economy. I am firmly convinced that our economy will fall far short of its potential if we ignore the problems of our cities and distressed rural areas. That's not a social judgment. It is not a moral judgment. It is a hard-headed business judgment about the future economic health of our nation.

RR-851 (more)

The Administration and the Congressional Majority are currently engaged in a debate -- perhaps the most important debate in the past five or six decades -- about how best to prepare our economy for the years and decades ahead. One area of difference within that debate is the issue of human capital.

But there is another area of debate which is similarly important, and that is access to financial capital. This is a personal priority of mine. And access to financial capital has been an important element of President Clinton's economic program, a program that has helped our economy grow and create nearly 8 million new jobs in just three years.

I want to focus on this issue for a moment because bringing capital to areas that for too long have been forgotten or ignored can create new businesses and jobs, and even restore whole neighborhoods. There are examples to be found throughout the country -- I've seen it first-hand in the South Bronx and in South Chicago, and I know it works.

When I in the South Bronx last year I saw the resurgence of housing, not over one block but over an enormous area. And, I talked to business owners who had trouble getting capital, but did get the capital and are building businesses and creating jobs. The turnaround in this area, and others like it where attention has been focused on economic development, is impressive.

There are several ways to encourage greater capital access, the CDFI Fund is an important example. You're well aware how it works -- loans, grants, equity investments with community-focused banks, credit unions, loan funds, microenterprise lenders and the like. These entities in turn make the loans and investments that help small businesses and build housing, and these entities help people find jobs and give them technical help starting businesses. Moreover, the fund offers incentives to mainstream financial institutions to more fully involve themselves in community development activities.

Three years ago this project had broad bipartisan support, but it would have been defunded by the fiscal 1996 reconciliation bill the President vetoed. Some $50 million has previously been appropriated for the CDFI fund, and we've gotten a bit more in the current CR -- but even together that is far, far too little for such a promising program.

Kirsten tells me that the CDFI Fund investment program drew over 260 applications totalling over $300 million in requests for assistance, and there were at least 50 applications for the Bank Enterprise Award incentive program. That's a remarkable response. I hope down the road we can convince Congress of the critical role the Fund can play in development. We should not let the Fund, grounded in an empowerment response to the problems of our distressed communities, be destroyed. You should also know that in my conversations with mayors and local businessmen around the country, I have noted that cities and businesses can join together in investing in local community development funds, helping to bring jobs and growth to their communities.

There are other ways to help bring capital into areas that have long been underserved, or not served at all. We have reformed the regulations for the Community Reinvestment Act and protected the act from attack. We are launching a new microenterprise lending initiative. And, as the President announced in the State of the Union, we're proposing a new tax incentive to clean up brownfileds in distressed areas. Each of these can play an important role in broadening economic development.

As I said at the outset, economic development in distressed areas is high on my agenda, and I consider the CDFI Fund a critical way to broaden capital access in areas which need it. I welcome the opportunity to receive your input on these issues through the Advisory Board.

-30-

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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Text As Prepared for Delivery
1 p.m. PST
February 2, 1996

TREASURER OF THE UNITED STATES MARY ELLEN WITHROW REMARKS TO THE ASSOCIATION OF RETAIL TRAVEL AGENTS INTRODUCTION OF 1996 SERIES CURRENCY ANAHEIM, CALIFORNIA

Thank you for inviting me. I have a wonderful job. I manufacture money.

Later this winter, our currency will change. Here in the United States, this will hardly be noticed because the introduction begins with the $100 bill. But over the next few years all denominations will be redesigned. When we finish they will look like a family.

Much has been written about the change and the reasons behind it. So this morning, I want to talk about this redesigned $100 bill.

Ben Franklin is the person whose portrait is on the $100 bill. He is a pioneer in the protection of our currency, and he's a wonderful symbol for our currency redesign efforts.

In 1736, when he was commissioned to print the currency for colonial New Jersey, he took a leaf from a tree -- with its unique pattern of veins -- and transferred the leaf's image onto the paper the money was printed on. The New Jersey currency with its prominent leaf image could not be copied even by the most skilled engraver.

In 1775, the Congress issued continental paper money to finance the war for independence. These bills began to depreciate due to excessive supply and considerable counterfeiting. Once again, Ben Franklin came up with a simple, yet ingenious, way to tell the authentic bills from the counterfeits. On real continental bills, he deliberately misspelled "Philadelphia" to differentiate his work from that of the less creative counterfeiters.

In an era of rapid growth in technology and science, we are facing new challenges in maintaining the security of our currency. Today, currency is being redesigned to stay ahead of printer, copier, scanner and computer technology.

Let me briefly describe the changes we are making.

RR-852

First, some things will stay the same. The redesigned currency still will look very "American." The size and colors (black ink on the front and green ink on the back), the subjects of the portraits and monuments, the paper and the signature will all remain .

Now, what will be different. At the front of the bill, the portrait is larger with more detail that is harder to duplicate. Also it is moved off-center. The watermark -- depicting Ben Franklin -- is visible from both sides when held up to the light.

Other features include:

- Color shifting ink -- the "100" in the right-hand corner looks green and shifts to black when viewed from an angle.

- Microprinting -- is in the $100 bill, in two places: "USA 100" is microprinted within the "100" in the lower left-hand corner, and "United States of America" is on Ben Franklin's collar.

- Security thread -- the words "USA 100" on the thread can be seen when held up to the light, and when put under an ultraviolet light it has a reddish glow.

- Federal Reserve Indicators -- a new universal seal represents the entire Federal Reserve System. A letter and number beneath the left serial number identifies the issuing Federal Reserve Bank.

None of the currency now in circulation will be recalled as a result of the new bills. Contrary to what you may have heard. The existing and new currency notes will both be in circulation and both will be honored. The United States has never recalled its currency and will not do so now.

Until this year, the last time our paper currency underwent a major change was in 1929. Then we had only $5 billion of paper currency in circulation. Today, we have close to $400 billion with about two-thirds of it outside the U.S.

Our currency redesign task has involved the Secret Service, the Bureau of Engraving and Printing, the Treasury Department and the Federal Reserve all working together since the 1980's to bring us to this point.

Although a great deal of research and development went into this effort, it was Lloyd Bentsen, when he was Secretary of the Treasury, who moved the plans forward.

Current Treasury Secretary Robert Rubin, in September of 1995, approved the final design.

Later that month, Secretary Rubin, Alan Greenspan, the Chairman of the Federal Reserve Board and I unveiled the first of the redesigned currency notes, the $100 bill. The announcement was well covered by the international and domestic press. Since that day, we have been working hard to inform users of U.S. currency about the upcoming changes with an extensive Public Education Campaign.

Pamphlets -- like the ones given to you today -- describing the new currency have been translated into twenty languages. To supplement the brochures, we have videos, training materials, cash register stickers, and statement stuffers that will be distributed with the help of the Federal Reserve, U.S. Embassies, and various industries.

On a personal note, when I traveled to the Far East in June and recently to Finland and Norway -- to launch the 1996 Atlanta Olympics Program -- I also had the opportunity to talk with officials about the currency redesign efforts. I encountered a great deal of interest overseas.

In addition to our national and international education efforts, the actual production of the redesigned $100 bill is taking place. We will be printing and stockpiling these notes before they are introduced into circulation. This will ensure that there are adequate supplies to meet both the international and domestic demands. In 1929, they had what was called "the curiosity factor"; people wanted to see what the new currency looked like. We are anticipating the same interest this time, and we will have ample supply.

Introduction of the new note -- and eventually the other denominations -- will be the joint responsibility of Treasury and the Federal Reserve. Every Federal Reserve Bank -- all of the 12 District Federal Reserve Banks and their 25 branches -- will be provided inventories of the new $100 bills. On a certain day, redesigned currency will be available to commercial banks. As the old $100 bills circulate back to the Federal Reserve -- in the regular course of business -- they will be taken out of circulation and destroyed. The depository institutions will be given only the new $100 bills to put back into circulation.

For many people around the world, currency changes are commonplace. For the United States, a currency change -- especially one that entails substantial modification -- is extraordinary. As I mentioned above, the U.S. currency has not undergone a significant redesign since 1929.

So why now? To protect our currency. Seeking security for our currency is as old as the history of our nation but today's technology has made it all the more necessary.

It's not surprising that the world's most used currency is the target of counterfeiters. Let me reassure you that our Secret Service does a wonderful job. Nevertheless, there will always be some people who will try to make a quick dollar -- literally -- by counterfeiting their own.

The Secret Service has been very successful in making sure that most of it never gets through to the general public. The Service and its law enforcement partners seize a 90 percent of known counterfeit bills before they reach the people in the street. The number of counterfeit bills is one-hundredth of one percent of our circulating currency. As I mentioned earlier, the amount of currency in circulation is close to $400 billion.

Defense against counterfeiting has always been one of our nation's priorities. Benjamin Franklin mounted a defense in colonial times, and we must continue to protect our currency today.

I am very pleased to be working with the Secret Service, the Bureau of Engraving and Printing, the Federal Reserve, and Treasury.

I want to underscore our commitment to ensuring a smooth transition to the new series. Our goal is that neither people nor institutions will be seriously inconvenienced.

I want to thank you for inviting me to speak to you today. As influential members of your community and profession, I hope that you will share this vital information both with them and the rest of the world.

It is a very exciting time to be Treasurer of the United States.

-30-

AUCTION RESULTS
PUBLIC DEBT NEWS
Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
February 5, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for $16,444 million of 26-week bills to be issued February 8, 1996 and to mature August 8, 1996 were accepted today (CUSIP: 9127943C6).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	4.77%	4.97%	97.589
High	4.79%	4.99%	97.578
Average	4.79%	4.99%	97.578

Tenders at the high discount rate were allotted 33%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$61,014,222	$16,443,724
Type		
Competitive	$53,669,330	$9,098,832
Noncompetitive	1,357,192	1,357,192
Subtotal, Public	$55,026,522	$10,456,024
Federal Reserve	3,900,000	3,900,000
Foreign Official Institutions	2,087,700	2,087,700
TOTALS	$61,014,222	$16,443,724

4.78 -- 97.583

RR-853

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
February 5, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for $16,210 million of 13-week bills to be issued February 8, 1996 and to mature May 9, 1996 were accepted today (CUSIP: 912794Y65).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	4.86%	5.00%	98.772
High	4.88%	5.03%	98.766
Average	4.88%	5.03%	98.766

$1,000,000 was accepted at lower yields.
Tenders at the high discount rate were allotted 90%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$56,610,959	$16,210,440
Type		
Competitive	$51,302,577	$10,902,058
Noncompetitive	1,626,472	1,626,472
Subtotal, Public	$52,929,049	$12,528,530
Federal Reserve	3,548,010	3,548,010
Foreign Official Institutions	133,900	133,900
TOTALS	$56,610,959	$16,210,440

4.83 - 98.779 4.87 - 98.769

RR-854

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
February 5, 1996

Contact: Chris Peacock
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SIMPLIFIED REPORTING SYSTEM BENEFITS BANKERS AND LAW ENFORCEMENT

A new regulation announced Monday will aid criminal investigations while significantly cutting costly and burdensome paperwork for America's banking community.

The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) and the Office of the Comptroller of the Currency (OCC), along with the Federal Reserve Board, issued final rules that simplify and streamline the process by which banks report suspicious activity to law enforcement.

The new rule replaces six overlapping systems with one central reporting system that bankers project will reduce related paperwork by 80 percent. The single system will provide more than a dozen federal law enforcement and regulatory agencies simultaneous access to Suspicious Activity Report (SAR) information and allow for more comprehensive analyses of trends and patterns in financial crime activity. Such activity can include bank fraud, money laundering, embezzlement, check kiting or misdeeds by bank officials.

"Preventing and deterring money laundering and bank fraud have always been and will remain our goals as we work to develop reasonable, effective and cost efficient rules," said Treasury Secretary Robert E. Rubin. "This simplified reporting system is a major achievement resulting from Treasury's firm commitment to constructive cooperation among the financial, regulatory and enforcement communities."

Since the early 1980s, banks have been required to file reports to alert regulators and law enforcement personnel of possible criminal activity affecting or conducted through those institutions. The banks reported these activities by filing multiple copies of Criminal Referral Forms with their respective federal regulators and law enforcement agencies. Banks were also encouraged to report suspicious transactions by marking a "suspicious" box on another form, the Currency Transaction Report .

Under the new regulation banks will be required to send only one SAR form to a single government agency--FinCEN. SARs may be filed in paper or magnetic format, and the information will be input into a single database. FinCEN will manage the computer system, coordinate the information and make it available to law enforcement and regulatory agencies.

FinCEN Director Stanley E. Morris said, "If we are to deter criminals from using banks illegally, the capcity to identify suspicious activity cannot be impeded by burdensome reporting. The new procedures will enable financial, regulatory and law enforcement authorities to work smarter; everyone benefits."

The new Treasury rule is issued under the authority of the Bank Secrecy Act, the core of Treasury's anti-money laundering efforts. It is to be published in the Federal Register Monday and become effective April 1, 1996.

The rules of the Federal Reserve Board and the OCC are issued under the independent supervisory authorities of those agencies. The Federal Deposit Insurance Corporation, the Office of Thrift Supervision and the National Credit Union Administration are expected to take similar actions in the near future.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release February 5, 1996

PRESS BRIEFING BY
TREASURY SECRETARY ROBERT RUBIN,
CHAIRMAN OF THE COUNCIL OF ECONOMIC ADVISORS JOSEPH STIGLITZ
AND OFFICE OF MANAGEMENT AND BUDGET DIRECTOR ALICE RIVLIN

The Briefing Room

1:43 P.M. EST

DIRECTOR RIVLIN: Good afternoon. I'm very pleased to present today the first installment of the President's 1997 Budget. With me today are the Chairman of the Council of Economic Advisors Joseph Stiglitz, and the Secretary of the Treasury Bob Rubin and you'll hear from them in just a minute.

Now, this has been a very difficult year in which to make a budget -- in part, because the budget for the last year is not yet finished. Normally, we would be presenting to the Congress and to the country the full details of the President's 1997 budget today; but we have not finished work on 1996. The Congress did not finish its appropriations, some of the bills have been signed, some of them were unacceptable to the President and been vetoed, and some of them have not yet come forward.

Perhaps more important, the President and the Congress have been engaged in active negotiations over a seven-year balanced budget plan. Those negotiations have made major progress. The discussions have revealed that the two sides have common savings, which would be sufficient to balance the budget and to finance a small tax cut, but there are still differences, especially over Medicare and Medicaid and taxes, differences in the numbers and differences in policy.

Now, we had hoped that we would have the seven-year budget deal concluded before launching into the President's Fiscal 1997 budget and that it would fit within that context. But that has not happened, and the statutory date for the President submitting the 1997 budget has arrived. It is, indeed, February 5th and, more important, the Appropriations Committees are gearing up to start into the next round of appropriating.

Therefore, it seemed appropriate to do a two-part budget. We will give the aggregate numbers today, and in the middle of March, the week of March 18th we will deliver the next installment, which will have all of the details about the various departments' budgets sufficient for appropriations.

The important features of this budget are that, first, it does get to balance. It cuts spending in all the major categories of the budget, Medicare and Medicaid and the other mandatory programs and discretionary spending by very significant amounts and reaches balance over the seven years on the Congressional Budget Office's own scoring.

But the cuts are not so deep that they endanger our commitment to low-income children, to seniors, to people with disabilities, and other vulnerable people. They also preserve room for the programs that need to grow for education and training, and science and technology, and for protecting the environment.

The budget funds a modest tax cut for people that need it most, for people who are raising children and those who need to invest in education and who want to save for the future. We have modified our tax cut slightly, and Bob Rubin will discuss that with you in a moment.

This is the first time that an administration has attempted to present a budget on two sets of economic assumptions at the same time -- our own economic assumptions, which Joe Stiglitz will tell you a little bit more about in a minute, and the Congressional Budget Office's assumptions.

We present our budget not only as scored by OMB, but as we estimate it would be scored by the CBO. Now, they have not looked at our budget as a whole; they have seen pieces of it. So when they do the full scoring of the whole budget, they might differ slightly, but we believe that this is a substantially accurate representation of what the CBO would do.

So having two sets of tables makes basically one major point. This budget reaches balance by 2002; indeed, has a small surplus under the congressional
indeed, has a small surplus under the Congressional Budget

Office assumptions. Under slightly less pessimistic OMB assumptions, we would be very close to balance in 2001 and would have a very significant surplus in 2002. That surplus we estimate now -- and all these estimates are very uncertain -- would be $92 billion if there were no tax cut in the last two years.

That clearly yields a fiscal dividend. If the economy is doing better than the CBO says, there will be money to do other things with. And our budget has a trigger mechanism in it that says if by the year 2000 the economy is doing better than the CBO now estimates, then the tax cut will be extended. If it's doing $20 billion better in the year 2000 than CBO now estimates, the tax cut would be extended. If it is doing even better than that, there would be money added back to discretionary spending. And even without use of the fiscal dividend, we estimate that the budget would be in surplus by about $39 billion in the year 2002.

Now, let me yield to Joe to tell you something about the economic assumptions.

DR. STIGLITZ: Well, this budget document includes the administration's new economic forecast. Overall, we believe that we will continue to see noninflationary growth with low unemployment. Over the past three years, our economic performance has been excellent. After a slow start in 1995, we saw a solid GDP growth with strong investment, robust employment increases and low inflation. We expect this strong economic performance to continue.

Let me come now to describe in more detail the economic assumptions. Our forecast assumes the budget will be brought into balance by the year 2002 using the CBO framework. We project real GDP to grow at 2.2 percent to 2.3 percent, which reflects capacity growth under the chain-weighted measure. These numbers are lower than our midsession review forecast, but this is more than fully accounted for by the shift to chain weights. Our real growth assumption is very close to the blue chip for 1996 and 1997 and to CBO's December estimate for the entire 1996 to 2002 period.

Consistent with our forecast of continued expansion of the economy's potential, we believe that inflation will remain low and stable. We project the CPI will increase by 3.1 percent in 1996, declining to 2.8

percent by 1998. This decline reflects the technical adjustments announced by the Bureau of Labor Statistics.

Given the outlook for moderate inflation, we project the chain-weighted GDP deflator to grow at less than three percent over the forecast period. Combining this with real GDP growth figures, leaves us to project nominal GDP growth to 5.1 percent over the forecast horizon. These are the GDP figures reported in the budget.

We project that the unemployment rate will remain low at about 5.7 percent throughout the entire forecast period. We have recognized that evidence increasingly suggests that the unemployment rate, consistent with stable inflation, has moved down.

The combination of low inflation and the movement to a balanced budget by the year 2002 creates a very favorable environment for interest rates. Short rates are expected to fall, leveling off at four percent. We also see the ten-year rate falling over the next three years and leveling off at five percent in 1998. This term structure reflects the historical experience in periods of low and stable inflation.

In conclusion, let me say, for the past three years the economic projections of this administration have consistently been on target. Comparisons of our earlier projections with the economy's actual performance show only small differences. If anything, we have been too conservative. We have consistently underestimated real GDP growth and increasing jobs and overestimated inflation, interest rates and the budget deficit.

We believe that the economic assumptions presented in this budget are similarly sound and realistic, and they're in line with the forecast blue chip private forecasters and the Congressional Budget Office. Finally, as I said at the beginning, we believe the outlook for the economy is good. The government shutdown and the blizzard that closed most of the eastern United States may have some dampening effect on the economy in the first quarter.

But although we may see some variations in growth quarter to quarter, the economic fundamentals are sound and conducive to steady growth with continuing job creation and low inflation. Let me turn to Secretary Rubin who will talk about the tax portion of the budget.

Q One question before the Secretary starts. Your numbers on inflation are not the same as the numbers that are published in the book.

DIRECTOR RIVLIN: There was a typo.

MR. STIGLITZ: There was a typo --

DIRECTOR RIVLIN: That's why we're distributing the table.

SECRETARY RUBIN: Thank you, Joe. I will briefly describe the President's -- the component of the budget that's consistent -- tax cuts and also savings as a result of loophole closers. Basically, as you know, the President's tax cuts are oriented toward the middle class, designed to help middle class raise their families, to save and to send their children to college. These cuts are good for members of the middle class, and they're good in terms of the incentives they create with respect to people's behavior and the effect of that behavior on economic growth.

Let me say a word about the debt limit before I go on to the tax cuts, because I think last Thursday was really a very significant day in this ongoing process. First, the congressional leadership sent the President a letter committing to pass an increase in the debt limit acceptable to both the President and the Congress before the end of this month; second, Congress took a constructive step by passing legislation which empowers the Treasury Department, authorizes the Treasury Department to issue $29 billion worth of debt outside of the debt limit, which assures the payment of Social Security and other benefits March 1st and shortly thereafter. These steps, as I said, are constructive, and I think Thursday was a very constructive day in this process. This will permit us to get through the March 1st crunch. Now we need to put in place a long-term debt ceiling increase that will take us through at least the next year and get this issue off the table. Having said that, let me turn to the tax cuts.

The President's tax cuts amount to $130 billion. First, we have the middle class tax cut package, which Alice briefly described. It's a $500 child tax credit, $10,000 deduction for education, training expenses, and expansion of the IRAs -- the individual retirement accounts.

Second, this package contains three provisions included in the President's balanced budget offer to help small businesses grow, employees save for retirement and family businesses and family small farms to remain in the family in the event of the death of the owner; family-owned small business and family farm estate tax relief to address the cash flow problems that occur when the owner dies; an additional increase in small business expensing from $17,500 to $25,000 -- which was the amount the President originally proposed in his 1993 budget.

And, third, pension simplification, including a special program for small businesses called NEST. Third, as the President announced in the State of the Union address, there is a program in the budget to incentivize companies to resuscitate abandoned industrial sites in economically distressed areas, both rural and urban, that are known as brownfields. This is a roughly $2-billion incentive and we will work in the week ahead with mayors, the EPA and affected communities to develop the details.

Fourth, the budget would increase the deduction for health insurance expenses of self-employed individuals from the current 30 percent to 50 percent by the year 2000. There is also a package of tax loophole closers and compliance measures. As in the President's original 1996 budget, this budget contains tax reforms to close loopholes that benefit Americans who renounce their citizenship and reforms the taxation of income for foreign trusts. This budget also saves $46 billion by limiting corporate and other loopholes and improving tax compliance. And, finally, there is $5 billion in EITC and related compliance measures and improved targeting.

To conclude, as Alice said, the budget balances in seven years. It contains targeted modest tax cuts to help middle class families, small businesses and family farms struggling to be effective to keep ahead in today's economy, and it contains tax reforms that will make the system fairer and more efficient.

Thank you.

DIRECTOR RIVLIN: Happy to have questions.

Q For Mr. Stiglitz, the growth projections seem very modest. And I was wondering if you could explain what factors do you see encouraging economic growth and what factors are you seeing dampening growth.

DR. STIGLITZ: The forecast is really inconsistent with where most other private forecasters are and with the CBO. The numbers look low mainly because we've switched the accounting framework, the way we calculate the numbers -- this is the new chain-weighted numbers.

Q What does that mean, chain-weighted?

DR. STIGLITZ: Well, the way it used to be -- let me explain how it used to be. It used to be that to calculate the GDP, you use the relative prices of a particular year -- that's a fixed weight -- use 1987. And what happens is that over time those relative weights that you associate with different goods get out of line. And there are periodic revisions -- 1987 -- then we were going to go to 1992 this year. But instead of doing this periodically, which causes lots of disruption, what we're doing now is having what's called chain-weighted. So every -- you continually change the weights as time moves on. And when you do that, you get lower growth numbers. The main reason that the numbers look lower than they did before was because of computers.

Q But can you explain the factors you're seeing going into the economy now?

Q Because of the computers?

DR. STIGLITZ: Yes. The computer prices that were used were the '87 prices, and the computer prices have come down a lot. So when you bought a computer, they used the prices that computer would have bought if you could have bought it in 1987. So these are technical issues, but they do have a big effect on how you estimate GDP.

The factors that contribute to strong economic growth -- we see continuing strong investment and we also see continuing strong export growth. Last year, we had a strong export -- and over the last three years, exports have grown 30 percent, which is really remarkable for a country at our stage of development.

Last year, we had a very strong export growth in spite of the fact that three of our major trading partners had weak economies. We're expecting Japan and Mexico and Canada both to have stronger years and that will feed back to us in stronger export growth.

Q Then where do you see growth? What factors do you see dampening growth?

MR. STIGLITZ: Right now, we're going through a phase of there is a slight inventory overhang, but it's relatively mild, and that may mean the first quarter will be a little bit weaker. Also, the weather and government shutdown have had a slight --

Q -- go through the long-term projections over the next ten years --

MR. STIGLITZ: We really are projecting the economy to continue to grow at its potential capacity over the intermediate run.

Q Joe, your inflation numbers seem perhaps a little bit high. Is that why you're pessimistic, or at least not as optimistic as some about three-month T-Bills?

DR. STIGLITZ: The inflation rate is for the whole year. It's fourth quarter over fourth quarter. The numbers last year had in them the fact that oil prices went down, or actually they went down, so that dampened the overall rate of increase of prices. So what we're working off is what is called the core rate of inflation which is the rate of inflation ignoring the highly volatile areas of food and energy. So it's basically a forecast of stable inflation based on the core.

Q Why do you not think that at least short-term rates would go down even faster? I mean, you're only talking about a tenth of a percent below where we are right now anyway.

DR. STIGLITZ: These are conservative estimates as we said all along, and we wanted to err on the side of conservativism.

Q Did you take into account the recent Fed action when coming up with this number?

DR. STIGLITZ: We don't try to microscopically predict what's going to happen, meeting by meeting, of the Fed. We are trying to give a broad picture of what --

Q -- when was your --

Q You factor it into your calculations as a baseline or whatever?

DR. STIGLITZ: We factored in that there would be a monetary response to the fact that we have a credible deficit reduction package, yes. (Laughter.)

Q Mr. Secretary, what happens after mid-March? Do you go back and plead your case again? Is this going to happen month to month for the rest -- into infinity?

SECRETARY RUBIN: Well, the leadership sent the President a letter on Thursday, as I mentioned, in which they said, they committed to pass a debt ceiling increase by the end of this month as acceptable to both the President and to Congress. I think that should be for a year. It should get this debt ceiling problem out beyond the presidential election, and then we won't have to worry about it, get it off the table and get it out of this political season. That's what should happen, Helen. What will happen, I don't know.

Q But you can't convince them that they should go to the --

SECRETARY RUBIN: Oh, I think they were in a very constructive mode last Thursday, and I think that we should all work together in that respect --

Q Mid-March is constructive?

SECRETARY RUBIN: No, no. Mid-March was a temporary --no, mid-March was constructive because we had a crunch on March 1st as we discussed many times. And they weren't coming back until February 26th. So to avoid that crunchy time, they moved it out to the middle of the month as you say.

Q Mr. Secretary, does this new set of Medicare numbers indicate a worse depletion than you might have thought so far in the Trust Fund? Are you for a more extensive set of reforms in that program than you've been willing to accept?

SECRETARY RUBIN: I think they argue --

Q If not, why not?

SECRETARY RUBIN: Yes, I think they actually argue just the other way. I'm chairman of the Part A Trust Fund, as you may know, and I think what they argue for is putting in effect the proposal the President has put forward, which are Medicare savings that, roughly speaking, parallel a group of Medicare savings the congressional majority has suggested. I think we should get them done, and get them done now so that we can advance the exhaustion date out to the 2011 that the President's program was projected to accomplish.

Q What, if any, impact do these new numbers have on your thinking, if any?

SECRETARY RUBIN: I really think the impact is exactly what I just said. What it means is it is imperative that we get --

Q That you would do what you were going to do, anyway.

SECRETARY RUBIN: It is imperative that we get done the program that the President put forward so we can take the exhaustion date -- which was 2002 or 2001, I've forgotten which -- and get it out to 2010, 2011, which is what the present program was designed to do.

Q How long has the administration known that Medicare Trust Fund was going to suffer a deficit and not a surplus this year?

SECRETARY RUBIN: I just heard about this -- Alice, do you know the answer? This was not something I had known about before.

DIRECTOR RIVLIN: Today is what I heard.

SECRETARY RUBIN: Yes. My first knowledge of it was today.

Q You first found about it in The New York Times; is that what I'm led to believe here?

SECRETARY RUBIN: It's actually a very good paper; you should read it. (Laughter.) I mean, there are a lot of other good papers, too, I didn't mean to -- it was not a relative comment.

Q If I could ask, then, why is it that the administration did not know this, especially since there were sensitive budget negotiations going on for a couple of months?

SECRETARY RUBIN: There may well have been people who, in analyzing this, were familiar with it. I learned about it today. But I don't think it matters. I think the essential point is precisely the same. It simply makes more imperative what the President said all along: We should put in place these Medicare cuts. And since these cuts, roughly speaking, parallel cuts that the Republican majority could agree with us on, we should get this thing done and get it done now.

Q Just to follow-up on that, though. It sounds, though, as if what needs to be done is a lot more stringent than you're advocating. And the Republicans have been saying all along that you haven't pushed hard enough and you haven't cut deeply enough. And it sounds like even they haven't done enough.

SECRETARY RUBIN: No. Well, there are two problems, as you know. One is the problem right now of getting the exhaustion date extended from 2002 to 2011; the President has projected his program would take -- maybe now it takes to 2010. I don't know -- I was told -- it probably still goes to 2011. That you can accomplish by putting in place the President's program and doing it now.

The question of what kinds of structure reforms you want for the long-term in order to address a much longer-term Medicare problem is something neither the congressional majority nor our program addresses. But what both our programs address is providing plenty of time for that to be done on a bipartisan basis. So I think it comes back to my answer to Brit -- what this says is get this done and get it done now.

Q But you've underestimated how much money there is. Why do you think that your estimates will hold up over what your cuts will provide?

SECRETARY RUBIN: Let me take a one-second answer and let me let Alice -- we've been advised by Bruce Vladeck at HCFA, and I believe he is actually going to do some kind of a press discussion today, that he still projects that this will -- that the President's program will provide an extension of the exhaustion date of the Medicare Trust Fund out to 2011, or maybe it's 2010 now, I'm not sure, which gives us -- a, it extends it out further than the average extension has been during any period of time the Trust Fund has been in existence; and secondly, it extends it out a multiple of the number of years you need to put in place the true long-term fixes, which neither of our program provides.

DIRECTOR RIVLIN: Well, let me just reemphasize, the President is proposing a set of cuts which reduce the rate of growth of Medicare and protect the Medicare Trust Fund. They are virtually the same cuts that the Republicans are proposing. And it is -- they are proposing more than we are, but the point is that we have agreement not just on the minimum number but really on the policies.

When you look at what you need to do to slow down the rate of growth of Medicare, especially hospitals, which is what we're talking about in the Trust Fund, the policies are not very numerous that are available. They are changing the reimbursement rates, the so-called updates for the various provider categories, especially the hospital update. We are all agreed that has to be done.

Now, why don't we just do it and that would solve this problem for a good long time.

Q Mr. Secretary could you explain the phase-in, as you call it, of the middle class tax cut, both the $500 credit and the $10,000 in terms of when middle class families could actually see some of these benefits? What time would the full $500 kick in and the full $10,000?

SECRETARY RUBIN: The effective date on the tax cuts would be January 1, '96. My recollection is the child tax credit starts at $300, and I believe in the fourth year goes to $500, and the education starts at $5,000 and goes $10,000 also in the fourth year.

Q Which means you might not get to full numbers if, by 2000 you cut off the --

SECRETARY RUBIN: They trigger off in the last two years, as you know, so you get to the full numbers.

Q But if you started in '96 and the fourth year -- by '99, then, you would have both of them in full swing?

SECRETARY RUBIN: It would be '96, '97, '98, and '99. Right. You've got it.

Q There seems to be a -- on the numbers on the tax cut -- you said it was $130 billion package.

SECRETARY RUBIN: Right. Correct.

Q OMB says it's a $99-billion package on their handout.

SECRETARY RUBIN: Well, that's the trigger, and there is a reconciliation on one of these pages, but I don't remember where it is.

Q Okay, the second question, same point, you said I think $46 billion for corporate loophole closing, and they say $59 billion?

SECRETARY RUBIN: Yes, there are three pieces to that. There's $46 billion, which is the corporate loopholes and similar matters, there is about $7 billion of additional very similar kinds of loophole closures that were in the original budget, and then there's $5 billion that relates to EITC and some very closely related savings there that come fundamentally from making the system work better. So that would be a total of $58 billion, and it rounds off to $59 billion somehow or other.

Q Mr. Secretary, Mr. Archer last week suggested the idea of raising the debt ceiling through October, the fiscal year. Is that adequate to respond to your concerns up through the end of the year?

SECRETARY RUBIN: I think that Mr. Archer really played a very constructive role last week. I think that the debt -- in proposing legislation that passed, I do think the debt ceiling should be taken out beyond this calendar year, because that gets you beyond the presidential election, it gets beyond this political period and gets into next year. But that's something we'll all have to work on as we go forward.

But I think the most important thing is I think Chairman Archer did play a very constructive role at the end of last week.

Q But does the idea of through the end of the fiscal year cover you, in effect?

SECRETARY RUBIN: No, because the end of the fiscal year takes you to October 1st, and the presidential election is still in November. So you've got the one butting up against the other.

I think we should try to get it out beyond this calendar year into next year and get it beyond this political season.

Q I'm talking more about the extraordinary measures that you've been taking to keep the government in the money?

SECRETARY RUBIN: Well, that's a different issue. What we have said with respect to the extraordinary measures is that -- and you all probably have the letter that we sent to Speaker Gingrich, the Majority Leader and House Majority Leader

-- that the measures that we have available to us would have taken us through either February -- both available to us legally and which we deem to be prudent would have taken us through either February 29th or March 1st. We weren't quite sure which because these numbers are difficult to project with accuracy.

That problem, fortunately, has been mooted by the legislation that was passed last week and in some ways, even more importantly, by the letter that the leadership presented to the President on Thursday.

Q Dr. Rivlin, if you're trying to balance the budget in seven years, why do you increase discretionary spending in 1997? Wouldn't it make more sense to keep it all along on a freeze rather than -- I mean, some people might say you're increasing the spending just because it's an election year.

DIRECTOR RIVLIN: Some people might. But that's not the reason. The reason is that we want to protect the programs that we really think are necessary to grow the economy and to protect the environment. And while we are downsizing the government generally and are continuing to do that, you can't do it too fast. We need to get systems in place that will make it possible to run the ordinary functions of government more efficiently and with less money.

Q The governors think that they may be on the verge of a breakthrough in three areas on the budget -- Medicaid, welfare and the third category of employment and training. From what you know of the work they've done, how likely do you think it is that something that would really make a difference is going to emerge here?

DIRECTOR RIVLIN: I think they've made a lot of progress and I was with the President this morning when we I was with the President this morning when we listened to their report of the progress that they had made. But they have not presented a plan yet, and we can't tell exactly what the details are or how we would react to it.

Q But if they do in fact agree on these state-administered programs in a bipartisan way, which they would have to with a 75 percent requirement, wouldn't that carry an awful lot of weight with the White House?

DIRECTOR RIVLIN: That would be very helpful. But the President and the Congress still have to work this out. They have made a lot of progress, too. I think we are narrowing the differences. But it is very important to the administration to make sure that we are not undercutting the populations for whom these programs are designed, who are the most vulnerable people in the country; and that we also give the governors a great deal of flexibility, but don't just give them a blank check.

So we have to look at all the details. And the details in these two programs, Medicaid and AFDC, are exceedingly complicated. We want to simplify them, but at the moment they are complex.

Q Dr. Rivlin, Al Kamen reports in The Washington Post this morning that you're seriously being considered for the Federal Reserve. (Laughter.)

