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
March 29, 1994

REMARKS OF TREASURY SECRETARY LLOYD BENTSEN
STO-ROX COMMUNITY HEALTH CARE CENTER
PITTSBURGH, PA.

Community health centers such as this are precisely the kind of medicine this country needs. The work being done here is the front-line work of medicine, and we saw a good bit of it today -- primary care, family medicine, prenatal care, immunization, health screening, and dental care.

This is the kind of work that has highest priority insofar as emphasis is concerned in the president's health care bill. We want to increase funding for these services substantially.

The thrust of the president's plan is exactly what is done here -- early detection, early treatment and, of course, comprehensive coverage. The President's plan recognizes the importance of doing more earlier to prevent relatively minor problems from becoming health emergencies.

There are three points in the President's plan I want to emphasize today. First, every person will be able to chose their doctor and their health plan, so if you want to keep seeing the doctor you've been seeing, you can.

Second, we want to outlaw unfair insurance practices. There are 81 million Americans with a pre-existing condition that might cost them coverage. Americans shouldn't be afraid to change jobs and better themselves because a pre-existing condition threatens their ability to keep their insurance.

(MORE)

LB-742

The third point is that the President's plan means that health benefits are guaranteed. At some point each year, a total of 58 million Americans are without health insurance. Eight of every 10 of those are in working families. I learned today that a very large percentage of the patients at this clinic have no insurance, and yet many have full-time jobs. We want to build on the current system, so we're asking that employers help make sure that insurance is available through the work place.

There's something else in the President's plan I think would interest the staff here. It recognizes the importance of using the talents of those of you who can multiply the value of a physician -- nurse practitioners, midwives, clinical social workers. Those who serve in these critical positions need to be full partners on the health care team.

Over the years, as I've worked on these issues, I've found that I had to take it one step at a time, take the incremental approach. I wanted to do more, but I could sense the uneasiness about taking the direct -- deal-with-it-all -- approach. So when I was at the Finance Committee one year we extended Medicaid so prenatal care was available to first-time mothers in families with modest incomes. The next year, we began the long march toward providing care for children up to age 6, then up to 18, if the family's income met the guidelines.

It's wrong to think we have to take that step-at-a-time path any more. We may not be able to have all of our reforms take effect at once. We may have to phase some in over time, but we must set ourselves on the course to complete health care protection for all Americans. The President is committed to that goal, I am committed to that goal, and Senator Wofford is committed to that goal.

I am confident that this fall, Senator Wofford and I will be able to participate in one of the most significant bill signing ceremonies ever conducted. It will complete what you started here in Pennsylvania when you sent Harris Wofford to the Senate three years ago.

Thank you.

-30-

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WASHINGTON, D.C. 20220

BRADY IMPLEMENTATION

* The Brady Handgun Violence Prevention Act ("Brady") was signed into law by President Clinton on November 30, 1993. It is the most significant gun law enacted to curtail criminal access to handguns since the Gun Control Act of 1968.

* Brady was implemented by the Department of the Treasury on February 28, 1994. Now, every retail sale of a handgun must be preceded by a background check. Honest law abiding citizens will continue to be able to purchase firearms; criminals <u>will</u> <u>not</u>.

* The procedures implemented under Brady are as follows:

    - A handgun purchaser must complete a form stating that she/he intends to purchase a handgun and is not in one of the "prohibited categories" (e.g. convicted felon, under indictment, drug addict).

    - The seller must transmit the form to the Chief Law Enforcement Officer within 24 hours. (Each state designates what law enforcement organization will serve this role.)

    - Law enforcement is required to make a reasonable effort to determine whether the prospective purchaser is legally prohibited from purchasing a firearm.

    - If law enforcement determines that the buyer is prohibited, the sale can be STOPPED.

    - If law enforcement has not informed the dealer within five working days that the sale must be stopped, the sale may be completed.

* Prior to February 28, there were 2,000 to 3,000 background checks conducted per weekday. Since February 28, the number of background checks conducted per weekday has increased to 17,000.

* Brady is effective. In the four weeks since February 28, law enforcement authorities have reported that background checks have yielded important results: 1,250 forms processed/98 denied including 48 due to criminal histories (Dallas, Texas); 1,827 forms processed/41 denied, including eight fugitives (Ohio); 2,209 forms processed/58 denied, either for felony convictions or outstanding warrants (Utah).

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RECLASSIFICATION OF THE STREETSWEEPER/STRIKER-12 SHOTGUNS

* The reclassification of the Streetsweeper/Striker-12 shotguns to "destructive device" status was announced by Secretary of the Treasury Lloyd Bentsen on February 28, 1994. The Secretary reclassified these firearms because they were not designed for sporting purposes. These shotguns were originally designed for military and police use by the governments of Rhodesia and South Africa.

* Eighteen thousand Streetsweeper/Striker-12 styled shotguns have been manufactured in the United States. ATF has identified the use of 142 of these weapons either in crimes or through actual recovery at crime scenes.

* A fully-loaded and operational Streetsweeper was recovered from the individuals who were arrested for the Palestinian attack on Hasidic Jews on the Brooklyn Bridge a few weeks ago.

* Treasury does not have the authority to ban these shotguns outright. However, restrictions, close monitoring and the imposition of a transfer tax on sales of the shotguns will dramatically reduce their availability.

* The mechanics of the reclassification are as follows:

  - ATF will cooperate with manufacturers and federal firearms licensees to identify the owners of these weapons. All owners will receive a notice and have 30 days from the time they receive the notice to register the weapons and pay the $200 transfer tax. Current owners will not have to pay the tax for owning the firearms.

  - Any weapons not registered within 30 days from the receipt of the notice of reclassification will be subject to seizure and forfeiture, and the owner subject to criminal fine, jail, or both.

  - The owners of these reclassified shotguns must submit a photograph, fingerprints and a certificate of ownership to a local law enforcement official.

  - Dealers who have these weapons in stock, and who do not want to pay the $500 special occupational tax may either return the guns to the manufacturer or sell them to a firearms dealer who has already paid the annual tax.

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Project ACHILLES

* In ACHILLES, firearms are targeted as the "Achilles Heel" of powerful drug dealers and armed career criminals. ACHILLES was designed to focus the efforts of ATF special agents on the maximum implementation of laws that prohibit the use of firearms either by career criminals or in connection with drug trafficking.

* In 1993, 1,289 armed career criminals received mandatory sentences due to ACHILLES totaling over 11,438 years in prison without benefit of parole. This represents a 10% increase in arrests.

* Seven of the individuals apprehended during Fiscal Year 1993 through ACHILLES have received life sentences and the remainder received an average of 18 year mandatory minimum sentences.

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FEDERAL FIREARMS LICENSE REFORM

* All firearms that enter the Black Market pass through federal firearms licensees at some time. Studies by the Bureau of Justice Statistics indicate that 27% of prison inmates serving sentences for gun-related crimes purchased their weapons directly from federally-licensed dealers.

* A study conducted by the Bureau of Alcohol, Tobacco and Firearms (ATF) of the Department of the Treasury indicates that no more than 70,000 of the 284,000 federal firearms licensees are legitimate dealers. ATF has only 240 inspectors to regulate the activities of those federal firearms licensees.

* Currently, a federal firearms licensee pays a fee of only $66 for a new license and $30 annually for a renewed license. The economic reality is that the American taxpayer subsidizes the operations of the 284,000 licensees, including the illegitimate dealers who hold a federal firearms license.

* Under Treasury's proposed Federal Firearms License Reform, it would cost $646 to issue an original firearms license. This cost would include the processing of the application, field investigation of the applicant, related program costs and administrative support. License renewals would cost $573, including the cost of compliance inspections, and related program and administrative support costs.

* New York Pilot Project ("NYPP") further demonstrates the need for Federal Firearms License Reform. The NYPP is a cooperative effort between ATF and the Housing Authority of New York City Police Department to inspect federal firearms licensees in the five Manhattan boroughs. In Fiscal Year 1993, 166 licensees were interviewed; only ten licenses were issued or renewed. The remaining 156 licenses were either denied, withdrawn or abandoned. Similarly, in Fiscal Year 1994, 106 licensees have been interviewed; only six licenses were issued or renewed. The remaining 100 licenses were either withdrawn, abandoned, not renewed or denied, representing a 94% reduction.

* The Deadly Weapons Project in Chicago similarly demonstrates the need for Federal Firearms Licensing Reform. Deadly Weapons is a joint operation between the Chicago Department of Revenue, the Chicago Police Department and Treasury's Department of Alcohol, Tobacco and Firearms to enforce licensing regulations. As a result of the interviews conducted during the course of this project, the number of federal firearms licensees decreased from 216 to 51. During Fiscal Year 1994, the number of federal firearms licenses issued has decreased further to 35.

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WASHINGTON, D.C. 20220

COUNTERFEITING

* Among the most urgent threats to our economic security is the increase in counterfeit U.S. currency being produced and circulated overseas. A staggering 70% of all counterfeit U.S. currency identified in Fiscal Year 1993 originated in foreign countries.

* Proliferation of counterfeit U.S. currency undermines confidence in our currency and has untold ramifications on trade and currency markets. Due to its enhanced counterfeiting investigation capabilities, the United States Secret Service is able to detect the quantity and quality of counterfeit notes.

* Due to the Secret Service's focus on counterfeiting, foreign-originated counterfeit U.S. currency valued at $120,767,004 was reported during Fiscal Year 1993. The Secret Service suppressed a total of 162 counterfeit plants during Fiscal Year 1993, which represents an increase of 18% over Fiscal Year 1992.

* Secret Service continues to keep pace with the increasing level of counterfeiting through expansion of its presence abroad, aggressive investigations, and developing cooperative efforts with foreign law enforcement authorities.

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BORDER NARCOTICS INTERDICTION

* Border narcotics interdiction is among the most appropriate and viable U.S. government drug reduction programs. Protection of the U.S. border is specifically a federal responsibility. The U.S. Customs Service, the primary border enforcement agency, is responsible for a variety of narcotics interdiction programs. These programs are multi-purpose, technology-based, and cost effective.

* Customs' investigative, interdiction and intelligence initiatives continue to improve our narcotics seizure effectiveness. Customs has improved dramatically its intelligence-gathering capabilities and coordinates identification and integration of national level tactical and operational intelligence with other law enforcement and intelligence community agencies.

* In FY 93, Customs seized 2,955 pounds of heroin--representing 88.4% of the total federal government effort.

* Customs' interdiction operations resulted in total cocaine seizures of 175,000 pounds in FY 93. Although Customs seized less cocaine than in FY 92, the number of seizures increased by 20%. The drop in quantity is primarily the result of two large cocaine seizures in 1992 and does not reflect a downward trend.

* In FY 93, Customs agents conducted drug smuggling investigations resulting in more than 9,000 cases, 6,821 arrests, 4,215 indictments, and 4,169 convictions. Also, Customs agents seized $88 million in drug-related assets, representing a 25% increase in amounts seized over FY 92.

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GANG RESISTANCE EDUCATION AND TRAINING ("GREAT")

* GREAT is an educational, school-based gang prevention program that began in Phoenix, Arizona. The purpose of GREAT is to help seventh graders set goals for themselves, resist peer pressure, resolve conflicts without violence and understand how gang and youth violence adversely impact the quality of their lives.

* GREAT includes a nine week program for seventh graders, a four week program for third and fourth graders, and a summer component for those students either in those grades or otherwise identified by the school district.

* In the program, trained, uniformed police officers employ structured exercises and interactive approaches to communicate gang and violence resistance to our children. GREAT is not intended as an intervention program and therefore is not expected to reach "hardcore" gang members.

* The summer component of GREAT identifies at-risk students to involve them in summer community activities such as graffiti clean-up and sports.

* Three hundred and ninety six law enforcement officers in 12 major cities were trained as GREAT instructors during Fiscal Year 1993.

* One hundred thousand at-risk youngsters were embraced by GREAT during Fiscal Year 1993.

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
March 29, 1994

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 21-DAY BILLS

Tenders for $14,006 million of 21-day bills to be issued March 31, 1994 and to mature April 21, 1994 were accepted today (CUSIP: 912794K29).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	3.46%	3.52%	99.798
High	3.48%	3.54%	99.797
Average	3.47%	3.52%	99.798

Tenders at the high discount rate were allotted 64%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$47,750,000	$14,005,800
Type		
Competitive	$47,750,000	$14,005,800
Noncompetitive	0	0
Subtotal, Public	$47,750,000	$14,005,800
Federal Reserve	0	0
Foreign Official Institutions	0	0
TOTALS	$47,750,000	$14,005,800

LB-743

DEPARTMENT OF THE TREASURY

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FOR RELEASE AT 2:30 P.M.
March 29, 1994

CONTACT: Office of Financing
202/219-3350

TREASURY'S WEEKLY BILL OFFERING

The Treasury will auction two series of Treasury bills totaling approximately $25,200 million, to be issued April 7, 1994. This offering will provide about $600 million of new cash for the Treasury, as the maturing 13-week and 26-week bills are outstanding in the amount of $24,604 million. In addition to the maturing 13-week and 26-week bills, there are $14,342 million of maturing 52-week bills. The disposition of this latter amount was announced last week.

Federal Reserve Banks hold $9,568 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 $2,256 million of the three maturing issues as agents for foreign and international monetary authorities. These may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders. Additional amounts may be issued for such accounts if the aggregate amount of new bids exceeds the aggregate amount of maturing bills. For purposes of determining such additional amounts, foreign and international monetary authorities are considered to hold $1,799 million of the original 13-week and 26-week issues.

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

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

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Attachment

HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS
TO BE ISSUED APRIL 7, 1994

March 29, 1994

Offering Amount	$12,600 million	$12,600 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912794 M3 5	912794 N5 9
Auction date	April 4, 1994	April 4, 1994
Issue date	April 7, 1994	April 7, 1994
Maturity date	July 7, 1994	October 6, 1994
Original issue date	January 6, 1994	April 7, 1994
Currently outstanding	$13,080 million	---
Minimum bid amount	$10,000	$10,000
Multiples	$ 1,000	$ 1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

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

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

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

Maximum Award . . . . 35% of public offering

Receipt of Tenders:

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

Competitive tenders . . . . Prior to 1:00 p.m. Eastern Daylight Savings 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
March 30, 1994

Contact: Michelle Smith
(202) 622-2960

U.S., MEXICO ANNOUNCE LOCATIONS FOR NAFTA BORDER INSTITUTIONS

Treasury Secretary Lloyd Bentsen said Wednesday that the Governments of the United States and Mexico have agreed that the North American Development Bank will be located in San Antonio, Texas and the Border Environmental Cooperation Commission will be located in Ciudad Juarez, Mexico.