DIRECTOR RIVLIN: That's Al Kamen's opinion. I have a big job here, especially in the next few months. I can't imagine leaving the budget in the middle of this historic negotiation and chance to get a balanced budget for the first time in a long time.

Q How about sometime after that?

Q Sounded like a yes.

Q Sounded like a yes to us.

Q Secretary Rubin, would you comment on the relationship --

DIRECTOR RIVLIN: Oh, no, that was not intended -- (laughter.) This was intended to say no story here at all; no way, no how.

Q You mean, you're not frustrated and unhappy with all of you colleagues?

DIRECTOR RIVLIN: Not at all.

Q Secretary Rubin, could you comment on the relationship between this budget and the suspended, perhaps, sometime resumed budget negotiations? This is the last proposal that we understand the President made during those talks. Does the fact that you're making it in a binder now and as the first installment of the budget mean this is where the White House stands and it won't move?

SECRETARY RUBIN: Well, this is the President's budget proposal. It is, as you know, the proposal that developed and that he had discussed at length with the Republicans. The

President has had a consistent position through this whole thing, which is that we should work together, we should keep our doors open, stay in touch with each other on an ongoing basis and continue to work toward getting a balanced budget. And then, as you know, he has discussed many times -- including the State of the Union -- the commonalities that exist between the two proposals and the ability to get a balanced budget simply by taking the amounts that are in common. And as Alice said, the vast -- of those amounts have common policy underlying them.

So I think what he has presented is a basis for reaching a balanced budget and, in addition, a modest tax cut.

Q So these could change if those negotiations were resumed?

SECRETARY RUBIN: Well, I think -- forget what I think. The President very much thinks it would be constructive to continue negotiations and continue the discussions. But we have here a budget that does go to balance and that does reflect the commonalities between the congressional majority and the administration's proposal.

I just want to add one thing on debt limit, because I did -- when I said before, in response to your question, that in a sense the things that we could do were moot that, of course, was premised on the assumption that the Congress would, in fact, put in place the debt ceiling increase. But the reason I feel that it was such a constructive week last week is because of the letter that the congressional leadership delivered to the President.

Q One last thing, Mr. Secretary: if you get to October based on what Congress does, will you then be in a position to renew your use of the extraordinary measures you use this year to get you past the election?

SECRETARY RUBIN: That's a very difficult question to answer at this point because it depends on a number of technical factors that I suspect will be a part of our discussion --

Q -- what, five weeks?

SECRETARY RUBIN: No, but the -- no, no. Where we are right now --

Q Are you going -- you will be able to reimburse based on these --

SECRETARY RUBIN: Well, that's the question. You see, if you've reimbursed the Civil Service trust -- if you've reimbursed the Civil Service Retirement Fund and G-Fund, then, of course --

Q You could do it again.

SECRETARY RUBIN: -- those become available as instruments that could be used to avoid a problem. If they haven't been, then they can't be --

Q So that's the thing to watch?

SECRETARY RUBIN: It would certainly --

Q You do that, you'll be able to do it; if you don't, then you may not be able to.

SECRETARY RUBIN: It is certainly one thing to watch.

Q Mr. Secretary -- one international question, Mr. Secretary. There's a published report today that France and Germany may support full G-7 membership for Russia. Do you want to comment on the report and the U.S. position?

SECRETARY RUBIN: Yes, I saw that, too, actually. I think the best answer is simply to say there certainly has been no decision on that.

Q What's our feeling about it.

Q Did President Chirac discuss it with President Clinton?

SECRETARY RUBIN: Let me stick with what I just said. There certainly has been no decision on that.

Thank you.

THE PRESS: Thank you.

END 2:19 P.M. EST

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 9 A.M. EST
February 6, 1996

Contact: Michelle Smith
(202) 622-2960

TREASURY REPORTS PROGRESS OPENING JAPAN'S FINANCIAL MARKETS

The U.S. Treasury and the Japanese Ministry of Finance met in Tokyo today to review progress under the U.S.-Japan financial services agreement announced in Washington last January by President Clinton and then-Prime Minister Murayama.

Reporting on the results of the meeting, Treasury Deputy Secretary Lawrence H. Summers expressed general satisfaction with the Japanese Government's implementation of the agreement so far. "We are reasonably pleased with the way things are going," Summers said. "The Japanese Government has delivered an extensive number of legislative and regulatory changes required under the agreement to open up new opportunities in the financial sector. We are also encouraged by the significant additional deregulation of the corporate pension market now under consideration.

"We are already seeing some encouraging signs of progress on the ground in terms of new business for foreign financial institutions in the areas of asset management and corporate finance," Summers said.

Summers emphasized Treasury's commitment to continue an intensive follow-up process to monitor implementation of the Japanese commitments in the agreement.

Summers also said Treasury would continue to be engaged in promoting deregulation and liberalization in the Japanese financial market. "Looking forward, we want to continue to encourage positive changes in the Japanese financial system," he said. "Improved transparency and stronger disclosure standards and the development of a more active domestic capital market, including a functioning asset-backed securities market, are important steps in responding to the challenges now facing the Japanese economy and its financial system."

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RR-856

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

Fact Sheet: Progress Under U.S.-Japan Financial Services Agreement

Following is a list of significant changes in the Japanese financial markets that have been implemented in accordance with the U.S.-Japan financial services agreement:

Fund Management

* The JFY 1995 budget, approved in March 1995, gave investment advisory companies (IACs) full access to the $200 billion public pension fund market. The first IAC mandates, totaling roughly $850 million, were awarded in January 1996. U.S. firms won two of these mandates.

* As a result of the elimination of restrictions on the corporate pension market, private pension fund assets under management by foreign IACs rose by more than one-third between March 1995 and September 1995.

* Balanced investment requirements on managers of public and private pension funds have been substantially liberalized, increasing the scope for specialization.

* An advisory body to the Ministry of Health and Welfare issued a report in June 1995 supporting the revision of pension actuarial standards from a book-value to a market-value basis. The new standards will be written by this summer and implemented in JFY 1997. At today's meeting, the Finance Ministry reaffirmed its support for market-value accounting and its expectation that the actuarial standards will be revised by mid-1996.

* Effective February 1, 1995, fund managers were permitted to conduct investment trust (mutual fund) and pension fund management activities in one entity, significantly lowering the costs of entering the fund management business in Japan. The number of foreign firms licensed to engage in the Japanese mutual fund business has doubled from 5 before the agreement to 10 today.

Corporate Securities

* In February 1995, the Finance Ministry announced a list of newly permissible financial instruments, including a range of foreign-originated asset-backed securities, exchangeable bonds, and dual currency bonds with currency options.

* At today's meeting, the Finance Ministry stated its commitment to introduce a domestic asset-backed securities market by the end of the current fiscal year (March 1996).

* Effective January 1, 1996, minimum rating requirements and financial criteria on all Japanese corporate bond issues at home and abroad were eliminated. Effective April 1, 1996, the listing requirement for domestic commercial paper (CP) issuance will also be eliminated, and the minimum rating requirement lowered.

* In February 1995, the Finance Ministry implemented transparent procedural protections for new financial instruments which bring the Japanese regime closer to the U.S. Securities and Exchange Commission's "no action" procedures.

* Two foreign brokerage houses for the first time won solo lead management mandates for Japanese domestic corporate bond issues worth roughly $100 million each.

Cross-Border Capital Transactions

* In April 1995, the Finance Ministry introduced a new, simplified approval and notification system for many cross-border capital transactions, such as euroyen and "samurai" securities offerings. The Finance Ministry has granted a total of 466 comprehensive approvals for non-resident issues of euroyen securities, and accepted 104 comprehensive notifications for resident securities issues offshore. No applications for comprehensive approval/notification were denied, and no conditions or limitations imposed on issuance.

* The 90-day offshore seasoning period on non-resident euroyen issues was eliminated (ahead of schedule) in August 1995. The offshore seasoning period on resident euroyens will be shortened from 90 to 40 days, effective in April 1996, in anticipation of its total elimination by April 1998.

* In April 1995, restrictions were lifted on Japanese corporate investors' access to a wide range of financial instruments available outside Japan.

2/6/96

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
February 6, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 3-YEAR NOTES

Tenders for $18,506 million of 3-year notes, Series W-1999, to be issued February 15, 1996 and to mature February 15, 1999 were accepted today (CUSIP: 912827W73).

The interest rate on the notes will be 5%. The range of accepted bids and corresponding prices are as follows:

	Yield	Price
Low	5.037%	99.898
High	5.046%	99.873
Average	5.043%	99.882

Tenders at the high yield were allotted 51%.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$49,440,971	$18,505,941

The $18,506 million of accepted tenders includes $857 million of noncompetitive tenders and $17,649 million of competitive tenders from the public.

In addition, $3,472 million of tenders was also accepted at the average price from Federal Reserve Banks for their own account in exchange for maturing securities.

The $857 million noncompetitive total includes $250 million awarded to foreign official institutions.

RR-857

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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

FOR RELEASE AT 2:30 P.M.
February 6, 1996

CONTACT: Office of Financing
202/219-3350

TREASURY'S WEEKLY BILL OFFERING

The Treasury will auction two series of Treasury bills totaling approximately $27,400 million, to be issued February 15, 1996. This offering will provide about $300 million of new cash for the Treasury, as the maturing weekly bills are outstanding in the amount of $27,107 million.

Federal Reserve Banks hold $6,765 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 $3,259 million as agents for foreign and international monetary authorities, which may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders. Due to the public debt limit and Treasury's need to plan for the debt level, additional amounts of Treasury bills will not be issued to Federal Reserve Banks as agents for foreign and international monetary authorities in these auctions.

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-858

HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS TO BE ISSUED FEBRUARY 15, 1996

February 6, 1996

Offering Amount	$13,700 million	$13,700 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912794 Y7 3	912794 3D 4
Auction date	February 12, 1996	February 12, 1996
Issue date	February 15, 1996	February 15, 1996
Maturity date	May 16, 1996	August 15, 1996
Original issue date	November 16, 1995	February 15, 1996
Currently outstanding	$14,817 million	- - -
Minimum bid amount	$10,000	$10,000
Multiples	$ 1,000	$ 1,000

The following rules apply to all securities mentioned above:

Submission of Bids:	
Noncompetitive bids	Accepted in full up to $1,000,000 at the average discount rate of accepted competitive bids
Competitive bids	(1) Must be expressed as a discount rate with two decimals, e.g., 7.10%. (2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is $2 billion or greater. (3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.
Maximum Recognized Bid at a Single Yield	35% of public offering
Maximum Award	35% of public offering
Receipt of Tenders:	
Noncompetitive tenders	Prior to 12:00 noon Eastern Standard time on auction day
Competitive tenders	Prior to 1:00 p.m. Eastern Standard time on auction day
Payment Terms	Full payment with tender or by charge to a funds account at a Federal Reserve Bank on issue date

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

FOR RELEASE AT 3:00 PM
February 6, 1996

Contact: Peter Hollenbach
(202) 219-3302

PUBLIC DEBT ANNOUNCES ACTIVITY FOR SECURITIES IN THE STRIPS PROGRAM FOR JANUARY 1996

Treasury's Bureau of the Public Debt announced activity figures for the month of January 1996, of securities within the Separate Trading of Registered Interest and Principal of Securities program (STRIPS).

Dollar Amounts in Thousands

Principal Outstanding (Eligible Securities)	$864,913,622
Held in Unstripped Form	$641,964,774
Held in Stripped Form	$222,948,848
Reconstituted in January	$14,081,346

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-211
(RR-859)

TABLE VI – HOLDINGS OF TREASURY SECURITIES IN STRIPPED FORM, JANUARY 31, 1996
(In thousands)

Loan Description	Maturity Date	Principal Amount Outstanding: Total	Portion Held in Unstripped Form	Portion Held in Stripped Form	Reconstituted This Month #1
8-7/8% Note A-1996	02/15/96	8,450,609	6,229,809	2,220,800	38,400
7-3/8% Note C-1996	05/15/96	20,085,643	16,276,043	3,809,600	48,000
7-1/4% Note D-1996	11/15/96	20,258,810	17,042,810	3,216,000	8,000
8-1/2% Note A-1997	05/15/97	9,921,237	8,706,837	1,214,400	14,000
8-5/8% Note B-1997	08/15/97	9,362,836	7,167,636	2,195,200	25,600
8-7/8% Note C-1997	11/15/97	9,808,329	6,955,529	2,852,800	9,600
8-1/8% Note A-1998	02/15/98	9,159,068	7,811,228	1,347,840	73,600
9% Note B-1998	05/15/98	9,165,387	6,984,787	2,180,600	203,600
9-1/4% Note C-1998	08/15/98	11,342,646	8,457,846	2,884,800	27,200
8-7/8% Note D-1998	11/15/98	9,902,875	6,795,675	3,107,200	12,800
8-7/8% Note A-1999	02/15/99	9,719,623	8,279,623	1,440,000	73,600
9-1/8% Note B-1999	05/15/99	10,047,103	7,061,503	2,985,600	153,600
8% Note C-1999	08/15/99	10,163,644	7,577,544	2,586,100	11,500
7-7/8% Note D-1999	11/15/99	10,773,960	7,393,160	3,380,800	188,800
8-1/2% Note A-2000	02/15/00	10,673,033	8,114,233	2,558,800	42,800
8-7/8% Note B-2000	05/15/00	10,496,230	5,832,230	4,664,000	32,000
8-3/4% Note C-2000	08/15/00	11,080,646	7,032,006	4,048,640	92,000
8-1/2% Note D-2000	11/15/00	11,519,682	7,436,882	4,082,800	318,000
7-3/4% Note A-2001	02/15/01	11,312,802	8,384,002	2,928,800	122,400
8% Note B-2001	05/15/01	12,398,083	9,157,333	3,240,750	87,500
7-7/8% Note C-2001	08/15/01	12,339,185	9,734,385	2,604,800	129,600
7-1/2% Note D-2001	11/15/01	24,226,102	22,005,942	2,220,160	98,480
7-1/2% Note A-2002	05/15/02	11,714,397	10,260,637	1,453,760	186,320
6-3/8% Note B-2002	08/15/02	23,859,015	22,451,015	1,408,000	228,800
6-1/4% Note A-2003	02/15/03	23,562,691	23,334,723	227,968	213,600
5-3/4% Note B-2003	08/15/03	28,011,028	27,739,028	272,000	240,800
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	14,439,572	800	0
7-1/4% Note C-2004	08/15/04	13,346,467	13,312,867	33,600	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	13,834,354	400	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
5-7/8% Note D-2005	11/15/05	15,209,920	15,209,920	0	0
11-5/8% Bond 2004	11/15/04	8,301,806	4,378,606	3,923,200	249,600
12% Bond 2005	05/15/05	4,260,758	2,471,008	1,789,750	24,000
10-3/4% Bond 2005	08/15/05	9,269,713	7,857,713	1,412,000	431,200
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	2,388,784	3,616,800	456,800
11-1/4% Bond 2015	02/15/15	12,667,799	9,821,719	2,846,080	923,520
10-5/8% Bond 2015	08/15/15	7,149,916	2,533,916	4,616,000	407,360
9-7/8% Bond 2015	11/15/15	6,899,859	3,823,059	3,076,800	224,000
9-1/4% Bond 2016	02/15/16	7,266,854	6,639,654	627,200	111,200
7-1/4% Bond 2016	05/15/16	18,823,551	18,525,151	298,400	112,000
7-1/2% Bond 2016	11/15/16	18,864,448	17,905,168	959,280	0
8-3/4% Bond 2017	05/15/17	18,194,169	9,494,649	8,699,520	579,200
8-7/8% Bond 2017	08/15/17	14,016,858	9,197,658	4,819,200	337,600
9-1/8% Bond 2018	05/15/18	8,708,639	2,387,039	6,321,600	75,200
9% Bond 2018	11/15/18	9,032,870	2,666,070	6,366,800	297,400
8-7/8% Bond 2019	02/15/19	19,250,798	5,194,798	14,056,000	195,200
8-1/8% Bond 2019	08/15/19	20,213,832	16,701,832	3,512,000	360,320
8-1/2% Bond 2020	02/15/20	10,228,868	6,403,268	3,825,600	443,200
8-3/4% Bond 2020	05/15/20	10,158,883	4,431,043	5,727,840	629,280
8-3/4% Bond 2020	08/15/20	21,418,606	6,205,006	15,213,600	1,461,920
7-7/8% Bond 2021	02/15/21	11,113,373	9,742,173	1,371,200	62,400
8-1/8% Bond 2021	05/15/21	11,958,888	4,677,288	7,281,600	376,960
8-1/8% Bond 2021	08/15/21	12,163,482	3,633,882	8,529,600	116,800
8% Bond 2021	11/15/21	32,798,394	6,307,994	26,490,400	690,850
7-1/4% Bond 2022	08/15/22	10,352,790	7,842,390	2,510,400	272,000
7-5/8% Bond 2022	11/15/22	10,699,626	3,715,626	6,984,000	473,600
7-1/8% Bond 2023	02/15/23	18,374,361	14,588,761	3,785,600	564,800
6-1/4% Bond 2023	08/15/23	22,909,044	22,528,756	380,288	605,536
7-1/2% Bond 2024	11/15/24	11,469,662	5,913,742	5,555,920	205,200
7-5/8% Bond 2025	02/15/25	11,725,170	8,542,770	3,182,400	713,600
6-7/8% Bond 2025	08/15/25	12,602,007	12,602,007	0	0
Total		864,913,622	641,964,774	222,948,848	14,081,346

#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.

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
February 7, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 10-YEAR NOTES

Tenders for $14,009 million of 10-year notes, Series A-2006, to be issued February 15, 1996 and to mature February 15, 2006 were accepted today (CUSIP: 912827W81).

The interest rate on the notes will be 5 5/8%. The range of accepted bids and corresponding prices are as follows:

	Yield	Price
Low	5.639%	99.894
High	5.660%	99.736
Average	5.649%	99.819

$59,300,000 was accepted at lower yields.
Tenders at the high yield were allotted 82%.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$28,206,533	$14,009,293

The $14,009 million of accepted tenders includes $540 million of noncompetitive tenders and $13,469 million of competitive tenders from the public.

In addition, $1,500 million of tenders was also accepted at the average price from Federal Reserve Banks for their own account in exchange for maturing securities.

The minimum par amount required for STRIPS is $320,000. Larger amounts must be in multiples of that amount.

The $540 million noncompetitive total includes $100 million awarded to foreign official institutions.

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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
February 8, 1996

Contact: Rebecca Lowenthal
(202) 622-2960

U.S. TREASURY TO BRING MILLIONS IN CONTRACTS TO SMALL, MINORITY AND WOMEN-OWNED BUSINESSES

For the fifth time in two years, the U.S. Treasury Department will host a conference designed to bring government business directly to historically underutilized businesses around the country on April 29, 1996 in Arlington, Virginia. This "PARTNERSHIPS" conference will offer as much as $2 million in federal procurement opportunities to attending companies.

Contracts of up to $25,000 will be awarded on the spot using the government Visa purchase card -- business representatives who bring their price lists and calculators in the morning may leave Treasury in the afternoon with new contracts from the Internal Revenue Service, Customs Service, Office of the Comptroller of the Currency and other Treasury bureaus. Larger contracts will be issued within 10 working days, demonstrating Treasury's commitment to faster, more efficient procurement that makes it easier and more desirable to become a business partner with Treasury.

"Treasury's interest in a strong economy applies to our own contracting activities. We support competitive bidding for our contracts, and encourage participation by small, women and minority-owned businesses," said George Muñoz, Assistant Secretary for Management and Chief Financial Officer at Treasury.

Since the first PARTNERSHIPS event in May 1994, attracting 1,300 businesspeople and prime contractors, Treasury has issued over $10 million worth of contracts for goods and services ranging from computer equipment and furniture to dog food and maintenance. The conference allows small, minority and women-owned businesses to meet directly with prime contractors with subcontracting needs and provides a forum to recognize Treasury's Small and Large Business Partners of the Year.

The April 29 conference will be held at the Doubletree Hotel National Airport in Arlington, Virginia from 7:30 a.m. to 5 p.m. The registration fee is $45 per person if registered by March 1, $60 by April 29, and $80 on-site. For information, contact the Federal Small Business Technology Council at (800) 878-2940 ext. 221. To receive a fax list of bid opportunities, updated daily, call (202) 622-1133 after April 18.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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EMBARGOED FOR RELEASE AT 9:30 A.M. E.D.T.
FEBRUARY 8, 1996

Statement of Secretary Robert E. Rubin
United States Department of the Treasury
before the House Committee on Banking and Financial Services
February 8, 1996

Mr. Chairman, I appreciate this opportunity to testify before you and the other distinguished Members of your Committee.

In the last week, the debt limit discussion has proceeded in a welcomed spirit of bipartisan cooperation. On February 1, Majority Leader Dole, Speaker Gingrich and Majority Leader Armey wrote the President. They committed to passing mutually acceptable legislation, by February 29th, to increase the debt limit to ensure the United States continues to meet its obligations. The same day, Congress passed legislation to authorize Treasury temporarily to borrow $29 billion outside the debt limit. This bill, H.R. 2924, will enable us to deal with the March 1st crunch date of benefit payments. It was adopted with the support of the Congressional Minority, which has urged action on the debt limit throughout this process. President Clinton signed that bill into law this morning.

Now Congress and the President must agree on legislation that addresses the debt limit problem on a long-term basis. By ensuring that America can meet its obligations, we will protect the holders of government securities, Social Security recipients, and other federal beneficiaries from any additional risk. It's clearly time to get this job done.

Since my last appearance before the Committee, much has changed. We have reached, in my view, a common understanding of how important it is to protect the creditworthiness of the United States, a vital national asset that must never be tarnished by anyone for any reason. It is now time that comity replace conflict, and the debate over the debt limit be drawn to a close.

Last December, I testified before this Committee about actions I had taken and anticipated taking to protect America's creditworthiness absent adoption of a clean debt limit increase. I will only briefly review that history today, and then turn to more current issues.

In July, 1995, our Administration began asking Congress to adopt a clean debt limit bill. Our communications on this matter were consistent and clear. I said:

First, default is unthinkable.

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Second, the United States will not default because, in the final analysis, Congress will fulfill its responsibilities and pass acceptable debt limit legislation.

Third, if Congress did not adopt such legislation, Treasury would be forced to use extraordinary means -- subject to resolving legal and practical problems -- to avoid default, although I cautioned there were costs attached to all such actions.

Fourth, that I would notify Congress before taking any extraordinary actions to ensure the United States government remained under the debt limit and was able to finance its operations.

Fifth, passage of a clean bill will permit the debate on the budget to proceed on its own terms, unencumbered by risks to the nation's credit.

Because the debt limit was not increased last Fall, it was necessary for me to take actions to ensure we had cash and credit to meet obligations. In October, we cut the size of a Treasury auction and, in November, we delayed others. On October 18th, we stopped issuing what are called "SLGS" -- securities that state and local governments use to lower their debt service burdens. Early in November, Treasury called in nearly $2.5 billion in "compensating balances" from a number of large financial institutions.

Then, on November 15th, I was forced to invoke statutory authority provided to Treasury Secretaries by Congress during the Reagan Administration. November 15th was the date when we would have been out of debt limit room and out of cash, and unable to meet all of our financial obligations. We were on the eve of default.

Counsel always advised me that this decision with respect to the application of the statute could only be made in the context of the facts which existed on the eve of default. It was only at that time that I was able to determine that we could replace $39.8 billion in securities from the Civil Service Retirement and Disability Fund and $21.4 billion in securities from the so-called "G-Fund" with non-interest bearing cash credits.

As I said to the Committee in December, workers and retirees are fully protected by the statutes that authorized those actions. The asset value of the funds has not been diminished by one nickel, and the statutes provide for full and automatic restoration of unpaid interest.

Finally, on December 29th, despite all the previous actions, Treasury did not have sufficient debt ceiling room to issue securities to the Civil Service Retirement and Disability Fund to allow the fund to invest its $14 billion semi-annual interest payment. As I told the Committee last year, the suspension of the investment, as authorized by statute, made it possible to continue financing operations through January and until the middle of February 1996.

Each action I mentioned was necessary because a debt limit increase was not at hand. Each action fit my criteria of only employing those means that were legal, practical and prudent.

Every one of them was driven by my responsibility as Treasury Secretary to protect the full faith and credit of the United States, and only by that concern.

And as I said, in the case of the Civil Service Retirement and Disability Fund action on November 15th, counsel advised that decision could only be made in the context of the facts that existed on the eve of default.

As we entered the New Year, Treasury continued to examine other options, if needed, that would permit regular government financing to go forward. As I promised this Committee, once we determined whether further legal, prudent and practical options were available to us, we would report our findings to Congress and the American people.

On January 22, I made good on that commitment. I announced that by February 29th or March 1st, absent enactment of a straightforward debt limit increase, we would not be able to meet obligations. I further said that there were only three remaining options available -- consistent with what was legal, prudent and practical -- that could be exercised by February 15th in order to pay obligations due on that date. These actions, approved by our Department's Office of General Counsel and the Justice Department's Office of Legal Counsel, include:

- Suspending the reinvestment of the approximately $3.9 billion of dollar denominated Treasury securities held by the Exchange Stabilization Fund, an action that several prior Treasury Secretaries have taken.

- Amending my November 15 determination on the length of the debt issuance suspension period to fourteen months, thus permitting the redemption of approximately $6.4 billion in additional Treasury debt held by the Civil Service Retirement and Disability Fund, and its replacement with a cash credit. And, I must point out, I must base the final decision on an application of the statute to the facts which exist at the time of the determination.

- And, finally, exchanging approximately $9.0 billion of assets in the portfolio of the Federal Financing Bank for an equivalent amount of Treasury securities held by certain government trust funds. A swap between the Treasury and the FFB will then let us cancel those Treasury securities. This action is authorized by statute.

Following these steps, and without legislation by Congress, there are no additional legal and prudent measures I can take to meet obligations. We reached that conclusion after considering and rejecting other actions because they failed to meet our criteria of doing what was right to avoid default.

I will not delay mailing tax refunds owed the American people. I will not sell the nation's gold. I cannot go beyond the $9.0 billion in asset exchanges with the Federal Financing Bank. There are legal, practical and prudential arguments supporting each of these decisions.

Delaying tax refunds would hurt more than 70 million Americans who depend on those refunds. It still would provide only a short-term deferral of the problem, because we could not and would not hold their money forever.

Secretary Baker considered and dismissed selling gold in 1985 and said: "It would undercut confidence here and abroad based on the widespread belief that the gold reserve is the foundation of our financial system, and because Congress clearly has the power to prevent a default by assuming its responsibility with respect to the debt limit." Similar arguments prevail today.

I do not have legal authority to divest any of the other 189 government trust funds for debt management purposes, only the G-Fund and the Civil Service Fund. In addition, the President took Social Security off the table. As to the balance of the FFB assets, I have been advised by counsel that the FFB assets we have identified are the only FFB assets that can be legally sold to the trust funds in a manner that reduces the amount of debt outstanding that is subject to the debt limit.

In any case, resorting to any of these measures is no way for a great nation to manage its financial affairs. That is why the commitment of the Leadership to move acceptable debt limit legislation by February 29th, and the enactment of the Archer bill, which allows for orderly financing and relieves anxieties about government's ability to make payments, is so important.

The conclusive answer is right before us. The Congress should pass a debt limit increase for at least one year to separate this issue from the budget debate and get it out beyond the election. That would end the risk both for our credit and for federal beneficiaries, and I think it is important that we do exactly that.

This debate began last year when some said that default was an acceptable price for getting the version of the budget they preferred enacted into law. That kind of comment isn't being heard any more. That is because, I believe, people have a better understanding of what is at stake. In that sense, much has been accomplished during this difficult period.

A nation's financial reputation is an invaluable asset; its creditworthiness is a sacred trust. Our reputation has enormous practical importance for our country; it should not be called into question, it ought not be subject to uncertainty for any purpose. We must honor interest and principal obligations, and we need to protect the trust of Social Security recipients, veterans, indigent children, active duty military personnel, civilian employees and government contractors -- indeed, everyone who counts on the full faith and credit of the United States.

National leaders regardless of party have always acted to protect our creditworthiness.

In my December testimony, I read affirmations of this principle from Alan Greenspan, Paul Volcker, two Republican and four Democratic former Treasury Secretaries, and comments from the major international rating agencies. These quotes are in the record, and I shall not repeat them. Protecting the nation's credit is a bipartisan, indeed, a non-partisan, tradition.

More than a decade ago, President Reagan urged Congress to adopt an increase in the debt limit. In a letter he wrote to then Majority Leader Howard Baker, he gave voice to sentiments I share today.

He said, "This country now possesses the strongest credit in the world. The full consequences of default -- or even the prospect of default -- by the United States are impossible to predict and awesome to contemplate. Denigration of the full faith and credit of the United States would have substantial effects on the domestic financial markets and on the value of the dollar in exchange markets. The nation can ill afford to allow such a result."

Throughout this process, it has been my view that the Secretary of the Treasury must act -- doing what is clearly legal and within the bounds of prudence -- to protect the creditworthiness of the United States. We did what we needed to do to avoid default. We communicated our intentions to Congress clearly and well in advance. Upon reaching the end of our options, we reported that to Congress as well.

We have now reached a new and, I hope, concluding chapter in the debt limit debate. Congress has taken steps to protect this very important symbol of our economy, our nation's creditworthiness. I look forward to working with you, all of you, so that we may make good on the Leaders' commitment, to pass and sign debt limit legislation acceptable to the President and Congress, and then return to the hard but important work of balancing the budget and raising the living standards of our people.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
February 8, 1996

STATEMENT OF TREASURY SPOKESMAN HOWARD SCHLOSS

The Treasury Department has been comprehensive and prompt in complying with Congressional document requests concerning the debt limit. Treasury has produced more than 4,300 pages of documents in response to requests from Majority Leader Armey, Congressman Saxton and Congressman Bachus. The Department has had four lawyers solely dedicated to this task since December 1, and more than 750 hours have been spent by Treasury staff on document production requests.

Staff from the House Banking, Judiciary, Government Reform, Ways and Means and Joint Economic committees have had access to the documents we have provided, as have staff from the offices of Congressman Solomon, Congressman Cox, Congressman Smith and Congressman Bachus. In an attempt to be as forthcoming as possible, Treasury has even shared draft legal opinions with staff and counsel for the House Banking Committee, the Joint Economic Committee and Congressman Bachus' office.

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RR-863

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
February 8, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 7-DAY BILLS

Tenders for $8,055 million of 7-day bills to be issued February 15, 1996 and to mature February 22, 1996 were accepted today (CUSIP: 912794X33).

RANGE OF ACCEPTED
COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	5.12%	5.23%	99.900
High	5.17%	5.29%	99.899
Average	5.14%	5.23%	99.900

Tenders at the high discount rate were allotted 28%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$41,693,570	$8,055,370
Type		
Competitive	$41,693,220	$8,055,020
Noncompetitive	350	350
Subtotal, Public	$41,693,570	$8,055,370
Federal Reserve	0	0
Foreign Official Institutions	0	0
TOTALS	$41,693,570	$8,055,370

5.15 - 99.900 5.16 - 99.900

RR-864

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
February 8, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 30-YEAR BONDS

Tenders for $12,001 million of 30-year bonds to be issued February 15, 1996 and to mature February 15, 2026 were accepted today (CUSIP: 912810EW4).

The interest rate on the bonds will be 6%. The range of accepted bids and corresponding prices are as follows:

	Yield	Price
Low	6.110%	98.496
High	6.130%	98.226
Average	6.119%	98.374

Tenders at the high yield were allotted 81%.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$24,685,772	$12,001,082

The $12,001 million of accepted tenders includes $324 million of noncompetitive tenders and $11,677 million of competitive tenders from the public.

In addition, $900 million of tenders was also accepted at the average price from Federal Reserve Banks for their own account in exchange for maturing securities.

The minimum par amount required for STRIPS is $100,000. Larger amounts must be in multiples of that amount.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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REMARKS BY RICHARD S. CARNELL
ASSISTANT SECRETARY OF THE TREASURY
FOR FINANCIAL INSTITUTIONS
WOMEN IN HOUSING AND FINANCE SYMPOSIUM
THE GRAND HYATT
WASHINGTON, D.C.

FEBRUARY 8, 1996

Introduction

I always welcome an opportunity to speak with Women in Housing and Finance -- a group that includes so many of my friends and colleagues. But the opportunity to speak here as a pinch-hitter for Speaker Gingrich -- that was irresistible. I took it in a flash.

Today I'd like to talk to you about some of the challenges we face in financial services. I'm going to focus on Glass-Steagall reform, but I'll also have a word or two to say about SAIF, community development financial institutions, and regulatory burden relief.

Strengths of Our Financial System

I'd like to begin by talking about the strengths of our nation's financial system. Let me name five of those strengths.

First, we have the broadest, deepest capital markets in the world -- capable of financing innovation and growth at relatively low cost.

Second, our financial workforce is highly-skilled, from the backroom to the boardroom. They are a tremendous -- and often under-appreciated -- resource.

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Third, the nation's consumers are knowledgeable and demanding -- which, in turn, encourages financial institutions to compete, innovate, and be responsive.

Fourth, our system has, to a very large degree, democratized credit. Most people in this country have access to some form of credit. Credit is not, as it once was, the preserve of the affluent. That's not to say the system works perfectly. It doesn't. But compared to a century ago or to many other countries, consumers in the United States generally have very good access.

And fifth, our financial system is remarkably innovative and adaptable. (Of course, given our legal and regulatory structure, it has to be.) Americans remain the Thomas Edisons -- even the Michelangelos -- of the financial world.

Against the backdrop of these strengths, our financial system does have some very real shortcomings. One of these shortcomings is a set of outmoded and overly restrictive bank structure laws. I'd like to focus on this a bit because it's relevant to the ongoing debate over modernizing our financial system.

Laws such as the Glass-Steagall Act and the Bank Holding Company Act impose needless costs and dampen innovation.

That's a bit ironic because, as I've indicated, innovation and adaptability are hallmarks of our financial services sector. Naturally, financial institutions put this same innovation to work inventing their way around outmoded legal constraints. They do this successfully. But they also do this at the cost of diverting resources that could better be used elsewhere.

Expertise of this kind has much more limited utility than other financial innovation. If you develop electronic money or home-banking software, you could potentially market it worldwide. But you'd sure have trouble exporting Glass-Steagall avoidance techniques, or the latest strategies for coping with Regulation Y. Since other countries don't inflict similar constraints on themselves, they have little use for these innovations.

The fact that our bank structure laws are out of date is not for lack of trying. And we can take satisfaction that the Riegle-Neal Interstate Banking and Branching Efficiency Act largely resolved a debate over interstate banking that goes back 60, 70, even 200 years -- perhaps the longest-running battle in American banking law.

Changes Occurring in Our Financial System

Nonetheless, the failure of our bank structure laws to keep pace with the changes over the past several decades becomes all the more glaringly apparent when we consider the profound changes now occurring in our financial system.

Let me just give you a few examples, first by being a bit retrospective.

If you look back about 30 or 40 years, you find the financial services industry neatly segmented into specific, regulated markets. Commercial banks take deposits, offer checking accounts, and make loans. Thrifts offer savings accounts and home mortgages. You go to your stock broker to buy securities, and visit your neighborhood insurance agent for your insurance needs.

Now fast forward to the present. Despite the legal and regulatory barriers that created that balkanized system of several decades ago, financial services have begun to converge. Commercial banks and their affiliates engage in a wide range of investment banking activities. Securities firms make bridge loans. Indeed, distinctions between loans and securities, and between securities and financial futures, have become increasingly tenuous and artificial.

The fact is, the financial services industry looks different today because there are some very powerful forces changing it.