"I'm pleased we could agree to have these institutions located near the border. This should help facilitate the close cooperation that is essential to our environmental efforts," Secretary Bentsen said.

The binational institutions, created under the legislation for the North American Free Trade Agreement, were designed to facilitate environmental infrastructure projects along the U.S.-Mexico border and to support community adjustment and investment related to NAFTA in both countries.

The Border Environment Cooperation Commission (BECC) will assist border states and local communities in coordinating and designing environmental infrastructure projects in the border region. Its binational board of directors and advisory council will be designed to maximize local and public participation in BECC decisions and its location in Ciudad Juarez will facilitate coordination with the International Boundary and Water Commission.

LB-745

(MORE)

The North American Development Bank, or NADBank, will provide between $2 billion and $3 billion in loans or guarantees to support border environmental projects. It will work closely with the BECC as the lead bank in arranging financing packages for BECC-certified projects. The NADBank itself will be based in San Antonio, Texas.

Separate U.S. and Mexican NADBank windows will provide additional financing in each country for NAFTA-related community adjustment and investment. The U.S. community adjustment and investment NADBank window will be headquartered in Los Angeles.

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PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
March 31, 1994

Contact: Peter Hollenbach
(202) 219-3302

PUBLIC DEBT ANNOUNCES RESULTS OF THE REOPENING OF COUPONS UNDER BOOK-ENTRY SAFEKEEPING (CUBES) PROGRAM

The Bureau of Public Debt announces results of the recent Coupons Under Book-Entry Safekeeping (CUBES) conversion program. Coupons with a total value of $2,085,074,864 were converted to CUBES during a reopening of the CUBES window between June 1, 1993 and November 30, 1993. The attached table shows the opening balances, conversions and current amounts outstanding by generic CUSIP and interest payment date. The CUBES program allowed depository institutions to convert stripped Treasury coupons to book-entry form.

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CUSIP 912815	CUBES CONVERTED IN 1987	CUBES COUPONS CONVERTED 6/1/93-11/30/93	CUBES BALANCE AS OF 2/28/94
BK2 5/15/94	290,656,393	68,001,653	358,658,047
BL0 8/15/94	116,205,642	15,441,741	131,647,383
BM8 11/15/94	263,186,033	100,823,087	364,009,121
BN6 2/15/95	93,554,616	20,103,892	113,658,508
BP1 5/15/95	272,549,946	60,216,481	332,766,427
BQ9 8/15/95	81,673,048	46,358,653	128,031,702
BR7 11/15/95	265,613,827	64,083,603	329,697,430
BS5 2/15/96	90,905,173	30,167,166	121,072,340
BT3 5/15/96	263,765,643	92,561,446	356,327,090
BU0 8/15/96	100,431,033	8,072,043	108,503,077
BV8 11/15/96	275,568,984	75,582,843	351,151,828
BW6 2/15/97	105,460,958	16,209,806	121,670,765
BX4 5/15/97	243,392,387	109,581,828	352,974,215
BY2 8/15/97	113,797,232	9,388,792	123,186,025
BZ9 11/15/97	270,241,031	81,553,746	351,794,778
CA3 2/15/98	104,247,201	15,739,126	119,986,327
CB1 5/15/98	273,841,756	81,454,834	355,296,590
CC9 8/15/98	90,796,283	24,062,218	114,858,502
CD7 11/15/98	213,589,706	132,234,109	345,823,816
CE5 2/15/99	100,209,878	20,279,761	120,489,640
CF2 5/15/99	299,629,135	62,038,722	361,667,857
CG0 8/15/99	113,011,147	14,034,066	127,045,213
CH8 11/15/99	277,137,144	73,501,609	350,638,753
CJ4 2/15/00	115,740,011	7,062,941	122,802,952
CK1 5/15/00	294,368,047	64,531,022	358,899,069
CL9 8/15/00	111,162,486	17,446,841	128,609,327
CM7 11/15/00	277,693,410	90,668,134	368,361,544
CN5 2/15/01	115,005,833	7,625,543	122,631,377
CP0 5/15/01	292,084,340	80,726,916	372,811,257

CUSIP 912815	CUBES CONVERTED IN 1987	CUBES COUPONS CONVERTED 6/1/93-11/30/93	CUBES BALANCE AS OF 2/28/94
CQ8 8/15/01	89,303,965	4,920,791	94,224,756
CR6 11/15/01	225,593,337	81,329,866	306,923,203
CS4 2/15/02	57,118,842	10,958,036	68,076,878
CT2 5/15/02	202,505,493	56,644,181	259,149,675
CU9 8/15/02	8,736,125	24,675	8,760,800
CV7 11/15/02	195,821,618	65,610,540	261,432,159
CW5 2/15/03	8,465,875	36,425	8,502,300
CX3 5/15/03	196,466,868	63,789,578	260,256,446
CY1 8/15/03	8,213,250		8,213,250
CZ8 11/15/03	184,190,956	67,251,703	251,442,659
DA4 2/15/04	8,577,500	24,675	8,602,175
DB0 5/15/04	184,148,181	54,541,034	238,689,215
DC8 8/15/04	8,706,750		8,706,750
DD6 11/15/04	164,617,125	58,330,287	222,947,412
DE4 2/15/05	8,812,500		8,812,500
DF1 5/15/05	176,788,225	29,977,250	206,765,475
DH7 11/15/05	168,580,962	34,079,243	202,660,206
DK0 5/15/06	143,855,262	30,465,437	174,320,700
DM6 11/15/06	85,878,100	11,609,500	97,487,600

NOTE: Pennies were deleted from the balances in this table.

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FOR IMMEDIATE RELEASE
March 31, 1994

CONTACT: Peter Hollenbach
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or
L. Richard Keyser
(202) 755-7510

TREASURY AUTHORIZES HUD CALL OF FHA INSURANCE FUND DEBENTURES

The Departments of Treasury and Housing and Urban Development announced today the call of all Federal Housing Administration (FHA) insurance fund debentures, outstanding as of March 31, 1994, with interest rates of 6 3/4 percent or higher. Debentures that have been registered on the books of the Federal Reserve Bank of Philadelphia as of March 31, 1994, are considered, "outstanding." The date of the call for the redemption of approximately $74 million in debentures is July 1, 1994, with the semi-annual interest due July 1, paid along with the debenture principal.

Debenture owners of record as of March 31, 1994, will be notified by mail of the call and given instructions for submission. Those owners who cannot locate the debentures should contact the Federal Reserve Bank of Philadelphia (215) 574-6684 for assistance.

No transfers or denominational exchanges in debentures covered by this call will be made on or after April 1, 1994, nor will any special redemption purchases be processed. This does not affect the right of the holder to sell or assign the debentures.

The Federal Reserve Bank of Philadelphia has been designated to process the redemptions and to pay final interest on the called debentures. To ensure timely payment of principal and interest on the debentures, they should be received by June 1, 1994, at:

The Federal Reserve Bank of Philadelphia
Securities Division
P.O. Box 90
Philadelphia, PA 19105-0090

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AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
March 31, 1994

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 52-WEEK BILLS

Tenders for $16,603 million of 52-week bills to be issued April 7, 1994 and to mature April 6, 1995 were accepted today (CUSIP: 912794R48).

RANGE OF ACCEPTED
COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	4.28%	4.49%	95.672
High	4.30%	4.51%	95.652
Average	4.30%	4.51%	95.652

Tenders at the high discount rate were allotted 100%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$44,235,793	$16,602,793
Type		
Competitive	$39,381,655	$11,748,655
Noncompetitive	717,038	717,038
Subtotal, Public	$40,098,693	$12,465,693
Federal Reserve	3,850,000	3,850,000
Foreign Official Institutions	287,100	287,100
TOTALS	$44,235,793	$16,602,793

LB-746

REMARKS OF DEPUTY SECRETARY ROGER C. ALTMAN
To The
WORLD ECONOMIC FORUM
January 27, 1994
Davos, Switzerland

Introduction

With such an impressive gathering of leaders from around the world, it is an appropriate moment to review where the U.S. economy stands -- from a long term perspective -- compared to Europe and Japan. It is truly a fascinating comparison, and almost the complete antithesis of Paul Kennedy's pessimistic 1987 diagnosis of America's decline. In fact, one could easily entitle this analysis "The Resurgence of a Great Nation." The point is the U.S. is actually ahead in a number of important areas that bolster its competitive condition. Compared to Europe and Japan, the U.S. is considerably further along in its corporate restructuring and banking recapitalization. Its capital markets, unrivaled in their depth and freedom, reward business sectors that adapt quickest and penalize those that don't. Still, most importantly, the U.S. economy has moved further along the spectrum towards the post-industrial economy of tomorrow.

But the key is why we are where we are. The U.S. economy is by far the most flexible in the world, and the U.S. as a country has always been willing to embrace change. Because it has done so once again, the U.S. is in a much stronger competitive condition than its principal trading partners. Let's explore why.

Corporate Restructuring Movement

Many of you know the pain and difficulty which so many American corporations experienced over the past five or seven years. Earlier, a big chunk of American business was over-leveraged and over-"conglomerated." The 1980's had witnessed an acquisition spree, and much financial manipulation. Also, the over-valued dollar of the mid-1980's badly injured manufacturing competitiveness. But a hallmark of America, let alone her business sector, has always been its adaptability...and adapt it did. It seems as though half of the Fortune 500 has restructured itself in recent years. Firm after firm has sold - or written off - unproductive assets, refocussed on core businesses, cleaned up balance sheets, replaced entrenched managers, and improved product quality. The most vivid example, but there are many, is probably the resurgent Chrysler Corporation -- a dramatic recovery if there ever was one.

The U.S. business sector has also strengthened itself financially. Balance sheets have been de-leveraged. In fact, debt to equity ratios (based on book values) have dropped steadily over the past three years and reached their lowest point in nearly twenty years at the end of 1993.

This restructuring movement has moved profits up and business failures down. In 1993, corporate profits exceeded $440 billion, up roughly 12% -- even after write-offs. Business failures were down 12% over the prior year.

Today, we see our leading industries returning to positions of global dominance. The U.S. again leads the world in semi-conductor manufacturing as well as automobile production. But the industrial sector is only the start. The resurgent financial sector has also enjoyed similar recent successes.

Recapitalization of the U.S. Banking System

During much of the 1980's of course, the U.S. banking system was in bad shape. The combination of non-performing energy loans, real estate loans, and LDC loans had practically brought the system to its knees. Continental Illinois Bank virtually collapsed in 1984, and many other large banks -- including Bank America and Citicorp -- were on the endangered list. For many of them, common stock prices reached all-time lows, and they had difficulty raising long term capital. But, then they adapted. Holding companies shed non-core assets left and right; numerous banks shed their retail systems or closed big chunks of them. Bank regulators, while much maligned, did their job well; they nursed the system through the crisis. And, the Federal Reserve Board's accommodating monetary policy helped. An easier stance enabled the banking system to recapitalize. With a steep yield curve, bank profits began to recover. Starting from $15.5 billion in 1989, they improved to $31.5 billion in 1992, and to approximately $40 billion in 1993.

The Power of U.S. Capital Markets

The unique strength of the U.S. capital markets has never been more apparent than over the past two or three years. Record shattering amounts of capital have been raised during this cycle. This rush has permitted U.S. businesses to recapitalize. For the first time in almost ten years, net equity issues of non-financial corporations turned positive. In other words, after a decade of shrinking its equity base, industry began to expand it again.

Also, we have seen breath-taking levels of entrepreneurial finance. Initial public offerings of industrial companies, for example, totalled $37 billion last year, far above the previous annual high.[1] Lower-credit companies were able to raise a record $68 billion in the junk bond markets. And even some of the more

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[1]Total IPO's minus closed-end mutual funds is a more accurate tally of entrepreneurial capital. This amounted to $37 billion in 1993, a jump of 54% over the comparable 1992 figure.

risky industries such as biotechnology have been able to raise more than $8 billion over the last three years. In short, there is nothing remotely like our venture capital and IPO markets anywhere else in the world.

The Long Term Industrial Transformation

But in addition to these restructurings, there have been other more structural transformations underway. From a longer term perspective, we see a changing composition of the U.S. economy.

First, the private sector has been accelerating its conversion to a services economy. The latter is less susceptible to competitive challenges posed by low-cost labor countries. It also reflects an emerging truth about value chain economics. Increasingly, in our economy, more of the value is being created away from the shop floor. And workers are moving into higher and higher skill functions and into service sector jobs. Since 1989, for instance, service industry jobs have surged by 3.3 million, more than off-setting the drop of 1.6 million jobs in manufacturing.

Second, we are also seeing ongoing productivity gains in manufacturing. Despite representing a roughly constant 19% share of our economy over the past decade; 3% average annual productivity gains over that time have allowed manufacturing employment to shrink from 20% of the work force ten years ago to 16.4%. Today, the U.S. is the most productive manufacturer in the world. American workers produce 14% more than their average German counterpart, and 22% more per hour than the average Japanese worker.

Third, the U.S. is also reasserting its technological leadership as a competitive tool. American business leads all other countries in the use and penetration rate of computers. Presently, the U.S. registers 265 computers in use for every 1000 people. This level exceeds Germany's penetration rate (104) by more than 150%, and Japan's level (84) by 315%. Even more importantly, the advantage gained by computer applications have revolutionized distribution systems and warehousing, as well as the banking, travel, and telecommunications sectors just to name a few.

And, the U.S. edge in creativity, our entrepreneurial culture, and strong higher education system, allows it to lead all other countries in the emerging industries of tomorrow such as multi-media, biotechnology, or virtual reality.

Compared to Europe

How does this picture of the U.S. compare to Europe? The Europeans are slower to embrace change and more attached to security and tradition. Much of Europe has yet to restructure its economy beyond the confines of the current business cycle. A full 30% of its workforce is dependent on its industrial sector -- a level we departed from more than 10 years ago. This leads to one particularly striking difference between the U.S. and Europe, namely comparable levels of structural unemployment. While structural unemployment in the U.S. is estimated at approximately 5.5%, Europe's is much higher. One of the main reasons for this is the rigidity of the European labor force together with its more generous social services. Labor is simply less mobile. An average European worker will change jobs only four or five times during his career, whereas his American counterpart will shift as many as seven times over his lifetime.