I want to talk about three in particular: technology, financial innovation, and globalization. This list is by no means exclusive, but it illustrates some of the key issues. So let me walk through them with you.

Technology

The first -- and perhaps most significant -- force for change is technology. It has a remarkably broad reach. Technology has connected global markets, driven down the cost of backroom operations, brought us ATMs. It's at the forefront of electronic money and electronic banking. And technology may well be creating economies of scale that could drive consolidation within the industry for many years to come. My descriptions here don't even scratch the surface of a CD.

Much of the technological revolution has centered on information technology. In his book, *The Road Ahead*, Bill Gates writes: "What characterizes this period in history is the completely new ways in which information can be changed and manipulated, and the increasing speeds at which we can handle it." Additionally, Gates argues, we are approaching frictionless capitalism in which buyers and sellers -- aided by information and low-cost communication -- are closely linked.

This information revolution has profound implications for financial services. Think of how banking originally came to be. People who had money to lend weren't in a position to assess the credit of people who needed to borrow. But they knew the *bank's* credit -- represented by its reputation for meeting all its obligations. And the bank knew (or could learn about) potential borrowers' credit. That informational advantage was its stock in trade.

What does it mean for banking, then, *if* information and communication improve to the point that investors, and borrowers, and other participants in financial markets can link up with one another much more readily than in the past? Of course, that happened with commercial borrowing by large corporations -- which turned from commercial loans to commercial paper. But it does appear that this process -- this disintermediation -- will spread into new areas. If market participants can communicate directly with one another, share information, buy and sell almost effortlessly in a virtual marketplace, then we have to expect that the pace of disintermediation will accelerate.

Financial Innovation

Technology has also played an important role in facilitating financial innovation, which I consider to be the second major force. Let me use one example. Thirty years ago, Americans couldn't legally own monetary gold. Today, you can own Eurobonds, floating rate bonds, strips, futures, options on futures, options on indexes, income warrants, CMOs, MBS's, currency swaps, floor-ceiling swaps and, yes, even a Libor-squared turbo swap.

It's a dizzying array of financial products -- but they play an important role. Financial innovation has meant lower costs, greater flexibility for users, increased liquidity and better risk allocation. But, at the same time, many of these financial products have perplexed regulators -- for example, distinctions between certain futures and securities have become blurred. This presents enormous challenges for regulators and our regulatory system.

Globalization

Globalization is another force transforming our financial system. Financial markets are increasingly integrated, with large volumes and ranges of financial instruments being traded across borders. Firms today can "pass the book" and engage in 24 hour trading in markets around the globe. Large multinational offering of stock are commonplace and mutual funds have strong international components as investors chase the higher returns of riskier emerging markets or seek to invest in equities on the London or Tokyo exchanges.

Of course, this increased globalization carries with it many risks, just as it does opportunities. Many financial services providers today are players in an enormous, unpredictable market -- surely there will be more with the passage of time. But, as financial markets become even more integrated, and even more globalized, numerous questions arise: Could there be new challenges to systemic stability? What is an appropriate regulatory scheme? We must think through these and other issues very carefully.

What are the implications?

The implications of these changes are dramatic. So, I would like to draw some general conclusions about the implications of the changes to the financial system.

Disintermediation is virtually certain to continue, reducing the role of traditional financial intermediation and increasing the role of informational intermediation. In short, knowledge is power, and those who deal in information -- for example, non-financial firms such as developers of computer software -- will be important participants.

The convergence of different types of financial services and financial institutions will continue, thereby undercutting the existing regulatory structure.

This still leaves us with a specific problem: Markets have changed, and customer needs have changed, but financial intermediaries remain constrained by antiquated laws designed for different circumstances. Of course, this has lead to calls for financial modernization -- which is typically assumed to mean repeal of the Glass-Steagall law.

In Glass-Steagall we have an easily identifiable target -- the separation of commercial and investment banking. And we want to remedy the problem.

But we still need to ask the following question: Is this what we need for the next century? Is Glass-Steagall reform responsive to the changes in the financial services industry? I think there are really two ways of answering that question.

The first answer is: Yes. Glass-Steagall is an unnecessary, artificial constraint imposed under dramatically different circumstances. It never made sense to begin with. And it's long overdue for the regulatory scrap-heap. Maybe some day, when you peruse through an economics textbook on CD ROM, you might just click on the words "misallocated resources" and get pictures of Carter Glass and Henry Steagall.

The second answer is that Glass-Steagall reform -- in the form of scores of statutory pages of restrictions and requirements -- is a short-term fix, making incremental advances on what several decades of regulatory and legal rulings have already put in place.

Looking ahead, what we really need is a regulatory and legal structure that will bring us into the 21st century -- that will support the institutions and products that comprise the future financial services industry in such a way as to promote efficiency, stability, and equity. Globalization and disintermediation are realities. But is the regulatory and legal system equipped to meet their challenges?

I can't tell you what the financial services industry of the next century will look like. I don't have a crystal ball. But I can tell you it must, by and large, be shaped by the market -- not the government. Certainly, the government will continue to address issues of safety and soundness, fairness of access, and significant market failures. But the government also needs to create a legal and regulatory structure that enhances free-market competition.

Financial modernization in that respect is an issue for the long-term, but we should be addressing it right now. If we wait too long, we run the risk of falling behind our competitors around the globe who *do not* operate with the same restrictions, but who *do operate* in the same global marketplace as us.

I believe it's important that we remove the outdated barriers to competition that were put in place by the Depression-era banking laws. And I have spent a good part of my professional life to advance that objective. At the same time, however, I continue to have some concerns about current proposals.

My concern is that the Glass-Steagall reform proposal being considered on the Hill would have the effect of locking the financial services industry in the 1980s or early 1990s. And I find it to be rather ironic that the premise of current legislation is the separation of deposit-taking and securities activities -- and the separation of banking and insurance -- when in fact the reality is that financial products and financial institutions are converging.

Yes, I want to see financial modernization. But, let's not do it at the cost of impeding future change. The cost of taking a few steps forward should not be having our feet nailed to the floor.

Other Concerns

Now let me take just a few minutes to talk about some other important items that deserve attention. I know this is 1996, and in years that end with an even number, less tends to happen in Washington than some might like. Still, there is time to make a difference.

First, I want to send a clear message about the importance of resolving the problems of the Savings Association Insurance Fund.

As most of you are aware, the recapitalization of the SAIF was included in the budget reconciliation bill which was vetoed last year. Since the time that the bipartisan SAIF solution passed -- and I want to thank Chairmen D'Amato and Leach, Senator Sarbanes and Congressman Gonzalez for their hard work and leadership on this matter -- the FDIC has lowered premiums for banks (who have fully recapitalized the BIF), and a large premium differential between most banks and thrifts has opened up.

If we don't take steps soon to recapitalize the SAIF, the incentive for thrifts to get out may be too strong to overcome. Ingenious attorneys who have had a year to work on this problem will find ways for thrifts to lessen their reliance on SAIF-insured deposits. Deposits will migrate elsewhere and, as the deposit base shrinks, we will come closer and closer to the possibility of a FICO default and a seriously weakened SAIF. That shouldn't be allowed to happen. The solution doesn't rely on anything magical. Congress needs to act soon to pass again the bipartisan solution that we all agreed upon just a few short months ago.

Second, let's provide full funding for the Community Development Financial Institutions Fund. As I am sure many of you are aware, the CDFI Fund has gotten off the ground in the Treasury Department. The round that made available $30 million for CDFI and $15 million for Bank Enterprise Act activities has just closed and the review for that competitive process is now beginning. The Fund's programs will help distressed urban and rural communities to restore neighborhoods, start new businesses and grow their local economies. This is an approach to community lending that virtually everyone can agree upon and it deserves the chance to work.

And third, I am hopeful that the Congress will still find a way to pass meaningful regulatory burden relief legislation. The Administration has worked very hard these past three years to eliminate unnecessary regulatory burdens wherever possible. For example, the OCC and OTS have been doing a comprehensive review of every regulation on the books. If a regulation isn't needed, it's being eliminated. But there is only so much you can accomplish administratively -- we need to work on it legislatively as well.

Regulatory burden relief legislation will have a much better chance if it is not encumbered by needlessly divisive provisions, like CRA-gutting amendments, or connected with the extraneous controversy over bank insurance powers. In short, we have to be careful about loading up the bill with items that give just about everyone something to shoot at. Because when that happens, we have that old staple phenomenon of federal banking legislation, the circular firing squad -- in which everyone hits his or her target, but no one comes out ahead.

Thank you, and I'll be glad to take questions now.

# # # #

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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ADV 1:15 P.M. EST
Remarks as prepared for delivery
February 12, 1996

REMARKS OF TREASURY SECRETARY ROBERT E. RUBIN
NATIONAL ASSOCIATION OF STATE TREASURERS

Thank you, Mrs. Withrow, for that introduction. Mrs. Withrow has been a tremendous asset to the state of Ohio, a real leader for the association, and she's done a marvelous job as Treasurer of the United States.

At the outset today, President McGrath, I want to thank the great many members of the National Association of State Treasurers who signed the letter in November supporting our efforts to separate the debt limit issue from the budget debate and our work to protect the full faith and credit of the United States.

This is a critical issue facing our national leadership, and your understanding of the potential impact of a failure to meet our obligations, and your support, has made an important contribution to a successful resolution of this matter. Thank you.

I'm honored to be the first Treasury Secretary to have the opportunity to address the NAST, and I feel a sense of kinship since we deal with many similar problems. I have a great deal to cover this afternoon, including the economy and the budget and the debt limit.

I spent 26 years in the private sector and two years at the White House before coming to Treasury. I was familiar with the economic side of Treasury's portfolio, and I quickly came to have a deep appreciation for the other area of Treasury's responsibility -- law enforcement. Roughly 40 percent of the federal government's law enforcement officers are in Treasury. It's important that Americans have economic security, and because it is likewise important that they feel physically secure -- and this is such a significant part of my job -- I want to touch briefly on this area too.

RR-867 (more)

In the past three years this administration has made a real contribution to what have been encouraging crime trends in the nation. In terms of areas where Treasury is involved, our Customs Service has put a major dent in the Cali drug cartel, the ATF has been deeply involved in the investigative work in the World Trade Center and Oklahoma City bombings, our specialized financial crimes unit has a very important program aimed at countering money laundering. And our Secret Service is effectively countering state of the art counterfeiting technology and credit card fraud. Beyond that, there's Treasury's involvement in the administration's crime bill, with the provision to put 100,000 additional law enforcement officers on the street, the assault weapons ban and the Brady Law.

That's a long list, but it's an enormously important part of Treasury's work, and one to which I attach a high priority.

Having said that, I want to discuss the economy and economic policy, which have undergone a sea-change in the past three years. It is worth reflecting on the magnitude of those changes because the contrast with the prior four years is stark, and we tend to forget.

Alan Greenspan said in his congressional testimony that the fundamentals of our economy have not looked this strong in 30 years. And he's right.

Real economic growth over the past three years has averaged 2.5 percent. During the previous four years it averaged just 1.5 percent. If those numbers sound a little low to you, it's because the technical experts in the federal government in December of last year changed the way the GDP calculation is done to what is called the chain-weighted methodology. They still show a remarkable difference in growth rates -- two-thirds higher over the past three years at an annual rate than in the previous four years.

The other numbers are equally encouraging. Unemployment is 5.8 percent, and it was over 7 percent when this administration started. The economy has created more than 7.7 million new jobs in the past three years against the 2.4 million in the previous four years. Inflation is at a near 30-year low, averaging just 2.6 percent against 4.2 percent during the prior four years. Mortgage rates are very low by historical standards. Business investment has surged.

There has been some softening of late, and I wouldn't be surprised to see a dampening effect on first-quarter growth, especially with the government shutdown and the blizzard, but I think the most likely scenario is then a return to solid growth, with a continuation of low inflation. My view is based on what forecasters say and on the sense I get from discussions with people.

Looking past the immediate future, our great challenge is to be on the right policy path to continue to grow economically in the years and decades ahead, and to do so in a way that works for all Americans. That's what the budget debate in Washington is really all about. The Wall Street Journal Washington Bureau Chief wrote the other day that this is the most important economic public policy debate since the 1960s. I agree, though it is probably the most important economic public policy debate in this country in the past 50 or 60 years.

The President and the congressional majority have both proposed budgets that go to balance in seven years with CBO scoring, but with enormous differences in priorities, differences that are critical to the future of our economy and our society.

The context of the debate is a period of vast economic change, arguably the greatest change since the industrial revolution, consisting of globalization, the economic emergence of Asia as the future center of the world economy, increased technological changes, and advances in work force organization. Further, at the same time we are entering this new economy, we are experiencing a falling median real wage and a long term increase in income disparity. The policy choices that are made must position our economy to take advantage of change, and see that every American has the opportunity to have a higher standard of living.

The President's balanced budget is driven by a broad view about what is best for our long-term economic health. It goes to balance, yes, but at the same time would make investments in the areas that are essential to productivity -- in education, training, and technology, in programs to bring the residents of our inner cities into the economic mainstream. And it maintains effective programs in Medicaid and Medicare and the other areas of our social compact, reducing expenditures in these areas to rates consistent with that objective.

The budget plan advanced by the congressional majority involves substantial cuts in all the areas of public investment that we just discussed, and in our judgment it goes too far in Medicare, Medicaid and the like. The focus in that budget is on large tax cuts that go primarily to those in our economy who are doing best, and which in my view do not have economic benefits commensurate with their cost.

That's the debate in a nutshell. You can have social and moral views on all this: but, putting these aside, this can be viewed totally and independently from a hard-nosed business-like view of what we must do for economic success in the years and decades ahead. In my view, the answer is clear, and that is the approach I have discussed today. Having said that, as the President said in his State of the Union address, there is enough common ground to put in place a seven-year, CBO-scored balanced budget this year, and leave the differences, which the Wall Street Journal referred to as the most important economic public policy debate in 30 years -- to the elections. This is what I believe we should all work to do.

Beyond matters of budget policy, there are areas of international economic policy which are similarly important to our economic future. Just briefly, they are opening markets, dealing with crises that open capital markets can bring from time to time, such as the Mexico situation, and third, promoting development and reform in the developing world, which is the most rapidly growing market for our goods and services.

Having said that, I want to spend the remainder of my time on some other matters of importance, investment practices and the debt limit.

I believe Mrs. Withrow spoke with you in October about sound investment policies and practices. When I testified about the debt limit last week I told Congress my duty as Secretary of the Treasury is to maintain the creditworthiness of the United States. So too, as you know better than I, state and local officials have the duty of protecting the assets contributed to them.

In the wake of the Orange County bankruptcy, Treasury hosted a meeting of various groups of state and local officials, including NAST, to discuss the importance of sound investment practices. We and Chairman Levitt, who has also spoken to you on this topic, will host a followup meeting on March 12th to discuss progress since our last meeting and to find out what still must be done.

I believe that the main role for us at the federal level is to maintain the visibility of the problem, so that concern doesn't just fade away. If we can help you address the problem, and prevent pressure for investment offices to become profit centers, then we will have served a useful role.

On a somewhat tangentially related matter, as you are aware, protecting the assets of the taxpayers is one of our most important responsibilities. That is every bit the case with their deposits in financial institutions as it is with the funds they entrust to the government.

The FDIC's Savings Association Insurance Fund backs up the government's guarantee of deposits at savings institutions nationwide. This fund has some serious weaknesses. For example, it has only about 43 cents in reserves for each $100 of insured deposits -- one third of the reserve level required by law. Now is the time for Congress to enact legislation to correct these weaknesses and strengthen the fund.

Now, with regard to the debt limit, as treasurers, with a fiduciary responsibility, you perhaps more than others have a keen appreciation for our two aims during this difficult period.

On the one hand, it was necessary to strongly urge acceptable legislation raising the debt limit, as all Treasury Secretaries before me for some decades have done. On the other hand, it was necessary to make certain that what was said publicly by those of us with the responsibility in the debt area did nothing to impact on the markets.

I believe that we have accomplished both of these purposes, in an unprecedentedly difficult political environment.

The failure of Congress to increase the debt limit forced us to employ statutory powers that were granted to secretaries of the Treasury by the Republican Senate and Democratic House, and signed by President Reagan in 1986, as well as additional powers that were enacted in 1987 to provide resources to deal with a debt limit impasse.

This is, as I have observed many times, and I believe you will agree, no way for a great nation to manage its financial affairs.

Having said that, two weeks ago I believe reached a new phase in the debt limit debate. Firstly, the congressional leadership provided a letter to the President committing to increase the debt limit in a manner acceptable to both the President and Congress. And Bill Archer, chairman of the House Ways and Means Committee, successfully enacted legislation getting us past the crunch period of March first. We are seeing a new phase of bipartisan cooperation.

It has been a difficult period, starting back in July when the debate first began. At the beginning, there were people in positions of responsibility saying that default for a period was an acceptable price to pay to get one version of the budget. I believe the ensuing months have greatly increased the understanding that the consequences of not meeting our obligations and maintaining calm markets make default unthinkable. That, I believe, will serve us well, not only now, but in the longer run.

Looking forward, the solution is to enact a debt limit extension that takes us past the election season, a one-year extension at a minimum.

The debt limit window of opportunity will open on Monday February 26th when Congress returns and the leadership has said it wants to act by Thursday February 29th. The spirit of cooperation has returned to this issue with the realization that this is more than a bipartisan matter, it is a non-partisan issue. I'm looking forward to being in the Oval Office sometime in early March, for the signing of a debt limit extension that lets our debate return to the matter of how best to prepare the U.S. to compete in an increasingly global economy.

Thank you.

-30-

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
February 12, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for $13,785 million of 26-week bills to be issued February 15, 1996 and to mature August 15, 1996 were accepted today (CUSIP: 9127943D4).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	4.70%	4.89%	97.624
High	4.71%	4.90%	97.619
Average	4.71%	4.90%	97.619

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	$60,778,074	$13,785,170
Type		
Competitive	$54,493,650	$7,500,746
Noncompetitive	1,247,824	1,247,824
Subtotal, Public	$55,741,474	$8,748,570
Federal Reserve	3,400,000	3,400,000
Foreign Official Institutions	1,636,600	1,636,600
TOTALS	$60,778,074	$13,785,170

RR-868

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
February 12, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for $13,815 million of 13-week bills to be issued February 15, 1996 and to mature May 16, 1996 were accepted today (CUSIP: 912794Y73).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	4.77%	4.91%	98.794
High	4.80%	4.94%	98.787
Average	4.80%	4.94%	98.787

Tenders at the high discount rate were allotted 42%. The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$51,301,053	$13,815,033
Type		
Competitive	$46,395,070	$8,909,050
Noncompetitive	1,460,498	1,460,498
Subtotal, Public	$47,855,568	$10,369,548
Federal Reserve	3,365,485	3,365,485
Foreign Official Institutions	80,000	80,000
TOTALS	$51,301,053	$13,815,033

4.78 - 98.792 4.79 - 98.789

RR-869

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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

ADV 12 P.M. CST (1 P.M. EST)
Remarks as prepared for delivery
February 13, 1996

REMARKS OF TREASURY SECRETARY ROBERT E. RUBIN
TRI-COUNTY BUSINESS REPRESENTATIVES LUNCHEON
WAUSAU, WISCONSIN

Before I begin, let me just say a few words about Dave Obey. I've been at the White House for two years and at Treasury one, and one of the things I have come to appreciate, vastly more than when I was in the private sector, is how important it is to have a critical mass of people in Congress who want to make the system work. We now have a situation in the House where there is a large group of people who in some fair measure operate on the principal they either want it their way or no way. But our political system can't work that way.

Instead, you need a critical mass of people -- regardless of their views -- who are there to govern, know how to make the system work, and are skilled in that. David Obey has those qualities, and he is clearly a leader. So whether you're a Democrat or a Republican, it is critical to have people like David Obey on both sides of the aisle.

As I've gotten to know David, I've gotten to know and respect enormously his ability to be a person of deep abiding principles, and to bring to Congress a great deal of common sense with respect to the economy. But the key is that governing and working to find common ground are not at all inconsistent with having principles and working hard to pursue them. I think maybe that's where some of the people who are new in Congress are confused.

Some of you may have heard this, but let me give you an example of what I mean about David Obey. The President was flying to Bosnia, and Bob Livingston, the Republican Chairman of the Appropriations Committee, was on the trip. He told the president that if the budget debate were left to him and Dave Obey, they'd settle it in no time. Unfortunately, obviously this isn't entirely up to Dave Obey and Bob Livingston, but it tells you kind of person he is.

RR-870 (more)

On the economy, David has long been an advocate of fiscal responsibility, while at the same time he has been an advocate of education and the other public investments that are so important to future productivity.

Now, let me spend a few minutes talking about some of the critical issues that face us today from the perspective of being Treasury Secretary. Specifically, I want to deal with the economy, the budget debate, and the debt limit issue. But I have a broad range of items on my plate. Treasury also deals with tax policy, including the area of tax reform, and Treasury has important responsibilities in our international economic relations, including Russia, China and Mexico. Beyond that, Treasury has 40 percent of the officers in federal law enforcement in our Customs, Secret Service, and ATF Bureaus, the enforcement side at the IRS, and our critically important anti-money laundering operations. I'd be delighted to answer questions in those areas today also.

Having said that, to set the stage for our discussion today it would be useful to look at what has happened in the economy in the past three years, because the contrast is so stark, compared to the prior four years, and we tend to forget.

Alan Greenspan has testified to Congress that the fundamentals of our economy have not looked this strong in 30 years. And he's right.

Real economic growth over the past three years has averaged 2.5 percent. During the previous four years it averaged just 1.5 percent. If those numbers sound a little low, it's because the technical experts changed the way the economic growth or GDP calculation is done last month to what they call chain-weighting, to make it more up-to-date. But the figures still show a remarkable difference in growth rates -- two-thirds higher over the past three years at an annual rate than in the previous four years.

Unemployment is 5.8 percent, and it was over 7 percent when this administration started. The economy has created more than 7.7 million new jobs in the past three years against the 2.4 million in the previous four years. Inflation is at a near 30-year low, averaging just 2.6 percent against 4.2 percent. Mortgage rates, and intermediate and long term rates more generally, are very low by historical standards. Business investment has surged.

Our industrial heartland has bounced back. Wisconsin lost 3,000 jobs in the recession, but in the past three years employment has grown by 171,000 jobs.

Not all the changes nationally have been economic. The other night the President said that the era of big government is over. The federal government has 200,000 fewer employees today than three years ago. The Treasury Department, with 153,000 people, is nearly 10 percent smaller today than three years ago. I had been involved in similar cost-cutting activities in the private sector, and I can tell you that the reductions at Treasury -- and I believe in the other federal agencies -- reflect a real institutionalization in their cultures of the philosophy of reinventing government which the President and Vice President have so energetically pursued. At Treasury, it has taken hold up and down the hierarchical levels.

Looking again at the national economy, there has been some softening of late, and I wouldn't be surprised to see a dampening effect on first-quarter growth, especially with the government shutdown and the blizzard but, based on what forecasters say and on the sense I get from discussions with people, I think the most likely scenario is then a return to solid growth, with a continuation of low inflation.

Our economic strength is due in part to the private sector becoming more efficient over the past seven or eight years, and becoming competitive in the global economy for the first time in this generation across a broad range of industries. That is clearly manifest in the manufacturing industries of the Midwest. But the indispensable key to the recovery and to sustaining the recovery was the powerful 1993 deficit reduction program proposed and fought for by the President, against the advice of his political advisers because he felt fiscal responsibility was THE threshold economic issue. The votes in both Houses were very close, and that absolutely critical legislation would not have passed -- with profound adverse ramifications -- without the courageous political leadership of David Obey and a few others like him.

We have cut the deficit relative to the size of the economy by more than half in three years -- from 4.7 percent of GDP to just 2.3 percent, and in absolute dollar terms has been nearly cut in half. We have not seen this kind of positive fiscal progress since Harry Truman was president. President Clinton is deeply committed to continuing the fiscal discipline he brought to the federal government budget process after the 12 years from 1980 to 1992 when the federal debt quadrupled.

Now, the key is to be on the right policy path to continue to grow in the years and decades ahead, and to do so in a way that works for all Americans. That's what the budget debate in Washington is really all about. The Wall Street Journal Washington bureau chief wrote the other day that this is the most important economic public policy debate since the 1960s. I agree, though I think it is probably the most important economic public policy debate in this country in the past 50 or 60 years.

The President and the congressional majority have both proposed budgets that go to balance in seven years with CBO evaluation, but with enormous differences in priorities, differences that are critical to the future of our economy and our society.

Before I discuss our budget program itself, it would be useful to examine what drives our approach to budget policy. The context of the budget debate is a period of vast economic change, arguably the greatest change since the industrial revolution, consisting of globalization, the economic emergence of Asia, the rapid rate of technological changes, and advances in work force organization. Further, at the same time we are entering this new economy, we have experienced a decade of falling median real wage and an increase in income disparity, which are serious threats to our economy and to our social fabric.

I want to share with you some figures I think are critically related to our economic future and our social fabric. The Committee for Economic Development recently reported that a third of the neighborhoods in our 100 largest cities are distressed or in danger. The Organization for Economic Cooperation and Development (OECD) in Paris ranks us at the top of a list of 16 industrialized nations in income disparity. Moreover, the study also tells us that a greater percentage of our children are poor than in almost all other Western industrialized nations. The number of children in this country under the age of 18 who live in poverty rose by roughly half between 1979 and 1994. That is not a recipe for a healthy future for any of us.

As we examine the budget debate, let me suggest a way of thinking about it. The issues the President talks about, education, training, technology and the like, aren't liberal or conservative, Democratic or Republican. Putting these labels aside, and even putting aside moral and social judgments, the budget can be viewed totally and independently from a hard-nosed business-like view of what we must do for economic competitiveness and success in the years and decades ahead., and maintaining our social fabric.

With regard to those choices, the President's balanced budget goes to balance, yes, but at the same time would make public investments in the areas that are essential to productivity -- education, training, technology and the environment. Moreover, it maintains effective programs in Medicaid and Medicare and the other areas of our social compact, reducing expenditures but not by amounts that in our judgment exceed the objective of maintaining effective programs.

On the other hand, the budget plan advanced by the congressional majority entails relatively significant cuts in the areas of public investment and the social compact that we just discussed, and that pays for large tax cuts that in my view do not have economic benefits commensurate with their costs.

That's the debate in a nutshell. And I would urge you to view that debate from a hard-nosed business-like perspective of what is requisite for our future economic success, and our social fabric.

The question now is, where do we go from here? We are four months into fiscal 1996 without a budget. We need to work together to resolve these matters. And if we cannot do that now, we must continue on the road of fiscal responsibility we've traveled these past three years. The atmosphere in Washington has improved of late, and I believe that will permit us to continue traveling on that path.

Having said that, I want to close with a few words about a rather pressing issue on my desk at the moment -- the debt limit.

Since July, I have had two aims. On the one hand, it was critical to strongly urge acceptable legislation raising the debt limit, as all Treasury Secretaries before me for some decades have done. On the other hand, it was critical to make certain that comments by those of us with the responsibility in the debt area did nothing to impact on the markets. I believe that we have accomplished both of these purposes, as evidenced by the market calmness on the issue of the debt limit and by the recent developing bipartisan coalescence around dealing with the debt limit on a mutually acceptable basis, in an unprecedentedly difficult political environment.

The failure of Congress to increase the debt limit forced us to employ statutory powers that were granted to secretaries of the Treasury by the Republican Senate and Democratic House, and signed by President Reagan in 1986, as well as additional powers that were enacted in 1987 to provide resources to deal with a debt limit impasse.

However, this is, and I believe you will agree, no way for a great nation to manage its financial affairs.

Having said that, two weeks ago I believe we reached a new phase in the debt limit debate. First, the congressional leadership provided a letter to the President committing to increase the debt limit in a manner acceptable to both the President and Congress. And second, Bill Archer, chairman of the House Ways and Means Committee, successfully enacted legislation getting us past the crunch period of March 1st. We are seeing a new phase of bipartisan cooperation.

It has been a difficult period, starting back in July when the debate first began. At the beginning, there were people in positions of responsibility saying that default for a period was an acceptable price to pay to get one version of the budget. We -- and I -- were saying that the nation's creditworthiness is an invaluable asset and that should never be subject to uncertainty for any reason. I believe the ensuing months have greatly increased the understanding that the consequences of not meeting our obligations and maintaining calm markets make default unthinkable. That, I believe, will serve us well, not only now, but in the longer run.

Looking forward, the solution is to enact a debt limit extension that takes us past the election season, a one-year extension at a minimum.

Congress returns on Monday, February 26th, and the leadership has said it wants to act by Thursday February 29th. The spirit of cooperation has returned to this issue with the realization that this is more than a bipartisan matter, it is a non-partisan issue. I'm looking forward to being in the Oval Office sometime in early March, for the signing of a debt limit extension that lets our debate return to the matter of how best to prepare the U.S. to compete in an increasingly global economy.

Thank you.

-30-

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
February 12, 1996

Contact: Peter Hollenbach
(202) 219-3302

BUREAU OF THE PUBLIC DEBT AIDS SAVINGS BONDS OWNERS AFFECTED BY FLOODS IN IDAHO

The Bureau of Public Debt took action to assist victims of floods that struck Idaho 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 Idaho affected by the floods. These procedures will remain in effect through March 31, 1996.

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 Benewah, Bonner, Boundary, Clearwater, Kootenai, Latah, Lewis, Nez Perce, and Shoshone, and the Nez Perce Indian Reservation 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 "Floods" on the front of their envelopes to help expedite the processing of claims.

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PA-212
(RR-871)

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
February 12, 1996

Contact: Peter Hollenbach
(202) 219-3302

BUREAU OF THE PUBLIC DEBT AIDS SAVINGS BONDS OWNERS AFFECTED BY FLOODS IN OREGON

The Bureau of Public Debt took action to assist victims of floods that struck Oregon 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 Oregon affected by the floods. These procedures will remain in effect through March 31, 1996.

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 Benton, Clackamas, Clatsop, Columbia, Hood River, Lane, Lincoln, Linn, Marion, Multnomah, Polk, Sherman, Tillamook, Umatilla, Union, Wasco, Yamhill, and the Warm Springs Reservation 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 "Floods" on the front of their envelopes to help expedite the processing of claims.

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PA-213

(RR-872)

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
February 12, 1996

Contact: Peter Hollenbach
(202) 219-3302

BUREAU OF THE PUBLIC DEBT AIDS SAVINGS BONDS OWNERS AFFECTED BY FLOODS IN WASHINGTON

The Bureau of Public Debt took action to assist victims of floods that struck Washington 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 Washington affected by the floods. These procedures will remain in effect through March 31, 1996.

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 Asotin, Clark, Columbia, Cowlitz, Kittitas, Klickitat, Lewis, Pierce, Skamania, Thurston, Walla Walla, Whitman, and Yakima 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 "Floods" on the front of their envelopes to help expedite the processing of claims.

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PA-214
(RR-873)

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.
February 13, 1996

CONTACT: Office of Financing
202/219-3350

TREASURY'S WEEKLY BILL OFFERING

The Treasury will auction two series of Treasury bills totaling approximately $26,400 million, to be issued February 22, 1996. This offering will result in a paydown for the Treasury of about $6,425 million, as the maturing bills total $32,813 million (including the 7-day cash management bill to be issued February 15, 1996, in the amount of $8,055 million).

Federal Reserve Banks hold $6,924 million of bills for their own accounts in the maturing issues. These may be refunded at the weighted average discount rate of accepted competitive tenders.

Federal Reserve Banks hold $2,610 million of the maturing issues as agents for foreign and international monetary authorities. These may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders. <u>Due to the public debt limit and Treasury's need to plan for the debt level, additional amounts of Treasury bills will not be issued to Federal Reserve Banks as agents for foreign and international monetary authorities in these auctions.</u>

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-874

HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS
TO BE ISSUED FEBRUARY 22, 1996

February 13, 1996

Offering Amount	$13,200 million	$13,200 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912794 Y8 1	912794 Z7 2
Auction date	February 20, 1996	February 20, 1996
Issue date	February 22, 1996	February 22, 1996
Maturity date	May 23, 1996	August 22, 1996
Original issue date	November 24, 1995	August 24, 1995
Currently outstanding	$12,647 million	$18,464 million
Minimum bid amount	$10,000	$10,000
Multiples	$ 1,000	$ 1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids . . . . Accepted in full up to $1,000,000 at the average discount rate of accepted competitive bids

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

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

Maximum Award . . . . 35% of public offering

Receipt of Tenders:

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

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

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

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

February 14, 1996

The Honorable Newt Gingrich
Speaker
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

We should all be pleased with the recent spirit of bipartisan cooperation on the debt limit issue as evidenced in your February 1 letter to the President and the subsequent enactment of H.R. 2924.

Pursuant to my letter of January 22 and my testimony before the House Banking Committee, I wish to inform you that Treasury is proceeding with the three actions we will take to avoid defaulting on our obligations tomorrow.

First, I have amended my November 15 determination of a 12-month debt issuance suspension period to extend that period by another two months, to 14 months. This action will permit the redemption of approximately $6.4 billion in additional Treasury debt held by the Civil Service Retirement and Disability Fund (CSRDF).

Second, the Federal Financing Bank (FFB) is in the process of exchanging approximately $8.6 billion of its assets, consisting of debt obligations of the U.S. Postal Service and the Tennessee Valley Authority, for an equivalent amount of Treasury securities held by the CSRDF. An exchange between FFB and Treasury will allow Treasury to cancel such Treasury securities. In addition, the Postal Service has elected to prepay $800 million of its debt to FFB. Prior to such election, FFB had planned to exchange such debt with a government trust fund.

Third, I have authorized suspending the reinvestment of the approximately $3.9 billion of Treasury securities held by the Exchange Stabilization Fund.

We look forward to working with you and Majority Leader Dole so that we can enact debt limit legislation acceptable to both Congress and the President by the end of this month.

Sincerely,

Robert E. Rubin

GLOBAL INFORMATION CENTER

The New $100 Note

FOR IMMEDIATE RELEASE:
Thursday, February 15, 1996

Contact: **U.S. Department of Treasury**
Public Affairs Office
Ph: 202-622-5881

U.S. CAMPAIGN INFORMING PEOPLE ABOUT THE NEW $100 BILL

WASHINGTON, D.C. -- The U.S. government is conducting a worldwide public education campaign to familiarize people with its newly designed $100 bill, which includes advanced and proven protective features to stay ahead of evolving technology. The new bills are scheduled for global release in the first quarter of 1996.

The global education campaign is using pamphlets, posters, training videos, briefings and targeted advertising to reach the hundreds of millions of people who use U.S. currency. The U.S. Treasury has sent detailed materials to more than 200 U.S. diplomatic missions, whose representatives are already meeting with government officials, financial institutions and the business community, the media and the general public to inform them of the upcoming currency introduction. Millions of pieces of literature have been printed and distributed through the U.S. Information Service (USIS) in 20 languages.

In some countries, the USIS has translated materials into additional languages or dialects, including Latvian, Egyptian-Arabic and Tagalog. To further ensure that users of U.S. currency have quick access to information, the Treasury has established six global information centers to provide information and coordinate regional outreach.

"With two-thirds of all U.S. currency circulating outside the borders of the United States, we have a responsibility to educate those who put their trust in our currency," said Treasury Under Secretary John D. Hawke.

The Federal Reserve System's 12 banks and 25 branches are responsible for educating depository financial institutions in their respective regions about the new series currency. In November 1995, they began an extensive program of train-the-trainer seminars for institutions and serve as a regional source for informational materials that are useful for cash handlers and the general public.

#5000

(more)

The Treasury's Bureau of Engraving and Printing has been producing and building an inventory of new $100 notes since September 1995. Nearly 600 million notes have been already been printed. After shipment to Federal Reserve Banks across the United States, the enhanced Series 1996 notes will be introduced into global circulation as the older notes are returned to the Federal Reserve.