But if the European labor is less mobile, it is almost certainly more powerful. In Europe, unions are a second major consideration when analyzing the pace of change. Labor unions represent over one third of the European workforce. In Germany, which is 38% unionized, union representatives serve on most corporate boards, and actively participate in all substantive management decisions -- far beyond the traditional scope of wage and benefit considerations. In contrast, union membership in the U.S. represents only 16% of the workforce, including the public sector. For the last few decades, union membership has been declining as a share of employment across virtually all business sectors.

While there are clear strengths to both systems, the divergent goals of management and labor make quick restructuring decisions particularly difficult to implement. One notable example of this has been the opposite trends in manufacturing hours worked per week between the U.S. and Germany. After subtracting for holidays, U.S. production workers average 37.4 hours per week versus only 30 hours per week for German workers. Responding to competitive pressures, the U.S. manufacturing sector added 4 hours of overtime to avoid the additional cost of hiring new workers. German industry, on the other hand, is considering reducing hours further in order to avoid implementing lay-offs.

The resulting higher European labor costs are evident in manufacturing wage differentials. Hourly manufacturing compensation in Germany, for example, averages almost $26, far above comparable U.S. wages of $16 per hour (at present exchange rates). Over the past eight years, unit labor costs declined 6.4% in America, while increasing 6.6% in Japan and 4.2% in Germany. Severance costs as well to European employers are often substantially higher. At the same time, Europeans' incentive to work may be reduced by a combined average tax on earnings which is much higher than U.S. levels.

A third substantial difference with the European economy is in the relationship between government and the private sector.

France and Germany, for example, both support much more interventionist roles of government in their economies. Both countries willingly protect their "national champions" from financial ruin. A notable example of this is Group Bull, the French computer maker. The state has poured vast amounts of money into this company, largely for nationalistic reasons. Bull has, in fact, failed several times, but each time the French government has intervened with market forces to save the company. By contrast, the U.S. hi-tech landscape is littered with the vestiges of once-dominant computer companies such as Wang, Prime, and Leading Edge. With such large and important sectors of the European economy subjected to public intervention or regulation; professional managers and investors are bound to behave differently than they would in a more free market.

Compared to Japan

For all the talk of its strength, Japan too is now facing structural economic challenges which threaten its momentum. For example, structural unemployment. While Japan's official unemployment rate is listed at 2.8%, a study recently conducted by Sumitomo-Life Insurance estimated Japan's in-house unemployment -- the so called "window watcher" employees -- at an additional 4%. Adding these data together, Japan's unemployment rate is comparable to that of the United States. In other words, the hidden economic costs of Japan's sticky labor markets are large.

The absence of a true consumer economy also hurts Japan. Government policies which traditionally favored producers over consumers have effectively lowered Japanese standards of living. Despite having the highest income levels in the world (based on current exchange rates), stratospheric domestic prices mute the power of consumer demand. On average, the Japanese consume 30% less than Americans.[2] They have 17% fewer phones, 38% fewer TV's, and 64% fewer cars per resident than us -- and that's despite their status as a leading manufacturer in all three of those sectors. It is little wonder that Japanese savings rates are so high. Also, in a Toffler-like world where change is more rapid every year, the methodical Japanese decision-making style may not be a competitive advantage.

A third factor slowing Japan's growth is its lack of a vibrant capital market. Japan's capital markets are notoriously over-regulated, and occasionally subjected to direct state intervention. Just last year, the government "invested" large portions of its vast postal savings capital to help rescue the Nikei index. But more fundamentally, the market structure itself is quite rigid. By some estimates, up to 70% of Japanese

[2] On a per capita basis $10,122 vs. $14,465 - OECD Economic Survey using 1990 data.

equities are held by Keiretsu-family member corporations and other institutional holdings.[3] This situation makes shareholder activism particularly difficult and hostile takeovers practically impossible. As a result, Japan's capital markets are much less a factor in promoting innovation or change. Return on equity for most Japanese corporations over the last ten years has averaged an anemic 3%

Finally, Japan must reconsider the support it provides for many uncompetitive sectors of its economy. Its notoriously inefficient distribution system, agricultural sector, service and retailing industries are only the start. A recent study by McKinsey & Co. shows Japanese average productivity levels lag the U.S. across several industrial sectors; yet Japan's level of manufactured imports is less than one half the level of other G-7 economies. Limiting competition hurts Japan. It channels investment capital (seeking uncompetitive profits) into the least efficient sectors blunting innovation and the pace of Japan's long run economic growth.

Long Term Questions Facing the U.S.

The U.S. still faces a tough set of long term problems. Our low national savings rate has resulted in substantial public and private sector investment deficits. In the case of the latter, our net private investment share of GDP hit a 40 year low in 1992. This is of particular concern because such investment is closely correlated to gains in productivity. And, as all of you know, productivity is the key to restoring the growth in American standards of living. Yes, public dissaving is now on the decline, through our deficit reduction program; however, a lot remains to be done to raise U.S. investment levels. We need to reduce incentives to consume, and increase incentives to save.

We also cannot afford a widening divide between the haves and the have nots. This is corroding our society, and we see its impacts in the rates of family disintegration, increasing violence, and despair. We must re-invest in the education and skills of our workforce. There is no other way. Production is mobile, and so is capital, but our workforce is hear to stay. That's is why we support such programs as Head Start, and National Service. It is also the reason we expanded the earned income tax credit, in order to reward those who choose to work.

Then, there is our disastrously expensive health care system. This year, health care expenditures will total 14% of our GDP versus only 9% and 8% for both Germany and Japan. Devoting such a large percentage of our economy to health care represents a grossly inefficient allocation of economic

[3] Aaron Vinor, Inside Japan's Financial Markets

resources. Plus, we still do not cover 15% of the population, or 37 million people (In sharp contrast, Germany covers all but 1% and Japan is able to provide coverage for everyone). So while we overpay, we are significantly undeserved and our economic growth suffers. What's more, if we do nothing now, health care expenditures will grow to reach 19% of our GDP by the end of this decade. This is why health care reform is our overriding legislative priority for this next legislative session.

Conclusion

I hope I have left you something to think about. The United States is making an industrial comeback and at the same time is paving the way forward towards the post industrial economy of tomorrow. No nation turns change to its advantage the way we do.

March 1, 1994

REMARKS OF DEPUTY SECRETARY ROGER C. ALTMAN
To The
COUNCIL ON COMPETITIVENESS EXECUTIVE COMMITTEE
March 2, 1994
Washington, D.C.

Introduction

Today, I would like to offer an assessment of where the U.S. economy stands -- from a long term perspective -- compared to the other major economic centers -- Europe and Japan. It is good news. The U.S. is forging ahead again. We're well out of the recession now. We are considerably further along in our corporate restructuring, and banking recapitalization. Our capital markets, historically unrivaled in their depth and freedom, have reasserted themselves again. And, the U.S. economy has moved further along the spectrum towards the post-industrial economy of tomorrow.

But the key is why we are where we are. The U.S. economy is by far the most flexible in the world, and the U.S. has always been willing to embrace change. It has done so once again, and to great advantage, compared to its principal trading partners. Let's explore why.

<u>Corporate Restructuring Movement</u>

Many of you know the pain and difficulty which so many American corporations experienced over the past five or seven years. Firm after firm has sold - or written off - unproductive assets, refocussed on core businesses, cleaned up balance sheets, replaced entrenched managers, and improved product quality. The U.S. business sector has strengthened its balance sheets as debt to equity ratios (based on market values) have dropped to their lowest point in nearly twenty years.

This restructuring movement has moved profits up and business failures down. In 1993, corporate profits exceeded $440 billion, up roughly 12%. And the flip side of that -- business failures -- were down 12% over the prior year.

Today, we see our leading industries returning to positions of global dominance. The U.S. once again leads the world in semi-conductor manufacturing as well as automobile production. If you read the trades in the auto business, you've noticed that our products are now being named "car of the year" in Europe. That's a sure sign of our renewal. But the industrial sector is only the start. The resurgent financial sector has also enjoyed similar recent successes.

Recapitalization of the U.S. Banking System

During much of the 1980's of course, the U.S. banking system was in bad shape. The combination of non-performing energy loans, real estate loans, and LDC loans had practically brought the system to its knees.

But, then they adapted. Holding companies shed non-core assets; banks shed their retail systems; and wrote down non-performing loans. In addition, the Federal Reserve Board's monetary policy helped the banking system recapitalize. With a steep yield curve, bank profits began to recover. Starting from $15.5 billion in 1989, they improved to $31.5 billion in 1992, and to approximately $40 billion in 1993.

The Power of U.S. Capital Markets

The unique strength of the U.S. capital markets has never been more apparent than over the past three years. Record shattering amounts of capital have been raised during this cycle. For the first time in a decade, the change in net equity of non-financial corporations was positive.

We have also seen breath-taking levels of entrepreneurial finance. Initial public offerings of industrial companies, for example, totalled $37 billion last year, far above the previous annual high.[1] And biotechnology raised more than $8 billion over the last three years.

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[1] Total IPO's minus closed-end mutual funds is a more accurate tally of entrepreneurial capital. This amounted to $37 billion in 1993, a jump of 54% over the comparable 1992 figure.

The Long Term Industrial Transformation

But there have been more structural transformations underway as well. We are seeing a rapidly changing composition of the U.S. economy.

First, the private sector has been accelerating its conversion to a services economy. Workers are moving into higher skilled functions and into service sector jobs. Since 1989, for instance, service industry employment has surged by 3.3 million, more than off-setting the drop of 1.6 million jobs in manufacturing.

A second factor has been the ongoing productivity gains in manufacturing. This sector, which represents a roughly constant 19% share of our economy, has averaged 3% annual productivity gains over the course of the last decade. In our last look at manufacturing productivity, in the fourth quarter of last year, it was up at a 7.2 percent annual rate. If you look at the overall, non-farm productivity rate, it was up 6.1 percent for the fourth quarter. Today, U.S. workers produce 14% more than their average German counterpart, and 22% more per hour than the average Japanese worker.[2]

Third, the U.S. is also reasserting its technological leadership. American business employs 265 computers for every 1000 people, 150% more than Germany (104) and 315% more than Japan (84). The advantage gained by computer applications has revolutionized distribution systems and warehousing, as well as the banking, travel, and telecommunications sectors just to name a few.

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[2] The Economist, "Who's Sharper Now?" January 5, 1994, pg.15.

Finally, the U.S. edge in creativity, our entrepreneurial culture, and strong higher education system, allows it to lead all other countries in the emerging industries of tomorrow such as multi-media, biotechnology, or virtual reality.

Compared to Europe

Much of Europe has not yet entered into the inevitable restructuring phase. Its economies are much less adaptable. During the last 20 years, the U.S. has created more than 13 times as many jobs as the European nations combined (40 million vs. 3 million). And very few of those new jobs in Europe have been in the private sector in the past decade. Since the 1970's, European unemployment has trended upwards in sharp contrast with that of the United States. Europe's structural unemployment now exceeds 7%, significantly higher than U.S. levels. This reflects, of course, their lesser mobility of labor. An average European worker will change jobs four or five times during his career, whereas his American counterpart will change jobs seven times.

One other notable difference is in the composition of Europe's unemployed. Almost half have been without work for more than 12 months. The comparable figure for U.S. unemployed is approximately one twelfth. Here, contributing factors include an extremely generous social benefits system, high payroll taxes, high minimum wages, and strong unions. All of these factors introduce structural rigidities into the labor markets.

While the traditional "social compact" between European labor and management proved to be quite successful in the past, new competitive challenges are calling it into question. The divergent goals of management and labor make restructuring decisions harder to implement. Germany, among other European nations, may be about to begin the type of industrial refocusing and downsizing process which the U.S. undertook. Some believe this to be the case, and I certainly hope that it is.

Indeed, European labor costs are high and its productivity is lagging. Hourly manufacturing compensation in Germany, for example, averages almost $26, far above comparable U.S. wages of $16 per hour (at present exchange rates). This represents a dramatic reversal from 1985 when average German unit labor costs were 14% lower than other industrial nations. As a result, over the past eight years unit labor costs have declined 6.4% in America, while increasing 4.2% in Germany.[3] At the same time, Europeans' marginal incentive to work is adversely affected by a combined average tax on earnings which is much higher than U.S. levels.

Certain European nations also support much more interventionist roles of government in their economies. Some have identified "national champions," often in strategic sectors, who cannot be permitted to fail. In France, for example, the government has poured tens of millions of dollars into supporting its own national computer company, Group Bull. With such large and important sectors of the European economy subjected to public intervention;

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[3] The Economist, "Ready to take on the world," January 5, 1994, pg.66.

professional managers and investors are bound to behave differently than they would in a more free market.

Compared to Japan

For all the talk of its strength, Japan too is now facing structural economic challenges which threaten its momentum. While Japan's official unemployment rate is listed at 2.8%, a study recently conducted by Sumitomo-Life Insurance estimated Japan's in-house unemployment to be an additional 4%. Adding these data, Japan's unemployment rate is comparable to that of the United States. In other words, the hidden economic costs of Japan's sticky iabor markets are large.

The absence of a true consumer economy also hurts Japan. Despite having the highest income levels in the world (based on current exchange rates), stratospheric domestic prices mute the power of consumer demand. On average, the Japanese consume 30% less than Americans.[4] They have 17% fewer phones, 38% fewer TV's, and 64% fewer cars per resident than us -- and that's despite their status as a leading manufacturer in all three of those sectors.

I would note here that we're continuing to work to get the Japanese to have demand-led growth. Frankly, I think if Japanese consumers were to read an ad in an American newspaper with our prices listed, they'd beat down the doors of the Diet demanding change.

Japan's capital markets are significantly less free or liquid than they appear. By some estimates, up to 70% of

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[4]On a per capita basis $10,122 vs. $14,465 - OECD Economic Survey using 1990 data.

Japanese equities are held by Keiretsu-family member corporations and other institutional share-holdings.[5] This situation makes shareholder activism particularly difficult and enables poor performing companies to avoid restructuring. As a result, Japan's capital markets are much less a factor in promoting innovation or change. Return on equity for Japanese corporations over the last ten years has averaged an anemic 3%.

Finally, Japan ultimately will have to face up to the support it provides for certain uncompetitive business sectors. Its inefficient distribution system, agricultural sector, service and retailing industries are only the start. A recent study by McKinsey & Co. shows Japanese average productivity levels lag the U.S. across certain industrial sectors; yet Japan's level

[5] Aaron Vinor, Inside Japan's Financial Markets

of manufactured imports is less than one half the level of other G-7 economies. In other words, limiting foreign competition hurts Japan. It channels investment capital into less efficient sectors, and that slows long run economic growth.