Both types of bills will be legal U.S. tender. The United States will not devalue either its older or new currency in any way. But people who exchange U.S. dollars outside the country should seek out currency handlers who have reputations for charging the fairest fees, U.S. officials advise.

"Holders of U.S. currency worldwide can rest assured that the U.S. government will not recall its currency," said Federal Reserve Board Chairman Alan Greenspan. "As older notes reach the Federal Reserve from depository institutions, they will simply be replaced by the newer notes. Both the old design and the new issue will be honored at full face value."

As new currency is being printed, the public education campaign is informing people around the world that the new bill design is intended to help U.S. currency maintain its edge against modern high-tech reprographic equipment such as color copiers, digital scanners, laser printers and computer publishing software.

"This is the first significant change in U.S. currency since 1928, but altering the design of bills to improve security and maintain their integrity is nothing new," said U.S. Treasurer Mary Ellen Withrow, who has been making public speaking appearances as part of the campaign. U.S. currency has changed more than 12 times since 1785. Withrow noted that the new currency will retain its distinctive "American" look, with size historical portraits and ink colors remaining the same. The cotton and linen paper will retain its unique crisp feel, Withrow said.

The new design will, however, include a number of other protective features, the most obvious being the enlargement of the portrait, which is also shifted to the left to accommodate a watermark. Microprinting and security threads, which first appeared in the 1990 series of U.S. bills, have been retained in the new currency.

Protective features for the new $100 note include:

o A watermark to the right of the portrait depicting the same historical figure as the portrait. The watermark cannot be copied and is visible only when held up to a bright light.

o A security thread that will glow red when exposed to ultraviolet light. For added security, the thread will be in a unique position on each denomination.

o Color-shifting ink. The number in the lower-right corner on the front of the note looks green when viewed straight on, but appears black when viewed at an angle.

(more)

o Microprinting in the numeral in the note's lower left-hand corner and on the coat of Ben Franklin in the bill's portrait.

o Concentric fine-line printing in the portrait and on the back of the note. This type of printing is extremely difficult to copy.

The release of the new $100 bill marks the first in the series of newly designed notes, which will be released at the rate of about one a year. Protective features may vary according to denomination. The $100 bill will have a full package of enhanced features, while smaller notes may have fewer features. The greatest strength of the new note series is the accumulation of different protective elements.

More information about the redesigned U.S. currency is available by calling the Global Information Center at (202) 622-2970, or by requesting document 591 through the U.S. Treasury's interactive fax system at (202) 622-2040. Information is also available from the Treasury's Web site at http://www.ustreas.gov/.

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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

An Evaluation of the Flat Tax

Remarks by
Deputy Secretary of the Treasury
Lawrence H. Summers
The Brookings Institution
February 16, 1996

Introduction

I'm glad to be here at this Brookings conference on fundamental tax reform. I can't predict what will happen in the tax debate over the next several years, but I can confidently predict that with long and variable lags the kind of analytical work contained in the papers presented at this conference will make an important difference in the shape of our tax system.

I have to say that the scene here at this lunch seems incomplete without Joe Pechman. Joe was occasionally wrong, usually right, and never in doubt. His good cheer and good sense have much to do with why Brookings has been at the center of tax debates for more than a generation. I believe that he has been an example and role model. - not just for myself but for many of the speakers at this conference.

Four Criteria

Tax reform must be evaluated in terms of its effects on deficit reduction, economic growth, simplicity and fairness. We in the administration will continue to evaluate tax proposal in terms of these criteria.

Today I want to examine and raise questions about so-called flat tax proposals from these perspectives. As I have said often in the last few weeks, the flat tax is a bad idea whose time should never come. But that is not to say the present system is okay or there are not ideas associated with the flat tax that have merit.

The Present Economic Context

The tax system is a tool of economic policy. How it should be used depends on the economic context. Before plunging into an analysis of the flat tax, let me offer some observations on the current economic context.

RR-875

1) The US now has a strong macroeconomic foundation for economic growth. The deficit has declined for 3 years in a row and is now the lowest in the industrialized world. Building on this base, there is now a bi-partisan consensus on the need to balance the budget on a specific 7 yr time-table on rigorous CBO standards and on the basis of spending cuts. Inflation is lower than in a generation and its pernicious interaction with the tax system is largely a problem of the past.

With these developments, it is perhaps not surprising that capital costs have fallen dramatically as the stock market has soared. As Jim Tobin recognized long ago, the markets valuation of existing assets is the best single summary statistic for incentive to invest in new asset. And the Q ratio has never been higher.

Second, the aggregate US economy is now in very good shape. While its pace will fluctuate from quarter to quarter, economic expansion continues. This is the first investment-led low-inflation recovery since John Kennedy was president. Investment in equipment, tools for our workers, as a share of GDP is at a post-war high. International comparisons provide an indicator of how we were doing relative to how we could be doing. The US began the 1990s as the richest and most productive country in the world, and it is now clear it will pull away over this entire decade - growing more rapidly than the economies of Europe or Japan.

Rising Inequality

Third, the fruits of prosperity have not been shared evenly. Even as our economy has grown for many ears now, median wages have not risen as the real income of the least skilled have declined by 20% or more. The decline in opportunities for less skilled workers in our country surely has something to do with the fact that one in 50 adult American males between age 20 & age 50 are now in jail and nearly one-eighth are without work - as the number of labor force dropouts has risen sharply. At the same time, the global economy presents an ever more attractive opportunity to a small most able minority of our work force. That is why the real income of the top 1% of American workers has nearly doubled over the last decade.

Rising inequality is a fact. In my view, it is a great and dangerous mistake to suppose the poor are getting poorer because the rich are getting richer. As the President has said so often, he wants to see more millionaires in America. We need economic growth, and it is inevitably driven by those who succeed. But, equality in assessing who should be taxed more and who should be taxed less, ability to pay has to play an important role on anybody's economic or political theory.

I dwell on these points on changing economy because the backdrop for our current tax reform debate is very different than the setting of the debates of 10 - 30 yrs ago. With capital costs down, investment up, middle class falling behind, the priorities of the early 1980s of providing more investment incentives - even at the expense of fairness, should not be the top priorities of today. Today we do need to spur economic growth in any way we can. But at least equally, we need to make sure that its benefits are widely shared.

Let me turn then to the flat tax and discuss the problems it raises in each of the four critical areas: deficit neutrality, economic growth, simplicity, and fairness.

Deficit Reduction

First, deficit reduction. I don't think anyone wants to see us embark on reforms that would raise the deficit. We need to work to do what we can to cut spending and we will. But deficit neutrality must be a touchstone in evaluating tax reform proposals.

There is a tendency in discussions of tax reform to make proposals look more attractive by revenue estimating some but not all of their features. Let me concentrate on the so-called Armey flat tax. Because it has been specified in more detail than many other proposals. It is the Treasury's estimate that at the proposed 17% tax rate, this proposal will lose $138.3 billion at 1996 income levels - implying a 7 year revenue loss of more than $1 trillion - a figure larger than anybody's total proposal in the great budget discussion we are now having. Making the proposal neutral would require imposing tax burdens at a flat rate of 20.8%. More than 20% greater than the rate suggested by its authors.

Allowing for just payroll tax deductions as suggested by the Kemp commission and mortgage, interest and charitable deductions would raise the rate on some estimates to 25%. And, allowing transition relief for existing assets and deductions for state and local taxes would add another 4 - 5% points to the rate - bringing it close to 30%.

Proponents suggest that these rates are not necessary because of the wondrous growth dividend a flat tax would bring about. As Yogi Berra, I might say, I get a sense of Deja Voodoo hearing about voodoo economics all over again.

Let's be clear, the official forecasts have, if anything, been too optimistic about the effects of tax reform when tax rates were cut. For example, in 1982, Treasury forecast revenue growth from $631 billion to $802 billion in 1985. CBO forecast revenue growth to $781 billion in FY85. Actual revenues were far below forecast $731 billion in FY1985. I could make similar comparisons using many different base years.

Conversely, the 1993 increases in tax rates on the highest income tax payers did not produce the recession or the revenue loss forecast by the supply siders. For the only year that data are now available, (1993) individual income tax liabilities came in 1% above Treasury's $499 billion forecast. Moreover, it is now become clear to objective observers that the apparent slower growth between 1992 and 1993 in taxes paid by the highest income tax payers can be fully explained by documented shifts in compensation from the first quarter of 1993 to the latest quarter of 1992 to avoid the anticipated changes in tax rates.

Economic Growth

Let me turn now to economic growth. Here there are three concerns about the flat tax proposals as they are usually discussed. Three concerns: the impact on savings; the impact on businesses' economic health; the impact on economic stability.

Doubtful Effects on Saving

One of the chief advantages that are put forth for the flat tax is that replacing income taxes with taxation of consumption could boost national savings by raising the return on savings. Long-term decline in the rate of private savings is a major economic concern. So anything a flat tax could offer in this regard would be very significant.

Unfortunately, the predictions. as I have learned painfully, of some standard theoretical economic models about the effects of changes in rates of return on private savings are not borne out.

The 1980s with a dramatic reduction in tax rates and a disinflation induced increase in real interest rates provide a very good natural experiment. Real after tax interest rates on ten year Treasury bonds rose from 1/2 percent in the 1970s to 5.4% in the 1980s. Real yields on municipal bond - an alternative proxy for after tax returns - increased form negative 1 in the 1970s to 3.8% in the 1980s. And the private savings declined from 8.1 % in the 1970s to 6.1 % in the 1980s.

As the traditional target saving argument highlights, increases in rates of return can actually reduce private savings. There are other reasons for wondering whether a flat tax might not depress savings. Current tax rules favor liquid savings vehicles like life insurance, pensions and IRS which keep money out of reach for a long time. They provide an incentive for financial institutions to sell savings -- something that would be lost under the flat tax.

Moreover, corporate savings through retained earnings now encouraged by dividend taxes, would, according to most estimates, decline when they were eliminated. A decline that would not be fully offset by an increase in personal savings. All in all, promoting savings is not a reason to revolutionize the tax system.

Flat Tax Harm to Business

Most popular discussion has focused on flat tax effects on individuals. But the flat tax could very likely be very burdensome for many businesses. It is true that it would substitute expensing for the amortization of purchases of equipment and structures. But it would also eliminate interest deductions, disallow depreciation allowances on past investments, and impose taxes on fringe benefit payments. I am told that there are many corporate treasurers who have not been pleased with when they have filled out the post-card that their companies would need to send to the IRS under a flat tax.

Let me dwell for just a moment on one aspect of this: the non-deductibility of interest under a flat tax. It is all very well to argue, as economists are wont to do, that bond holders and stock holders are just suppliers of capital in different forms. But, for a grocery store that finances its inventory with bank loans, or a heavily mortgaged wholesale operating on a very thin margin, a tax that did not allow interest to be treated as a cost could well be the difference between positive and negative profits.

Exacerbation of Business Cycles

I am also concerned by what a flat tax would mean for automatic stabilization. The lower marginal tax rates would tend to magnify business cycles by reducing the cushion now provided by falling tax receipts in recessions, and rising tax receipts in booms. More importantly, the expensing of investment feature contained in the flat tax might well make corporate tax collections highly counter-cyclical as investment contracted in recessions and rose in booms. And, there is even a final point. Depending on the rules governing net operating losses, an issue presumably to be dealt with on the worksheets leading up to the post card tax return, firms might well have an incentive to avoid making investments in years when their profitability was depressed.

These arguments suggest to me the capital formation case for economic benefits of a flat tax is simply not there. I don't know about the other benefits, it is worth remembering that it would raise marginal tax rates for people in our economy who already face the highest marginal tax rates - the working poor. It's worth remembering that Treasury's estimate got the effects of the 1993 high income tax increase exactly right. And,finally, if I might descend into academic argument for a moment, even increases in economic efficiency through reductions in Harberger triangles do not always translate into increase in GNP.

Simplicity Gains?

What then about simplicity? As Herb Stein has observed, a postcard tax return is a bit obsolete when millions of tax payers can file by pushing buttons on a telephone, and millions more can file electronically. It is worth remembering that a flat tax would do nothing to simplify the current morass of rules regarding the definition of independent contractor that plagues small businesses; would not make it easier or unnecessary to distinguish between personal and business use of an automobile; and would not change the situation regarding home/office deductions. Nor would tax shelters be a thing of the past. I don't know whether Marty Ginsberg's incorporate every automobile that is sold" plan would really work under the flat tax, but I do know that it would magnify the pressures under the current tax to convert ordinary income into capital income. I was once told that a third of the code is directed at rules preventing the conversion of income into capital gains form. These protections would have to be more, not less strong under a flat tax.

When I think about issues relating to the transition to a flat tax, I am reminded of Chairman Mao's assertion that the cultural revolution was just a transition problem. Think about all the IRAs in existence today. There will have to be a special provision for them 35 years from now when their owners retire.

More seriously, what is to be done that is both simple and fair with the $3 trillion in depreciation deductions that lie ahead for past investments in physical capital? If these are simply wiped away, the playing field will be completely unfair for those who make investment tomorrow to compete with those who invested yesterday. If some scheme is found for permitting these deductions, extremely complex rules would be necessary whenever assets are transferred. And, in any event, the low rates promised by flat tax advocates would start to rise.

Finally in the area of simplicity, there is the reality that the United States is now alone in the world. A flat tax would convert the United States into the world's greatest tax haven. Countries would shift borrowing out of the United States and into countries where interest was deductible. It would shift investment into the United States. It is hard to believe that foreign governments would not respond. They might well attempt to extend their tax reach beyond their borders into the US by taxing non-repatriated income, or by imposing onerously strict recapitalization rules on US business operations within their borders to prevent perceived exploitation of interest deductibility. And I leave to the lawyers the problem of drafting rules to cover the transfer pricing type problems associated with tied sales and financing transactions between unrelated parties.

Fairness

Let me turn finally to the question of fairness. Before getting to the core issues of vertical and horizontal equity, it is worth noting two problems that are small compared to the problems of a flat tax, but large by most other standards: First, a flat tax would scale back the current incentive for employer-provided health insurance. Gruber and Poterba estimate that the volume of such health insurance might decline by as much as 12%. If only half of this decline represented a decline in the number of persons covered, this could mean more than 5 million additional uncovered Americas. It is clear that we as a country are not going to take active public measures to universalize access to health insurance - despite the adverse selection problems that plague the health insurance market. I cannot help but wonder whether this is the right time to scale back the principal incentive we provide for there to be insurance for typical American families.

And then there is the question of owner-occupied housing. I do not know if Green Hendershott and Capoza estimate that the flat tax could reduce the price of housing by 38% and encourage substantial defaults is correct, but it is hard to believe that it would not impose a windfall loss on millions of Americans who made investments in reliance on the current tax code. I don't' think this is fair.

But, the core fairness problem with the flat tax goes to the income it taxes and the income it doesn't. Consider a man who inherits $10 million from the spectacularly successful investments of his father who earns $600 thousand a year on this investment, and who hires a chef who is paid $50,000 a year. Who should pay more taxes? If you think the chef should pay more, perhaps you see a fairness case for the flat tax. If not, there is a problem.

Another set of fairness problems stems from which income groups would see their tax-burdens lightened, and who would bear a heavier burden under the flat tax. A revenue-neutral Armey-Shelby proposal would lower the tax burden still further on the higher-income groups that have benefitted the most over the past two decades, by establishing a single rate where there are now multiple rates, and by exempting income from capital when capital income is received disproportionately by the highest income families. The combination of those two effects would reduce taxes on upper-income Americans -- families with incomes of $200,000 or more. On the other hand, it would increase taxes for the group of families with income below $200,000. If the flat tax rate were 20.8 percent with the proposed standard deductions, these families would see their Federal taxes fall by more than 28 percent, while families in income groups under $200,000 would pay on average between 5 and 70 percent more in taxes. For example, the total tax burden for a typical married couple with $50,000 of wages, two children, and employer provided health insurance would increase by more than $1600. A two-child, married couple earning about $18,000 would see their tax load increase by more than $2400.

The heaviest blows would fall on the working poor and low-income families, even though they benefit from generous standard deductions that eliminate direct taxation of their wages, for two reasons. These families would see their wages drop or fringe benefits reduced because of the denial of payroll tax deductions and deductions for health insurance at the business level -- they would effectively bear the burden of these taxes. Second, the Armey-Shelby flat tax plan would eliminate entirely the earned income tax credit (EITC).

Flat tax advocates sometimes claim that the EITC will no longer be necessary because low income families will be exempt from income taxes by the increased standard deductions. But these flat tax supporters ignore the vital role of the EITC in the tax-transfer system. Under current law, many low income families are already exempted from income tax because the tax threshold is set roughly equal to the poverty level. But the EITC provides a mechanism, through the income tax system, to offset the distortionary effects of other taxes imposed directly or indirectly on low-income families. For example, a low-income worker currently loses about 15 cents in payroll taxes (including the employer portion) and 24 cents in food stamp benefits for each dollar earned. For a very low-income family, the EITC offsets this work disincentive by providing up to a 40 percent credit for very dollar earned. By making work pay, the EITC encourages parents to take the step from welfare to the workforce.

Currently, about 19 million workers and their families receive the EITC. Some of these families would lose the EITC but receive an offsetting benefit from the increase in standard deductions. But repealing the EITC in the context of the Armey-Shelby flat tax would cause about 15 million workers and their families who have income below the current tax thresholds to lose an average of $1,360 per taxpayer in benefits.

What about the claim that the flat tax would lower marginal tax rates for many taxpayers? The average reduction in marginal tax rates is greatly exaggerated by looking only at the decline in the top marginal rate on income, which falls from 39.6 percent to 20.8 percent under a revenue-neutral version of the Armey-Shelby tax. A family of four with the estimated 1996 median income for four-person families of $48,700 would actually see their Federal individual marginal tax rate increase from 15 percent to 20.8 percent. Taking account of both halves of the payroll tax and state and local income taxes (at an average state marginal rate of 5%), the family would see its total marginal tax rate increase from 34.6% to 42.7% under the flat tax. The increase comes about not only because of the increase in the Federal marginal rate, but because of the elimination of deductions for state and local income taxes and the employer portion of the payroll tax.

Just looking at Federal individual income tax rates, the Armey-Shelby flat tax would increase marginal tax rates for 39,9 million taxpayers (28%), keep marginal rates the same for 41.2 million taxpayers (29 percent), and reduce marginal rates for 59.4 million taxpayers (42 percent). Marginal rates would decline or remain the same for low-income taxpayers and very high income taxpayers. The marginal tax rate increases would be targeted at middle income taxpayers who are currently in the 15% bracket.

Conclusion

Let me conclude by emphasizing that the Administration is committed to evaluating all proposed reforms on the criteria of fairness, efficiency, simplicity, and revenue adequacy. By that token, it would be a serious mistake to consider reforms, such as the flat tax, that would reduce revenue and interfere with our overriding national goal of reducing the deficit. Nor given the economic developments that have unfolded over the past decade should we be considering proposals that would shift the tax burden still further from upper income to lower and middle income families, create serious economic disruptions, or substantially weaken Federal support for important social programs and goals. Evaluated by these criteria, the flat tax has many many problems.

Finally, I want to compliment once again the researchers who have contributed to this conference. They have provided an empirical and analytic base for evaluating the flat tax and other proposals. By doing so, they have improved policymakers' range of choices, and have helped to ensure that tax reform will be based on an understanding of reforms' true consequences, not unsupported assertions and promises. Thank you.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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

NEWS ADVISORY
February 20, 1996

Contact: Darren McKinney
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SUMMERS, WEISE TO TOUR U.S./MEXICO BORDER

Treasury's Deputy Secretary Lawrence H. Summers will join U.S. Customs Service Commissioner George Weise for a tour of Customs border facilities in the San Diego area this Friday morning, February 23.

Following private morning meetings with Customs inspectors, agents and managers, and a tour of a Customs drug seizure vault (pool video and still photos will be provided), Summers and Weise will address a meeting of the Border Trade Alliance at Otay Mesa's Main Port of Entry at approximately 11a.m. This meeting will be open to the media.

A general press availability is tentatively scheduled at Otay Mesa for 11:45 a.m.

- 30 -

Customs/San Diego Contact: Bobbie Cassidy
(619) 557-5772

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AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
February 20, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for $13,203 million of 26-week bills to be issued February 22, 1996 and to mature August 22, 1996 were accepted today (CUSIP: 912794Z72).

RANGE OF ACCEPTED
COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	4.72%	4.92%	97.614
High	4.75%	4.95%	97.599
Average	4.75%	4.95%	97.599

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

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$48,584,794	$13,203,319
Type		
Competitive	$42,196,483	$6,815,008
Noncompetitive	1,177,911	1,177,911
Subtotal, Public	$43,374,394	$7,992,919
Federal Reserve	3,550,000	3,550,000
Foreign Official Institutions	1,660,400	1,660,400
TOTALS	$48,584,794	$13,203,319

4.73 - 97.609   4.74 - 97.604

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
February 20, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for $13,308 million of 13-week bills to be issued February 22, 1996 and to mature May 23, 1996 were accepted today (CUSIP: 912794Y81).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	4.75%	4.89%	98.799
High	4.78%	4.92%	98.792
Average	4.78%	4.92%	98.792

Tenders at the high discount rate were allotted 48%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$47,866,843	$13,308,103
Type		
Competitive	$42,879,376	$8,320,636
Noncompetitive	1,441,603	1,441,603
Subtotal, Public	$44,320,979	$9,762,239
Federal Reserve	3,373,664	3,373,664
Foreign Official Institutions	172,200	172,200
TOTALS	$47,866,843	$13,308,103

4.76 -- 98.797 4.77 -- 98.794

RR-878

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR RELEASE AT 2:30 P.M.
February 20, 1996

CONTACT: Office of Financing
202/219-3350

TREASURY'S WEEKLY BILL OFFERING

The Treasury will auction two series of Treasury bills totaling approximately $24,400 million, to be issued February 29, 1996. This offering will result in a paydown for the Treasury of about $2,075 million, as the maturing weekly bills are outstanding in the amount of $26,484 million.

Federal Reserve Banks hold $7,090 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 $4,313 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. Due to the public debt limit and Treasury's need to plan for the debt level, additional amounts of Treasury bills will not be issued to Federal Reserve Banks as agents for foreign and international monetary authorities in these auctions.

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-879

HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS
TO BE ISSUED FEBRUARY 29, 1996

February 20, 1996

Offering Amount	$12,200 million	$12,200 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912794 Y9 9	912794 3E 2
Auction date	February 26, 1996	February 26, 1996
Issue date	February 29, 1996	February 29, 1996
Maturity date	May 30, 1996	August 29, 1996
Original issue date	June 1, 1995	February 29, 1996
Currently outstanding	$32,661 million	- - -
Minimum bid amount	$10,000	$10,000
Multiples	$ 1,000	$ 1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

Noncompetitive bids . . . . Accepted in full up to $1,000,000 at the average discount rate of accepted competitive bids

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

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

Maximum Award . . . . 35% of public offering

Receipt of Tenders:

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

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

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

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FOR IMMEDIATE RELEASE
February 20, 1996

Contact: Michelle Smith
(202) 622-2013

TREASURY TO OPEN NADBANK OFFICE IN LOS ANGELES

Treasury Deputy Secretary Lawrence H. Summers will speak at the opening of the North American Development Bank's (NADBank) U.S. Community Adjustment and Investment Office at noon this Thursday, February 22 at 13191 Crossroads Parkway North, City of Industry, California.

Joining Deputy Secretary Summers will be Congressman Esteban Torres and NADBank deputy managing director Victor Miramontes.

The NADBank is a binational bank established by the United States and Mexican governments to fund environmental infrastructure projects within 100 kilometers of the border and to provide funding for community adjustment and investment in furtherance of the purposes of NAFTA.

The Los Angeles office will work with the U.S. Government to provide needed capital for business adjustments and retooling in order to create private-sector job opportunities for displaced workers.

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RR-880

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
February 21, 1996

CONTACT: Office of Financing
202/219-3350

TREASURY TO AUCTION CASH MANAGEMENT BILLS

The Treasury will auction approximately $29,000 million of 55-day Treasury cash management bills to be issued February 23, 1996.

Competitive and noncompetitive tenders will be received at all Federal Reserve Banks and Branches. Tenders will not be accepted for bills to be maintained on the book-entry records of the Department of the Treasury (TREASURY DIRECT). Tenders will not be received at the Bureau of the Public Debt, Washington, D.C.

Tenders for the bills will not be accepted from Federal Reserve Banks for foreign and international monetary authorities.

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-881

HIGHLIGHTS OF TREASURY OFFERING
OF 55-DAY CASH MANAGEMENT BILL

February 21, 1996

Offering Amount . . . . . . $29,000 million

Description of Offering:

Term and type of security .	55-day Cash Management Bill
CUSIP number	912794 Y3 2
Auction date	February 22, 1996
Issue date	February 23, 1996
Maturity date	April 18, 1996
Original issue date	October 19, 1995
Currently outstanding . . .	$25,629 million
Minimum bid amount	$10,000
Multiples	$1,000
Minimum to hold amount . .	$10,000
Multiples to hold	$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 is $2 billion or greater.
	(3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

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

Maximum Award . . . . 35% of public offering

Receipt of Tenders:

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

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

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR RELEASE AT 2:30 P.M.
February 21, 1996

CONTACT: Office of Financing
202/219-3350

TREASURY TO AUCTION 2-YEAR AND 5-YEAR NOTES
TOTALING $30,250 MILLION

The Treasury will auction $18,250 million of 2-year notes and $12,000 million of 5-year notes to refund $26,868 million of publicly-held securities maturing February 29, 1996, and to raise about $3,375 million new cash.

In addition to the public holdings, Federal Reserve Banks hold $1,703 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 $5,297 million held by Federal Reserve Banks as agents for foreign and international monetary authorities. Due to the Treasury's need to avoid exceeding the debt limit, no additional notes will be issued to Federal Reserve Banks as agents for foreign and international monetary authorities. Maturing notes held by Federal Reserve Banks as agents for such accounts may be rolled over on a noncompetitive basis within the public offering amounts.

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, February 27, 1996, results in a high yield in a range of 5.125 percent through and including 5.249 percent, the 2-year notes will be considered an additional issue of the outstanding 5-1/8 percent 5-year notes of Series K-1998 (CUSIP No. 912827J94) originally issued March 1, 1993. The additional issue of the notes would have the same CUSIP number as the outstanding notes, which are currently outstanding in the amount of $11,686 million.

If the auction results in the issuance of an additional amount of the Series K-1998 notes rather than a new 2-year note, it will be noted at the bottom of the Treasury's auction results press release.

oOo

Attachment

RR-882

HIGHLIGHTS OF TREASURY OFFERINGS TO THE PUBLIC OF
2-YEAR AND 5-YEAR NOTES TO BE ISSUED FEBRUARY 29, 1996

February 21, 1996

Offering Amount	$18,250 million	$12,000 million
Description of Offering:		
Term and type of security	2-year notes	5-year notes
Series	AC-1998	F-2001
CUSIP number	912827 W9 9	912827 X2 3
Auction date	February 27, 1996	February 28, 1996
Issue date	February 29, 1996	February 29, 1996
Dated date	February 29, 1996	February 29, 1996
Maturity date	February 28, 1998	February 28, 2001
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	The last calendar day of August and February through February 28, 1998	The last calendar day of August and February through February 28, 2001
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 Standard time on auction day

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

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

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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

ADV 8:30 A.M. EST
Remarks as prepared for delivery
February 22, 1996

REMARKS OF TREASURY SECRETARY ROBERT E. RUBIN
OCC CONFERENCE ON COMMUNITY DEVELOPMENT

I appreciate the opportunity to be the keynote speaker on an issue critical to the future of this country. I believe this nation will fall far short of its full economic potential unless our cities and economically distressed rural areas are healthy. Community lending can play a pivotal role in attaining that goal, while simultaneously creating profit opportunities for business.

Today I want to discuss what government and the private sector can accomplish together for these areas. I will focus on two matters central to my role as Treasury Secretary: financial capital and law enforcement.

Let me begin by speaking more broadly about the policy debate under way in this country and its impact on community development.

There is a great debate in Washington about the future of this country. The Wall Street Journal's Washington bureau chief describes it as the most important in 30 years. I agree. The debate is about differing views of what will best serve our economy to compete and succeed globally, for the years and decades ahead, with rising living standards for all Americans.

Both sides are committed to fiscal discipline and balancing the budget. Beyond this, the president's vision is built upon robust investments in education and training, in technology, in helping people in our inner cities and other distressed areas become part of the mainstream economy, and effective programs in Medicare and Medicaid and the other components of our social compact. The other, that of the congressional majority, entails relatively severe cuts in those areas, including tax increases on the lowest wage working Americans by reducing the Earned Income Tax Credit, and large tax cuts that go primarily to the most affluent and which in my view do not have economic benefits commensurate with the cost.

RR-883 (more)

This debate is central to the future of our cities. And in my view the future of our cities and our other distressed areas is central to the future of our economy and our nation, and therefore the future of all Americans, no matter where they live or work. The budget debate has a high profile, but the problems of our cities and distressed rural areas do not, and should.

Our responsibility is clear: we must replace economic distress and criminal violence with economic opportunity and the freedom to live in security.

Consider the scope of our problems. A recent Committee for Economic Development report said that a third of the neighborhoods in our 100 largest cities are already distressed or in danger. The Census Bureau says that well over four in 10 Americans in poverty live in our inner cities. The Organization for Economic Cooperation and Development in Paris, the OECD, ranks us at the top of a list of 16 industrialized nations in income disparity. Moreover, the data in that study says that poor children in the United States are poorer than the children in about all other Western industrialized nations. That is not a formula for a healthy economy or social fabric for any of us.

It will take a number of years and a comprehensive set of policy responses to do what needs to be done. Today, I want to focus on two issues I mentioned: First, how access to financial capital can create jobs, opportunity and hope, and second, how we can create a safer environment in our cities by battling back against crime and especially gun violence, because economic development can't just happen unless one creates an environment in which people want to open a business, build a home, raise a family. I mention crime and gun violence for two reasons -- because the Treasury Department has about 40 percent of the law enforcement officers in the federal government, including the Bureau of Alcohol, Tobacco and Firearms which deals with guns. And I mention crime because I believe in a holistic approach to economic development. I also want to offer a few words about how our business community can participate in our communities.

Investing in human capital is an important facet of addressing the needs of the residents of our inner cities, but there also is a shortage of financial capital in our inner cities. The answer to the problems of the inner cities lies in empowerment, not transfer payments, though we must maintain an effective safety net. I was in the South Bronx last summer. It was remarkable. I saw the resurgence of housing, not over one block but over an enormous area. And, I talked to business owners who had trouble getting capital, but did get the capital and are building businesses and creating jobs. Now, though, the very programs that were essential in the developing rebirth of the South Bronx are threatened in the budget debate.

For example, the Community Reinvestment Act is under threat. As you know, the CRA encourages federally insured financial institutions to serve creditworthy borrowers in neighborhoods which have been ignored or overlooked in the past. The CRA is working, and working well. I suspect many of you saw the story last week in the Wall Street Journal about how successful community lending is becoming. The story pointed out how community lending -- and I'm talking, as I said, about loans to creditworthy borrowers -- is just plain good business. I agree.

The administration has worked hard, with financial institutions and community groups, to make the CRA more effective and less burdensome. But there is sentiment by some in Congress to curtail CRA rather than give the new program the opportunity to work.

The second area critical to improving capital access is the Community Development Financial Institutions Fund. It provides seed and expansion capital through loans, grants and equity investments to community based banks, credit unions, community loan funds, microenterprise lenders, and the like. These organizations make loans and investments to help small businesses and for housing, and they help people find jobs and start businesses. Three years ago this project had broad bipartisan support, but today it is opposed by the congressional majority.

We recently issued our first call for CDFIs and mainstream financial institutions around the country to apply to the Fund for assistance and incentives, and the response was very encouraging -- requests outstripped the available resources by roughly 10-to-1. We cannot allow this very good program to be destroyed. I would urge you, on both the CRA and the CDFI Fund, and on the programs that invest in human capital -- like Head Start, the Job Corps and the rest -- to take an active role in building and sustaining political support for these initiatives.

If I might digress for a moment, I had the opportunity recently to open the inaugural meeting of the CDFI Fund Advisory Board. We got into a roundtable discussion about community lending. It was fascinating talking with people working in their communities.

I looked back over my notes of that discussion and there are several points they made that I want to touch on. Virtually everyone said that it is critical in lending into a community, most particularly business loans, that there be a support structure of professionals available to advise and provide business mentoring for small businesses. I agree. Second, there was a unanimity that the approaches we have taken to the Community Reinvestment Act and the CDFI Fund permits a great deal of local flexibility as opposed to placing a national template over all regions of the country, and that this flexibility was the best approach. Third, I found tremendous support for preserving the low income housing tax credit.

Fourth, many of those I spoke to had experience in the area of microlending, and reported very good results in the real world, both in generating economic activity and repayment rates. And finally, I heard considerable interest in the idea of finding ways to securitize the kinds of loans that are being made in community development.

Let me spend a moment on the microenterprise point, the third area in the broader development agenda. The CDFI Fund is well positioned to launch new efforts in these areas in the coming years. Microenterprise lending is an approach which President and Mrs. Clinton are familiar with from Arkansas. It has had remarkable success in low income areas in other countries and should here too if applied on a broad scale.

Micro-enterprise lending is a highly cost-effective way to put money into the hands of entrepreneurs who need very limited amounts of capital, for example, lending someone who wants to open a tailor's shop money for a sewing machine, or lending a mechanic money for special tools to take on more complex and profitable repair jobs.

President Clinton asked Treasury to launch a microenterprise project through the CDFI Fund, including coordination across the government. Moreover, at the president's direction, we are establishing a Presidential Award program so those involved in microlending can compete for recognition just as large American corporations compete for the Baldrige Award.

The fourth point I want to touch on is the area of tax incentives. As part of the President's 1997 budget, I'm pleased to announce that we've included a new, targeted tax incentive to encourage companies to clean up contaminated, abandoned industrial sites known as "brownfields," in economically distressed rural and urban areas. By allowing companies to write off the costs of clean-up in five years instead of the life of the propery, we can get these properties back into productive use. The Vice President will be making an announcement of another initiative at the White House Empowerment Conference later this morning, so stay tuned. I encourage all of you to take a close look at opportunities these incentives may make more attractive.

Before I touch on public safety issues, I want to add a word about private sector involvement in distressed areas. The problems of these areas affect all Americans, are critical to our economic future, and may well be our nation's most important domestic economic and social issue. Substantial, systemic and ongoing involvement of the business community is critical to bringing the inner cities and their residents into the economic mainstream. I bring this up at each speech I give to a corporate audience. The private sector, by mentoring small businesses, counseling first-time home-buyers, working in the schools and the like -- can have an important long term impact on the economic health of the inner cities and other distressed areas.

Let me end with a brief note on the topic of public safety. You can invest in human capital. You can make financial capital available. You can volunteer to help. But if you don't have public safety, it all isn't going to work.

Crime is a broad issue, and I want to comment on just one facet of the administration's anti-crime efforts here today as it relates to my responsibilities as Treasury Secretary.

Gun violence is becoming particularly acute amongst this nation's young. In 1994, just under 50,000 people under the age of 18 were arrested on weapons charges. At Treasury, we are looking at better ways to find and prosecute gun-pushers.

But just as there is a debate over the budget, there is also an important debate over law enforcement. The President got the Brady Law and assault weapons ban enacted. But now there are strong efforts to roll back these gains. Just as is the case with the economic programs critical to our cities, we cannot permit a rollback of the gains in law enforcement. You, as people involved in community development, have a vital stake in these law enforcement issues.