<u>Long Term Questions Facing the U.S.</u>

The U.S. faces a tough set of long term problems itself. Our low national savings rate has resulted in substantial public and private sector investment deficits. Our net private investment share of GDP hit a 40 year low in 1992. This is of particular concern because such investment is closely correlated to gains in productivity, which is the key to restoring the growth in our standards of living, and to creating jobs. Yes, public dissaving is now on the decline, through our deficit reduction program; however, a lot remains to be done to raise U.S. investment levels. We need to reduce incentives to consume, and increase incentives to invest. In some respects, our situation is the reverse of Japan's, where we want to encourage consumption, and see a less slavish devotion to saving.

We also cannot afford the widening divide between the haves and the have nots. This is corroding our society, and we see its impacts in the rates of family disintegration, increasing violence, and despair. We must re-invest in the education and skills of our work force. There is no other way. Production is mobile, and so is capital, but our work force is here to stay. Despite creating almost 2 million jobs over the last twelve months, there are still 8.2 million Americans out of work (6.4% unemployment).

That is why President Clinton and Secretary Bentsen were in Detroit last week for the jobs conference. It was an historic step globally toward recognizing that these problems are not exclusively the province of any one country or continent, and that what one country does to solve the problem can affect the economic situation in the rest of our nations.

That's also why the administration supports such programs as Head Start, a School-to-Work Initiative, and National Service. It is also the reason we expanded the earned income tax credit by 50%. By the way, we're making an extensive effort within government to let our lower-paid employees know they can get up to 60 percent of that credit in advance, in their checks each pay period. And we're soon going to ask the private sector to spread that word among their work force.

There are a couple of other initiatives we're working on that I think are of interest, particularly in the area of financial services. We're working to get the potholes out of our bank regulatory system, and reduce some of the ludicrous overlap we have that just costs both government and industry too much money. In addition, we're talking with our partners in the Pacific, our friends in what is known as the Asia-Pacific Economic Cooperation forum, or APEC, about -- among other things -- how to finance the huge infrastructure needs of that region. It will take huge amounts of capital to meet all the needs there -- perhaps $1 trillion in the next decade -- and being involved there is important for the United States. There is, after all, more to our relationship to that region than our ties with Japan.

Finally, among our major long term issues is the issue of our disastrously expensive health care system. This year, health care expenditures will total 14% of our GDP versus only 9% and 8% for both Germany and Japan. Devoting such a large percentage of our economy to health care represents a grossly inefficient allocation of economic resources. We still do not cover 15% of the population, or 37 million people; and what's more, if we do nothing now, health care expenditures will grow to reach 19% of our GDP by the end of this decade. That's why health care reform is President Clinton's highest legislative priority this year.

Conclusion

I hope I have left you something to think about. I would be pleased to take any questions.

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
March 31, 1994

Contact: Peter Hollenbach
(202) 219-3302

BUREAU OF THE PUBLIC DEBT AIDS SAVINGS BONDS OWNERS IN ALABAMA AND GEORGIA AFFECTED BY TORNADOES

The Bureau of Public Debt took action to assist victims of the tornadoes that struck both Alabama and Georgia by expediting the replacement or payment of United States Savings Bonds for owners in the affected areas. The emergency procedures are effective immediately for paying agents and owners in Alabama in the following counties: Calhoun, Cherokee, De Kalb, Marshall, Shelby, and St. Clair. Also, for the state of Georgia, the same procedures are effective in these counties: Bartow, Floyd, Habersham, Lumpkin, Pickens, and White and will remain in effect through May 31, 1994.

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 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 Bonds Operations Office located at 200 Third St., Parkersburg, West Virginia 26106-1328. Bond owners should write the word "Tornado" on the front of their envelopes to help expedite the processing of claims.

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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
Text as Prepared for Delivery
April 4, 1994

STATEMENT OF TREASURY SECRETARY LLOYD BENTSEN

Congresswomen Kennelly asked me to come to Hartford to talk with the insurance industry. That was the original plan, but after I heard what happened with the drive by shooting, I asked if I could also spend some time here.

You see, as Treasury Secretary, I wear two hats. I do things to try to get the economy moving -- and we've seen some progress on that one.

I also oversee some federal enforcement operations: the Bureau of Alcohol, Tobacco and Firearms (ATF); Secret Service; and Customs.

I've been Treasury Secretary 15 months, and the toughest day was the day I went to a memorial service for four ATF agents. They died in Waco, Texas, trying to stop a violent criminal -- the kind of madman who would kill children.

It doesn't make any sense what happened to those four agents. It makes no sense what happened to this young girl and her father. Innocent people -- arbitrarily, randomly shot by violent criminals.

And it's not just Hartford. I pick up the paper everyday in Washington and on the front page is some terrible incident. Last week, it was shootings in a grocery story. A couple months ago kids in a chemistry class were told by their teacher to hit the floor, to miss the bullets.

This kind of violence can't be stopped by some people doing everything. It has to be stopped by all of us -- local, state, federal -- doing something.

Over the last two years, ATF has made a concentrated effort in Hartford housing projects. We've initiated about 100 investigations involving illegal drugs, violence, and firearms; and about 30 investigations of unlicensed firearms traffickers.

LB-747

I want to offer a little something else today. ATF's job is to license gun dealers. We have too many. There are 284,000 gun dealers in this country -- 31 dealers for every one McDonald's restaurant.

All I have is 240 ATF inspectors. You tell me how 240 people can inspect 284,000 guns dealers -- to make sure they're responsible and they're keeping good records.

So we want to eliminate the fly-by-nights, the ones who sell guns out of their kitchens.

Today, I'm directing ATF to initiate a joint project within the next two weeks with the Hartford Police Department to identify federal firearms licensees in housing projects in Hartford.

In New York City we did a pilot program with the New York City Housing Authority like this. We coordinated the inspection of licensees in or near public housing projects.

Before that program began 90 percent of applicants received a license -- these are people who are either applying for a new application or renewing their old ones. After we started this, 90 percent were turned down.

I'm not here to tell you this is the answer. If a criminal wants a gun, he'll find a way to get one. There are more than 200 million guns in this country.

But let me end with this. I know in Connecticut you have your own system, but the new Brady Law affects 30 states. It makes gun purchasers wait five days until a background check can be made on them. Before Brady, some people said it wasn't worth doing -- because criminals get their guns on the street, not at licensed gun shops.

In the first month of Brady, 375,000 checks were made -- and 16 percent of those disclosed the potential buyer had a criminal record.

It's working. We stopped some felons from getting guns, we arrested some people, and maybe we saved some lives.

I can't fix every problem, but every little step -- that everyone of us takes -- can help.

Thank you very much.

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ACTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
April 4, 1994

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for $12,686 million of 13-week bills to be issued April 7, 1994 and to mature July 7, 1994 were accepted today (CUSIP: 912794M35).

RANGE OF ACCEPTED
COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	3.68%	3.77%	99.070
High	3.71%	3.80%	99.062
Average	3.71%	3.80%	99.062

$5,405,000 was accepted at lower yields.
Tenders at the high discount rate were allotted 66%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$46,332,977	$12,685,557
Type		
Competitive	$41,347,934	$7,700,514
Noncompetitive	1,416,312	1,416,312
Subtotal, Public	$42,764,246	$9,116,826
Federal Reserve	2,767,630	2,767,630
Foreign Official Institutions	801,101	801,101
TOTALS	$46,332,977	$12,685,557

An additional $137,699 thousand of bills will be issued to foreign official institutions for new cash.

LB-748

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
April 4, 1994

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for $12,605 million of 26-week bills to be issued April 7, 1994 and to mature October 6, 1994 were accepted today (CUSIP: 912794N59).

RANGE OF ACCEPTED
COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	4.00%	4.14%	97.978
High	4.03%	4.17%	97.963
Average	4.02%	4.16%	97.968

Tenders at the high discount rate were allotted 9%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$40,993,033	$12,605,283
Type		
Competitive	$35,840,565	$7,452,815
Noncompetitive	1,051,569	1,051,569
Subtotal, Public	$36,892,134	$8,504,384
Federal Reserve	2,950,000	2,950,000
Foreign Official Institutions	1,150,899	1,150,899
TOTALS	$40,993,033	$12,605,283

An additional $197,601 thousand of bills will be issued to foreign official institutions for new cash.

LB-749

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
April 6, 1994

Remarks of Treasury Secretary Lloyd Bentsen
Ceremony Honoring Education Secretary Richard Riley
Furman University
Greenville, S.C.

LB-750

FOR IMMEDIATE RELEASE
Text as Prepared for Delivery
April 6, 1994

REMARKS OF TREASURY SECRETARY LLOYD BENTSEN
RILEY BUILDING DEDICATION
FURMAN UNIVERSITY
GREENVILLE, S.C.

It's a delight to be able to join you to honor a friend of mine, and a friend of America's youth. I'll sing Dick Riley's praises a little louder in a few minutes, but there are a couple of points I'd like to make this afternoon.

I'd like to talk a bit about education. What I'm seeing more and more in this new job of mine is just how respected an American education is, how sought after it is.

I just returned from our first-ever meeting of finance ministers of the Asia Pacific Economic Cooperation forum. What an interesting collection of fellows, from an area of the world growing faster than any other region.

If you look at their resumes, there's something that stands out. A great many of them came to the United States to learn for part of their education. They went to schools like Michigan and MIT.

You see that in Latin America, also. Pedro Aspe, my counterpart in Mexico, the new presidential candidate in Mexico, Mr. Zedillo, Economics Minister Cavallo in Argentina where they've really turned that economy around by applying the principles of the private sector.

I suspect that over the years Furman has had some foreign students who've gone on to hold office in their native lands. The point is, our education system, in a very real sense, makes a valued contribution to the development of nations around the world.

LB-750

(MORE)

I was in Detroit last month with President Clinton for our jobs conference. It was a first. We had a variety of ministers from the seven largest industrialized nations sitting in one room, talking about how to create jobs, what programs and approaches had worked, and which hadn't worked.

We went at this for a day and a half. When it was over, we reached some important conclusions. One of them was that every industrialized nation needs to make a greater investment in the education of its people.

I look at things in terms of how they affect productivity. Do they create jobs? Do they make the economy grow? Education is one of those factors that makes economies expand. It brings jobs. Just look out along the I-85 corridor here at the opportunities having a well-educated work force has brought this region.

Your newest international neighbor -- BMW -- they could have settled anywhere else. But they came here because they know that a skilled, well-educated work force is a more productive work force.

The better paying jobs of the future will be in the nations with the best education and training. That's because the education and training will permit us to adapt to changing times. It used to be that if someone lost a job in an economic downturn, it came back when the economy improved. That's a thing of the past. When the economy improves, that job doesn't come back. Technology has moved on.

There are new jobs, and new exciting ventures. But they also require training. Education is a lifetime proposition. We all need educational updates. It isn't just the youngsters, it's the 50-year-old who has to understand that.

Clearly, to be a global economic leader, we must have a cutting edge education system. All of us who met in Detroit agreed that governments and industry have a responsibility here. And so does every individual.

Now I want to talk about an individual with a very deep commitment to American education and to the youth of this country. I first met Dick Riley when we were working on health issues.

Together, the two of us started making some of the incremental changes that set the stage for the broader health care reform we're undertaking today.

It was back in the late '70s. I was in the Senate working on expanding Medicaid coverage for mothers and young children. Dick Riley came to Washington and walked into my office with a novel idea. He was trying to do the same thing. He was tired of seeing such high infant mortality, and children without health insurance. But he knew it would be hard to sell more health care for these youngsters if it were linked with family assistance. He suggested that we separate the issues.

So we accomplished that. The incremental steps we took in Congress, and the groundwork laid here in South Carolina by Secretary Riley, are a forerunner of the health reform movement. Has what we did back then had any impact? Well, the Census Bureau came out with a study a short time ago that said the number of children without health protection has come down. That's not because they are now covered by private insurance, but because Medicaid is covering more youngsters than before. Dick knew that a child can't learn unless he's healthy and not hungry.

Bill Clinton is the health care president. He's going to take across the finish line what many of us have laid the groundwork for. Secretary Riley was an early pioneer in this movement, and he deserves a great deal of credit.

As long as he's been serious about looking after the physical well-being of the children of South Carolina and this nation, he's also been serious about seeing that their minds are also developed.

He's one of an entire generation of political leaders throughout our region, like the President, who have recognized that education is a cornerstone of economic improvement.

They know that you have to keep at it, pushing and pushing and pushing, because change is sometimes difficult to accomplish.

Last week, we saw the President sign the Goals 2000 legislation out in California, and Secretary Riley was at his side. That's landmark legislation. It sets goals for the education of young Americans.

Let me tell you what the President said when he signed that legislation. He said, "This is the beginning. It is the foundation. Today we can say that America is serious about education."

That's quite a testament to Dick Riley's perseverance.

If you want to know how we reached this point, we need to go back a few years. A decade or more. Actually, you need to look back into the late '60s, when Dick was just getting a start in the legislature down in Columbia. He made a few friends as he started out -- young turks they were called -- and they kept plugging away at their agenda.

Well, they started out with about enough votes to get into the also-ran category. That's because change comes hard. But when someone like Dick Riley is out there working with business, with parents, with educators, and with his friends in the legislature, things start to happen.

You know the story better than I do. He led the movement to improve South Carolina's schools. He saw the potential of education as a tool for economic betterment.

President Clinton recognized in Dick Riley the kind of drive we need in Washington for education reform. The Secretary faced exactly the same problem in Congress when he took the Goals 2000 legislation up to Capitol Hill.

I've served in government for about 30 years now, and I know a thing or two about getting a bill passed. I've spent my share of nights catnapping on the sofa during some of these filibusters. What Dick accomplished is something that men with lesser determination would have given up on long ago.

If you ask a legislative analyst how hard it was to get Goals 2000 passed, he'd tell you that a year ago this legislation couldn't have made it out of committee. Dick Riley took it from there to passage in the face of a filibuster in the course of a year. That's persistence. You know, three senators flew back to Washington after going home for Easter so they could help Secretary Riley pass this legislation.

Secretary Riley is committed to making a difference. That's been clear all his professional life. One of our respected columnists in Washington, David Broder, said this about the Secretary: "Riley is one of the most decent and honorable people in public life."

I want to tell you why that is. It's because of his devotion to the cause of education. Dick Riley is more interested in what happens to children than he is in getting his name in the paper. He wins his battles through the power of persuasion, not through power politics. And he persuades with sincerity, wit, humor about life, and through his belief that everything is possible if people will work together for the larger good.

Years from now, Dick Riley is going to be remembered not just because his name is on this building. He'll be remembered for his contribution here in South Carolina, and nationally with the Goals 2000 legislation. He'll be remembered because generations of children will be learning and prospering because of his commitment to education.

Secretary Riley, it is a pleasure to serve in the Cabinet with you. Congratulations. And thank you all very much.

-30-

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
Text as prepared for delivery
April 7, 1994

Remarks of Treasury Secretary Lloyd Bentsen
Bentsen Currency Introduction Ceremony
Fort Worth, Texas

LB-751

FOR IMMEDIATE RELEASE
Text as Prepared for Delivery
April 7, 1994

REMARKS OF TREASURY SECRETARY LLOYD BENTSEN
BENTSEN CURRENCY INTRODUCTION CEREMONY
FORT WORTH, TEXAS

Thank you, Pete. And good afternoon everyone. There are so many people here to thank and to recognize. First, allow me to introduce you to the lady who made this all possible. Yes, B.A.'s here, but she can't sign the currency. I want everyone to meet Mary Ellen Withrow, the 40th Treasurer of the United States. It's her signature you see on these bills along with mine.

Mayor Pro Tem Webber, Pete, Congressman Barton, Congressman Chapman, Congressman Frost, and our friend Jim Wright, the man most responsible for the fact that this plant is located here, providing jobs for Texans in Fort Worth. Jim, you're a great public servant.

Those of you who know me well know that I'm a patient man. Well, I took office, and I waited until we had a new Treasurer because these printing folks have to have both signatures before they issue new bills.

I waited. And I waited. And I waited -- 442 days. It's about time.

You know how much money they've printed with someone else's name on it since I took office? We're used to big in Texas, but these numbers are big, even here.

Since I became Treasury Secretary, we have printed nearly 11 billion notes here and at the plant in Washington. When you count up all the ones, fives, tens and all the rest, it adds up to about $145 billion. If you laid it all end to end, it would be 387 round trips between the Dallas-Fort Worth area and Washington. Of course, the best part of one of those trips is coming back to Texas.

You see some of the new bills up behind me blown up big so everyone can see. You'll notice that my signature's real legible. You might not realize it but years ago I had a signature that looked like chicken scratch. That was until I figured out that when you're in Congress, your name is on every envelope you mail out. I thought I really ought to let people know who I was, so I started writing a little neater.

It's great to be Treasury Secretary. There are some benefits to the job. I was able to get a sneak peek at the new currency. It may be great to be Secretary, but let me tell you, there's one perk I don't get -- I didn't get any free samples. Had to buy my own. Anyway, the first bills came up to my office, so B.A. and I opened up the package for a quick look. Everything looked great. But I thought they were going to put my picture on it. That was the deal, wasn't it?

That would do wonders for being recognized. They tell me that one of my predecessors had a problem identifying himself some years back. The story is that Mike Blumenthal was having dinner out of town and left his wallet behind. When it came time to pick up the bill, he had no credit cards, so he offered to write a check. Well, the waiter said that would be fine if he had some identification. His driver's license was back at the hotel, so he had to get one of his dinner companions to pull out a bill with his signature on it. The waiter took the check. It would work even better with a picture.

You know, we have that other printing plant up in Washington. It's a little older and not as fancy and modern as this plant, but they do good work. A reporter asked me why I was coming all the way to Fort Worth to have this ceremony. It would be so much easier just to pop down the street to the Washington plant. All the national media's there. We could make a big fuss of it.

It didn't take me long to answer that one. It's because I'm from Texas, and I wanted to share this with all of you. We've been through a great deal over the years.

I've been privileged to serve not just the people of Texas, but also all the people of the United States. And I'm proud that in the past 15 months we've been able to make a difference. We see unemployment down, and inflation under control. We hit the deficit reduction target, and we had that big win on NAFTA.

I want to invite everyone in a few minutes to come on a tour of this plant where Ray LeVant and his staff are doing such an excellent job. They've done some truly innovative things here. I can't wait to see the presses cranking out sheets of Bentsen bills.

Harry Truman used to have that sign on his desk that said "The Buck Stops Here." The saying here at Engraving and Printing is that "The Buck Starts Here." And as Secretary of the Treasury, and on behalf of Mrs. Withrow, our Treasurer, let me remind you -- no free samples.

Thank you all for joining us for this long overdue ceremony. Enjoy the tour.

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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.
April 5, 1994

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 April 14, 1994. This offering will result in a paydown for the Treasury of about $1,450 million, as the maturing weekly bills are outstanding in the amount of $25,844 million.

Federal Reserve Banks hold $6,358 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 $1,640 million as agents for foreign and international monetary authorities, which may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders. Additional amounts may be issued for such accounts if the aggregate amount of new bids exceeds the aggregate amount of maturing bills.

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

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

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Attachment

HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS
TO BE ISSUED APRIL 14, 1994

April 5, 1994

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 M4 3	912794 N6 7
Auction date	April 11, 1994	April 11, 1994
Issue date	April 14, 1994	April 14, 1994
Maturity date	July 14, 1994	October 13, 1994
Original issue date	January 13, 1994	April 14, 1994
Currently outstanding	$12,624 million	---
Minimum bid amount	$10,000	$10,000
Multiples	$ 1,000	$ 1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

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

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

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

Maximum Award . . . . 35% of public offering

Receipt of Tenders:

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

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

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

PUBLIC DEBT NEWS

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

FOR RELEASE AT 3:00 PM
April 6, 1994

Contact: Peter Hollenbach
(202) 219-3302

PUBLIC DEBT ANNOUNCES ACTIVITY FOR SECURITIES IN THE STRIPS PROGRAM FOR MARCH 1994

Treasury's Bureau of the Public Debt announced activity figures for the month of March 1994, of securities within the Separate Trading of Registered Interest and Principal of Securities program (STRIPS).

Dollar Amounts in Thousands

Principal Outstanding (Eligible Securities)	$764,158,514
Held in Unstripped Form	$544,682,590
Held in Stripped Form	$219,475,924
Reconstituted in March	$16,660,400

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

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

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PA-142

TABLE VI--HOLDINGS OF TREASURY SECURITIES IN STRIPPED FORM, MARCH 31, 1994
(In thousands)

Loan Description	Maturity Date	Principal Amount Outstanding: Total	Principal Amount Outstanding: Portion Held in Unstripped Form	Principal Amount Outstanding: Portion Held in Stripped Form	Reconstituted This Month#1
9-1/4% Bond 2016........	.....2/15/16......	7,266,854	6,033,254	1,233,600	420,000
7-1/4% Bond 2016........	.....5/15/16......	18,823,551	18,385,951	437,600	103,200
7-1/2% Bond 2016........	.....11/15/16.....	18,864,448	17,903,248	961,200	60,000
8-3/4% Bond 2017........	.....5/15/17......	18,194,169	4,715,449	13,478,720	833,600
8-7/8% Bond 2017........	.....8/15/17......	14,016,858	5,714,458	8,302,400	868,800
9-1/8% Bond 2018........	.....5/15/18......	8,708,639	1,660,639	7,048,000	148,800
9% Bond 2018............	.....11/15/18.....	9,032,870	986,270	8,046,600	303,400
8-7/8% Bond 2019........	.....2/15/19......	19,250,798	3,284,398	15,966,400	206,400
8-1/8% Bond 2019........	.....8/15/19......	20,213,832	17,077,512	3,136,320	1,278,720
8-1/2% Bond 2020........	.....2/15/20......	10,228,868	3,424,468	6,804,400	144,400
8-3/4% Bond 2020........	.....5/15/20......	10,158,883	2,066,243	8,092,640	335,360
8-3/4% Bond 2020........	.....8/15/20......	21,418,606	3,801,966	17,616,640	921,120
7-7/8% Bond 2021........	.....2/15/21......	11,113,373	9,145,373	1,968,000	180,800
8-1/8% Bond 2021........	.....5/15/21......	11,958,888	4,036,328	7,922,560	908,480
8-1/8% Bond 2021........	.....8/15/21......	12,163,482	6,199,962	5,963,520	520,320
8% Bond 2021............	.....11/15/21.....	32,798,394	7,255,169	25,543,225	514,200
7-1/4% Bond 2022........	.....8/15/22......	10,352,790	8,637,590	1,715,200	234,400
7-5/8% Bond 2022........	.....11/15/22.....	10,699,626	5,853,226	4,846,400	740,800
7-1/8% Bond 2023........	.....2/15/23......	18,374,361	17,740,761	633,600	600,000
6-1/4% Bond 2023........	.....8/15/23......	22,909,044	22,854,292	54,752	-0-
Total.................	....	764,158,514	544,682,590	219,475,924	16,660,400

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

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

TABLE VI--HOLDINGS OF TREASURY SECURITIES IN STRIPPED FORM, MARCH 31, 1994
(In thousands)

Loan Description	Maturity Date	Principal Amount Outstanding: Total	Principal Amount Outstanding: Portion Held in Unstripped Form	Principal Amount Outstanding: Portion Held in Stripped Form	Reconstituted This Month#1
11-5/8% Note C-1994	11/15/94	$6,658,554	$4,978,554	$1,680,000	$120,000
11-1/4% Note A-1995	2/15/95	6,933,861	5,634,501	1,299,360	61,760
11-1/4% Note B-1995	5/15/95	7,127,086	4,434,606	2,692,480	60,320
10-1/2% Note C-1995	8/15/95	7,955,901	5,188,301	2,767,600	51,200
9-1/2% Note D-1995	11/15/95	7,318,550	3,688,550	3,630,000	82,400
8-7/8% Note A-1996	2/15/96	8,445,745	7,002,545	1,443,200	174,400
7-3/8% Note C-1996	5/15/96	20,085,643	19,220,043	865,600	57,600
7-1/4% Note D-1996	11/15/96	20,258,810	18,075,610	2,183,200	84,800
8-1/2% Note A-1997	5/15/97	9,921,237	8,762,437	1,158,800	93,200
8-5/8% Note B-1997	8/15/97	9,362,836	7,756,436	1,606,400	-0-
8-7/8% Note C-1997	11/15/97	9,808,329	7,632,329	2,176,000	115,200
8-1/8% Note A-1998	2/15/98	9,159,068	8,442,908	716,160	33,600
9% Note B-1998	5/15/98	9,165,387	6,671,587	2,493,800	90,400
9-1/4% Note C-1998	8/15/98	11,342,646	9,289,046	2,053,600	24,800
8-7/8% Note D-1998	11/15/98	9,902,875	7,045,275	2,857,600	270,400
8-7/8% Note A-1999	2/15/99	9,719,623	8,489,223	1,230,400	24,000
9-1/8% Note B-1999	5/15/99	10,047,103	6,736,703	3,310,400	3,200
8% Note C-1999	8/15/99	10,163,644	8,253,319	1,910,325	98,000
7-7/8% Note D-1999	11/15/99	10,773,960	8,361,160	2,412,800	364,800
8-1/2% Note A-2000	2/15/00	10,673,033	9,401,833	1,271,200	-0-
8-7/8% Note B-2000	5/15/00	10,496,230	6,176,230	4,320,000	179,200
8-3/4% Note C-2000	8/15/00	11,080,646	8,046,086	3,034,560	-0-
8-1/2% Note D-2000	11/15/00	11,519,682	9,206,882	2,312,800	144,000
7-3/4% Note A-2001	2/15/01	11,312,802	9,830,402	1,482,400	32,000
8% Note B-2001	5/15/01	12,398,083	10,306,633	2,091,450	70,000
7-7/8% Note C-2001	8/15/01	12,339,185	10,684,785	1,654,400	208,000
7-1/2% Note D-2001	11/15/01	24,226,102	22,887,622	1,338,480	220,000
7-1/2% Note A-2002	5/15/02	11,714,397	10,746,397	968,000	13,040
6-3/8% Note B-2002	8/15/02	23,859,015	23,355,015	504,000	1,600
6-1/4% Note A-2003	2/15/03	23,562,691	23,533,859	28,832	-0-
5-3/4% Note B-2003	8/15/03	28,011,028	27,867,828	143,200	-0-
5-7/8% Note A-2004	2/15/04	12,955,077	12,955,077	-0-	-0-
11-5/8% Bond 2004	11/15/04	8,301,806	5,705,006	2,596,800	176,000
12% Bond 2005	5/15/05	4,260,758	3,379,258	881,500	-0-
10-3/4% Bond 2005	8/15/05	9,269,713	8,412,913	856,800	441,600
9-3/8% Bond 2006	2/15/06	4,755,916	4,755,276	640	-0-
11-3/4% Bond 2009-14	11/15/14	6,005,584	3,472,784	2,532,800	473,600
11-1/4% Bond 2015	2/15/15	12,667,799	5,856,119	6,811,680	2,241,120
10-5/8% Bond 2015	8/15/15	7,149,916	2,857,436	4,292,480	466,560
9-7/8% Bond 2015	11/15/15	6,899,859	2,805,459	4,094,400	860,800

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
April 7, 1994

Contact: Michelle Smith
(202) 622-2960

SECRETARY BENTSEN INTRODUCES NEW CURRENCY BEARING HIS SIGNATURE

Treasury Secretary Lloyd Bentsen introduced Thursday the new series of United States currency bearing his signature at a ceremony in Fort Worth, Texas.

The Secretary was joined by U.S. Treasurer Mary Ellen Withrow, whose signature is also on the currency, former House Speaker Jim Wright, Congressman Pete Geren, and Fort Worth Mayor Pro Tempore Virginia Nell Webber at the 3 p.m. ceremony at the Bureau of Engraving and Printing's new Western Currency Facility.

United States currency is printed in two places -- Washington, D.C., and the Fort Worth facility. The two plants together print about 35 million notes each day with a face value of about $465 million.

"Since I became Treasury Secretary, we have printed nearly 11 billion notes here and at the plant in Washington. When you count up all the ones, fives, tens and all the rest, it adds up to about $145 billion. If you laid it all end to end, it would be 387 round trips between the Dallas-Fort Worth area and Washington," Secretary Bentsen said.

"Of course, the best part of one of those trips is coming back to Texas. They've done some truly innovative things here. I can't wait to see the presses cranking out sheets of Bentsen bills," Secretary Bentsen said.