And we all have a vital stake in our cities and distressed rural areas, no matter where we live or work, because -- as I said at the outset -- our nation will fall far short of its economic potential unless we deal effectively with the challenges facing these areas.

In helping rebuild our nation's communities, no one can afford to sit by the sidelines. That plain fact has driven remarkable progress in the last decade, as community-based development has brought homes, businesses, jobs, and renewed hopes to neighborhoods across our country. Businesses and banks, national nonprofit intermediaries and foundations, community groups and civic organizations, state, local, and federal government -- all have joined in partnership to tap into America's entrepreneurial spirit and improve our national well-being.

We now have the chance to make locally driven, private sector partnerships reach communities across the land. Our challenge is to act as catalyst with seed capital and a helping start. The challenge to individuals is to take advantage of educational opportunities and commit to hard work. The challenge to communities is to organize themselves for change. And the challenge to the business sector is to see its long-term self-interest in bringing everyone into the mainstream economy.

It is going to take all of us rising to these challenges to help bring all Americans into the economic mainstream. But I believe that that is the only way the United States can reach its full potential in the global economy of the 21st century. And the banking and financial services sectors of our economy can play a critical role in meeting this challenge.

Thank you.

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
February 22, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 55-DAY BILLS

Tenders for $29,192 million of 55-day bills to be issued February 23, 1996 and to mature April 18, 1996 were accepted today (CUSIP: 912794Y32).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	5.00%	5.12%	99.236
High	5.02%	5.14%	99.233
Average	5.02%	5.14%	99.233

Tenders at the high discount rate were allotted 97%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$85,705,660	$29,191,759
Type		
Competitive	$85,705,060	$29,191,159
Noncompetitive	600	600
Subtotal, Public	$85,705,660	$29,191,759
Federal Reserve	0	0
Foreign Official Institutions	0	0
TOTALS	$85,705,660	$29,191,759

5.01 - 99.235

RR-884

Monthly Treasury Statement

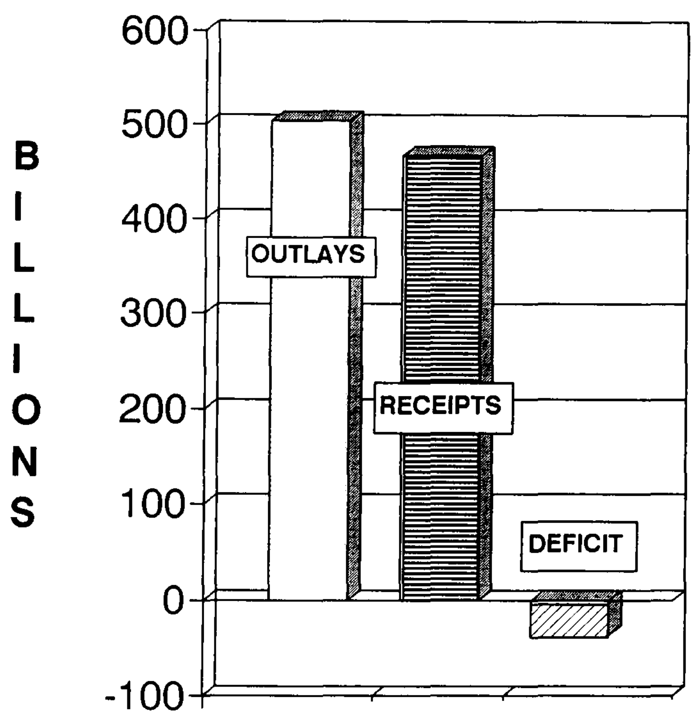
of Receipts and Outlays
of the United States Government

For Fiscal Year 1996 Through **January 31, 1996,** and Other Periods

Highlight

This issue includes the transfer of the remaining assets and liabilities of the Resolution Trust Corporation to the FSLIC Resolution Fund.

RECEIPTS, OUTLAYS, AND SURPLUS/DEFICIT
THROUGH JANUARY 1996



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 1995 and 1996, by Month

[$ millions]

Period	Receipts	Outlays	Deficit/Surplus (−)
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
September	143,219	135,972	−7,247
Year-to-Date	**1,350,576**	**1,514,428**	**163,852**
FY 1996			
October	95,593	118,352	22,758
November	90,008	128,458	38,450
December	138,271	132,984	−5,286
January	142,922	123,647	−19,274
Year-to-Date	**466,793**	**503,441**	**36,648**

Table 2. Summary of Budget and Off-Budget Results and Financing of the U.S. Government, January 1996 and Other Periods

[$ millions]

Classification	This Month	Current Fiscal Year to Date	Budget Estimates Full Fiscal Year[1]	Prior Fiscal Year to Date (1995)	Budget Estimates Next Fiscal Year (1997)[1]
Total on-budget and off-budget results:					
Total receipts	142,922	466,793	1,414,641	439,307	1,473,929
On-budget receipts	110,615	356,788	1,046,796	332,363	1,088,626
Off-budget receipts	32,307	110,005	367,845	106,944	385,303
Reduction in corporate subsidies	......	......	1,000	......	2,000
Total outlays	123,647	503,441	1,578,481	497,060	1,654,983
On-budget outlays	98,056	413,727	1,273,064	409,969	1,337,953
Off-budget outlays	25,591	89,714	305,417	87,090	317,030
Total surplus (+) or deficit (−)	+19,274	−36,648	−162,840	−57,752	−179,054
On-budget surplus (+) or deficit (−)	+12,558	−56,939	−225,268	−77,607	−247,327
Off-budget surplus (+) or deficit (−)	+6,716	+20,291	+62,428	+19,854	+68,273
Total on-budget and off-budget financing	−19,274	36,648	162,840	57,752	179,054
Means of financing:					
Borrowing from the public	−4,747	28,588	195,312	73,006	213,415
Reduction of operating cash, increase (−)	−16,959	495	−10,000	−13,902	......
By other means	2,432	7,565	−22,472	−1,352	−34,361

[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

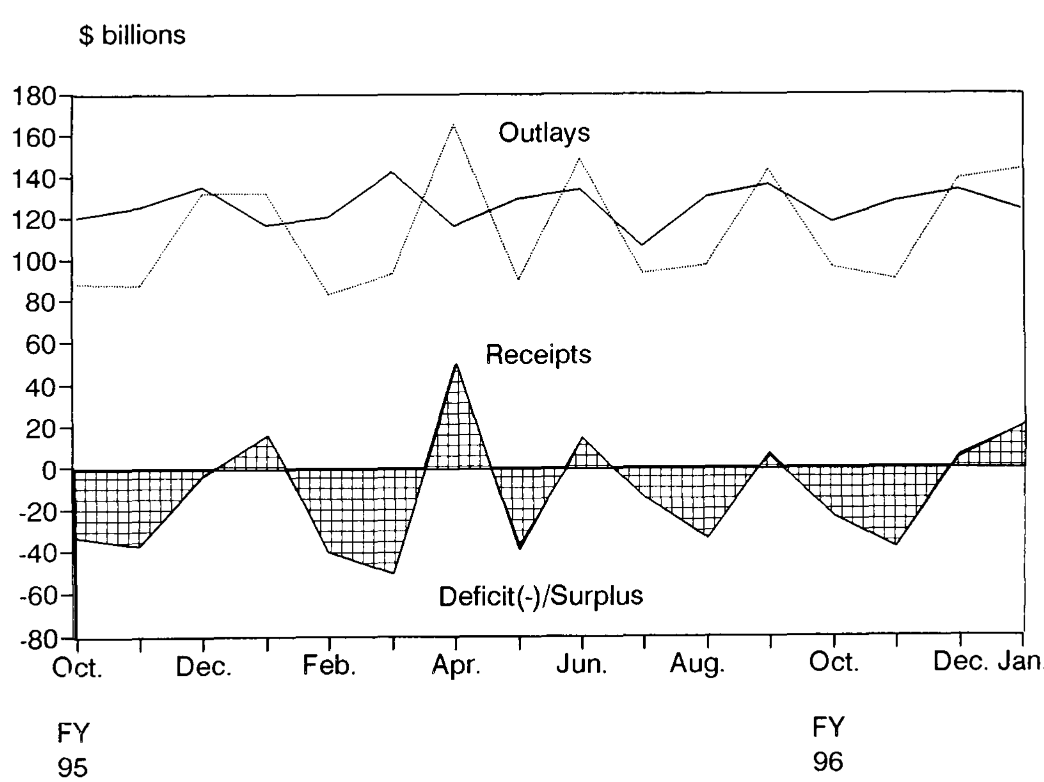


Figure 2. Monthly Receipts of the U.S. Government, by Source, Fiscal Years 1995 and 1996

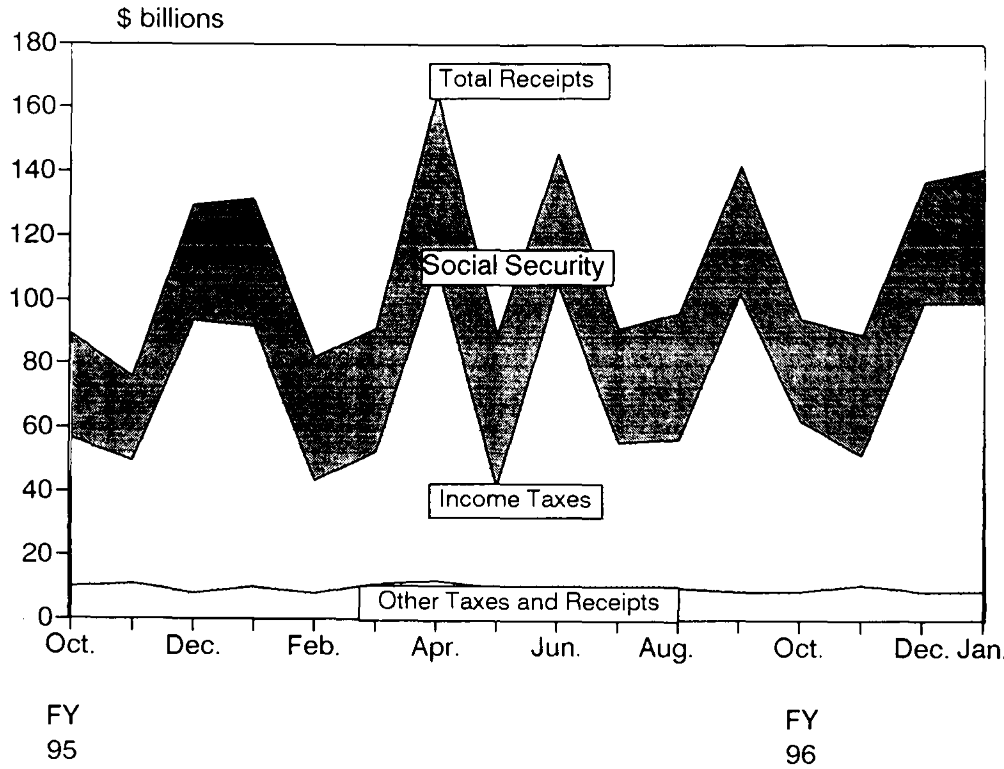


Figure 3. Monthly Outlays of the U.S. Government, by Function, Fiscal Years 1995 and 1996

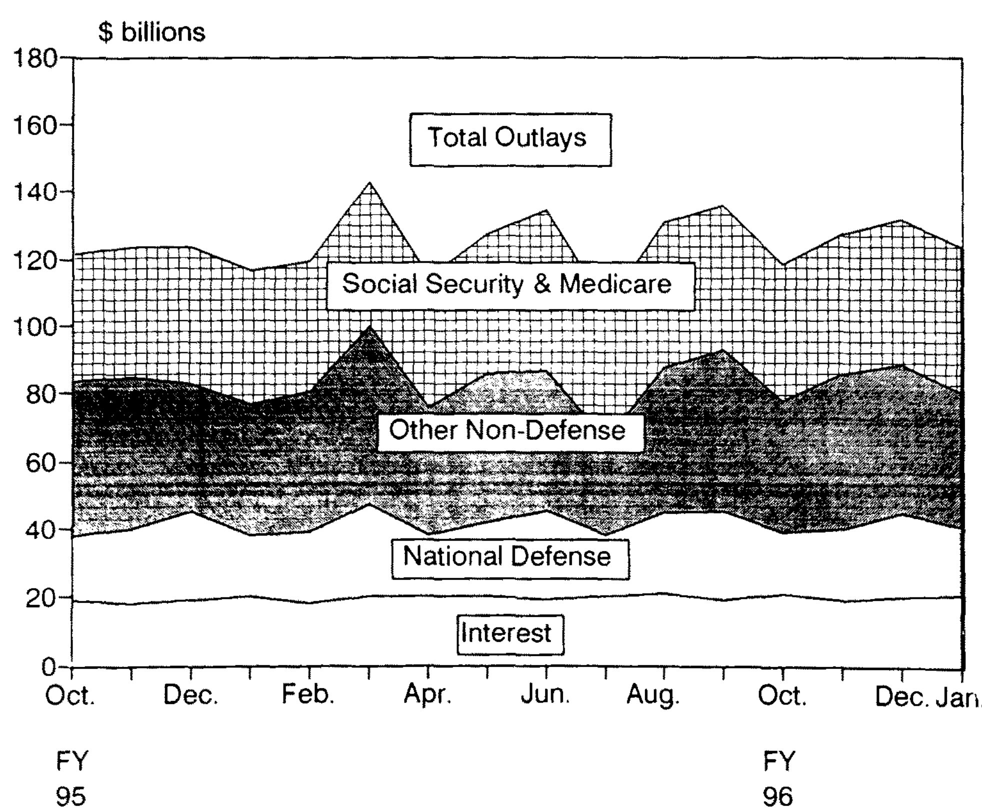


Table 3. Summary of Receipts and Outlays of the U.S. Government, January 1996 and Other Periods

[$ millions]

Classification	This Month	Current Fiscal Year to Date	Comparable Prior Period	Budget Estimates Full Fiscal Year[1]
Budget Receipts				
Individual income taxes	86,192	230,734	213,971	619,975
Corporation income taxes	5,158	47,053	39,726	164,193
Social insurance taxes and contributions:				
Employment taxes and contributions (off-budget)	32,307	110,005	106,944	367,845
Employment taxes and contributions (on-budget)	8,435	33,328	32,804	105,894
Unemployment insurance	1,081	5,457	5,621	28,390
Other retirement contributions	374	1,472	1,505	4,451
Excise taxes	4,241	18,718	19,052	57,456
Estate and gift taxes	1,288	5,179	4,519	16,225
Customs duties	1,482	6,300	6,960	20,999
Miscellaneous receipts	2,364	8,548	8,205	29,213
Total Receipts	**142,922**	**466,793**	**439,307**	**1,414,641**
(On-budget)	**110,615**	**356,788**	**332,363**	**1,046,796**
(Off-budget)	**32,307**	**110,005**	**106,944**	**367,845**
Reduction in corporate subsidies	......	......	......	**1,000**
Budget Outlays				
Legislative Branch	262	768	1,125	2,952
The Judiciary	320	939	870	3,339
Executive Office of the President	18	60	81	188
Funds Appropriated to the President	1,073	3,191	6,230	10,681
Department of Agriculture	4,249	20,839	25,243	56,348
Department of Commerce	363	1,248	1,217	4,051
Department of Defense—Military	19,371	80,891	83,508	249,543
Department of Defense—Civil	2,718	10,678	10,440	31,934
Department of Education	3,624	9,907	10,923	30,324
Department of Energy	1,139	5,515	6,083	15,580
Department of Health and Human Services	25,452	102,466	96,891	324,928
Department of Housing and Urban Development	2,646	8,785	9,732	21,388
Department of the Interior	537	2,156	2,588	7,264
Department of Justice	1,110	3,740	3,569	13,760
Department of Labor	3,533	11,301	9,704	33,809
Department of State	300	1,610	2,194	5,539
Department of Transportation	3,115	12,673	13,088	37,457
Department of the Treasury:				
Interest on the Public Debt	20,923	129,236	122,033	349,259
Other	406	467	1,207	21,812
Department of Veterans Affairs	2,152	11,450	11,245	37,707
Environmental Protection Agency	595	2,053	1,970	6,507
General Services Administration	−393	812	−266	494
National Aeronautics and Space Administration	1,208	4,428	4,117	13,681
Office of Personnel Management	3,379	13,948	13,312	42,992
Small Business Administration	−9	322	332	310
Social Security Administration	28,960	120,093	114,883	380,481
Other independent agencies	−526	1,370	143	12,904
Allowances	......	......	......	−550
Undistributed offsetting receipts:				
Interest	−65	−46,681	−44,649	−95,851
Other	−2,812	−10,825	−10,753	−40,348
Total outlays	**123,647**	**503,441**	**497,060**	**1,578,481**
(On-budget)	**98,056**	**413,727**	**409,969**	**1,273,064**
(Off-budget)	**25,591**	**89,714**	**87,090**	**305,417**
Surplus (+) or deficit (−)	**+19,274**	**−36,648**	**−57,752**	**−162,840**
(On-budget)	**12,558**	**−56,939**	**−77,607**	**−225,268**
(Off-budget)	**+6,716**	**+20,291**	**+19,854**	**+62,428**

[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.

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

Table 4. Receipts of the U.S. Government, January 1996 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	[1]55,351			192,811			178,473		
Presidential Election Campaign Fund	1			2			2		
Other	[1]31,159			42,277			39,385		
Total—Individual income taxes	**86,511**	**319**	**86,192**	**235,090**	**4,356**	**230,734**	**217,861**	**3,890**	**213,971**
Corporation income taxes	**6,381**	**1,223**	**5,158**	**53,204**	**6,151**	**47,053**	**46,226**	**6,500**	**39,726**
Social insurance taxes and contributions:									
Employment taxes and contributions:									
Federal old-age and survivors ins. trust fund:									
Federal Insurance Contributions Act taxes	[1]26,039	......	26,039	92,473	643	91,829	76,284	......	76,284
Self-Employment Contributions Act taxes	[1]1,279	......	1,279	1,457	......	1,457	664	......	664
Deposits by States	(* *)	......	(* *)	−1	......	−1	1	......	1
Other	(* *)	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)
Total—FOASI trust fund	27,317	......	27,317	93,928	643	93,285	76,950	......	76,950
Federal disability insurance trust fund:									
Federal Insurance Contributions Act taxes	[1]4,641	......	4,641	16,443	119	16,323	29,347	......	29,347
Self-Employment Contributions Act taxes	[1]349	......	349	397	......	397	647	......	647
Receipts from railroad retirement account	......	......	......	......	......	......	......	......	......
Deposits by States	......	......	......	......	......	......	(* *)	......	(* *)
Other	......	......	......	......	......	......	......	......	......
Total—FDI trust fund	4,990	......	4,990	16,839	119	16,720	29,994	......	29,994
Federal hospital insurance trust fund:									
Federal Insurance Contributions Act taxes	[1]7,495	......	7,495	31,409	−13	31,422	31,008	......	31,008
Self-Employment Contributions Act taxes	[1]560	......	560	660	......	660	431	......	431
Receipts from Railroad Retirement Board	......	......	......	......	......	......	......	......	......
Deposits by States	......	......	......	......	......	......	(* *)	......	(* *)
Total—FHI trust fund	8,054	......	8,054	32,069	−13	32,082	31,439	......	31,439
Railroad retirement accounts:									
Rail industry pension fund	249	47	202	705	84	621	721	7	714
Railroad Social Security equivalent benefit	179	......	179	624	......	624	651	......	651
Total—Employment taxes and contributions	40,789	47	40,742	144,166	833	143,333	139,755	7	139,748
Unemployment insurance:									
State taxes deposited in Treasury	792	......	792	4,388	......	4,388	4,416	......	4,416
Federal Unemployment Tax Act taxes	294	10	285	1,076	17	1,059	1,207	14	1,193
Railroad unemployment taxes	5	......	5	10	......	10	12	......	12
Railroad debt repayment	......	......	......	......	......	......	......	......	......
Total—Unemployment insurance	1,090	10	1,081	5,475	17	5,457	5,635	14	5,621
Other retirement contributions:									
Federal employees retirement – employee contributions	368	......	368	1,447	......	1,447	1,472	......	1,472
Contributions for non-federal employees	6	......	6	25	......	25	33	......	33
Total—Other retirement contributions	374	......	374	1,472	......	1,472	1,505	......	1,505
Total—Social insurance taxes and contributions	**42,254**	**57**	**42,197**	**151,112**	**851**	**150,262**	**146,895**	**21**	**146,874**
Excise taxes:									
Miscellaneous excise taxes[2]	1,456	39	1,417	9,471	279	9,192	9,641	169	9,472
Airport and airway trust fund	502	......	502	1,865	6	1,859	1,728	9	1,718
Highway trust fund	2,282	......	2,282	7,568	97	7,472	7,873	211	7,663
Black lung disability trust fund	41	......	41	196	......	196	198	......	198
Total—Excise taxes	**4,280**	**39**	**4,241**	**19,100**	**382**	**18,718**	**19,440**	**389**	**19,052**
Estate and gift taxes	**1,321**	**33**	**1,288**	**5,313**	**134**	**5,179**	**4,644**	**126**	**4,519**
Customs duties	**1,574**	**92**	**1,482**	**6,698**	**398**	**6,300**	**7,401**	**441**	**6,960**
Miscellaneous Receipts:									
Deposits of earnings by Federal Reserve banks	2,159	......	2,159	7,420	......	7,420	6,884	......	6,884
All other	207	1	206	1,132	4	1,128	1,327	6	1,321
Total — Miscellaneous receipts	**2,365**	**1**	**2,364**	**8,552**	**4**	**8,548**	**8,212**	**6**	**8,205**
Total — Receipts	**144,686**	**1,764**	**142,922**	**479,070**	**12,277**	**466,793**	**450,679**	**11,372**	**439,307**
Total — On-budget	**112,379**	**1,764**	**110,615**	**368,302**	**11,514**	**356,788**	**343,735**	**11,372**	**332,363**
Total — Off-budget	**32,307**	......	**32,307**	**110,768**	**763**	**110,005**	**106,944**	......	**106,944**

[1]In accordance with the Social Security Act as amended: "Individual Income Taxes, Withheld" have been increased and "Federal Insurance Contribution Act Taxes" correspondingly decreased by $1,502 million to correct estimates for the quarter ending December 31, 1995 and "Individual Income Taxes, Other" have been increased and "Self-Employment Contribution Act Taxes" correspondingly decreased by $2,584 million to correct estimates for the calendar year 1993 and prior.

[2]Includes amounts for the windfall profits tax pursuant to P.L. 96-223.
... No Transactions.
(* *) Less than $500,000.
Note: Details may not add to totals due to rounding.

Table 5. Outlays of the U.S. Government, January 1996 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	35	(* *)	35	138	1	138	146	1	145
House of Representatives	54	(* *)	54	231	(* *)	230	246	1	245
Joint items	8	......	8	28	......	28	26	......	26
Congressional Budget Office	2	......	2	8	......	8	7	......	7
Architect of the Capitol	18	(* *)	18	58	2	56	74	2	72
Library of Congress	33	......	33	111	......	111	402	......	402
Government Printing Office:									
Revolving fund (net)	38	......	38	14	......	14	51	......	51
General fund appropriations	7	......	7	26	......	26	27	......	27
General Accounting Office	64	......	64	142	......	142	138	......	138
United States Tax Court	2	......	2	10	......	10	11	......	11
Other Legislative Branch agencies	3	......	3	10	......	10	10	......	10
Proprietary receipts from the public	......	1	−1	......	3	−3	......	6	−6
Intrabudgetary transactions	−1	......	−1	−2	......	−2	−4	......	−4
Total—Legislative Branch	**264**	**2**	**262**	**774**	**6**	**768**	**1,134**	**10**	**1,125**
The Judiciary:									
Supreme Court of the United States	2	......	2	9	......	9	8	......	8
Courts of Appeals, District Courts, and other judicial services	306	(* *)	306	896	2	894	833	1	831
Other	12	......	12	36	......	36	31	......	31
Total—The Judiciary	**320**	**(* *)**	**320**	**941**	**2**	**939**	**872**	**1**	**870**
Executive Office of the President:									
Compensation of the President and the White House Office	4	......	4	12	......	12	12	......	12
Office of Management and Budget	5	......	5	18	......	18	19	......	19
Other	8	......	8	30	......	30	51	......	51
Total—Executive Office of the President	**18**	**......**	**18**	**60**	**......**	**60**	**81**	**......**	**81**
Funds Appropriated to the President:									
International Security Assistance:									
Foreign military loan program	40	65	−25	127	151	−24	297	158	138
Foreign military financing program	235	......	235	894	......	894	2,237	......	2,237
Economic support fund	194	......	194	687	......	687	1,895	......	1,895
Peacekeeping Operations	5	......	5	17	......	17	24	......	24
Other	3	......	3	11	......	11	7	......	7
Proprietary receipts from the public	......	274	−274	......	323	−323	......	262	−262
Total—International Security Assistance	477	338	138	1,736	474	1,262	4,459	420	4,039
International Development Assistance:									
Multilateral Assistance:									
Contribution to the International Development Association	314	......	314	627	......	627	509	......	509
International organizations and programs	6	......	6	16	......	16	210	......	210
Other	......	......	......	212	......	212	201	......	201
Total—Multilateral Assistance	319	......	319	855	......	855	920	......	920
Agency for International Development:									
Sustainable development assistance program	199	......	199	622	......	622	503	......	503
Assistance for eastern europe and the baltic States	23	......	23	88	......	88	110	......	110
Assistance for the new independent States of the former soviet union	31	......	31	154	......	154	212	......	212
Development fund for Africa	34	......	34	189	......	189	216	......	216
Operating expenses	43	......	43	153	......	153	179	......	179
Payment to the Foreign Service retirement and disability fund	......	......	......	......	......	......	45	......	45
Other	22	10	12	96	18	78	82	19	63
Proprietary receipts from the public	......	103	−103	......	288	−288	......	282	−282
Intrabudgetary transactions	......	......	......	......	......	......	......	......	......
Total—Agency for International Development	352	113	239	1,303	307	996	1,347	300	1,047
Overseas Private Investment Corporation	11	6	4	32	90	−59	16	77	−61
Peace Corps	15	......	15	60	......	60	72	......	72
Other	7	......	7	29	......	29	30	......	30
Total—International Development Assistance	704	119	585	2,279	397	1,882	2,385	377	2,008
International Monetary Programs	343	......	343	541	......	541	−75	......	−75
Military Sales Programs:									
Special defense acquisition fund	2	3	−1	22	51	−29	68	67	1
Foreign military sales trust fund	1,062	......	1,062	4,913	......	4,913	4,371	......	4,371
Kuwait civil reconstruction trust fund	(* *)	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)
Proprietary receipts from the public	......	1,060	−1,060	......	5,390	−5,390	......	4,123	−4,123
Other	6	......	6	12	......	12	9	......	9
Total—Funds Appropriated to the President	**2,593**	**1,520**	**1,073**	**9,502**	**6,311**	**3,191**	**11,217**	**4,987**	**6,230**

Table 5. Outlays of the U.S. Government, January 1996 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	71	......	71	252	......	252	248	......	248
Cooperative State Research Education and Extension Service:									
Cooperative state research activities	32	......	32	129	......	129	149	......	149
Extension Service	38	......	38	131	......	131	142	......	142
Other	3	......	3	10	......	10	15	......	15
Animal and Plant Health Inspection Service	46	......	46	156	......	156	175	......	175
Food Safety and Inspection Service	53	......	53	177	......	177	172	......	172
Agricultural Marketing Service	71	......	71	363	......	363	385	......	385
Farm Service Agency:									
Salaries and expenses	−124	......	−124	116	......	116	363	......	363
Conservation programs	13	......	13	1,766	......	1,766	1,783	......	1,783
Federal crop insurance corporation fund	273	2	271	967	336	631	235	445	−210
Commodity Credit Corporation:									
Price support and related programs	998	876	122	5,714	2,421	3,292	9,542	2,226	7,316
National Wool Act Program	......	......	......	......	......	......	4	......	4
Agricultural credit insurance fund	223	315	−92	254	619	−365	208	705	−498
Other	(* *)	......	(* *)	1	......	1	1	......	1
Total—Farm Service Agency	1,383	1,193	191	8,818	3,376	5,442	12,135	3,376	8,759
Natural Resources Conservation Service:									
Conservation operations	67	......	67	208	......	208	197	......	197
Watershed and flood prevention operations	21	......	21	85	......	85	106	......	106
Other	14	......	14	44	......	44	35	......	35
Rural Utilities Service:									
Rural electrification and telephone fund	358	462	−105	849	1,460	−611	737	972	−234
Rural development insurance fund	31	49	−18	208	194	14	219	177	42
Other	61	11	50	260	75	185	149	66	83
Rural housing and Community Development Service:									
Rural housing insurance fund	242	175	68	723	798	−75	940	804	135
Other	95	......	95	347	......	347	388	......	388
Foreign Agricultural Service	−10	......	−10	95	......	95	407	......	407
Food and Consumer Service:									
Food stamp program	2,256	......	2,256	8,631	......	8,631	8,717	......	8,717
State child nutrition programs	707	......	707	2,829	......	2,829	2,658	......	2,658
Women, infants and children programs	308	......	308	1,253	......	1,253	1,220	......	1,220
Other	42	......	42	124	......	124	205	......	205
Total—Food and Consumer Service	3,314	......	3,314	12,838	......	12,838	12,801	......	12,801
Forest Service:									
National forest system	185	......	185	540	......	540	463	......	463
Forest and rangeland protection	24	......	24	127	......	127	306	......	306
Forest service permanent appropriations	16	......	16	328	......	328	403	......	403
Other	69	......	69	290	......	290	275	......	275
Total—Forest Service	293	......	293	1,285	......	1,285	1,447	......	1,447
Other	67	4	63	161	13	147	187	13	175
Proprietary receipts from the public	......	109	−109	......	336	−336	......	381	−381
Intrabudgetary transactions	(* *)	......	(* *)	−45	......	−45	(* *)	......	(* *)
Total—Department of Agriculture	**6,252**	**2,002**	**4,249**	**27,092**	**6,252**	**20,839**	**31,032**	**5,788**	**25,243**
Department of Commerce:									
Economic Development Administration	44	1	43	158	4	154	104	6	98
Bureau of the Census	44	......	44	121	......	121	153	......	153
Promotion of Industry and Commerce	30	......	30	100	......	100	121	......	121
Science and Technology:									
National Oceanic and Atmospheric Administration	190	1	188	654	4	650	675	8	667
National Institute of Standards and Technology	41	......	41	176	......	176	128	......	128
Other	12	2	10	50	9	41	56	11	45
Total—Science and Technology	242	3	239	880	13	867	859	19	840
Other	18	......	18	49	......	49	47	(* *)	47
Proprietary receipts from the public	......	11	−11	......	43	−43	......	42	−42
Intrabudgetary transactions	(* *)	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)
Offsetting governmental receipts	......	......	......	......	......	......	......	......	......
Total—Department of Commerce	**378**	**15**	**363**	**1,307**	**60**	**1,248**	**1,284**	**67**	**1,217**

Table 5. Outlays of the U.S. Government, January 1996 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	1,058	......	1,058	7,238	......	7,238	7,376	......	7,376
Department of the Navy	1,464	......	1,464	7,504	......	7,504	8,047	......	8,047
Department of the Air Force	803	......	803	5,551	......	5,551	5,675	......	5,675
Total—Military personnel	3,325	......	3,325	20,294	......	20,294	21,098	......	21,098
Operation and maintenance:									
Department of the Army	1,708	......	1,708	6,616	......	6,616	7,077	......	7,077
Department of the Navy	2,084	......	2,084	6,859	......	6,859	7,786	......	7,786
Department of the Air Force	1,986	......	1,986	7,650	......	7,650	8,004	......	8,004
Defense agencies	1,944	......	1,944	6,540	......	6,540	6,268	......	6,268
Total—Operation and maintenance	7,723	......	7,723	27,665	......	27,665	29,135	......	29,135
Procurement:									
Department of the Army	547	......	547	2,215	......	2,215	2,524	......	2,524
Department of the Navy	1,523	......	1,523	6,318	......	6,318	7,748	......	7,748
Department of the Air Force	2,190	......	2,190	5,617	......	5,617	7,284	......	7,284
Defense agencies	320	......	320	1,219	......	1,219	1,381	......	1,381
Total—Procurement	4,579	......	4,579	15,370	......	15,370	18,937	......	18,937
Research, development, test, and evaluation:									
Department of the Army	471	......	471	1,705	......	1,705	1,560	......	1,560
Department of the Navy	642	......	642	2,663	......	2,663	3,132	......	3,132
Department of the Air Force	1,139	......	1,139	4,103	......	4,103	4,252	......	4,252
Defense agencies	733	......	733	2,753	......	2,753	2,500	......	2,500
Total—Research, development, test and evaluation	2,985	......	2,985	11,225	......	11,225	11,444	......	11,444
Military construction:									
Department of the Army	1	......	1	270	......	270	255	......	255
Department of the Navy	51	......	51	223	......	223	251	......	251
Department of the Air Force	99	......	99	429	......	429	450	......	450
Defense agencies	391	......	391	1,401	......	1,401	1,017	......	1,017
Total—Military construction	543	......	543	2,323	......	2,323	1,973	......	1,973
Family housing:									
Department of the Army	136	......	136	426	......	426	371	......	371
Department of the Navy	107	......	107	432	......	432	318	......	318
Department of the Air Force	87	......	87	342	......	342	349	......	349
Defense agencies	13	7	6	48	22	26	49	18	32
Revolving and management funds:									
Department of the Army	−37	......	−37	47	......	47	−67	......	−67
Department of the Navy	156	......	156	375	......	375	37	......	37
Department of the Air Force	......	......	......	......	......	......	......	......	......
Defense agencies:									
Defense business operations fund	−258	......	−258	2,076	......	2,076	87	......	87
Other	−6	(* *)	−7	−39	2	−41	−34	2	−36
Trust funds:									
Department of the Army	(* *)	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)
Department of the Navy	1	1	(* *)	17	9	7	9	3	6
Department of the Air Force	1	1	(* *)	3	3	(* *)	(* *)	(* *)	(* *)
Defense agencies	114	......	114	78	......	78	40	......	40
Proprietary receipts from the public:									
Department of the Army	......	−40	40	......	146	−146	......	247	−247
Department of the Navy	......	19	−19	......	61	−61	......	125	−125
Department of the Air Force	......	−75	75	......	187	−187	......	240	−240
Defense agencies	......	−3	3	......	−4	4	......	126	−126
Intrabudgetary transactions:									
Department of the Army	17	......	17	38	......	38	68	......	68
Department of the Navy	21	......	21	698	......	698	418	......	418
Department of the Air Force	−10	......	−10	118	......	118	88	......	88
Defense agencies	−217	......	−217	−217	......	−217	−51	......	−51
Offsetting governmental receipts:									
Department of the Army	......	......	......	......	2	−2	......	......	......
Defense agencies	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)	(* *)
Total—Department of Defense—Military	**19,281**	**−90**	**19,371**	**81,320**	**429**	**80,891**	**84,270**	**761**	**83,508**