The Forth Worth plant, which opened in April 1991, is the first to print this new series of currency. Secretary Bentsen said it was a pleasant coincidence that the ceremony could take place in his home state.

"I've been privileged to serve not just the people of Texas, but also all the people of the United States. And I'm proud that in the past 15 months we've been able to make a difference," he said.

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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
April 11, 1994

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BENTSEN APPLAUDS INTER-AMERICAN DEVELOPMENT BANK AGREEMENT

United States Treasury Secretary Lloyd Bentsen today applauded the successful conclusion of the Eighth Capital Replenishment for the Inter-American Development Bank (IDB), concluded in Guadalajara, Mexico. Under the agreement, total IDB capitalization will be $100 billion, making it the largest of all the regional development banks.

"The $40 billion capital increase is an historic event for the IDB and for Latin America. The agreement reflects a new emphasis for the IDB, targeting poverty reduction, social equity, good government and the environment. The IDB's new mandate resonates with the vision of the Clinton Administration. Our participation in the IDB and the other banks is a key element of U.S. international economic policy," Secretary Bentsen said.

A keystone of the agreement is the broad participation of members in the capitalization, which provides increased resources for the region while reducing the U.S. annual contribution. The increased contributions of Japanese, European and Latin American member countries are recognized in two new chairs in the Bank's Board of Directors.

Secretary Bentsen emphasized the United States' strong belief that "the agreement represents tremendous progress, reflecting the vitality of both the Bank and the region."

(MORE)

LB-754

Underscoring their commitment to the poorest countries, the Bank's shareholders also agreed to a new capitalization of the Bank's concessional window, the Fund for Special Operations, making available $1 billion in new resources.

Secretary Bentsen singled out IDB President Enrique Iglesias, commending his unfailing efforts to complete the Eighth Replenishment negotiations. This is a clear signal that the United States remains fully committed to the region and its future. "We look forward to furthering our partnership with Latin America, which we intend to develop further at the Summit of the Americas in December," Bentsen said.

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AUCTION RESULTS

PUBLIC DEBT NEWS

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

TREASURY PUBLIC DEBT

FOR IMMEDIATE RELEASE
April 11, 1994

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for $12,409 million of 13-week bills to be issued April 14, 1994 and to mature July 14, 1994 were accepted today (CUSIP: 912794M43).

RANGE OF ACCEPTED
COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	3.62%	3.70%	99.085
High	3.64%	3.72%	99.080
Average	3.63%	3.72%	99.082

Tenders at the high discount rate were allotted 10%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$57,185,081	$12,409,181
Type		
Competitive	$51,863,335	$7,087,435
Noncompetitive	1,426,819	1,426,819
Subtotal, Public	$53,290,154	$8,514,254
Federal Reserve	3,257,820	3,257,820
Foreign Official Institutions	637,107	637,107
TOTALS	$57,185,081	$12,409,181

An additional $251,793 thousand of bills will be issued to foreign official institutions for new cash.

LB-755

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
April 11, 1994

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for $12,202 million of 26-week bills to be issued April 14, 1994 and to mature October 13, 1994 were accepted today (CUSIP: 912794N67).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	4.02%	4.16%	97.968
High	4.03%	4.17%	97.963
Average	4.03%	4.17%	97.963

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	$51,977,144	$12,201,791
Type		
Competitive	$46,831,793	$7,056,440
Noncompetitive	1,072,383	1,072,383
Subtotal, Public	$47,904,176	$8,128,823
Federal Reserve	3,100,000	3,100,000
Foreign Official Institutions	972,968	972,968
TOTALS	$51,977,144	$12,201,791

An additional $384,332 thousand of bills will be issued to foreign official institutions for new cash.

LB-756

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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ADDRESS BY MR. LAWRENCE H. SUMMERS, TEMPORARY ALTERNATE GOVERNOR FOR THE UNITED STATES OF AMERICA AT THE PLENARY SESSION

April 12, 1994

Distinguished Governors, Mr. President, delegates and friends: I am delighted to be in this historic city of Guadalajara and to enjoy Mexico's wonderful hospitality. This is a momentous occasion, as we prepare the IDB to meet Latin America's challenges for the remainder of this decade and beyond.

Regional development banks are as important to the new world order as the regional security organizations were to the old one. For just as the regional security organizations were directed to the central challenge of combatting communism, so the regional development banks are directed to the central challenge of shared prosperity and enlarging the circle of prospering democracies. These institutions have the full and enthusiastic support of the entire Clinton Administration.

Thanks to the tireless work of President Iglesias and his staff, we celebrate here today the Eighth Capital Replenishment of the Bank with new money, new priorities, and new partnerships.

- New money: $40 billion more in capital to support an annual lending program of over $7 billion and $1 billion in additional concessional resources to provide for $500 million in concessional lending each year.
- New priorities: reorientation of lending to put people first, protect the environment, and harness the energy of the private sector.
- New partnership: recognition that Latin America is today a trusted partner -- one that looks east and west as well as north.

Enrique, I want to say to you publicly what I have said privately. This capital increase reflects the confidence that we all have in the Bank and is a tribute to your inspiration and leadership. The world needs more statesmen like you.

THE HEMISPHERE TODAY

When the capital of this Bank was last replenished in 1989, relations between the United States and Latin America were not what they are today. Then, we were all cautious, concerned about conflicting interests and hesitant to trust.

Today, we are operating in a new atmosphere of cooperation. We are looking together at what is best for the Bank, its borrowers and, therefore, its shareholders. We are instituting greater parity in the governance structure. And we are moving forward with a common vision based on similar experiences and common goals.

Five years ago, the main items on Latin America's agenda were disinflation, deregulation, divestititure and debt. We have seen real progress in each of these areas:

- o Inflation is no longer the plague it once was. In many countries, we are seeing annual inflation rates lower than the monthly rates of a few years ago. Pedro, I salute you on Mexico's return after 20 years to single digit inflation. Bolivia, Nicaragua, Argentina, and the Dominican Republic have also made great strides in taming inflation.

- o The brisk winds of competition are blowing throughout the region, bringing benefits to consumers and to producers. Unleashed market forces are enhancing competitiveness almost everywhere.

- o Privatization is succeeding across the hemisphere. Argentina's successful YPF sale was the biggest stock sale of 1993 -- raising more than $3.04 billion. From Canada to Chile, from Peru to Trinidad and Tobago, privatization has staunched the hemorrhaging of government budgets, and newly privatized enterprises are producing more efficiently with the discipline of the market.

- o In 1989, debt was still the primary financial problem facing the region. Now with Brazil's bank agreement in sight, the Brady initiative has worked, and debt as the defining obstacle to growth is a thing of the past.

  Latin America is attracting capital. At first, these flows came from Latin American citizens who once again saw their home countries as good places to invest. Then came investment from citizens of the United States, who saw Latin America as the opportunity of the 1990s. Now the capital comes from around the world, for the good news has spread to investors everywhere.

However, we have been reminded in recent weeks that markets are volatile. It will always be so. Volatile markets and mobile capital press the case for economic reform. The laws of economics are as immutable as the laws of physics. Today's open capital markets will punish imprudent policies, but they will richly reward sound policies.

The United States was glad to cooperate with our Mexican neighbors to ensure financial stability during the recent stressful time, and I hope our cooperation was valuable. But I am convinced that Mexico's sound economic policies and their reinforcement through NAFTA was an even more important basis for confidence building.

We must all work to ensure that capital flows to Latin America prove to be as sustainable as they have been strong. We in the United States have made an important contribution by tackling at long last our budget deficit. In 1995 the U.S. budget deficit is likely to be the smallest, relative to GNP, of any industrialized nation. With reduced budget deficits, low inflation, accelerating employment growth, and some signs of more rapid productivity growth, the United States' economic prospects may well be as good now as they have been at any time in the last quarter century.

Maintaining the momentum of private capital flows into the region means maintaining the momentum of investment. For we have learned that debt can be healthy or it can be unhealthy. Current account deficits to finance high levels of investment are a sign of economic health. Those that finance consumption and leave nothing behind are not.

Raising investment rates means supporting the private sector -- any economy's engine of growth. Reducing government regulation is a start, but it is not enough.

A modern and extensive infrastructure is necessary if the private sector is to thrive. Governments alone cannot and should not seek to meet the enormous financing needs of the next decade. The private sector is indispensable in infrastructure finance.

This means a change in the role of development banks -- to supporting rather than supplanting private sector finance. The IDB's dedication of up to five percent of its new resources for loans directly to the private sector without government guarantee is an important and progressive step. So is the commitment in the replenishment documents to do more to use the IDB's guarantee authority to provide the political risk insurance that can clinch private sector deals.

Better, deeper financial markets are also essential for investment. Promoting and increasing domestic savings, which have lagged badly in too many countries, complements the flow of capital from abroad. Chile's reforms, particularly in the pension area, are in many ways a model for others to follow.

Innovation is the key to investment for the small business sector. This is where our entrepreneurial talent can shine the brightest. And it is where the greatest potential for job creation and economic expansion lies. Small businesses, familiar faces, hometown contacts, can tap the human resources at the grass roots level of our economies. We applaud the IDB's integrated strategy to promote small business development.

Disinflation, deregulation and divestiture remain high on the agenda today. The hard work of economic liberalization has barely begun in some places, and it is not finished anywhere. Make no mistake: there is no prospect for the inclusive growth that we all seek without continuing economic reform. As Pedro Aspe's speech yesterday brilliantly explained, it is a grave error to suppose that high inflation rates, high tariffs, and a continuing pervasive public presence in the market can somehow mitigate inequality or create social justice.

NEW CHALLENGES

The importance of markets and investment is a familiar theme. It is the fact that it is becoming a cliche that is an important basis for optimism about Latin America's economic future. It is not my primary subject today.

Instead, I want to talk about what is the central challenge of the next decade in the Western Hemisphere -- making government a constructive force in our economies and in our societies. For markets alone, without government action, cannot bring us the shared prosperity that we crave.

- o Growth will not be advanced unless all citizens are educated and healthy; the poor as well as the rich.

- o Growth will not be sustained unless all citizens acknowledge the need to protect and conserve scarce and non-renewable resources;

- o And growth will not last unless all citizens participate in the very decisions that determine their and their countries' futures.

This idea -- government action to promote inclusive economic growth -- the idea that today's challenges cannot be met without strong and capable governments able to do the things that only governments can do is the core idea that animates Bill Clinton's Presidency. And it should be at the top of any agenda for Latin America and the Caribbean today.

Governance

We now have government by the people across the region. We must work to create effective government for the people.

Only the government can enforce the law. Strong enforcement of legitimate laws is essential for civil society. That is why the United States so strongly supports the IDB's pioneering efforts to strengthen a key pillar of democracy by promoting judicial reform.

Part of enforcing the law is collecting the taxes that people owe. This is essential if governments are to have the money they need, if tax rates are not to unduly burden economic activity, and if taxation is to be fair. That is why we applaud improvements in tax administration throughout the region. But there is much more to be done in each of our countries and, given the size of cross-border capital flows, cooperatively in the international sphere.

Responsive and efficient governments, with a well-trained cadre of professionals, are essential in every arena, from supervising banks to immunizing children. We have learned painfully that austerity is no substitute for adjustment. Failing to pay civil servants a decent wage may seem penny wise, but it is pound foolish. The IDB's efforts at civil service reform have the potential to profoundly improve the performance of government.

Recently Ecuadorian Vice President Dahik estimated that as much as one-third of developing country debt had been contracted as a result of government officials proposing projects to obtain bribes rather than to promote the public interest. Even if this is an overestimate, it is profoundly disturbing. Bribery subverts development and democracy. We invite you to join us in adopting national procurement rules that place a premium on transparency and open access, and I ask the IDB to do what it can to address the increasingly critical problem of corruption.

Governments in the region are increasingly realizing that if government is to be for the people, it must be near the people. Decentralized governments can expand opportunities at the municipal and local level, encourage and utilize an expanding network of NGOs, and provide services that are responsive to what people want and need.

Reinventing government to make it more responsive and effective in these ways and others is democracy in substance as well as form.

The IDB has made great strides in promoting good governance, starting internally. Your new information policy and inspection function will fortify the Bank, making it more responsive and transparent and a more effective force in the development of the hemisphere.

From its support for rural credit unions in Bolivia to women's banking in Colombia to employee stock ownership in Jamaica, the Bank's Multilateral Investment Fund is making a difference.

But there are public as well as private investments that it can undertake. We call on the Bank to look at how the MIF and its other facilities can go even further to promote good and effective government actions in such areas as:

- o restructuring labor laws to ensure stronger, more independent labor unions;
- o protecting workers' rights, including minimum standards for health and safety;
- o rewriting and enforcing effective environmental protection laws, including the training of regulators, industry and non-governmental organizations, alike; and
- o helping governments get closer to the people by working with NGOs, particularly to ensure environmental protection.

Investing in People

Economic policy, social policy and environmental policy are not separate spheres. Social and environmental policies cannot be add-ons to macroeconomic strategy. They must be woven thoroughly into the fabric of economic policy if economic policies are to succeed.

This is not easy. What might be called the second generation of reforms is more difficult than the first. Reforming an education system so that it keeps children in school is more difficult than selling off a telephone company. Ensuring the availability of basic health care for every child is more difficult than lowering tariffs.

But there is no alternative: growth must be inclusive if it is to be enduring. The great challenge of the Eighth Replenishment is for the IDB to focus its lending program more directly on investing in Latin America's most important resource: its people.

The problems are clear enough in all our countries, my own included. There is too much inequality and too much poverty. Too many children do not get even a minimal education. And adequate access to health care is lacking.

These are not just abstractions. Poverty forces tens of thousands of children in our hemisphere's great cities to take to the streets. Too many children are stimulated by drugs rather than books. And without access to medical care and family planning services, too many women die giving birth and leave young children behind.

These realities undermine democracy. Part of what is needed is more expenditures on the social sectors and on poverty reduction. Without adequate resources, there cannot be adequate investments in people. Investments in primary education pay off -- not just in the long-run through a more capable work force but also in the short run, as children no longer have to repeat the same grade again and again.

The education of young girls -- of future mothers -- may in the long run be the highest return investment governments can promote.

I am delighted at the success of last week's Women in Development seminar and look forward to the concrete actions that should come in its wake.

As or more important than spending more money on investments in people is spending existing budgets more wisely. When the lion's share of educational resources go to support a minority of university students or the lion's share of health resources go to support tertiary care in urban hospitals, efficiency suffers. And the evident reinforcement of inequality through government action undermines the civic trust that is a precondition for democracy.