Table 5. Outlays of the U.S. Government, January 1996 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	80	......	80	376	......	376	373	......	373
Operation and maintenance, general	−32	......	−32	370	......	370	560	......	560
Other	302	......	302	610	......	610	457	......	457
Proprietary receipts from the public	......	17	−17	......	54	−54	......	44	−44
Total—Corps of Engineers	351	17	334	1,356	54	1,301	1,390	44	1,346
Military retirement:									
Payment to military retirement fund	......	......	......	10,699	......	10,699	11,470	......	11,470
Military retirement fund	2,376	......	2,376	9,365	......	9,365	9,062	......	9,062
Intrabudgetary transactions	......	......	......	−10,699	......	−10,699	−11,470	......	−11,470
Education benefits	5	......	5	−5	......	−5	14	......	14
Other	7	(* *)	6	25	1	23	25	1	23
Proprietary receipts from the public	......	3	−3	......	6	−6	......	5	−5
Total—Department of Defense—Civil	**2,738**	**20**	**2,718**	**10,740**	**62**	**10,678**	**10,490**	**50**	**10,440**
Department of Education:									
Office of Elementary and Secondary Education:									
Education for the disadvantaged	605	......	605	2,303	......	2,303	2,288	......	2,288
Impact aid	19	......	19	92	......	92	578	......	578
School improvement programs	145	......	145	418	......	418	493	......	493
Other	36	......	36	96	......	96	34	......	34
Total—Office of Elementary and Secondary Education	805	......	805	2,910	......	2,910	3,394	......	3,394
Office of Bilingual Education and Minority Languages Affairs	21	......	21	48	......	48	65	......	65
Office of Special Education and Rehabilitative Services:									
Special education	372	......	372	1,069	......	1,069	1,138	......	1,138
Rehabilitation services and disability research	319	......	319	867	......	867	749	......	749
Special institutions for persons with disabilities	16	......	16	39	......	39	48	......	48
Office of Vocational and Adult Education	167	......	167	562	......	562	540	......	540
Office of Postsecondary Education:									
College housing loans	......	2	−2	......	24	−24	9	33	−24
Student financial assistance	1,115	......	1,115	2,708	......	2,708	2,757	......	2,757
Higher education	168	......	168	330	......	330	307	......	307
Howard University	21	......	21	59	......	59	64	......	64
Federal direct student loan program	75	......	75	264	......	264	122	......	122
Federal family education loans	480	......	480	821	......	821	1,480	......	1,480
Other	−1	......	−1	−2	......	−2	−3	......	−3
Total—Office of Postsecondary Education	1,859	2	1,857	4,180	24	4,156	4,737	33	4,704
Office of Educational Research and Improvement	42	......	42	124	......	124	145	......	145
Departmental management	26	......	26	136	......	136	155	......	155
Proprietary receipts from the public	......	(* *)	(* *)	......	3	−3	......	16	−16
Total—Department of Education	**3,627**	**2**	**3,624**	**9,934**	**27**	**9,907**	**10,971**	**49**	**10,923**
Department of Energy:									
Atomic energy defense activities	842	......	842	4,174	......	4,174	4,071	......	4,071
Energy programs:									
General science and research activities	69	......	69	348	......	348	581	......	581
Energy supply, R and D activities	210	......	210	1,099	......	1,099	1,131	......	1,131
Uranium supply and enrichment activities	9	......	9	36	......	36	31	......	31
Fossil energy research and development	37	......	37	168	......	168	145	......	145
Energy conservation	57	......	57	216	......	216	191	......	191
Strategic petroleum reserve	20	......	20	77	......	77	78	......	78
Clean coal technology	......	......	......	......	......	......	......	......	......
Nuclear waste disposal fund	18	......	18	83	......	83	111	......	111
Other	79	(* *)	79	277	(* *)	276	351	1	351
Total—Energy programs	498	(* *)	498	2,304	(* *)	2,303	2,620	1	2,619
Power Marketing Administration	123	189	−66	492	586	−94	627	614	13
Departmental administration	33	......	33	122	......	122	154	......	154
Proprietary receipts from the public	......	216	−216	......	656	−656	......	606	−606
Intrabudgetary transactions	51	......	51	−330	......	−330	−159	......	−159
Offsetting governmental receipts	......	3	−3	......	3	−3	......	8	−8
Total—Department of Energy	**1,548**	**409**	**1,139**	**6,762**	**1,247**	**5,515**	**7,312**	**1,229**	**6,083**

Table 5. Outlays of the U.S. Government, January 1996 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	49	(* *)	49	246	1	245	264	2	262
Health Resources and Services Administration	298	......	298	839	......	839	773	......	773
Indian Health Services	198	......	198	671	......	671	793	......	793
Centers for Disease Control and Prevention	168	......	168	614	......	614	596	......	596
National Institutes of Health	746	......	746	3,409	......	3,409	3,372	......	3,372
Substance Abuse and Mental Health Services Administration	119	......	119	668	......	668	775	......	775
Agency for Health Care Policy and Research	9	......	9	41	......	41	41	......	41
Assistant secretary for health	46	......	46	221	......	221	162	......	162
Total—Public Health Service	1,632	(* *)	1,632	6,709	1	6,708	6,777	2	6,775
Health Care Financing Administration:									
Grants to States for Medicaid	6,730	......	6,730	28,754	......	28,754	28,703	......	28,703
Payments to health care trust funds	6,282	......	6,282	17,442	......	17,442	14,109	......	14,109
Federal hospital insurance trust fund:									
Benefit payments	9,971	......	9,971	38,987	......	38,987	34,772	......	34,772
Administrative expenses	198	......	198	436	......	436	390	......	390
Interest on normalized tax transfers	......	......	......	......	......	......	......	......	......
Total—FHI trust fund	10,169	......	10,169	39,423	......	39,423	35,162	......	35,162
Federal supplementary medical insurance trust fund:									
Benefit payments	5,498	......	5,498	22,508	......	22,508	20,365	......	20,365
Administrative expenses	261	......	261	563	......	563	575	......	575
Total—FSMI trust fund	5,758	......	5,758	23,070	......	23,070	20,940	......	20,940
Other	−121	......	−121	23	......	23	3	......	3
Total—Health Care Financing Administration	28,819	......	28,819	108,712	......	108,712	98,917	......	98,917
Administration for children and families:									
Family support payments to States	1,691	......	1,691	6,183	......	6,183	6,100	......	6,100
Low income home energy assistance	145	......	145	360	......	360	536	......	536
Refugee and entrant assistance	37	......	37	113	......	113	154	......	154
Payments to States for the job opportunities and basic skills training program	73	......	73	288	......	288	300	......	300
State legalization impact assistance grants	(* *)	......	(* *)	−2	......	−2	141	......	141
Payments to States for the child care and development block grant	103	......	103	365	......	365	298	......	298
Social services block grant	198	......	198	797	......	797	989	......	989
Children and families services programs	464	......	464	1,689	......	1,689	1,637	......	1,637
Payments to States for foster care and adoption assistance	300	......	300	1,195	......	1,195	1,049	......	1,049
Other	41	......	41	68	......	68	4	......	4
Total—Administration for children and families	3,051	......	3,051	11,057	......	11,057	11,210	......	11,210
Administration on aging	61	......	61	233	......	233	313	......	313
Departmental management	25	......	25	105	......	105	135	......	135
Proprietary receipts from the public	......	1,853	−1,853	......	6,906	−6,906	......	6,350	−6,350
Intrabudgetary transactions:									
Payments for health insurance for the aged:									
Federal hospital insurance trust fund	......	......	......	......	......	......	......	......	......
Federal supplementary medical insurance trust fund	−5,128	......	−5,128	−16,299	......	−16,299	−12,979	......	−12,979
Payments for tax and other credits:									
Federal hospital insurance trust fund	−1,154	......	−1,154	−1,143	......	−1,143	−1,130	......	−1,130
Other	......	......	......	......	......	......	......	......	......
Total—Department of Health and Human Services	**27,305**	**1,853**	**25,452**	**109,373**	**6,907**	**102,466**	**103,244**	**6,352**	**96,891**

Table 5. Outlays of the U.S. Government, January 1996 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	7	5	2	47	28	19	54	38	15
Credit accounts:									
Federal housing administration fund	222	218	4	2,872	3,810	−939	3,305	3,381	−76
Housing for the elderly or handicapped fund	−17	56	−74	236	181	55	306	223	83
Other	52	......	52	208	......	208	188	......	188
Rent supplement payments	6	......	6	19	......	19	44	......	44
Homeownership assistance	9	......	9	36	......	36	39	......	39
Rental housing assistance	55	......	55	214	......	214	214	......	214
Rental housing development grants	......	......	......	......	......	......	(* *)	......	(* *)
Low-rent public housing	28	......	28	335	......	335	346	......	346
Public housing grants	333	......	333	1,363	......	1,363	1,230	......	1,230
College housing grants	1	......	1	6	......	6	7	(* *)	7
Lower income housing assistance	846	......	846	2,585	......	2,585	3,283	......	3,283
Section 8 contract renewals	510	......	510	1,499	......	1,499	1,529	......	1,529
Other	33	......	33	108	......	108	52	......	52
Total—Housing programs	2,083	280	1,804	9,528	4,019	5,509	10,597	3,643	6,955
Public and Indian Housing programs:									
Low-rent public housing—Loans and other expenses	6	(* *)	6	236	186	50	245	197	48
Payments for operation of low-income housing projects	246	......	246	922	......	922	863	......	863
Community Partnerships Against Crime	22	......	22	77	......	77	53	......	53
Other	6	......	6	26	......	26	4	......	4
Total—Public and Indian Housing programs	280	(* *)	280	1,261	186	1,075	1,165	197	968
Government National Mortgage Association:									
Management and liquidating functions fund	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)	(* *)
Guarantees of mortgage-backed securities	33	85	−51	82	265	−183	135	273	−139
Total—Government National Mortgage Association	33	85	−52	82	266	−184	135	274	−139
Community Planning and Development:									
Community Development Grants	396	......	396	1,611	......	1,611	1,413	......	1,413
Home investment partnerships program	90	......	90	388	......	388	404	......	404
Other	28	8	20	116	35	81	104	41	63
Total—Community Planning and Development	514	8	507	2,116	35	2,081	1,921	41	1,880
Management and Administration	110	......	110	338	......	338	183	......	183
Other	6	......	6	18	......	18	17	......	17
Proprietary receipts from the public	......	8	−8	......	52	−52	......	131	−131
Offsetting governmental receipts	......	......	......	......	......	......	......	......	......
Total—Department of Housing and Urban Development	**3,027**	**380**	**2,646**	**13,343**	**4,558**	**8,785**	**14,018**	**4,286**	**9,732**
Department of the Interior:									
Land and minerals management:									
Bureau of Land Management:									
Management of lands and resources	50	......	50	218	......	218	230	......	230
Other	15	......	15	64	......	64	201	......	201
Minerals Management Service	84	......	84	206	......	206	245	......	245
Office of Surface Mining Reclamation and Enforcement	25	......	25	139	......	139	114	......	114
Total—Land and minerals management	174	......	174	627	......	627	790	......	790
Water and science:									
Bureau of Reclamation:									
Construction program	21	......	21	85	......	85	104	......	104
Operation and maintenance	19	......	19	74	......	74	77	......	77
Other	23	13	10	113	44	69	126	73	53
Central utah project	20	......	20	21	......	21	24	......	24
United States Geological Survey	46	......	46	155	......	155	168	......	168
Bureau of Mines	15	2	13	53	8	44	55	7	48
Total—Water and science	143	15	128	500	52	448	554	80	474
Fish and wildlife and parks:									
United States Fish and Wildlife Service	95	......	95	389	......	389	383	......	383
National Biological Survey	8	......	8	26	......	26	34	......	34
National Park Service	123	......	123	450	......	450	496	......	496
Total—Fish and wildlife and parks	226	......	226	865	......	865	913	......	913

Table 5. Outlays of the U.S. Government, January 1996 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	163	......	163	455	......	455	563	......	563
Indian tribal funds	21	......	21	96	......	96	62	......	62
Other	49	1	48	122	5	117	162	4	158
Total—Bureau of Indian Affairs	233	1	232	673	5	668	787	4	784
Territorial and international affairs	32	......	32	160	......	160	281	......	281
Departmental offices	8	......	8	38	......	38	77	......	77
Proprietary receipts from the public	......	225	−225	......	561	−561	......	628	−628
Intrabudgetary transactions	−38	......	−38	−89	......	−89	−103	......	−103
Offsetting governmental receipts	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)	(* *)
Total—Department of the Interior	**778**	**241**	**537**	**2,774**	**618**	**2,156**	**3,300**	**712**	**2,588**
Department of Justice:									
Legal activities	233	......	233	810	......	810	833	......	833
Federal Bureau of Investigation	170	......	170	683	......	683	648	......	648
Drug Enforcement Administration	97	......	97	281	......	281	323	......	323
Immigration and Naturalization Service	228	......	228	662	......	662	564	......	564
Federal Prison System	299	12	287	1,060	45	1,015	925	43	882
Office of Justice Programs	76	......	76	295	......	295	322	......	322
Other	105	......	105	245	......	245	208	......	208
Intrabudgetary transactions	−9	......	−9	−17	......	−17	−16	......	−16
Offsetting governmental receipts	......	77	−77	......	236	−236	......	196	−196
Total—Department of Justice	**1,199**	**89**	**1,110**	**4,021**	**281**	**3,740**	**3,808**	**239**	**3,569**
Department of Labor:									
Employment and Training Administration:									
Training and employment services	315	......	315	1,326	......	1,326	1,427	......	1,427
Community Service Employment for Older Americans	54	......	54	146	......	146	126	......	126
Federal unemployment benefits and allowances	20	......	20	94	......	94	89	......	89
State unemployment insurance and employment service operations	−29	......	−29	15	......	15	6	......	6
Payments to the unemployment trust fund	......	......	......	......	......	......	......	......	......
Advances to the unemployment trust fund and other funds	......	......	......	......	......	......	......	......	......
Unemployment trust fund:									
Federal-State unemployment insurance:									
State unemployment benefits	2,515	......	2,515	7,421	......	7,421	6,811	......	6,811
State administrative expenses	301	......	301	1,101	......	1,101	1,092	......	1,092
Federal administrative expenses	40	......	40	58	......	58	59	......	59
Veterans employment and training	5	......	5	44	......	44	61	......	61
Repayment of advances from the general fund	......	......	......	......	......	......	......	......	......
Railroad unemployment insurance	8	......	8	25	......	25	20	......	20
Other	2	......	2	7	......	7	6	......	6
Total—Unemployment trust fund	2,872	......	2,872	8,655	......	8,655	8,049	......	8,049
Other	8	......	8	26	......	26	27	......	27
Total—Employment and Training Administration	3,240	......	3,240	10,263	......	10,263	9,724	......	9,724
Pension Benefit Guaranty Corporation	77	85	−8	324	86	238	296	164	132
Employment Standards Administration:									
Salaries and expenses	23	......	23	71	......	71	77	......	77
Special benefits	140	......	140	339	......	339	−622	......	−622
Black lung disability trust fund	44	......	44	177	......	177	189	......	189
Other	10	......	10	50	......	50	50	......	50
Occupational Safety and Health Administration	29	......	29	91	......	91	95	......	95
Bureau of Labor Statistics	15	......	15	65	......	65	94	......	94
Other	46	......	46	154	......	154	130	......	130
Proprietary receipts from the public	......	1	−1	......	1	−1	......	1	−1
Intrabudgetary transactions	−5	......	−5	−145	......	−145	−164	......	−164
Total—Department of Labor	**3,618**	**86**	**3,533**	**11,388**	**87**	**11,301**	**9,869**	**165**	**9,704**

Table 5. Outlays of the U.S. Government, January 1996 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	140	......	140	566	......	566	420	......	420
Acquisition and maintenance of buildings abroad	50	......	50	195	......	195	151	......	151
Payment to Foreign Service retirement and disability fund	30	......	30	56	......	56	129	......	129
Foreign Service retirement and disability fund	38	......	38	150	......	150	149	......	149
Other	23	......	23	117	......	117	118	......	118
Total—Administration of Foreign Affairs	281	......	281	1,084	......	1,084	967	......	967
International organizations and Conferences	12	......	12	327	......	327	1,107	......	1,107
Migration and refugee assistance	25	......	25	194	......	194	252	......	252
Other	16	......	16	75	......	75	49	......	49
Proprietary receipts from the public	......	......	......	......	......	......	......	......	......
Intrabudgetary transactions	−35	......	−35	−70	......	−70	−182	......	−182
Offsetting governmental receipts	......	......	......	......	......	......	......	......	......
Total—Department of State	**300**	**......**	**300**	**1,610**	**......**	**1,610**	**2,194**	**......**	**2,194**
Department of Transportation:									
Federal Highway Administration:									
Highway trust fund:									
Federal-aid highways	1,298	......	1,298	6,251	......	6,251	6,100	......	6,100
Other	17	......	17	60	......	60	63	......	63
Other programs	17	......	17	89	......	89	62	......	62
Total—Federal Highway Administration	1,332	......	1,332	6,400	......	6,400	6,226	......	6,226
National Highway Traffic Safety Administration	25	......	25	101	......	101	92	......	92
Federal Railroad Administration:									
Grants to National Railroad Passenger Corporation	81	......	81	389	......	389	492	......	492
Other	23	1	22	83	3	80	71	4	67
Total—Federal Railroad Administration	104	1	103	472	3	469	562	4	559
Federal Transit Administration:									
Formula grants	−70	......	−70	374	......	374	120	......	120
Discretionary grants	181	......	181	722	......	722	647	......	647
Other	305	......	305	370	......	370	745	......	745
Total—Federal Transit Administration	416	......	416	1,466	......	1,466	1,512	......	1,512
Federal Aviation Administration:									
Operations	−219	......	−219	816	......	816	672	......	672
Airport and airway trust fund:									
Grants-in-aid for airports	135	......	135	562	......	562	686	......	686
Facilities and equipment	201	......	201	730	......	730	860	......	860
Research, engineering and development	24	......	24	75	......	75	71	......	71
Operations	741	......	741	741	......	741	912	......	912
Total—Airport and airway trust fund	1,101	......	1,101	2,108	......	2,108	2,529	......	2,529
Other	(* *)	(* *)	(* *)	(* *)	1	−1	(* *)	(* *)	(* *)
Total—Federal Aviation Administration	882	(* *)	882	2,924	1	2,924	3,201	(* *)	3,201
Coast Guard:									
Operating expenses	162	......	162	773	......	773	798	......	798
Acquisition, construction, and improvements	37	......	37	128	......	128	114	......	114
Retired pay	44	......	44	176	......	176	173	......	173
Other	36	1	35	51	2	49	99	2	97
Total—Coast Guard	278	1	278	1,128	2	1,126	1,185	2	1,183
Maritime Administration	44	8	36	173	47	126	221	44	177
Other	52	1	51	92	2	90	161	1	160
Proprietary receipts from the public	......	1	−1	......	2	−2	......	1	−1
Intrabudgetary transactions	−1	......	−1	−1	......	−1	......	......	......
Offsetting governmental receipts	......	6	−6	......	25	−25	......	22	−22
Total—Department of Transportation	**3,132**	**17**	**3,115**	**12,755**	**82**	**12,673**	**13,161**	**74**	**13,088**

Table 5. Outlays of the U.S. Government, January 1996 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	−220	11	−231	−544	32	−576	−658	6	−665
Other	58	......	58	167	......	167	57	......	57
Financial Management Service:									
Salaries and expenses	32	......	32	83	......	83	80	......	80
Payment to the Resolution Funding Corporation	577	......	577	1,164	......	1,164	1,164	......	1,164
Claims, judgements, and relief acts	95	......	95	200	......	200	231	......	231
Net interest paid to loan guarantee financing accounts	−4	......	−4	32	......	32	162	......	162
Other	12	......	12	41	......	41	33	......	33
Total—Financial Management Service	712	......	712	1,520	......	1,520	1,671	......	1,671
Federal Financing Bank	−113	......	−113	223	......	223	223	......	223
Bureau of Alcohol, Tobacco and Firearms:									
Salaries and expenses	41	......	41	90	......	90	134	......	134
Internal revenue collections for Puerto Rico	22	......	22	82	......	82	77	......	77
United States Customs Service	211	......	211	624	......	624	597	......	597
Bureau of Engraving and Printing	34	......	34	36	......	36	24	......	24
United States Mint	49	126	−77	126	343	−217	−50	......	−50
Bureau of the Public Debt	19	......	19	92	......	92	95	......	95
Internal Revenue Service:									
Processing, assistance, and management	168	......	168	445	......	445	563	......	563
Tax law enforcement	479	......	479	1,366	......	1,366	1,400	......	1,400
Information systems	138	......	138	449	......	449	504	......	504
Payment where earned income credit exceeds liability for tax	177	......	177	380	......	380	251	......	251
Health insurance supplement to earned income credit	......	......	......	......	......	......	......	......	......
Refunding internal revenue collections, interest	182	......	182	757	......	757	895	......	895
Other	(* *)	......	(* *)	−1	......	−1	1	......	1
Total—Internal Revenue Service	1,145	......	1,145	3,396	......	3,396	3,614	......	3,614
United States Secret Service	66	......	66	188	......	188	197	......	197
Comptroller of the Currency	42	77	−35	129	82	46	153	102	51
Office of Thrift Supervison	12	67	−55	64	71	−7	59	73	−15
Interest on the public debt:									
Public issues (accrual basis)	20,547	......	20,547	81,379	......	81,379	75,804	......	75,804
Special issues (cash basis)	376	......	376	47,857	......	47,857	46,229	......	46,229
Total—Interest on the public debt	20,923	......	20,923	129,236	......	129,236	122,033	......	122,033
Other	5	......	5	25	......	25	16	......	16
Proprietary receipts from the public	......	606	−606	......	1,579	−1,579	......	1,344	−1,344
Receipts from off-budget federal entities	......	......	......	......	......	......	......	......	......
Intrabudgetary transactions	−713	......	−713	−3,267	......	−3,267	−3,160	......	−3,160
Offsetting governmental receipts	......	77	−77	......	376	−376	......	317	−317
Total—Department of the Treasury	**22,292**	**963**	**21,328**	**132,187**	**2,484**	**129,703**	**125,082**	**1,843**	**123,239**

Table 5. Outlays of the U.S. Government, January 1996 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	1,667	......	1,667	5,309	......	5,309	5,350	......	5,350
Other	62	16	46	216	68	148	239	95	144
Veterans Benefits Administration:									
Public enterprise funds:									
Guaranty and indemnity fund	95	78	17	400	207	193	236	169	66
Loan guaranty revolving fund	77	31	46	292	116	176	162	131	32
Other	16	8	8	47	46	1	75	48	27
Compensation and pensions	83	......	83	4,583	......	4,583	4,467	......	4,467
Readjustment benefits	72	......	72	408	......	408	405	......	405
Post-Vietnam era veterans education account	1	......	1	13	......	13	21	......	21
Insurance funds:									
National service life	103	......	103	358	......	358	381	......	381
United States government life	1	......	1	5	......	5	6	......	6
Veterans special life	18	3	15	46	83	−38	45	83	−38
Other	5	......	5	(* *)	......	(* *)	13	......	13
Total—Veterans Benefits Administration	471	119	351	6,151	453	5,698	5,811	431	5,380
Construction	66	......	66	228	(* *)	228	205	(* *)	205
Departmental administration	102	......	102	373	......	373	494	......	494
Proprietary receipts from the public:									
National service life	......	20	−20	......	73	−73	......	93	−93
United States government life	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)	(* *)
Other	......	60	−60	......	230	−230	......	230	−230
Intrabudgetary transactions	(* *)	......	(* *)	−4	......	−4	−4	......	−4
Total—Department of Veterans Affairs	**2,368**	**216**	**2,152**	**12,274**	**824**	**11,450**	**12,094**	**849**	**11,245**
Environmental Protection Agency:									
Program and research operations	4	......	4	43	......	43	312	......	312
Abatement, control, and compliance	193	......	193	591	......	591	475	......	475
Water infrastructure financing	240	......	240	857	......	857	687	......	687
Hazardous substance superfund	134	......	134	443	......	443	446	......	446
Other	64	(* *)	64	206	(* *)	206	404	(* *)	403
Proprietary receipts from the public	......	39	−39	......	85	−85	......	101	−101
Intrabudgetary transactions	......	......	......	......	......	......	−250	......	−250
Offsetting governmental receipts	......	1	−1	......	3	−3	......	2	−2
Total—Environmental Protection Agency	**635**	**40**	**595**	**2,140**	**88**	**2,053**	**2,073**	**104**	**1,970**
General Services Administration:									
Real property activities	−486	......	−486	648	......	648	−348	......	−348
Personal property activities	24	......	24	−37	......	−37	−110	......	−110
Other	77	......	77	216	......	216	192	......	192
Proprietary receipts from the public	......	8	−8	......	14	−14	......	(* *)	(* *)
Total—General Services Administration	**−385**	**8**	**−393**	**827**	**14**	**812**	**−266**	**(* *)**	**−266**
National Aeronautics and Space Administration:									
Human space flight	429	......	429	1,762	......	1,762	396	......	396
Science, aeronautics and technology	453	......	453	1,444	......	1,444	530	......	530
Mission support	223	......	223	715	......	715	546	......	546
Research and development	68	......	68	275	......	275	1,514	......	1,514
Space flight, control and data communications	8	......	8	133	......	133	942	......	942
Construction of facilities	25	......	25	93	......	93	103	......	103
Research and program management	(* *)	......	(* *)	3	......	3	80	......	80
Other	(* *)	......	(* *)	3	......	3	5	......	5
Total—National Aeronautics and Space Administration	**1,208**	**......**	**1,208**	**4,428**	**......**	**4,428**	**4,117**	**......**	**4,117**
Office of Personnel Management:									
Government payment for annuitants, employees health and life insurance benefits	375	......	375	1,100	......	1,100	1,199	......	1,199
Payment to civil service retirement and disability fund	......	......	......	......	......	......	......	......	......
Civil service retirement and disability fund	3,216	......	3,216	12,996	......	12,996	12,573	......	12,573
Employees life insurance fund	(* *)	175	−175	541	851	−309	541	857	−316
Employees and retired employees health benefits fund	1,252	1,306	−54	5,176	5,012	164	5,098	5,265	−168
Other	19	......	19	6	......	6	34	......	34
Intrabudgetary transactions:									
Civil service retirement and disability fund:									
General fund contributions	......	......	......	......	......	......	......	......	......
Other	−2	......	−2	−9	......	−9	−11	......	−11
Total—Office of Personnel Management	**4,860**	**1,481**	**3,379**	**19,811**	**5,863**	**13,948**	**19,435**	**6,123**	**13,312**

Table 5. Outlays of the U.S. Government, January 1996 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	−11	38	−49	237	134	104	136	112	24
Disaster loan fund	21	31	−10	179	121	58	218	89	129
Other	(* *)	1	−1	4	5	−2	8	5	3
Other	51	......	51	162	(* *)	161	177	(* *)	177
Total—Small Business Administration	**62**	**70**	**−9**	**582**	**260**	**322**	**538**	**206**	**332**
Social Security Administration:									
Payments to Social Security trust funds	1,681	......	1,681	2,660	......	2,660	2,236	......	2,236
Special benefits for disabled coal miners	56	......	56	226	......	226	246	......	246
Supplemental security income program	343	......	343	6,935	......	6,935	6,519	......	6,519
Office of the Inspector General	1	......	1	2	......	2	......	......	......
Federal old-age and survivors insurance trust fund (off-budget):									
Benefit payments	25,019	......	25,019	98,395	......	98,395	94,416	......	94,416
Administrative expenses	106	......	106	622	......	622	567	......	567
Payment to railroad retirement account	......	......	......	......	......	......	......	......	......
Quinquennial military service credit adjustment	......	......	......	129	......	129	......	......	......
Total—FOASI trust fund	25,126	......	25,126	99,146	......	99,146	94,983	......	94,983
Federal disability insurance trust fund (off-budget):									
Benefit payments	3,452	......	3,452	13,791	......	13,791	12,949	......	12,949
Administrative expenses	129	......	129	351	......	351	350	......	350
Payment to railroad retirement account	......	......	......	......	......	......	......	......	......
Quinquennial military service credit adjustment	......	......	......	203	......	203	......	......	......
Total—FDI trust fund	3,581	......	3,581	14,345	......	14,345	13,298	......	13,298
Proprietary receipts from the public:									
On-budget	......	146	−146	......	229	−229	......	165	−165
Off-budget	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)	(* *)
Intrabudgetary transactions:									
On-budget:									
Quinquennial Adjustment for Military Service Credits from FOASI and FDI:	......	......	......	−332	......	−332	......	......	......
Off-budget[1]	−1,681	......	−1,681	−2,660	......	−2,660	−2,234	......	−2,234
Total—Social Security Administration	**29,106**	**146**	**28,960**	**120,323**	**230**	**120,093**	**115,049**	**166**	**114,883**
Other independent agencies:									
Board for International Broadcasting	(* *)	......	(* *)	(* *)	......	(* *)	67	......	67
Corporation for National and Community Service	44	......	44	135	......	135	151	......	151
Corporation for Public Broadcasting	......	......	......	275	......	275	286	......	286
District of Columbia:									
Federal payment	78	......	78	457	......	457	714	......	714
Other	3	......	3	3	12	−10	4	12	−8
Equal Employment Opportunity Commission	27	(* *)	27	71	(* *)	71	77	(* *)	77
Export-Import Bank of the United States	10	225	−215	145	547	−403	703	353	350
Federal Communications Commission	17	(* *)	17	168	7	161	51	20	32
Federal Deposit Insurance Corporation:									
Bank insurance fund	107	218	−110	379	1,148	−769	969	2,994	−2,025
Savings association insurance fund	122	357	−235	126	498	−372	18	124	−106
FSLIC resolution fund:									
Resolution Trust Corporation closeout	102	899	−797	357	4,135	−3,777	2,068	7,116	−5,048
Other	21	59	−37	759	374	386	716	489	226
Affordable housing and bank enterprise	(* *)	......	(* *)	1	......	1	2	......	2
Total—Federal Deposit Insurance Corporation	353	1,532	−1,180	1,623	6,154	−4,532	3,773	10,723	−6,950
Federal Emergency Management Agency:									
Public enterprise funds	76	23	53	280	98	182	205	103	103
Disaster relief	168	......	168	645	......	645	924	......	924
Emergency management planning and assistance	18	......	18	78	......	78	90	......	90
Other	31	8	23	65	8	57	102	5	96
Federal Trade Commission	10	......	10	31	......	31	24	......	24
Interstate Commerce Commission	3	......	3	8	......	8	15	......	15
Legal Services Corporation	67	......	67	94	......	94	158	......	158
National Archives and Records Administration	26	(* *)	26	55	(* *)	55	69	(* *)	68
National Credit Union Administration:									
Credit union share insurance fund	−25	−9	−15	66	17	49	−22	6	−28
Central liquidity facility	......	......	......	......	......	......	5	5	(* *)
Other	3	1	2	12	2	10	10	1	8

Table 5. Outlays of the U.S. Government, January 1996 and Other Periods—Continued

[$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Other independent agencies:—Continued									
National Endowment for the Arts	16	......	16	41	......	41	62	......	62
National Endowment for the Humanities	22	......	22	53	......	53	54	......	54
National Labor Relations Board	21	......	21	55	......	55	63	......	63
National Science Foundation	260	......	260	935	......	935	815	......	815
Nuclear Regulatory Commission	51	83	−32	163	201	−38	181	188	−7
Panama Canal Commission	49	57	−8	202	217	−15	185	199	−14
Postal Service:									
Public enterprise funds (off-budget)	4,266	[2]5,149	−883	18,049	19,591	−1,542	17,243	18,331	−1,088
Payment to the Postal Service fund	21	......	21	79	......	79	84	......	84
Railroad Retirement Board:									
Federal windfall subsidy	19	......	19	80	......	80	86	......	86
Federal payments to the railroad retirement accounts	61	......	61	102	......	102	109	......	109
Rail industry pension fund:									
Benefit payments	235	......	235	936	......	936	915	......	915
Advances from FOASDI fund	−94	......	−94	−368	......	−368	−364	......	−364
OASDI certifications	94	......	94	369	......	369	364	......	364
Administrative expenses	7	......	7	23	......	23	24	......	24
Interest on refunds of taxes	13	......	13	22	......	22	16	......	16
Other	1	......	1	2	......	2	2	......	2
Intrabudgetary transactions:									
Payments from other funds to the railroad retirement trust funds	......	......	......	......	......	......	......	......	......
Other	−61	......	−61	−102	......	−102	−109	......	−109
Supplemental annuity pension fund:									
Benefit payments	7	......	7	29	......	29	31	......	31
Interest on refund of taxes	1	......	1	1	......	1	1	......	1
Railroad Social Security equivalent benefit account:									
Benefit payments	419	......	419	1,641	......	1,641	1,634	......	1,634
Interest on refund of taxes	10	......	10	18	......	18	(* *)	......	(* *)
Other	(* *)	......	(* *)	1	......	1	1	......	1
Total—Railroad Retirement Board	711	......	711	2,752	......	2,752	2,709	......	2,709
Oversight Board	(* *)	......	(* *)	557	......	557	−4	......	−4
Securities and Exchange Commission	19	......	19	13	......	13	48	......	48
Smithsonian Institution	45	......	45	131	......	131	132	......	132
Tennessee Valley Authority	784	678	106	3,276	2,765	511	3,110	2,345	765
United States Information Agency	101	......	101	393	......	393	351	(* *)	351
Other	177	236	−58	770	693	77	809	811	−2
Total—Other independent agencies	**7,456**	**7,982**	**−526**	**31,683**	**30,313**	**1,370**	**33,246**	**33,103**	**143**
Undistributed offsetting receipts:									
Other interest	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)	(* *)
Employer share, employee retirement:									
Legislative Branch:									
United States Tax Court:									
Tax court judges survivors annuity fund	......	......	......	......	......	......	(* *)	......	(* *)
The Judiciary:									
Judicial survivors annuity fund	......	......	......	......	......	......	......	......	......
Department of Defense—Civil:									
Military retirement fund	−920	......	−920	−3,669	......	−3,669	−4,057	......	−4,057
Department of Health and Human Services:									
Federal hospital insurance trust fund:									
Federal employer contributions	−148	......	−148	−663	......	−663	−619	......	−619
Postal Service employer contributions	−49	......	−49	−148	......	−148	−181	......	−181
Payments for military service credits	......	......	......	......	......	......	......	......	......
Department of State:									
Foreign Service retirement and disability fund	−9	......	−9	−35	......	−35	−34	......	−34
Office of Personnel Management:									
Civil service retirement and disability fund	−831	......	−831	−3,347	......	−3,347	−3,175	......	−3,175
Social Security administration (off-budget):									
Federal old-age and survivors insurance trust fund:									
Federal employer contributions	−453	......	−453	−1,663	......	−1,663	−1,622	......	−1,622
Payments for military service credits	......	......	......	......	......	......	17	......	17
Federal disability insurance trust fund:									
Federal employer contributions	−81	......	−81	−297	......	−297	−290	......	−290
Payments for military service credits	......	......	......	......	......	......	−17	......	−17
Independent agencies:									
Court of veterans appeals retirement fund	......	......	......	(* *)	......	(* *)	......	......	......
Total—Employer share, employee retirement	−2,491	......	−2,491	−9,822	......	−9,822	−9,980	......	−9,980

Table 5. Outlays of the U.S. Government, January 1996 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	−4	......	−4
Department of Defense—Civil:									
Corps of Engineers	−5	......	−5	−7	......	−7	−5	......	−5
Military retirement fund	80	......	80	−5,215	......	−5,215	−5,338	......	−5,338
Education benefits fund	−2	......	−2	−15	......	−15	−17	......	−17
Soldiers' and airmen's home permanent fund	−1	......	−1	−2	......	−2	−4	......	−4
Other	......	......	......	(* *)	......	(* *)	−1	......	−1
Department of Health and Human Services:									
Federal hospital insurance trust fund	−6	......	−6	−5,180	......	−5,180	−5,346	......	−5,346
Federal supplementary medical insurance trust fund	−14	......	−14	−563	......	−563	−919	......	−919
Department of Labor:									
Unemployment trust fund	−9	......	−9	−1,675	......	−1,675	−1,295	......	−1,295
Department of State:									
Foreign Service retirement and disability fund	(* *)	......	(* *)	−312	......	−312	−299	......	−299
Department of Transportation:									
Highway trust fund	−6	......	−6	−588	......	−588	−514	......	−514
Airport and airway trust fund	−4	......	−4	−389	......	−389	−374	......	−374
Oil spill liability trust fund	(* *)	......	(* *)	−2	......	−2	−2	......	−2
Department of Veterans Affairs:									
National service life insurance fund	(* *)	......	(* *)	−525	......	−525	−536	......	−536
United States government life Insurance Fund	......	......	......	−4	......	−4	−4	......	−4
Environmental Protection Agency	(* *)	......	(* *)	−1	......	−1	(* *)	......	(* *)
National Aeronautics and Space Administration	......	......	......	(* *)	......	(* *)	(* *)	......	(* *)
Office of Personnel Management:									
Civil service retirement and disability fund	(* *)	......	(* *)	−14,083	......	−14,083	−13,804	......	−13,804
Social Security administration (off-budget):									
Federal old-age and survivors insurance trust fund	−15	......	−15	−16,520	......	−16,520	−15,128	......	−15,128
Federal disability insurance trust fund	−3	......	−3	−1,095	......	−1,095	−828	......	−828
Independent agencies:									
Railroad Retirement Board	−77	......	−77	−515	......	−515	−177	......	−177
Other	−3	......	−3	−9	......	−9	−5	......	−5
Other	1	......	1	25	......	25	−49	......	−49
Total—Interest received by trust funds	−65	......	−65	−46,681	......	−46,681	−44,649	......	−44,649
Rents and royalties on the outer continental shelf lands	......	322	−322	......	1,003	−1,003	......	773	−773
Sale of major assets	......	......	......	......	......	......	......	......	......
Spectrum auction proceeds	......	......	......	......	......	......	......	......	......
Total—Undistributed offsetting receipts	**−2,556**	**322**	**−2,877**	**−56,503**	**1,003**	**−57,506**	**−54,629**	**773**	**−55,402**
Total outlays	**141,421**	**17,774**	**123,647**	**571,447**	**68,006**	**503,441**	**564,996**	**67,937**	**497,060**
Total on-budget	**110,681**	**12,625**	**98,056**	**462,141**	**48,414**	**413,727**	**459,574**	**49,605**	**409,969**
Total off-budget	**30,740**	**5,149**	**25,591**	**109,306**	**19,592**	**89,714**	**105,422**	**18,332**	**87,090**
Total surplus (+) or deficit			**+19,274**			**−36,648**			**−57,752**
Total on-budget			**+12,558**			**−56,939**			**−77,607**
Total off-budget			**+6,716**			**+20,291**			**+19,854**

MEMORANDUM

Receipts offset against outlays [$ millions]

	Current Fiscal Year to Date	Comparable Period Prior Fiscal Year
Proprietary receipts	16,292	15,477
Receipts from off-budget federal entities	......	......
Intrabudgetary transactions	91,188	86,252
Governmental receipts	855	738
Total receipts offset against outlays	108,335	102,467

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

[2] The Postal Service accounting is composed of thirteen 28-day periods. To conform with the MTS calendar-month reporting basis used by all other Federal agencies, the MTS reflects USPS results through January 5th and estimates for $1,785 million through January 31th.

... 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, January 1996 and Other Periods

[$ millions]

Assets and Liabilities Directly Related to Budget Off-budget Activity	Net Transactions (−) denotes net reduction of either liability or asset accounts			Account Balances Current Fiscal Year		
	This Month	Fiscal Year to Date		Beginning of		Close of This month
		This Year	Prior Year	This Year	This Month	
Liability accounts:						
Borrowing from the public:						
Public debt securities, issued under general Financing authorities:						
Obligations of the United States, issued by:						
United States Treasury	−1,229	13,453	123,077	4,958,983	4,973,665	4,972,436
Federal Financing Bank	......	......	......	15,000	15,000	15,000
Total, public debt securities	−1,229	13,453	123,077	4,973,983	4,988,665	4,987,436
Plus premium on public debt securities	−8	−31	−31	1,236	1,213	1,205
Less discount on public debt securities	−1,278	−2,135	2,425	81,231	80,375	79,096
Total public debt securities net of Premium and discount	42	15,558	120,620	4,893,989	4,909,505	4,909,547
Agency securities, issued under special financing authorities (see Schedule B. for other Agency borrowing, see Schedule C)	−104	1,180	−1,798	26,962	28,245	28,141
Total federal securities	−62	16,738	118,823	4,920,950	4,937,750	4,937,688
Deduct:						
Federal securities held as investments of government accounts (see Schedule D)	4,682	−11,646	45,987	1,320,800	1,304,472	1,309,154
Less discount on federal securities held as investments of government accounts	−3	205	171	3,188	3,395	3,392
Net federal securities held as investments of government accounts	4,685	−11,850	45,817	1,317,612	1,301,077	1,305,762
Total borrowing from the public	−4,747	28,588	73,006	3,603,338	3,636,672	3,631,926
Accrued interest payable to the public	146	852	5,767	50,611	51,317	51,464
Allocations of special drawing rights	−170	−268	46	7,380	7,283	7,113
Deposit funds	4,949	13,600	947	8,186	16,836	21,785
Miscellaneous liability accounts (includes checks Outstanding etc.)	−1,039	−5,273	−5,398	4,813	580	−460
Total liability accounts	**−861**	**37,499**	**74,368**	**3,674,329**	**3,712,688**	**3,711,827**
Asset accounts (deduct)						
Cash and monetary assets:						
U.S. Treasury operating cash:[1]						
Federal Reserve account	2,231	−409	7,116	8,620	5,979	8,210
Tax and loan note accounts	14,728	−86	6,786	29,329	14,515	29,243
Balance	16,959	−495	13,902	37,949	20,495	37,454
Special drawing rights:						
Total holdings	−258	−257	183	11,035	11,037	10,778
SDR certificates issued to Federal Reserve banks	......	......	......	−10,168	−10,168	−10,168
Balance	−258	−257	183	867	869	610
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	−923	−1,458	247	8,196	7,661	6,738
Letter of credit issued to IMF	4	169	−22	−26,315	−26,151	−26,147
Dollar deposits with the IMF	−1	−1	−2	−105	−105	−106
Receivable/Payable (−) for interim maintenance of value adjustments	580	917	−172	1,145	1,482	2,062
Balance	−340	−373	51	14,682	14,650	14,310
Loans to International Monetary Fund	......	......	......	(* *)	(* *)	(* *)
Other cash and monetary assets	1,073	1,163	3,114	30,525	30,615	31,688
Total cash and monetary assets	17,434	38	17,250	84,023	66,628	84,061
Net activity, guaranteed loan financing	−403	−231	−504	−12,714	−12,542	−12,945
Net activity, direct loan financing	2,586	5,073	2,655	19,732	22,220	24,805
Miscellaneous asset accounts	−1,203	−4,029	−2,559	−1,721	−4,548	−5,750
Total asset accounts	**18,413**	**851**	**16,842**	**89,320**	**71,758**	**90,171**
Excess of liabilities (+) or assets (−)	**−19,274**	**+36,648**	**+57,526**	**+3,585,008**	**+3,640,930**	**+3,621,656**
Transactions not applied to current year's surplus or deficit (see Schedule a for Details)	......	......	227	......	......	......
Total budget and off-budget federal entities (financing of deficit (+) or disposition of surplus (−))	**−19,274**	**+36,648**	**+57,752**	**+3,585,008**	**+3,640,930**	**+3,621,656**

[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, January 1996 and Other Periods

[$ millions]

Classification	This Month	Fiscal Year to Date: This Year	Fiscal Year to Date: Prior Year
Excess of liabilities beginning of period:			
Based on composition of unified budget in preceding period	3,640,930	3,584,970	3,422,146
Adjustments during current fiscal year for changes in composition of unified budget:			
Revisions by federal agencies to the prior budget results	......	39	−268
Excess of liabilities beginning of period (current basis)	3,640,930	3,585,008	3,421,878
Budget surplus (−) or deficit:			
Based on composition of unified budget in prior fiscal yr	−19,274	36,648	57,752
Changes in composition of unified budget	......	......	......
Total surplus (−) or deficit (Table 2)	−19,274	36,648	57,752
Total-on-budget (Table 2)	−12,558	56,939	77,607
Total-off-budget (Table 2)	−6,716	−20,291	−19,854
Transactions not applied to current year's surplus or deficit:			
Seigniorage	......	......	−227
Total-transactions not applied to current year's Surplus or deficit	......	......	−227
Excess of liabilities close of period	**3,621,656**	**3,621,656**	**3,479,404**

Table 6. Schedule B—Securities Issued by Federal Agencies Under Special Financing Authorities, January 1996 and Other Periods

[$ millions]

Classification	Net Transactions (−) denotes net reduction of liability accounts			Account Balances Current Fiscal Year		
	This Month	Fiscal Year to Date: This Year	Fiscal Year to Date: Prior Year	Beginning of: This Year	Beginning of: This Month	Close of 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	−32	−32	158	158	126
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	−66	−55	−53	87	97	31
Department of the Interior:						
Bureau of Land Management	......	......	......	13	13	13
Department of Transportation:						
Coast Guard:						
Family housing mortgages	......	......	......	(* *)	(* *)	(* *)
Obligations not guaranteed by the United States, issued by:						
Legislative Branch:						
Architect of the Capitol	1	5	5	182	186	187
Department of Defense:						
Homeowners assistance mortgages	......	(* *)	......	......	(* *)	(* *)
Independent agencies:						
Farm Credit System Financial Assistance Corporation	......	......	......	1,261	1,261	1,261
National Archives and Records Administration	......	......	......	295	295	295
Tennessee Valley Authority	−8	1,261	−1,718	24,960	26,229	26,221
Total, agency securities	**−104**	**1,180**	**−1,798**	**26,962**	**28,245**	**28,141**

... 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, January 1996 and Other Periods

[$ millions]

Classification	Transactions: This Month	Transactions: Fiscal Year to Date: This Year	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
Borrowing from the Treasury:						
Funds Appropriated to the President:						
International Security Assistance:						
Foreign military loan program	......	343	337	788	1,131	1,131
Agency for International Development:						
International Debt Reduction	......	......	......	335	335	335
Housing and other credit guaranty programs	......	......	......	125	125	125
Private sector revolving fund	......	......	......	1	1	1
Overseas Private Investment Corporation	5	18	1	52	66	71
Department of Agriculture:						
Farm Service Agency:						
Commodity Credit Corporation	80	−6,836	−9,248	6,987	71	151
Agricultural credit insurance fund	2	604	−1,748	1,605	2,207	2,209
Natural Resources Conservation Service	......	......	......	4	4	4
Rural Utilities Service:						
Rural electrification and telephone revolving fund	......	678	689	8,666	9,344	9,344
Rural Telephone Bank	......	−19	98	664	644	644
Rural development insurance fund	......	220	715	2,806	3,026	3,026
Rural communication development fund	......	......	......	25	25	25
Rural housing and Community Development Service:						
Rural housing insurance fund	......	951	1,177	5,353	6,304	6,304
Self-help housing land development fund	......	......	1	(* *)	(* *)	(* *)
Rural Business and Cooperative Development Service:						
Rural development loan fund	......	17	40	61	78	78
Rural economic development loan fund	......	......	5	30	30	30
Foreign Agricultural Service	......	......	−7	563	563	563
Department of Education:						
Federal direct student loan program	......	7,607	4,868	5,067	12,674	12,674
Federal family education loan program	......	......	......	1,134	1,134	1,134
College housing and academic facilities fund	......	......	18	184	184	184
College housing loans	......	(* *)	......	360	359	359
Department of Energy:						
Isotope production and distribution fund	......	......	−14	......	......	......
Bonneville power administration fund	90	90	55	2,563	2,563	2,653
Department of Housing and Urban Development:						
Housing programs:						
Federal Housing Administration	......	−68	−21	1,647	1,579	1,579
Housing for the ederly and handicapped	−805	−805	−770	7,714	7,714	6,909
Public and Indian housing:						
Low-rent public housing	......	−20	......	20	......	......
Department of the Interior:						
Bureau of Reclamation Loans	......	9	......	17	26	26
Bureau of Mines, Helium Fund	......	......	......	252	252	252
Bureau of Indian Affairs:						
Revolving funds for loans	......	......	8	28	28	28
Department of Justice:						
Federal prison industries, incorporated	......	......	......	20	20	20
Department of Transportation:						
Federal Highway Administration:						
High priority quarters loan fund	......	......	......	32	32	32
Federal Railroad Administration:						
Railroad rehabilitation and improvement financing funds	......	......	(* *)	(* *)	(* *)	(* *)
Amtrak corridor improvement loans	......	......	(* *)	3	3	3
Other	......	......	......	(* *)	(* *)	(* *)
Federal Aviation Administration:						
Aircraft purchase loan guarantee program	......	......	......	(* *)	(* *)	(* *)
Minority business resource center fund	−7	7	......	15	28	22
Department of the Treasury:						
Federal Financing Bank revolving fund	−167	−5,783	−8,200	69,297	63,681	63,515
Department of Veterans Affairs:						
Guaranty and indemnity fund	1,161	1,161	586	302	302	1,463
Loan guaranty revolving fund	722	722	903	1,272	1,272	1,994
Direct loan revolving fund	(* *)	(* *)	(* *)	1	1	1
Native american veteran housing fund	18	18	12	7	7	25
Vocational rehabilitation revolving fund	(* *)	−1	......	2	1	1

Table 6. Schedule C (Memorandum)—Federal Agency Borrowing Financed Through the Issue of Public Debt Securities, January 1996 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	......	10	11	37	47	47
Small Business Administration:						
Business loan and revolving fund	......	......	......	342	342	342
Disaster loan fund	......	......	......	7,999	7,999	7,999
Independent agencies:						
District of Columbia	283	232	......	147	96	379
Export-Import Bank of the United States	......	59	−25	2,665	2,723	2,723
Federal Emergency Management Agency:						
National insurance development fund	52	177	......	268	393	445
Disaster assistance loan fund	......	......	175	222	222	222
Pennsylvania Avenue Development Corporation:						
Land aquisition and development fund	......	......	......	85	85	85
Railroad Retirement Board:						
Rail industry pension fund	......	......	......	2,128	2,128	2,128
Social Security equivalent benefit account	258	1,019	995	2,828	3,588	3,846
Smithsonian Institution:						
John F. Kennedy Center parking facilities	......	......	......	20	20	20
Tennessee Valley Authority	......	......	......	150	150	150
Total agency borrowing from the Treasury financed through public debt securities issued	**1,693**	**409**	**−9,336**	**134,892**	**133,609**	**135,302**
Borrowing from the Federal Financing Bank:						
Funds Appropriated to the President:						
Foreign military financing program	−32	−67	−69	3,493	3,458	3,426
Department of Agriculture:						
Farm Service Agency:						
Agriculture credit insurance fund	......	......	......	1,470	1,470	1,470
Rural Utilities Service:						
Rural electrification and telephone revolving fund	−98	−230	−8	21,875	21,744	21,645
Rural development insurance fund	......	......	......	3,675	3,675	3,675
Rural housing and Community Development Service:						
Rural housing insurance fund	......	−685	−460	21,700	21,015	21,015
Department of Defense:						
Department of the Navy	......	......	......	1,624	1,624	1,624
Defense agencies	−49	−49	−47	−192	−192	−242
Department of Health and Human Services:						
Medical facilities guarantee and loan fund	......	......	−9	33	33	33
Department of Housing and Urban Development:						
Low rent housing loans and other expenses	......	−62	−58	1,689	1,627	1,627
Community Development Grants	(* *)	−5	−6	89	84	84
Department of Interior:						
Territorial and international affairs	−1	−1	−1	21	21	20
Department of Transportation:						
Federal Railroad Administration	......	−1	−3	14	14	14
Federal Transit Administration	......	......	−665	......	......	......
General Services Administration:						
Federal buildings fund	2	−14	79	1,893	1,877	1,879
Small Business Administration:						
Business loan fund	−3	−16	−39	361	349	345
Independent agencies:						
Export-Import Bank of the United States	......	−463	−478	2,506	2,044	2,044
FSLIC resolution fund:						
Resolution Trust Corporation closeout	......	−2,738	−5,375	13,209	10,471	10,471
Pennsylvania Avenue Development Corporation	18	42	37	374	398	416
Postal Service	......	−1,500	−900	7,265	5,765	5,765
Tennessee Valley Authority	......	......	−200	3,200	3,200	3,200
Total borrowing from the Federal Financing Bank	**−163**	**−5,787**	**−8,200**	**84,298**	**78,674**	**78,511**

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, January 1996 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	2	2	2	......	(* *)	2
Department of Commerce	1	2	3	20	21	22
Department of Defense—Military:						
Defense cooperation account	(* *)	(* *)	−4	1	1	1
Department of Energy	14	561	304	4,951	5,498	5,512
Department of Housing and Urban Development:						
Housing programs:						
Federal housing administration fund	(* *)	370	−162	6,678	7,048	7,047
Government National Mortgage Association:						
Management and liquidating functions fund:						
Agency securities	−15	−15	......	15	15	......
Guarantees of mortgage-backed securities:						
Public debt securities	53	177	173	4,210	4,334	4,387
Agency securities	−1	−1	......	1	1	......
Other	......	7	19	209	216	216
Department of the Interior	127	−150	505	3,431	3,154	3,281
Department of Labor	9	−307	−130	5,796	5,480	5,489
Department of Transportation	......	12	29	481	493	493
Department of the Treasury	888	1,423	893	2,559	3,093	3,982
Department of Veterans Affairs:						
Canteen service revolving fund	−1	1	4	38	40	39
Veterans reopened insurance fund	−1	13	14	526	540	539
Servicemen's group life insurance fund	......	(* *)	−38	4	4	4
Independent agencies:						
Export-Import Bank of the United States	218	152	113	135	68	287
Federal Deposit Insurance Corporation:						
Bank insurance fund	109	797	2,072	21,017	21,705	21,815
Savings association insurance fund	235	373	106	3,600	3,737	3,972
FSLIC resolution fund	6	−252	−258	528	270	276
Federal Emergency Management Agency:						
National flood insurance fund	......	......	−110	......	......	......
National Credit Union Administration	10	−71	19	3,325	3,245	3,255
Postal Service	431	163	270	1,249	980	1,412
Tennessee Valley Authority	−233	671	−2,701	1,242	2,146	1,912
Other	106	182	200	1,422	1,498	1,604
Other	45	64	245	2,978	2,997	3,042
Total public debt securities	2,020	4,188	1,569	64,399	66,567	68,587
Total agency securities	−16	−16	......	16	16	......
Total Federal funds	**2,004**	**4,172**	**1,569**	**64,415**	**66,583**	**68,587**
Trust funds:						
Legislative Branch:						
Library of Congress	(* *)	2	9	13	14	15
United States Tax Court	......	(* *)	(* *)	5	5	5
Other	(* *)	1	5	31	32	32
The Judiciary:						
Judicial retirement funds	−2	4	27	287	292	291
Department of Agriculture	43	45	4	310	312	356
Department of Commerce	......	(* *)	(* *)	(* *)	(* *)	(* *)
Department of Defense—Military:						
Voluntary separation incentive fund	99	136	1	685	723	821
Other	(* *)	−17	1	88	71	71
Department of Defense—Civil:						
Military retirement fund	−1,343	8,874	12,156	112,963	123,179	121,836
Other	7	87	77	1,495	1,575	1,581

Table 6. Schedule D—Investments of Federal Government Accounts in Federal Securities, January 1996 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	−794	784	4,600	129,864	131,443	130,649
Federal supplementary medical insurance trust fund	293	−186	−1,594	13,513	13,035	13,328
Other	−3	−2	29	992	993	990
Department of the Interior	50	87	89	315	353	403
Department of Justice	46	46	52	......	......	46
Department of Labor:						
Unemployment trust fund	−1,982	−1,085	−857	47,141	48,038	46,056
Other	−8	−39	−38	77	46	38
Department of State:						
Foreign Service retirement and disability fund	9	274	371	7,801	8,066	8,075
Other	......	−27	−11	29	2	2
Department of Transportation:						
Highway trust fund	816	792	434	18,531	18,507	19,323
Airport and airway trust fund	−689	347	−397	11,145	12,182	11,492
Other	11	12	157	1,880	1,881	1,892
Department of the Treasury	27	−81	−95	235	127	154
Department of Veterans Affairs:						
General post fund, national homes	......	......	......	36	36	36
National service life insurance	−46	241	246	11,954	12,240	12,194
United States government life Insurance Fund	......	−3	−1	106	103	103
Veterans special life insurance fund	−9	38	37	1,546	1,593	1,584
Environmental Protection Agency	−26	234	461	7,243	7,504	7,478
National Aeronautics and Space Administration	......	(* *)	−1	16	16	16
Office of Personnel Management:						
Civil service retirement and disability fund	158	−45,692	5,905	366,126	320,276	320,434
Employees life insurance fund	175	309	319	15,839	15,973	16,148
Employees and retired employees health benefits fund	57	−144	175	7,890	7,689	7,746
Social Security Administration:						
Federal old-age and survivors insurance trust fund	4,108	14,773	3,804	447,947	458,612	462,720
Federal disability insurance trust fund	1,565	3,986	18,326	35,225	37,647	39,212
Independent agencies:						
Harry S. Truman memorial scholarship trust fund	(* *)	−1	−1	54	54	53
Japan-United States Friendship Commission	(* *)	(* *)	(* *)	16	16	16
Railroad Retirement Board	116	395	3	14,440	14,719	14,836
Other	1	−9	124	544	534	535
Total public debt securities	2,678	−15,818	44,419	1,256,385	1,237,889	1,240,567
Total trust funds	**2,678**	**−15,818**	**44,419**	**1,256,385**	**1,237,889**	**1,240,567**
Grand total	**4,682**	**−11,646**	**45,987**	**1,320,800**	**1,304,472**	**1,309,154**

... 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 1996

[$ 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	51,840	39,524	53,179	86,192									230,734	213,971
Corporation income taxes	2,180	1,694	38,021	5,158									47,053	39,726
Social insurance taxes and contributions:														
Employment taxes and contributions	30,549	34,919	37,123	40,742									143,333	139,748
Unemployment insurance	1,214	2,940	223	1,081									5,457	5,621
Other retirement contributions	342	340	416	374									1,472	1,505
Excise taxes	4,453	5,154	4,870	4,241									18,718	19,052
Estate and gift taxes	1,160	1,349	1,383	1,288									5,179	4,519
Customs duties	1,786	1,593	1,439	1,482									6,300	6,960
Miscellaneous receipts	2,070	2,496	1,618	2,364									8,548	8,205
Total—Receipts this year	**95,593**	**90,008**	**138,271**	**142,922**									**466,793**	......
(On-budget)	**72,200**	**63,651**	**110,322**	**110,615**									**356,788**	......
(Off-budget)	**23,393**	**26,357**	**27,949**	**32,307**									**110,005**	......
Total—Receipts prior year	*89,024*	*87,673*	*130,810*	*131,801*									......	*439,307*
(On budget)	*65,384*	*62,083*	*103,860*	*101,036*									......	*332,363*
(Off budget)	*23,639*	*25,590*	*26,950*	*30,765*									......	*106,944*
Outlays														
Legislative Branch	175	173	158	262									768	1,125
The Judiciary	197	196	226	320									939	870
Executive Office of the President	14	14	14	18									60	81
Funds Appropriated to the President:														
International Security Assistance	120	764	239	138									1,262	4,039
International Development Assistance	801	256	240	585									1,882	2,008
Other	−199	183	−286	350									48	183
Department of Agriculture:														
Commodity Credit Corporation and Foreign Agricultural Service	820	2,104	352	112									3,387	7,727
Other	4,990	4,436	3,888	4,138									17,452	17,517
Department of Commerce	353	280	250	363									1,248	1,217
Department of Defense:														
Military:														
Military personnel	3,033	5,927	8,009	3,325									20,294	21,098
Operation and maintenance	5,957	6,721	7,265	7,723									27,665	29,135
Procurement	3,616	3,250	3,924	4,579									15,370	18,937
Research, development, test, and evaluation	2,645	2,689	2,905	2,985									11,225	11,444
Military construction	535	611	635	543									2,323	1,973
Family housing	307	287	296	337									1,226	1,070
Revolving and management funds	796	1,105	702	−145									2,458	21
Other	381	−328	253	24									330	−170
Total Military	17,270	20,262	23,988	19,371									80,891	83,508
Civil	2,660	2,707	2,593	2,718									10,678	10,440
Department of Education	2,056	2,336	1,891	3,624									9,907	10,923
Department of Energy	1,495	1,383	1,498	1,139									5,515	6,083
Department of Health and Human Services:														
Public Health Service	1,902	1,696	1,478	1,632									6,708	6,775
Health Care Financing Administration:														
Grants to States for Medicaid	7,252	8,071	6,702	6,730									28,754	28,703
Federal hospital ins. trust fund	9,082	9,869	10,302	10,169									39,423	35,162
Federal supp. med. ins. trust fund	5,367	5,913	6,032	5,758									23,070	20,940
Other	3,934	3,792	3,577	6,161									17,465	14,112
Administration for children and families	2,426	2,972	2,607	3,051									11,057	11,210
Other	−5,545	−5,485	−4,931	−8,049									−24,011	−20,011
Department of Housing and Urban Development	1,087	2,350	2,701	2,646									8,785	9,732
Department of the Interior	641	478	500	537									2,156	2,588
Department of Justice	809	985	837	1,110									3,740	3,569
Department of Labor:														
Unemployment trust fund	1,786	1,864	2,133	2,872									8,655	8,049
Other	730	957	298	661									2,646	1,655
Department of State	531	341	439	300									1,610	2,194
Department of Transportation:														
Highway trust fund	1,632	1,873	1,492	1,315									6,311	6,163

Table 7. Receipts and Outlays of the U.S. Government by Month, Fiscal Year 1996—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	1,506	1,427	1,630	1,800									6,363	6,924
Department of the Treasury:														
Interest on the public debt	21,631	26,006	60,676	20,923									129,236	122,033
Other	−30	−1,053	1,146	406									467	1,207
Department of Veterans Affairs:														
Compensation and pensions	101	1,488	2,911	83									4,583	4,467
National service life	75	63	63	83									285	288
United States government life	1	1	1	1									5	6
Other	1,442	1,710	1,441	1,985									6,577	6,484
Environmental Protection Agency	484	538	435	595									2,053	1,970
General Services Administration	339	389	477	−393									812	−266
National Aeronautics and Space Administration	1,128	1,119	973	1,208									4,428	4,117
Office of Personnel Management	3,576	3,418	3,576	3,379									13,948	13,312
Small Business Administration	16	238	76	−9									322	332
Social Security Administration:														
Federal old-age and survivors ins. trust fund (off-budget)	24,544	24,413	25,064	25,126									99,146	94,983
Federal disability ins. trust fund (off-budget)	3,516	3,475	3,773	3,581									14,345	13,298
Other	174	2,233	3,941	254									6,602	6,601
Independent agencies:														
Fed. Deposit Ins. Corp:														
Bank insurance fund	−609	−69	20	−110									−769	−2,025
Savings association insurance fund	−40	−14	−82	−235									−372	−106
FSLIC resolution fund:														
RTC closeout	−1,502	−840	−638	−797									−3,777	−5,048
Other	407	87	−71	−37									386	226
Affordable housing and bank enterprise	(* *)	......	(* *)	(* *)									1	2
Postal Service:														
Public enterprise funds (off-budget)	−374	−618	333	−883									−1,542	−1,088
Payment to the Postal Service fund	55	......	3	21									79	84
Oversight Board	556	(* *)	(* *)	(* *)									557	−4
Tennessee Valley Authority	123	186	96	106									511	765
Other independent agencies	2,026	1,792	1,069	1,408									6,296	7,337
Undistributed offsetting receipts:														
Employer share, employee retirement	−2,404	−2,365	−2,562	−2,491									−9,822	−9,980
Interest received by trust funds	−415	−5,736	−40,465	−65									−46,681	−44,649
Rents and royalties on outer continental shelf lands	−361	−200	−121	−322									−1,003	−773
Other	(* *)	(* *)	......	(* *)									(* *)	(* *)
Totals this year:														
Total outlays	**118,352**	**128,458**	**132,984**	**123,647**									**503,441**	......
(On-budget)	**92,151**	**101,767**	**121,753**	**98,056**									**413,727**	......
(Off-budget)	**26,201**	**26,691**	**11,231**	**25,591**									**89,714**	......
Total-surplus (+) or deficit (−)	**−22,758**	**−38,450**	**+5,286**	**+19,274**									**−36,648**	......
(On-budget)	**−19,951**	**−38,116**	**−11,431**	**+12,558**									**−56,939**	......
(Off-budget)	**−2,807**	**−334**	**+16,717**	**+6,716**									**+20,291**	......
Total borrowing from the public	**13,353**	**38,339**	**−18,358**	**−4,747**									**28,588**	**73,006**
Total-outlays prior year	*120,365*	*124,915*	*135,613*	*116,166*									......	*497,060*
(On-budget)	*95,307*	*99,464*	*124,316*	*90,883*									......	*409,969*
(Off-budget)	*25,059*	*25,452*	*11,297*	*25,282*									......	*87,090*
Total-surplus (+) or deficit (−) prior year	*−31,342*	*−37,242*	*−4,803*	*+15,635*									......	*−57,752*
(On-budget)	*−29,922*	*−37,381*	*−20,456*	*+10,152*									......	*−77,607*
(Off-budget)	*−1,420*	*+138*	*+15,653*	*+5,483*									......	*+19,854*

... 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 January 31, 1996

[$ millions]

Classification	This Month Receipts	This Month Outlays	This Month Excess	Fiscal Year to Date Receipts	Fiscal Year to Date Outlays	Fiscal Year to Date Excess	Securities held as Investments Current Fiscal Year: Beginning of This Year	Beginning of This Month	Close of This Month
Trust receipts, outlays, and investments held:									
Airport and airway	506	1,101	−595	2,248	2,108	140	11,145	12,182	11,492
Black lung disability	41	44	−3	197	177	20	......	......	......
Federal disability insurance	5,166	3,581	1,586	18,291	14,345	3,946	35,225	37,647	39,212
Federal employees life and health	......	−229	229	......	−145	145	23,729	23,662	23,894
Federal employees retirement	1,283	3,255	−1,972	19,361	13,152	6,209	374,219	328,640	328,805
Federal hospital insurance	9,555	10,169	−615	39,556	39,423	133	129,864	131,443	130,649
Federal old-age and survivors insurance	29,373	25,126	4,248	113,950	99,146	14,804	447,947	458,612	462,720
Federal supplementary medical insurance	6,848	5,758	1,089	23,415	23,070	345	13,513	13,035	13,328
Highways	2,288	1,784	504	8,060	7,382	678	18,531	18,507	19,323
Military advances	1,060	1,062	−2	5,390	4,913	476	......	......	......
Railroad retirement	518	692	−174	1,862	2,673	−810	14,440	14,719	14,836
Military retirement	840	2,376	−1,536	19,583	9,365	10,218	112,963	123,179	121,836
Unemployment	1,095	2,872	−1,777	7,273	8,655	−1,383	47,141	48,038	46,056
Veterans life insurance	20	119	−99	603	325	278	13,606	13,937	13,882
All other trust	538	640	−102	1,660	1,575	85	14,060	14,288	14,535
Total trust fund receipts and outlays and investments held from Table 6-D	**59,132**	**58,349**	**782**	**261,447**	**226,164**	**35,283**	**1,256,385**	**1,237,889**	**1,240,567**
Less: Interfund transactions	10,901	10,901	......	88,018	88,018	......			
Trust fund receipts and outlays on the basis of Tables 4 & 5	48,230	47,448	782	173,429	138,146	35,283			
Total Federal fund receipts and outlays	**97,784**	**79,292**	**18,492**	**306,186**	**378,116**	**−71,931**			
Less: Interfund transactions	49	49	......	113	113	......			
Federal fund receipts and outlays on the basis of Table 4 & 5	97,735	79,243	18,492	306,073	378,003	−71,931			
Less: Offsetting proprietary receipts	3,043	3,043	......	12,708	12,708	......			
Net budget receipts & outlays	**142,922**	**123,647**	**19,274**	**466,793**	**503,441**	**−36,648**			

... 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, January 1996 and Other Periods

[$ millions]

Classification	This Month	Fiscal Year To Date	Comparable Period Prior Fiscal Year
RECEIPTS			
Individual income taxes	86,192	230,734	213,971
Corporation income taxes	5,158	47,053	39,726
Social insurance taxes and contributions:			
Employment taxes and contributions	40,742	143,333	139,748
Unemployment insurance	1,081	5,457	5,621
Other retirement contributions	374	1,472	1,505
Excise taxes	4,241	18,718	19,052
Estate and gift taxes	1,288	5,179	4,519
Customs	1,482	6,300	6,960
Miscellaneous	2,364	8,548	8,205
Total	**142,922**	**466,793**	**439,307**
NET OUTLAYS			
National defense	20,243	85,207	87,751
International affairs	1,089	4,210	8,848
General science, space, and technology	1,536	5,711	5,512
Energy	115	789	1,748
Natural resources and environment	1,869	8,660	8,967
Agriculture	336	4,443	7,820
Commerce and housing credit	−2,014	−5,590	−6,953
Transportation	3,094	12,622	13,041
Community and Regional Development	1,009	3,950	3,957
Education, training, employment and social services	5,418	16,782	18,163
Health	8,665	37,078	36,842
Medicare	14,079	55,601	49,767
Income security	17,188	69,582	67,083
Social Security	28,707	113,161	108,283
Veterans benefits and services	2,165	11,474	11,288
Administration of justice	1,806	5,519	5,362
General government	391	4,744	4,555
Interest	20,765	80,322	75,780
Undistributed offsetting receipts	−2,812	−10,825	−10,753
Total	**123,647**	**503,441**	**497,060**

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 February 1996 Statement will be 2:00 pm EST March 21, 1996.

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 (202) 512-1800. The subscription price is $35.00 per year (domestic), $43.75 per year (foreign).
No single copies are sold.

The Monthly Treasury Statement is now available on the Department of Commerce's Economic Bulletin Board.
For information call (202)482-1986.

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
February 22, 1996

Contact: Calvin Mitchell
202-622-2920

TREASURY ANNOUNCES ADDITIONAL TRANSITIONAL RELIEF

On December 7, 1995, the Administration announced proposals regarding Corporate Subsidies, Loophole Closers and Other Measures. One proposal would amend section 1374 of the Internal Revenue Code to treat an "S" election by a large C corporation as a taxable liquidation of the C corporation followed by the contribution of the old corporation's assets to a new corporation that elects to be treated as an "S" corporation. Thus, the proposal would conform the treatment of conversions to "S" status to the treatment of conversions to a partnership.

Treasury announced today that it will recommend to Congress that the section 1374 proposal apply only to S elections that are first effective for a taxable year beginning after January 1, 1997. The proposal also would apply to acquisitions of a C corporation by an S corporation made after December 31, 1996. Thus, C corporations would continue to be permitted to elect S corporation status effective for taxable years beginning in 1996 or on January 1, 1997.

Treasury also clarified the effect of the proposal on the conversion of C corporations to regulated investment companies (RICs) and real estate investment trusts (REITs). RICs and REITs are corporations that, like S corporations, generally achieve a single level of taxation (through dividends-paid deductions). The current-law treatment of C corporations that elect "S" status has also been extended by the Internal Revenue Service (IRS) administratively to C corporations that elect to be treated as a RIC or a REIT (Notice 88-19, 1988-1 C.B. 486). Treasury stated today that the IRS intends to revise Notice 88-19 to conform to the proposed amendment to section 1374, with an effective date similar to the statutory proposal. Thus, large C corporations that elect to be treated as a RIC or a REIT after the revisions would be required to recognize any corporate-level gain at the time of the conversion.