The imperatives of reform are as clear economically as they are difficult politically. More needs to be spent on poor children and less on soon to be well-off college students. More needs to be spent on preventive care that saves lives and less on surgical procedures of dubious efficacy.

We have all come, in the last few years, to a greater appreciation of the importance of living harmoniously with the natural world. The poor are often hurt most by environmental degradation. It is the urban poor and not the rich who suffer when clean water is not publicly provided. It is the poor and not the rich who are most affected when soils are depleted by overplanting. And it is the poor who are most likely to be displaced when large infrastructure projects are thoughtlessly planned and executed. That is why putting people first means integrating the environmental dimension into the formulation of economic policy.

Robert Kennedy, reflecting on the Alliance for Progress in 1966, worried that "great exhortations to economic progress, to social justice and democracy may become in the press of day-to-day demands no more than words." The IDB's challenge for the next decade is clear: it must make sure that prophecy does not again become a reality.

Supporting Integration

Our common goals and common interests underlie regional integration. We have already made enormous strides.

- There are now 23 trade agreements -- by my count-- within our hemisphere, from NAFTA in the north to Mercosur in the South.

- There are new links between national electricity grids and energy systems, as seen in the Colombia - Venezuela electricity connection and the new Argentina-Chile gas pipeline.

- There are new ownership arrangements, including a number of Latin American investments in the U.S., in such varied industries as glass, hotels, and bus manufacturing.

- And there are new transport links, including the Pan American highway.

The concrete results of some of these changes are remarkable:

trade between Colombia and Venezuela rose from $525 million in 1991 -- the year they signed their free trade agreement -- to $1.5 billion last year. Venezuela recently issued bonds in Colombian financial markets. CARICOM countries are implementing a common external tariff. And Central American airlines have joined together in the TACA group, with admirable success.

There is much we can do to facilitate and enhance integration. We can continue to negotiate free trade and other trade liberalization agreements. We can ensure patent and copyright protection. We can harmonize regulatory standards that impede integration. Together, we can build a new architecture for economic integration in our hemisphere.

We are already benefitting from NAFTA. For we know, and we know it much better now after the NAFTA debate, that more trade means more jobs. In the United States, jobs producing exports are some of the highest paying jobs in our manufacturing sector.

We are looking ahead. President Clinton has made it clear that we are interested in negotiating free trade next with Chile. And he has reaffirmed our eventual goal of hemispheric free trade.

Summit of the Americas

Our common commitment to democracy, shared prosperity and sustainable development will shape the agenda for the Summit of the Americas in Miami.

But we will also have an opportunity to consider common threats. Narcotics trafficking is a major threat to democracy and development. Unaccountable funds and money laundering corrupt governments, harm legitimate businesses and thwart genuine development.

Planning for the Summit is still at an early stage. As hosts, we look forward to consulting with you on your ideas and sharing our own. This will be a meeting of equals.

We should go forward from Guadalajara to Miami remembering the words of Simon Bolivar. He said:

> "Let us denounce ingratitude. . .sloth. . .and pass judgment upon the first signs of corruption . . . Let us watch over the education of the children, to supervise national education. . .Let us give to our republic. . .the authority over the youth, the hearts of men" and "the public spirit."

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FOR IMMEDIATE RELEASE
Text as prepared for delivery
April 12, 1994

Remarks of Treasury Secretary Lloyd Bentsen
The White House

LB-758

FOR IMMEDIATE RELEASE
Text as Prepared for Delivery
April 12, 1994

REMARKS OF TREASURY SECRETARY LLOYD BENTSEN
WHITE HOUSE TAX SEASON EVENT

If you recall last summer when the President's deficit-reduction plan was going through Congress, you heard the claim that the Democrats were raising taxes on middle income Americans. Not so. We said at the outset we would produce a balanced and fair package, with more in spending cuts, and we did. And by the way, the deficit is coming down faster than we forecast.

The package we produced had $255 billion in spending cuts and just under $250 billion in higher revenues. We cut entitlements. We asked 12 percent of our Social Security recipients, the most well-off, to pay more, but not until 1994. We increased the corporate income tax rate slightly, and put in some help for small business, like higher investment expensing and a capital gains exclusion. And we had a small gasoline tax. The last time I filled up I noticed I was paying less than before the tax went in.

And when it came to the individual income tax rates, look at the chart. We only changed the very top rates.

I saw a story a few weeks ago in the Wall Street Journal, and I've heard talk along these lines, that as many as 40 percent of Americans believe their income taxes have gone up. For most Americans, if they're paying higher taxes this year, it's because they're well off, or they received a big raise or bonus.

Look at the second chart. We raised the rate on the wealthiest 1.2 percent of American taxpayers. Those are families who had an adjusted gross income of than $180,000 last year. That's not bad money. So as Americans fill out their 1993 taxes, 98.8 percent of all taxpayers have no increase in their tax rates this year.

LB-758 (MORE)

And when we passed the deficit reduction bill, we also expanded the Earned Income Tax Credit, and those improved benefits begin phasing in this year. In 1994 about 15.2 percent of our taxpayers, or about 18 million Americans, will benefit from a higher tax credit, see a cut in their taxes.

That's a far cry from the notion about the deficit reduction tax changes that some people have. For every American whose tax rate rises because of deficit reduction, 12 more will see a cut in their taxes.

I want to wind up with a plug for the EITC, and the advance payment option. This gives hard-working moderate income families a break. When we fully implement the expansion that is beginning this year, the effect will be to turn a $4.25 an hour job into a $6 an hour job for a working family with two children. This is an important step to make sure that Americans who play by the rules and work hard have the opportunities they deserve.

Taxpayers who are qualified this year can apply for the credit on their tax forms. Those who want some of the 1994 credit in advance can sign up for it with their employers by filling out a W-5 form. That can mean as much as an extra $100 a month in the paycheck, and at least 40 percent is still there for the lump-sum rebate at tax time.

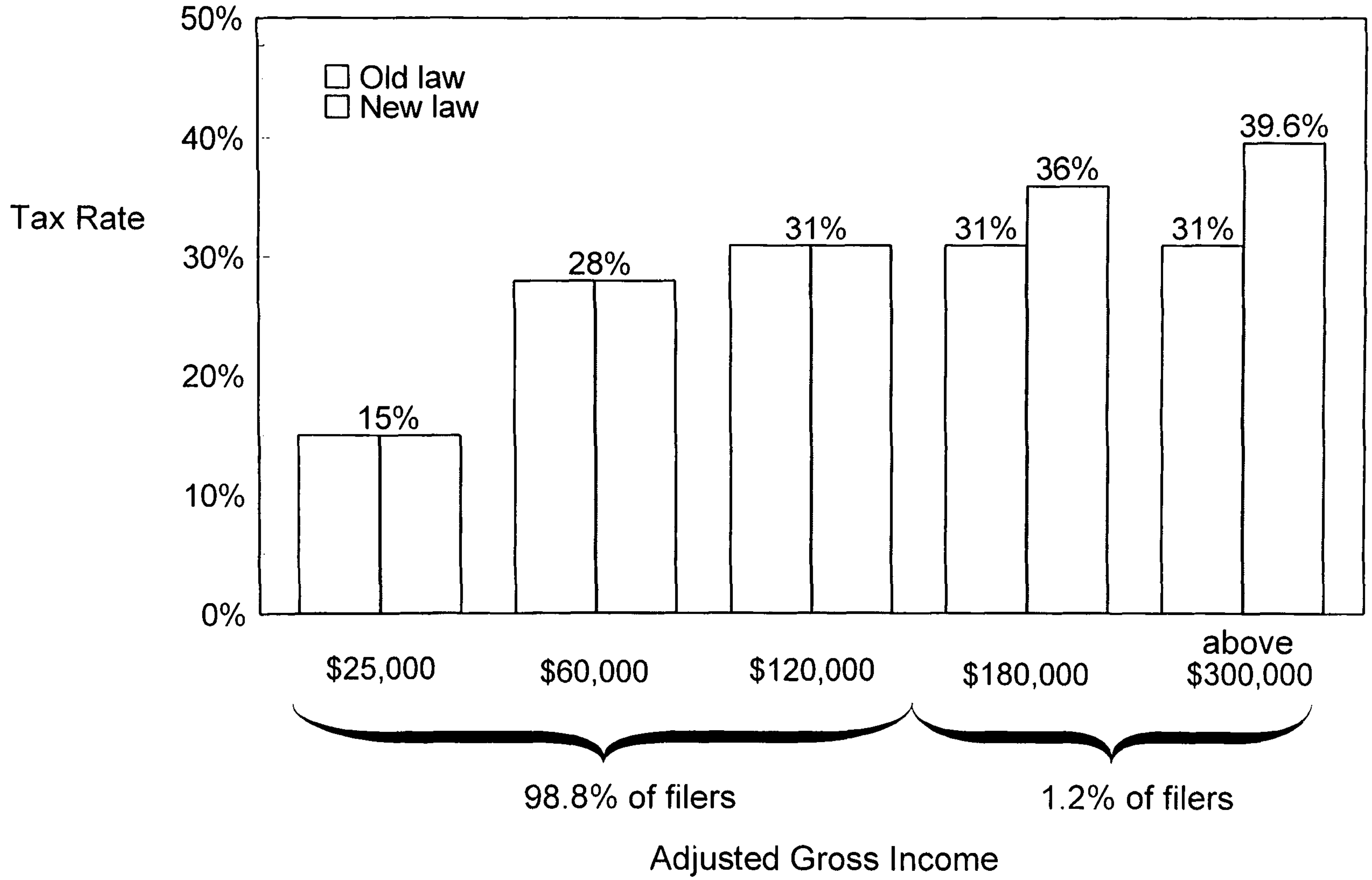
We have a campaign under way both in government and in the private sector to let Americans with modest incomes know this program is available.

I want to close by repeating the message as we go into the homestretch this tax season. It's just plain wrong that income taxes are going up for a great many Americans -- 98.8 percent of all American taxpayers this year have no change in their rates.

Thank you.

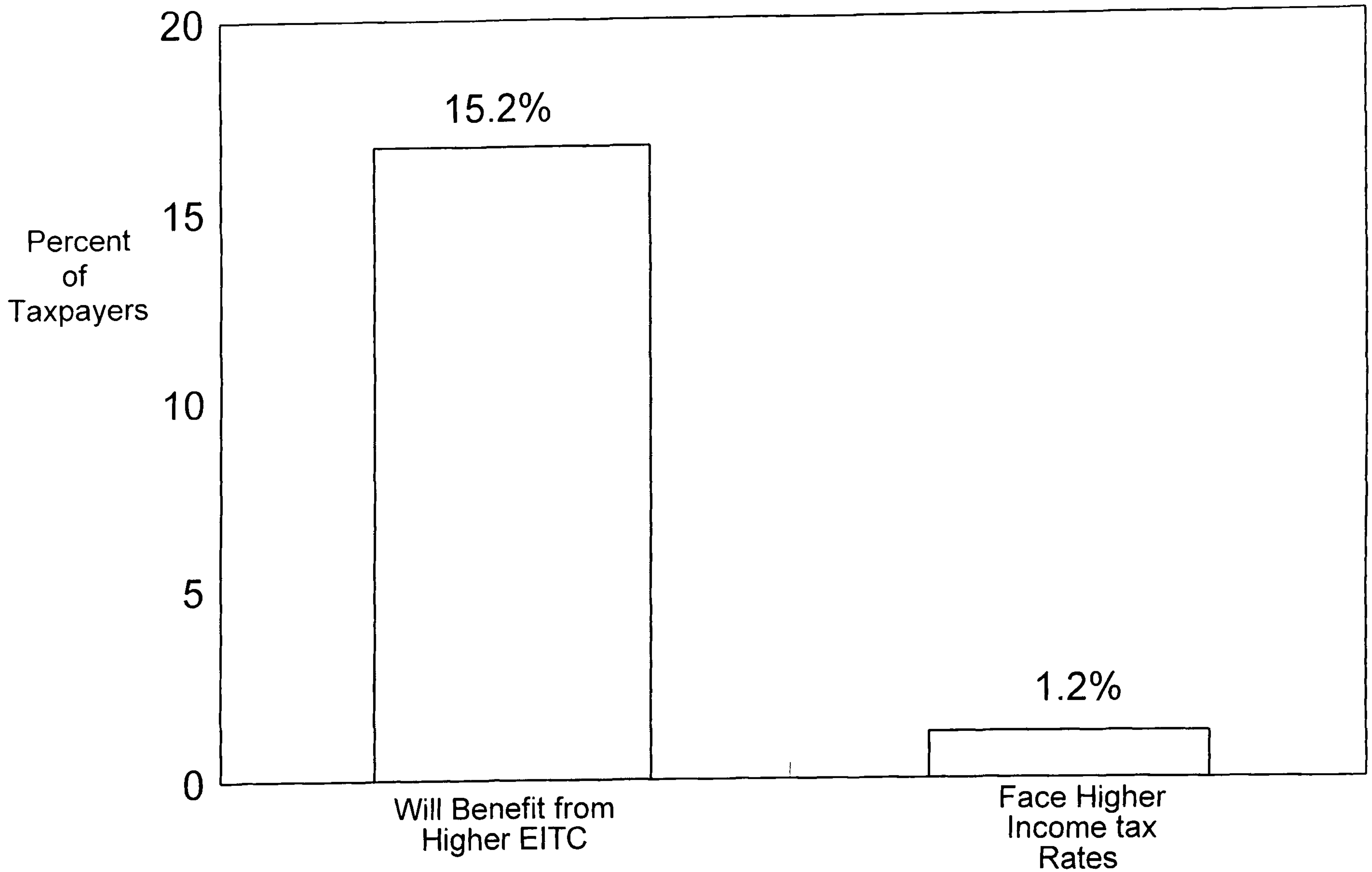
-30-

The Vast Majority of Americans Face No Change in Marginal Income Tax Rates



Note: Typical married couple with two children

Many More Americans Will See An Income Tax Cut Than Face Higher Tax Rates



- **Vast Majority See No Change In Tax Rates**

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FOR RELEASE AT 2:30 P.M.
April 12, 1994

CONTACT: Office of Financing
202/219-3350

TREASURY'S WEEKLY BILL OFFERING

The Treasury will auction two series of Treasury bills totaling approximately $23,600 million, to be issued April 21, 1994. This offering will result in a paydown for the Treasury of about $16,025 million, as maturing bills total $39,614 million (including the 21-day cash management bills issued March 31, 1994, in the amount of $14,006 million).