RR-885

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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February 23, 1996

Monthly Release of U.S. Reserve Assets

The Treasury Department today released U.S. reserve assets data for the month of January 1996.

As indicated in this table, U.S. reserve assets amounted to $82,717 million at the end of January 1996, down from $85,832 million in December 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					
December	85,832	11,050	11,037	49,096	14,649
1996					
January	82,717	11,052	10,778	46,575	14,312

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-886

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR RELEASE AT 2:30 P.M.
February 23, 1996

CONTACT: Office of Financing
202/219-3350

TREASURY'S 52-WEEK BILL OFFERING

The Treasury will auction approximately $18,750 million of 52-week Treasury bills to be issued March 7, 1996. This offering will provide about $1,400 million of new cash for the Treasury, as the maturing 52-week bill is currently outstanding in the amount of $17,352 million. In addition to the maturing 52-week bills, there are $26,427 million of maturing 13-week and 26-week bills.

Federal Reserve Banks hold $11,153 million of bills for their own accounts in the maturing issues. These may be refunded at the weighted average discount rate of accepted competitive tenders.

Federal Reserve Banks hold $4,160 million of the maturing issues as agents for foreign and international monetary authorities. These may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders. Foreign and international monetary authorities are considered to hold $411 million of the maturing 52-week issue. Due to the public debt limit and Treasury's need to plan for the debt level, additional amounts of Treasury bills will not be issued to Federal Reserve Banks as agents for foreign and international monetary authorities in this auction.

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.

oOo

Attachment

RR-887

HIGHLIGHTS OF TREASURY OFFERING OF 52-WEEK BILLS TO BE ISSUED MARCH 7, 1996

February 23, 1996

<u>Offering Amount</u>	$18,750 million
<u>Description of Offering</u>:	
Term and type of security .	364-day bill
CUSIP number	912794 2M 5
Auction date	February 29, 1996
Issue date	March 7, 1996
Maturity date	March 6, 1997
Original issue date . . .	March 7, 1996
Maturing amount. . . .	$17,352 million
Minimum bid amount . . .	$10,000
Multiples	$1,000
<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 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.
<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 Standard time on auction day
Competitive tenders	Prior to 1:00 p.m. Eastern Standard 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

TREASURY NEWS

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Remarks as prepared for delivery
February 26, 1996

GOALS, GRASSROOTS, AND GIGABYTES

Remarks of Richard S. Carnell
Assistant Secretary of the Treasury
for Financial Institutions

Credit Union National Association
Governmental Affairs Conference
Washington, D.C.

I. INTRODUCTION

My topic this morning is Goals, Grassroots, and Gigabytes. The goals are the ideals of the credit union movement. You and your members are the grassroots. And "gigabytes" is a computer term that I'm using as a shorthand way of referring to the future -- the future in an information age. (Incidentally, a gigabyte represents eight billion bits of digital information -- a gigantic number but not one you'll need to worry about here.)

I will begin by talking about the ideals of the credit union movement and some of the implications of those ideals, now and for the future. I especially want to focus on the ideals of service and self-improvement.

Then I'd like to touch on how technological innovation is having far-reaching effects on financial services, and what those changes might mean for you as credit unions.

II. CREDIT UNION IDEALS AND THEIR IMPLICATIONS

Over the years, CUNA and others have sought to articulate the ideals of the credit union movement. You can find these ideals in formal documents like the "Statement of

Credit Union Operating Principles" adopted by the World Council of Credit Unions and endorsed by CUNA. You can find them in CUNA pamphlets like "Credit Unions: A World of Difference." And you can find them in the CUNA study entitled: "Credit Union Philosophy & Uniqueness."

As I said in my introduction, I'd like to focus on two of these ideals: service and self-improvement. This is by no means an exhaustive list. I could talk about the importance of cooperation and mutual self-help. Or about credit unions' emphasis on equality.

But I want to concentrate on service and self-improvement. They are very important ideals. They are also high ideals -- challenging to live up to.

A. SERVICE

Let me begin with service.

Few would dispute that service is crucial for any business enterprise, certainly including conventional, for-profit businesses. Over the past decade, we've seen companies around the country give new emphasis to customer service. They recognize that without satisfied customers, you can't stay in business -- people will take their money and go elsewhere.

Now even if it took some industries years to catch on, this emphasis on service comes as no surprise to credit unions. Service has been at the heart of credit unions' mission since the very beginning of the credit union movement.

Let me quote from a CUNA publication entitled "Credit Unions: A World of Difference":

> "At credit unions, the highest priority is put on people. This means close personal service for all members regardless of the size of their deposits. This also means arranging loans for the jobless, providing credit counseling, encouraging thrift among young people, even helping to revitalize inner-city neighborhoods."

The fact is, you in the credit union movement hold yourselves to a very demanding standard. Service, according to the credit union philosophy, extends to much more than getting good feedback on a customer questionnaire. Service is also about service to the broader community.

I think the World Council of Credit Unions expresses this ideal very well in its Statement of Credit Union Operating Principles:

(MORE)

> "Credit unions seek to bring about human and social development. . . . The credit union ideal is to extend service to all who need and can use it. Every person is either a member or a potential member and appropriately part of the credit union sphere of interest and concern. Decisions should be taken with full regard for the interest of the broader community within which the credit union and its members reside."

Every time a credit union makes a loan to someone to help them get through difficult financial times, that credit union is reaffirming its commitment to serving the community. It gives hope and opportunity to one person, but in so doing it gives strength to the entire community. Credit union members understand that cooperation and mutual self-help are also about achieving a higher goal. They're about helping each other so that we have better places to live, more prosperous communities, and more opportunities to succeed.

The Clinton Administration shares this ideal of service. And the Administration has a deep respect for the values of the credit union movement -- values like service, self-improvement, cooperation, mutual self-help, and equality.

The Administration has translated those shared values into real policies and programs.

Think about the Community Development Financial Institutions Fund, which fosters community-based lending to help revitalize distressed communities in urban and rural areas around the United States. Think about Americorps -- a voluntary program that gives young Americans an opportunity to serve their communities in exchange for college funding. I could go on about the Administration's focus on making investments in people -- in job training and education -- but I think I've made my point. These programs are all about serving people and their communities.

Let's not forget how this approach differs from that of the two previous Administrations, in charge from 1981 through 1992. They took a very different view of cooperative enterprises like credit unions. They had an ideological distaste for them. They seemed to think that credit unions had no legitimate place in our free-market system. But we in this Administration believe that cooperative enterprise is valuable, and legitimate, and important. We want credit unions to do well, just as we want conventional for-profit financial institutions to do well. The various types of financial institutions -- all of them -- have important roles in our nation's financial system. They help meet people's needs for financial services, and they give consumers a choice.

B. SELF-IMPROVEMENT

Now I'd like to move on to a second ideal: self-improvement.

There's a striking example of this ideal in the World Council of Credit Unions' call for self-audit and renewal. It says: "Credit union management and staff should regularly ask the question, 'How have we acted like (or unlike) a credit union today?'"

This is *not* the sort of statement you see just anywhere. It's a remarkable call to reflection and renewal. It's a call to self-improvement as credit unions. It's a call to examine what you do -- how you operate -- in light of credit union ideals.

I think this applies at several different levels. It applies to each individual credit union. It also applies to credit unions as a group. And it applies to credit unions organized together in associations like CUNA.

The ideal of self-improvement carries with it an openness to change. Think back to that pair of questions: How have we acted *like* a credit union today? How have we acted *unlike* a credit union today? The whole idea of asking such questions is to try to rise above our old habits, our first reactions -- the easy, comfortable, usual way of doing things.

Let's think about what this means for how credit unions approach public policy issues -- including issues regarding credit union supervision, and credit union safety and soundness. Some people seem to think the best way to protect the credit union movement is to resist any policy, any change, that didn't originate with credit unions themselves. For example, some proposal by the National Credit Union Administration. Perhaps they fear that if you go along with someone else's reasonable ideas, you'll establish some sort of precedent and have to go along with their *un*reasonable ideas, as well.

Whatever the reason, it can be very easy to fall into a pattern of having a negative reflex reaction to outside proposals for reform. Many trade associations operate that way in Washington. They think it's a real badge of strength to be able to deep-six even reasonable proposals originating outside the trade association. They can show they're an 800-pound gorilla. They can show they can't be touched. It's a very macho mentality. And it's very respectable inside the Beltway -- where many organizations spend much of their time trying to prevent or hijack change, and where lobbyists gin up campaigns to protect entrenched interests.

I believe that credit union ideals point in a very different direction. I believe a movement committed to high ideals looks for ways to make things better. I believe a movement committed to self-improvement looks for ways to make itself better. If renewal is your goal, you don't just brush off new ideas. You look at what can best help you realize your ideals.

Let me underscore this point by talking about David and Goliath, two names that appear in materials for this conference. I'd like to draw an analogy based on the kind of people David and Goliath were.

(MORE)

The Biblical David was (among many other things) someone acutely open to self-reflection. He seems to have done his own regular self-audit. He was open to renewal, open to change. Goliath, by contrast, was a big bully, proclaiming that might makes right. He was about as open to self-audit and self-improvement as a pile of bricks.

In a sense, we can think of David and Goliath as embodying different ways of approaching public policy issues. CUNA is free to choose either approach. Goliath is the 800-pound gorilla. He bats away proposals for reform like King Kong swatted those little biplanes. But David is open to self-improvement, open to change, open to renewal. That doesn't mean getting pushed around. It does mean looking for ways to come even closer to credit union ideals -- those bedrock values that set credit unions apart.

And here I want to emphasize the importance of strong, effective supervision by regulators like the NCUA. I know it's easy, in times like these, when the financial system is as healthy as it's been for decades, to get complacent and see supervision and examination simply as burdens. Remember that effective supervision protects *your* long-term interests. It is good for the health of your individual credit unions. It is good for the health and credibility of the credit union movement. And it protects your investments in the Share Insurance Fund.

III. TECHNOLOGICAL INNOVATION AND THE FUTURE

I've talked a bit about change within the context of credit union ideals. Now I'd like to spend a few moments talking about change in financial services generally.

Today we face rapid changes in financial services. Several key forces lie behind this transformation, including technological and financial innovation, consolidation, globalization, and customer demand. Each has important implications for the future. I'd like to share with you some thoughts about just one of these changes -- technological innovation -- because I think it will have such far-reaching effects.

In many ways, the current technological revolution is best characterized by the explosion in information technology. In his book, *The Road Ahead*, Bill Gates of Microsoft writes: "What characterizes this period in history is the completely new ways in which information can be changed and manipulated, and the increasing speeds at which we can handle it."

Let me go back to my opening point about gigabytes. You'll recall those are the eight billion bits of digital information I told you not to worry about. You probably don't think about gigabytes every day, but they're hard at work for you all the time. Computing power is a prime example of how quickly things change in this world.

Every 18 months, the cost of computing power falls by half. Experts call this phenomenon Moore's law. Now let's put this in perspective. If we wait about the same length of time it'll take Congress to enact last year's budget, you and I can buy twice as much computing power for the same price.

Moore's law has held true for several decades. In 1983, IBM computer owners could buy 10 megabytes of additional computing power for $3,000 -- or $300 per megabyte. Now let's fast forward to the present. Today you can buy a hard drive with 1.2 gigabytes -- 9.6 billion bits of information -- for only about $250. That's 21 cents per megabyte. From $300 down to 21 cents -- that's value.

But it means a great deal more than just value. It means opportunity. It means that as costs decrease and computing power and capacity increase, people will find new uses for information technology. They'll find faster, cheaper, and better ways to do what we do now. And they'll find ways to do things we hadn't even thought of in the past. The more people learn about and make use of these developments, the more they'll become comfortable with them and even demand more of them.

Consumers today are more willing than ever before to use alternatives to brick-and-mortar branches. They expect access to ATMs. Once they've tried direct deposit, they generally like it. And they're coming to accept debit cards. And that's not to speak of electronic benefits transfers and electronic money, which are laying the foundation for a fundamentally new paper-less payment system. I note that 31 percent of the homes in American owned a personal computer as of 1994, up by four million households over 1993.

All of this means that the way in which retail financial services are provided will continue to change. Financial institutions will probably form alliances with providers of information technology to distribute products in new ways to consumers. Any consumer using the Internet can access the Worldwide Web and use financial planning "shareware" and spreadsheets to make their own calculations based on live data and quotes from a financial services firm. This will be assisted by the fact that, according to some estimates, by the year 2005, 80 percent of U.S. homes and offices will have some form of connection to the Internet. Others predict that by 1999 almost 50 percent of U.S. households will be using home-based financial services.

Technology has slashed the costs of gathering information and transacting business, and could provide substantial economies of scale. That is, they could potentially give a competitive edge to large financial institutions able to make substantial up-front investments in technology. And they could help drive continued consolidation among financial institutions.

The technological revolution will have profound implications for you as credit unions, as providers of financial services. Harnessing the new technology will take considerable effort and may have high up-front costs. Much may depend on how readily smaller institutions can purchase the relevant expertise from outside vendors, rather than having to develop it themselves. Perhaps CUNA, as a leader in the credit union movement, can keep a watchful eye to make sure such expertise is available.

As our financial system becomes more concentrated and financial products become more standardized, credit unions -- as grass-roots, member-oriented organizations -- can become even more important in assuring that people within their common bond get good, personal service.

IV. CONCLUSION

Let me close with a few observations, summarizing my key points.

Service and self-improvement are among the ideals that define and distinguish credit unions. They are high ideals. And they are values the Administration shares and respects, along with such other ideals as cooperation, mutual self-help, and equality. Service goes to the heart of how you treat your members and how you approach the larger community to which you and they belong. Self-improvement -- including self-audit and renewal -- are crucial if you are to remain centered on credit union ideals and strive to achieve them more closely. Remember the question: "How have we acted like a credit union today?" And remember that in approaching public policy issues CUNA has a choice between the way of David, the way of self-audit and renewal -- and the way of Goliath, the way of the 800-pound gorilla.

I have also touched here on technological innovation, its far-reaching significance for financial services, and the challenges it will pose to all financial institutions.

Thank you for the opportunity to speak here today. I hope you will continue your tradition of excellent work in your communities across America.

# # # #

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
February 23, 1996

Contact: Michelle Smith
(202) 622-2960

STATEMENT BY DEPUTY TREASURY SECRETARY LAWRENCE SUMMERS

We believe the GAO report on Mexico fully supports our conclusion that the program of support for Mexico is working. The Mexican Government has already repaid $2 billion in principal and more than $750 million in interest under the program. They have had continued success in returning to private capital markets and they are poised for a return to growth.

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DEPARTMENT OF THE TREASURY

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Integration in Our Hemisphere
Remarks by
Lawrence H. Summers
Deputy Secretary of the Treasury
1996 Customs/Trade Finance Symposium
of the Americas
Miami, Florida
February 26, 1996

Thank you very much. It is always a pleasure to return to Miami, a city that exemplifies all the promise and opportunity unfolding in our hemisphere, and the ways in which North and South America are being steadily joined together.

I would also like to thank Commissioner Weise and the Customs Service for their work in helping to organize this conference. I know that the Commissioner has already spoken to you about some of the initiatives that U.S. customs is undertaking with your own agencies to tackle challenges that are important to all countries in our region -- including cooperation on enforcement efforts, and work on bold new efforts at harmonization and rationalization of customs procedures. The drafting of a Customs Model and other cooperative efforts through the World Customs Organization will keep the momentum for liberalization and progress going worldwide.

I am particularly pleased to speak at a conference such as this one, of both public officials and private business leaders gathered to discuss how we can foster further trade liberalization and economic reform in our own hemisphere. At a time when ideas about liberalization and free trade are under attack, it is tremendously important that you in this audience continue to advance your vision.

The people of our hemisphere are on the verge of a new world. A truly hemispheric economy, set within a global economy, is emerging. The benefits that liberalization can offer are greater than ever in human history. The growth in hemispheric trade, and the rapid

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expansion in hemispheric finance that we have seen in recent years means that all our nations have a greater stake in one another's economic and financial policies.

Some seek to shut out the new global economy. Whether in recent calls for a halt to new trade agreements, or full-scale demands for protectionism, voices of economic nationalism of a form not in fashion since the 1920s are growing louder. Such policies were disastrous for America then, and they would be disastrous for America today. Our prosperity and our security depend on integration. Exports have boosted our economy, growing twice as fast as GDP since 1992. Nothing can do more to cement all our nations' security than ensuring that every resident of our hemisphere, from Chileans to Canadians, has the opportunity to prosper in an integrated hemispheric economy. As I said, it is very important for groups like yours -- that appreciate the value of global trade in goods and services, and know that we need United States engagement to get there -- to spread your point of view.

The road to integration and reform is not a simple one. As we learned in 1995, there are bumps along the way. But if 1995 taught us anything, it taught us just how resilient reform in our region truly is. I'd like to speak for a few moments on that theme. Then I'll address the question of what our priorities must be in the years ahead.

The Resilience of Reform

Last year, we met on the eve of the Summit of the Americas. The mood was truly one of satisfaction.

- The list of countries that had slashed government spending -- from Mexico to Bolivia -- or wrestled hyperinflation under control -- as had Argentina or Peru -- was a long one.
- From Mexico to Chile, the message of privatization and liberalization seemed to be sweeping the hemisphere.
- Ten new democracies had been added to the list since the last hemispheric summit in the 1960s.
- With these reforms came some of the highest growth rates in the world -- 35 percent for Argentina over the first five years of the decade, 32 percent for Chile, and over 20 percent in Colombia.

For all the celebration, I think there was one question that many observers shared: the question of just how deeply these reforms truly ran. It was hard to be sure whether privatization and democratization were being pushed from the ground up, by Latin America's citizens, or were being driven from the top down. It was hard to know whether a vision supported by Washington and Wall Street had taken hold at the roots of reforming societies.

A Testing Year

To be sure, the past year has been a difficult one. A changing financial environment, political shocks, policies that in retrospect were mistaken, and a sudden drop in market confidence last December all brought Mexico to the brink of serious difficulty, and threatened to spillover into the rest of Latin America.

There is no denying that the Mexican economy has suffered from deep recession, and that other countries, such as Argentina, have also been hurt by the drop in investor confidence. But if you take a long-run view, the significance of this past year is not in what happened over 1995, but rather in what did not.

- What hasn't happened is the kind of retreat from economic reforms -- the kind of disintegration into popular upheaval and authoritarianism -- that took place following Latin America's last bout with financial crisis in 1982.
- What hasn't happened is the withdrawal into protectionism, nationalization, and state control of the economy that shattered Latin American economic efforts 15 years ago.
- What hasn't happened is a debt crisis that spiralled out of control, and threatened the United States' own financial system.
- Who in this room 14 months ago could have been certain that faced with the kind of shock that Mexico experienced, or that Argentina experienced, those countries and others in the region would not only stay the course of economic reform, but push even further? I think it is particularly telling that Argentina raised taxes in March only weeks before Presidential elections -- an election that President Menem won by a resounding margin.
- Who would have imagined that nearly one year after Mexico's difficulties, Brazil -- a nation as large as the rest of South America combined -- would be sitting on nearly $50 billion in reserves, and experiencing the lowest rate of inflation in 30 years?
- And who would have imagined that market confidence would return so quickly -- that Mexico would succeed in placing some $6.3 billion in paper after 14 months, that Peru would have $4.2 billion in commitments for future investments, on top of $4.3 billion in privatization proceeds over the past five years -- $1.1 billion this year alone.
- Even Argentina, which experienced some shaky months following Mexico's crisis, now enjoys reserves that are back at last December's levels, and a banking system which, though still facing the effects of a monetary squeeze, has seen deposits recover to levels exceeding those before Mexico's difficulties began.

The significance of last year lies with these simple facts. 1995 was not like 1982. 1995 provided harder proof than anyone could have imagined that economic and social reform in Latin America and the Caribbean are not something being sold by Washington or Wall Street, or forced on unwilling populations by Harvard-educated leaders. Rather, the events of these past months have proven that reform is a Latin American and Caribbean movement, flowing from the grass roots up.

United States Engagement

The resilience of liberalization and change in our hemisphere are the first lesson of 1995. The second, is that change is not a one-country affair. Change requires the participation and support of all hemispheric neighbors. As 1995 has shown, change also requires continued United States involvement.

That was the spirit in which the United States hosted the Summit of the Americas one year ago. We realized, as we still do, the profound economic, political, and historic ties that bind us to the nations in this hemisphere. That is what informs United States policy going forward.

United States Financial Engagement

I'd like to say a few words about three areas in which the United States intends to remain engaged. I'll start with financial initiatives. One of the most hopeful developments for Latin America and the Caribbean, and indeed for many developing countries, has been the enormous and accelerated development of financial markets that has occurred over the past several years. It is why today, when Latin American and Caribbean countries embark on reforms, the capital is there to back them.

Consider this.

- Average net capital flows to the region soared from a net outflow of some $17 billion from 1983 to 1989 to an average annual net inflow of $42 billion from 1990 through last year.
- The dollar value of market capitalization soared more than 2,000 percent in Colombia, Chile, and Mexico from 1985 to 1995, to cite the most spectacular examples.
- Latin America's aggregate stock market capitalization has grown some seven fold, from $54 billion in 1985 to a level approaching $400 billion at the end of 1995.

For countries in our region to make full use of potential capital, the infrastructure of finance must be there. That means making sure that countries have appropriate bank supervision and regulation, to maximize use of domestic savings while channelling capital effectively. It means ensuring that capital markets are transparent and efficient, so that they can best mobilize investment into long-term projects. Harmonizing regional financial markets to a higher standard is an important way of furthering these objectives.

We pledged to focus on these tasks at the Summit of the Americas. The effort is now underway.

- The recently formed Committee on Hemispheric Financial Issues is working on ways to develop and integrate financial markets in the region.
- Today, differing or diverging accounting standards are a barrier to financial integration. A Colombian bank's books, for example, cannot be compared with those of a bank in Venezuela.
- Disclosure standards are another priority that will put investors in securities on a level playing field, opening up diversified,long-term financing.

The World Bank and the Inter-American Development Bank have stepped up their work with governments to strengthen market supervision.

- The IDB is backing several capital market infrastructure projects, such as Peru's effort to modernize and merge its two largest exchanges.

All of these initiatives will ensure that our region has the kinds of capital it needs to grow well into the next century.

Responding to Crises

As we saw this past year in Mexico, and as both industrialized and developing countries have experienced in recent years, capital markets can be imperfect. There are shocks along the way. Just as when a run on a bank occurs here at home and liquidity must be provided, it is vitally important to ensure that the capacity exists to mobilize financial support quickly on highly conditional terms when crises erupt that threaten parts of the international financial system.

President Clinton understood the enormous United States interests -- the hundreds of thousands of American jobs, the security of our borders, and the broader transformation of emerging market economies -- that were at stake when Mexico's financial crisis erupted over a year ago. He knew that turbulence in Mexico could have spilled over to other Latin American economies, as it did in 1982, as well as to other parts of the globe. That is why he moved swiftly to lead an international support effort.

Future difficulties may arise. The United States can and must continue to lead the hemispheric and international response. Nonetheless, to ensure that the resources are there, and that the United States does not become the lender of last resort, there is a need for enhanced international capacity to mobilize financial assistance, when necessary. That capacity must lie with the international financial institutions.

In Mexico's wake, we have stepped up efforts to create an emergency financing mechanism through the International Monetary Fund. Such a fund would rest on enhanced surveillance and transparency, as the bases of efforts to prevent crises before they occur.

Trade and Integration

Let me turn to a second sphere in which United States engagement and the participation of all your nations are essential -- opening markets to trade.

Consider the United States stake in trade with the countries to our south.

- Mexico has been one of our fastest growing major trading partners.
- Chile, with 14 million people, buys more than India with 920 million.
- We sell more to the countries that make up MERCOSUR than we do to China.
- We sell about as much to Costa Rica, with three million people, as we do to all of Eastern Europe, with about 100 million.

All told Latin America and the Caribbean purchased some $92 billion of American goods in 1994, almost as much as did the European Union. These exports support hundreds of thousands of American jobs. They will grow enormously as the process of reform continues, and as prosperity continues to spread in our hemisphere.

That is one reason why ensuring that markets remain open must be a top priority for the United States. The other involves the ways in which free trade locks in economic and social reform.

Inter-regional trade quadrupled from 1984 to 1994. If you ask yourself why 1995 did not resemble 1982 -- why this time, countries responded to difficulties by pushing ahead with liberalization and reform, not by pulling back -- then integration has to be part of the answer.

Integration cements change. Integration provides confidence and stability, where confidence and stability are needed. It ensures that our regions' citizens come to see their prosperity as intertwined, and dependent on their countries' mutual economic progress. Creating a prosperous, integrated region stretching from Canada to Chile is the best way to make sure that our region continues to move forward, and does not lapse back into the statism and authoritarianism of the past.

NAFTA

I think that NAFTA provides perhaps the best example of the ways in which integration locks in reform. As you know, some observers blame NAFTA for Mexico's difficulties. Such arguments are precisely backward.

- Even with the slump brought on by Mexico's recession, U.S. exports today are <u>higher</u> than they were before NAFTA entered into force.
- Though U.S. exports to Mexico fell by about 2 percent over the first 7 months of 1995 compared with the same period the year before, the U.S. share of Mexico's imports has increased.

But NAFTA accomplished something more profound that just protecting American exports over the short-term. NAFTA locked in Mexico's removal of tariff and other trade barriers on our exports. NAFTA ensured that Mexico would not be tempted to pull back into protectionism, as it did in the early 1980s. Most important, NAFTA provided what Mexico needed most earlier this year -- confidence. Because Mexico is staying the course of reform, the basis for resumed economic growth this year has been established. NAFTA must take some of the credit.

Free Trade in the Americas

Free Trade should not be a three country or four country or five country affair. The Summit of the America's agreement to create a Free Trade Area of the Americas by the year 2005 is rightly seen as the meeting's crowning achievement. We have taken significant first steps toward turning that vision into a reality.

- In June of 1995, hemispheric trade ministers met in Denver to set up seven working groups on key issues, including market access, product standards, technical barriers, and trade remedies.

- Customs was high on the ministers' agenda. Their joint declaration created a Working Group on Customs Procedures and Rules of Origin. This Group will lead an essential effort to catalogue our hemisphere's customs procedures, develop features that are essential for efficiency, and make recommendations for specific initiatives to advance hemisphere-wide simplification, technical cooperation, and negotiations on rules of origin.
- I urge all of you to become engaged in this important effort. We need all your expertise to ensure that customs procedures continue to advance, so that all our nations can seize the opportunities offered by greater trade flows and liberalization.

Chilean Accession to NAFTA

Of course, the best way to lock in integration and economic reform is to make it clear that the club of free-traders is open to all, as soon as they are qualified to join. That is why President Clinton has stressed how critically important it is for the Administration to receive fast-track authority in order to rapidly negotiate and conclude Chile's accession to NAFTA.

Let me emphasize -- there is no question that Chile is ready to take on the full range of responsibilities implied by NAFTA accession. No other major Latin American country has as good a record of sustained economic performance. With or without the United States, Chile will continue to move ahead with economic reform and liberalization, as a member of the World Trade Organization, of the Asia Pacific Economic Cooperation forum, and through enhanced ties with Mercosur and even perhaps with the European Community. Bringing Chile into NAFTA is the best way to ensure that the United States reaps the benefits of Chile's economic progress, while providing an example of the kinds of policies we hope the rest of Latin America will follow.

Making Government Work Better

There is a third area for hemispheric initiatives -- supporting institutional change. Reform in our hemisphere means more than just slashing budget deficits, or privatizing bloated state industries, or tearing down trade barriers. It means making sure that leaner governments do the things they are supposed to do, better than before. It means replacing corruption with legal-certainty, and back-room dealings with transparency. It means making sure that countries have an effective court-system, a trained civil service, and laws that are reliably enforced.

The Summit of the Americas pledged all of our countries to focus on anchoring democracy and the rule of law. The United States is working with Latin governments and organizations to make that happen.

- The OAS is building up its Unit for the Promotion of Democracy, to support electoral commissions, legislative training, and other programs to make sure governments have the capacity to do what governments must do.

- The Organization of Supreme Courts of the Americas is drawing up a charter to bolster the independence of judiciaries.

We plan to negotiate a draft hemispheric Convention on Corruption, and establishment links between the OAS and the OECD Working Group on Bribery in International Business.

Finally, money laundering is a phenomena whose effects in destabilizing government and thwarting legitimate business often aren't appreciated. In November, Secretary Rubin travelled to Argentina where he chaired a particularly important effort -- a conference to combat money laundering in our hemisphere.

- The participating nations adopted of a set of principles that commits them to criminalize money laundering, modify their laws and enforcement systems to bolster enforcement efforts, and expand the tools at their enforcement officials' disposal.

Conclusion

I've spoken today about the challenges that all our nations' face, and how the United States and other nations can work together to meet them. Hopefully, many of the challenges that region faced a few years ago have been settled. There is a commitment to liberalization, to privatization, and to social reform.

In some ways, the challenges faced by U.S. foreign policy are more complex. With the end of the Cold War, we must no longer decide what we are against, but what we are for.

Many call for the United States to withdraw from the world. They believe we should pull back from multilateral organizations, that the President should not be granted fast-track authority to negotiate trade agreements, and that all alliances are unnecessary entanglements. We have heard echoes of those voices in Bosnia, and as we seek to maintain minimal appropriations for our foreign affairs budget.

President Clinton has resisted these voices. He recognizes, as most Americans do, that there is no more important region for our nation than the Americas. He understands that if the history of our part of the world teaches us anything, it is the dangers of complacency. United States support for Latin and Caribbean change, and for the vision of an integrated hemisphere, will continue to be at the heart of America's international economic policy. That is why I am confident that if the 20th was the American century, the 21st will be the century of all the Americas.

DEPARTMENT OF THE TREASURY

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ADV 1:30 P.M. EST
Remarks as prepared for delivery
February 26, 1996

REMARKS OF TREASURY SECRETARY ROBERT E. RUBIN
DoD BRIEFING ON OPERATION JOINT ENDEAVOR TAX RELIEF
THE PENTAGON

I appreciate the opportunity to be here and talk about something of great importance to many Americans who are making a significant contribution to peace.

The President, Secretary Perry and I are asking Congress to pass, as rapidly as possible, legislation to permit the President to make those who are serving in Operation Joint Endeavor be eligible for a variety of tax relief measures -- including tax-free pay and filing and tax payment delays. Such an action would properly recognize the sacrifices the men and women of our armed forces are making to support peace.

The tax relief measures we are talking about would cover all the personnel in and around Bosnia, Croatia and Macedonia who are directly involved in or supporting Joint Endeavor.

We are making this request because short of fighting America's wars, preserving and protecting the peace is also a vital responsibility of the military, and it is arduous and dangerous duty. Moreover, we believe these men and women who are serving the cause of peace deserve this tax relief.

This request is in keeping with a practice of tax relief for members of our armed forces in these circumstances -- through presidential executive orders -- that dates back to the Korean War.

I want to walk through some of the detail of the tax relief measures -- all of which under our proposal would be retroactive to November 21st of last year.

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Once in effect, these measures would:

-- For everyone stationed in Bosnia and Croatia -- exempt from federal income tax all the pay of enlisted personnel and warrant officers, and up to $500 a month for commissioned officers -- for the period they are involved in Joint Endeavor. That also applies for up to two additional years for those hospitalized as the result of service in Joint Endeavor. Further, those in this area would benefit from an extension of the filing and payment deadline.

-- Our proposal also would extend the filing and payment deadline for everyone in the region around Bosnia and Croatia supporting Joint Endeavor.

-- In the event of a fatality in the course of Joint Endeavor, all that individual's income for the tax years in which they served in Joint Endeavor is exempt from taxes. If estate tax applies, there is partial relief.

-- There are other components of tax relief, such as an exemption from withholding from tax-free pay, which are spelled out in the materials we have available today.

The President, Secretary Perry and I feel that the men and women who are sustaining the peace in Bosnia deserve the tax relief we are proposing, and we're asking Congress to act quickly on this request.

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For Immediate Release
February 26, 1996

Contact: Calvin Mitchell
(202) 622-2920

TAX RELIEF FOR PERSONNEL INVOLVED IN OPERATION JOINT ENDEAVOR

The Internal Revenue Code contains eight sections that provide special tax benefits for members of the Armed Forces serving in certain Presidentially designated areas. The Administration today is calling upon Congress to enact legislation that would allow these benefits to be extended by Presidential Executive Order to U.S. troops and certain civilians participating in and supporting Operation Joint Endeavor.

Military personnel and civilians serving in the Bosnia region and in support areas would get the benefit of section 7508(a), which extends a number of federal income tax deadlines while a member of the Armed Forces and certain civilians are serving in a designated area, are hospitalized as a result of such service, or in a missing status, and for at least 180 days thereafter.

The other tax provisions that would become applicable to military personnel serving in the former republic of Yugoslavia are:

- Section 112, which excludes from income the compensation earned by enlisted personnel and warrant officers, and up to $500 per month of the compensation earned by commissioned officers, during any month in which the individual is engaged in active service in a designated area or in which the individual is hospitalized (for up to two years) as a result of service in such an area,

- Section 692, which exempts from federal income tax all income earned during any year in which a member of the Armed Forces serves in a designated area if the individual dies as a result of such service (in addition, federal income taxes attributable to prior years that are unpaid as of the date of death are not subject to collection),

- Section 2(a)(3), which allows the surviving spouse of an individual who dies while in missing status an additional period during which the surviving spouse tax rates are applicable,

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- Section 2201(a), which provides partial estate tax relief to the estates of individuals who die as a result of service in a designated area,

- Section 3401(a), which provides relief from federal income tax withholding for all military compensation exempt from tax as provided above,

- Section 4253(d), which provides an exemption from telecommunications excise taxes for telephone calls by Armed Forces personnel that originate from a designated area, and

- Section 6013(f), which allows the spouse of a member of the Armed Forces who is in missing status to file a joint return during the entire period in which the area is designated and for two years after the termination of that designation.

Under the Administration's proposal, these provisions would be effective November 21, 1995.

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AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
February 26, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for $12,379 million of 26-week bills to be issued February 29, 1996 and to mature August 29, 1996 were accepted today (CUSIP: 9127943E2).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	4.79%	4.98%	97.578
High	4.80%	4.99%	97.573
Average	4.80%	4.99%	97.573

$1,500,000 was accepted at lower yields.
Tenders at the high discount rate were allotted 17%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$55,716,353	$12,379,045
Type		
Competitive	$48,394,895	$5,057,587
Noncompetitive	1,178,658	1,178,658
Subtotal, Public	$49,573,553	$6,236,245
Federal Reserve	3,400,000	3,400,000
Foreign Official Institutions	2,742,800	2,742,800
TOTALS	$55,716,353	$12,379,045

4.77 - 97.589

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AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
February 26, 1996

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for $12,402 million of 13-week bills to be issued February 29, 1996 and to mature May 30, 1996 were accepted today (CUSIP: 912794Y99).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	4.84%	4.97%	98.777
High	4.86%	4.99%	98.772
Average	4.86%	4.99%	98.772

Tenders at the high discount rate were allotted 25%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$54,246,886	$12,402,132
Type		
Competitive	$49,004,100	$7,159,346
Noncompetitive	1,380,706	1,380,706
Subtotal, Public	$50,384,806	$8,540,052
Federal Reserve	3,690,180	3,690,180
Foreign Official Institutions	171,900	171,900
TOTALS	$54,246,886	$12,402,132

4.85 - 98.774

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