Federal Reserve Banks hold $6,522 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 $1,962 million as agents for foreign and international monetary authorities, which may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders. Additional amounts may be issued for such accounts if the aggregate amount of new bids exceeds the aggregate amount of maturing bills.

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

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

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Attachment

LB-759

HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS
TO BE ISSUED APRIL 21, 1994

April 12, 1994

Offering Amount	$11,800 million	$11,800 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912794 M5 0	912794 L8 5
Auction date	April 18, 1994	April 18, 1994
Issue date	April 21, 1994	April 21, 1994
Maturity date	July 21, 1994	October 20, 1994
Original issue date	January 20, 1994	October 21, 1993
Currently outstanding	$12,655 million	$15,875 million
Minimum bid amount	$10,000	$10,000
Multiples	$ 1,000	$ 1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

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

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

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

Maximum Award . . . . 35% of public offering

Receipt of Tenders:

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

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

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

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As Prepared for Delivery
Adv. 10 a.m. EST
April 14, 1994

STATEMENT OF
TREASURY DEPUTY ASSISTANT SECRETARY
SUSAN B. LEVINE
BEFORE THE SUBCOMMITTEE ON INTERNATIONAL DEVELOPMENT,
FINANCE, TRADE AND MONETARY POLICY
OF THE HOUSE COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS

Mr. Chairman, I appreciate the opportunity to appear again before this Sub-committee. The Administration is requesting authorization for the newly restructured Global Environment Facility (GEF). Our request is for $400 million, to be paid in over four years. We hope to join other donors, including the rest of the G-7, in this vital international effort. Our contribution would be roughly 21% of a total replenishment of over $2 billion dollars.

The Administration attaches great importance to the GEF. We see the GEF as a unique forum for cooperation between developed and developing countries in addressing global environmental issues. I am particularly pleased that Rafe Pomerance, my colleague from the State Department, is here with us today.

On many occasions, Rafe has said that the GEF is the glue which cements the process of international cooperation on the environment. In this context, we are convinced that U.S. participation in the GEF is essential. Moreover, we believe that key U.S. interests are protected in the restructured GEF.

As you know, the economies of the world have become closely inter-linked. And I think it fair to say that our environments are even more closely linked. Just consider the facts. The buildup of greenhouse gasses raises the possibility of far-reaching changes in the global climate system. Rising sea levels may threaten heavily-populated and vulnerable coastal areas in many parts of the world.

NASA and the National Oceanic and Atmospheric Administration report the lowest Antarctic ozone levels ever measured and have warned that deep ozone holes will continue to form annually into the next century. And scientists state that biodiversity is being lost faster today than at any time since the dinosaurs became extinct some 65 million years ago.

LB-760

(MORE)

To meet these threats we must go to their source. This may mean addressing difficult environmental issues at home. However, in many cases this will also require our support for actions outside of our national boundaries. Most of the world's biodiversity is in the developing world. A significant portion of ozone depleting substances are found in Central and Eastern Europe and the former Soviet Union. If current trends continue, it is estimated that by the year 2020 the majority of carbon emissions will come from developing countries. Also predicted for the year 2020 is that more than 3/4 of the world's population will live near the shore, placing a greater burden on the marine environment.

In our view the GEF can operate effectively to address these issues. But it also must work hard to be cost effective and to correct some of the mistakes it has made in the past. We want to be part of the process which can ensure its success.

As you know, we have worked closely with the U.S. technical agencies and the State Department to reach an internationally acceptable agreement. We have consulted with the environmental community and with Congress. I want to note that this Sub-committee has shown particular leadership and commitment to an effective and properly restructured GEF.

You may remember from last year's hearing that we had a number of criticisms of the pilot phase of the GEF. We knew the pilot phase was an experiment to test a new approach, but we felt the lessons were clear. At that hearing, we stated our intention to play a strong role in restructuring the Global Environment Facility.

I believe we have achieved our objectives. We have successfully reformed the GEF. The restructured Global Environment Facility builds on the lessons of the pilot phase. It meets the negotiating objectives we set out. I would like to outline our principal accomplishments.

First, we were concerned that the pilot phase was not transparent, and that its projects failed to take account of their beneficiaries on the ground. We have succeeded in embedding the principle of full disclosure of all non-confidential information in the instrument that restructures the GEF. We also placed the key principle that local communities and NGOs will be involved throughout the project cycle in the text itself.

Second, there was the widespread concern that the pilot phase had not been responsive to the concerns of donor and recipient governments; that it suffered from a lack of adequate oversight. We felt strongly that the GEF participants should have the ultimate authority over policies and projects.

To address this, we established a "Council" composed of governments, that will have oversight of the GEF's budget and program issues. This Council will determine the framework for the design of projects, and have authority to stop poor projects from proceeding. The ultimate authority of the GEF participants is now clearly established. I regard this as significant victory.

Third, there was the criticism that the pilot phase of the GEF had been unduly influenced by the World Bank. We therefore attached importance to a strong and independent Secretariat.

The Secretariat we established will be functionally independent of the World Bank. Its Chief Executive Officer will be appointed by the Council upon the joint recommendation of the implementing agencies. The CEO will report directly to the Council. He or she can hire and fire staff. The Secretariat will coordinate and monitor the performance of the Facility's implementing agencies, and may make recommendations to the Council to improve the performance of the GEF.

Fourth, and finally, was the criticism that the pilot phase had not reached out to all sources of expertise for the best projects. We wanted to ensure that the GEF could work with a variety of executing agencies, and we have succeeded in this as well.

The GEF will be able to work with regional development banks, U.N. specialized agencies, private sector entities, and non-governmental organizations. The Secretariat will monitor cooperation between the implementing agencies, and keep the Council informed.

Our own criticisms of the pilot phase, as well as our proposals, were reflected in an independent evaluation of the GEF. Even so, I cannot say that restructuring the Facility was easy. We had to fight hard over the last year to achieve our objectives. We succeeded because our negotiating partners took us seriously on policy issues and believed we were serious in our intention to provide financial support if our goals could be achieved.

One point was driven home to me time and time again. The United States has the capacity to exercise active and creative leadership on these issues. When we can make our case, other countries can be persuaded to our point of view. But we must pay a fair share for such policy leadership. I might add that we agreed to a voting system in the GEF which awards votes and influence to those who contribute.

Our work in restructuring the GEF is basically done. Our work in setting directions for the GEF has only just begun. We have effectively restructured the Facility to play a dynamic role in international cooperation, but now we must demonstrate its ability to make progress in resolving global environmental problems. Substantive actions can now begin to move forward at a faster pace.

Several key issues will be decided by the GEF Council in the first year of its operations. The Council will need to determine the allocation of funds among the four focal areas: Climate Change, Biodiversity, International Waters, and Ozone Depletion. Within these areas, the Council will need to develop and approve operational strategies to address the relevant issues. These discussions promise to be complex and vitally important to the success of the GEF.

My colleague from the State Department will shortly describe the link between the GEF and the Rio Conventions on Climate Change and Biodiversity. But let me open this topic by saying that while the Rio Conventions provide the policy guidance in their respective areas, it will be the GEF that actually supports their respective policies and program priorities.

On climate change, for example, the GEF will oversee the funding of projects that reduce greenhouse gas emissions, and that provide new or experimental energy technologies. In the area of biodiversity, the GEF will oversee the implementation of innovative approaches to conservation. These may include trust funds and support for governments and local communities to manage their biodiversity resources.

And then there is the thorny question of incremental costs. The GEF is to fund only the "agreed incremental costs of measures to achieve agreed global environmental benefits." These concepts really must be defined in practice. It will be the Council that translates these concepts into projects.

Throughout the first year and beyond of the restructured GEF's operations, we want to be sure that the quality of individual projects is high. And we also want to ensure that a range of institutions constructively involved in GEF implementation. This will require careful monitoring of the implementing agencies.

On important questions, we will continue to consult with other agencies, with the environmental community and with Congress. Without prejudging the outcome of these consultations, let me tell you what we will seek.

We will insist that the GEF fund the highest quality projects. The GEF should set the high standard against which others are judged. We believe the GEF should demonstrate that it is possible both to have strong economic development and secure protection of the global environment.

This means that we are looking for cost-effective projects. And it means that we are looking for projects with tightly focused objectives, as well as budgets. We place a premium on small projects, and believe there is ample justification for continuing the $10 million ceiling on freestanding GEF projects.

Local participation must be a fundamental feature of project selection, development and implementation. And the GEF must engage in an active and aggressive search for the best projects from all sources, including NGOs. In this area, the Small Grants Window will play an especially important rule.

In the area of incremental costs, we will want to ensure that the GEF focuses clearly on achieving global environmental benefits. We will look to put in place a sensible approach which provides the greatest leverage to GEF funds. We will want to catalyze, as much as possible, existing public and private resources to protect the global environment.

Mr. Chairman, during the last year we have worked hard to consult closely with other agencies, with the environmental community, and with you and your staff. I hope that we have earned your trust and that you see that we share this Sub-committee's objectives for the Global Environmental Facility.

We have said that if the Global Environment Facility were appropriately restructured to meet our objectives, we would be prepared to become a major contributor. We believe that our objectives have been met, and therefore request full authorization to take our place as an international leader on global environmental affairs.

Thank you Mr. Chairman.

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April 14, 1994

Contact: Hamilton Dix
(202) 622-2960

NOBLE TO BE NOMINATED AS TREASURY ENFORCEMENT UNDERSECRETARY

Treasury Secretary Lloyd Bentsen announced Thursday that President Clinton intends to nominate Assistant Treasury Secretary Ronald K. Noble as Treasury Undersecretary for Enforcement.

"The creation of the new position of undersecretary, and the decision to elevate Ron Noble to this critical post, underscore the importance the President and I attach to law enforcement and our fight against crime," Bentsen said.

"Ron Noble's legal background, and the service he has rendered in the past year -- particularly in our self-examination of the Waco incident -- make him a singular candidate for the job," Bentsen added. "He's already made an invaluable contribution to Treasury's efforts on the crime bill. He's first-rate."

The undersecretary position was established earlier this year by Congress at the administration's request. As undersecretary, Noble will direct Treasury law enforcement and set its policy, as well as coordinate Treasury operations with those of other law enforcement agencies in the U.S. government. In this position Noble will be the highest ranking African American in the history of federal law enforcement.

The Treasury Department has a substantial law enforcement role, overseeing the Bureau of Alcohol, Tobacco and Firearms, the Customs Service, the Secret Service, and the Criminal Investigative Division of the Internal Revenue Service.

From 1989 until joining Treasury last year, Noble was a law professor at New York University School of Law. In the year before teaching, he was a deputy assistant attorney general at the Justice Department. He served as an assistant U.S. Attorney in the Eastern District of Pennsylvania from 1984 to 1988, successfully prosecuting Philadelphia's largest public corruption case and a $50 million-a-year cocaine ring.

Noble earned a J.D. from Stanford Law School and a B.A. from the University of New Hampshire. Noble was born in Ft. Dix, N.J., on Sept. 24, 1956.

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April 18, 1994

OPENING REMARKS OF TREASURY SECRETARY LLOYD BENTSEN
TOWN HALL MEETING FOR EMPLOYEES OF CACTUS AND TROPICALS
SALT LAKE CITY, UTAH

Thank you, Lorraine Miller, and let me begin by congratulating you. I understand you're the Utah Small Business Person of the Year.

I can see why. This is a better setting than the White House Rose Garden.

If you think health care will be hard to get through Congress, let me tell you a story. In the 1980s, I proposed a bill in the Senate to plant wild flowers rather than grass along highways. Who could possibly be against that, right? Flowers are prettier, they cost less to keep up than grass, and when people see flowers they litter less.

We did it in Texas -- and it worked. In fact, Lady Bird Johnson, who had the program to beautify America, inspired us. So, I brought my bill up. It got attached to larger more controversial pieces of legislation. It was vetoed. It took five years to pass and all I wanted to spend on wild flowers was something like a nickel of every $100 allocated to landscaping.

Well, the last time major health care reform passed was under President Johnson in the 1960s -- Medicare and Medicaid. We've made incremental changes since, especially to help children, but it's time for major reform.

Let me give you some numbers:

- 58 million Americans go without insurance at some point during the year. That's not a faceless number -- I know I'm looking at some of you right now.

- 81 million Americans have pre-existing conditions like a heart problem, cancer, or diabetes -- something that insurers use to raise rates or deny coverage.

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- 3 out of 4 insurance policies have lifetime limits that cut off benefits when you need them most.

I've visited many small businesses in Texas. I've never had an owner tell me that he or she doesn't want to cover employees. But I've sure had owners tell me they can't afford coverage. And I've had owners who are offering coverage say they'll have to stop because of rising costs.

What the President wants to do is guarantee private insurance coverage to every American -- coverage that can't be taken away.

He wants everyone to have the right to choose a doctor and a health plan; he wants to build on the present system; and he wants to preserve Medicare -- it's working. In fact, he wants to strengthen it by adding drug coverage.

One more thing: he wants health benefits guaranteed at work. That's where most people get their coverage. Nine out of 10. Today, we have a system where people on welfare get guaranteed health insurance but people with jobs may or may not. That's wrong.

Employers will be asked to contribute. And so will employees.

The real key -- the bottom line -- is that we'll cut the costs for small businesses so that they'll be able to afford it. Right now small businesses pay 35 to 40 percent higher administrative costs than larger ones.

I understand Lorraine sent in your numbers to Congresswoman Shepherd's office, and they ran them through the computer and found under the President's plan you can cover twice the number of employees, with better coverage, for the same costs. That's why we want to do reform.

Hearings are now being held in Congress. Committees are working on the President's bill. It's a long way from being finished, but this year I'm optimistic we'll have health care reform and we'll be in the Rose Garden to sign it!

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REMARKS OF TREASURY SECRETARY LLOYD BENTSEN
SALT LAKE CITY BUSINESS COMMUNITY

I've given three basic speeches as Treasury Secretary. The first six months, I said we need to pass a budget and reduce our deficit, and that'll help the economy. The second six months I said we need to pass NAFTA and that'll help the economy. Now that the economy's been helped somewhat I give a speech I call: "It's a great time to be Treasury Secretary!"

Although there are some people who would argue that one with me.

Like some former millionaires on Wall Street might ask if I've looked at the stock market lately? Some home buyers might wonder if I've I looked at interest rates heading up? And some tax filers from last week might think they're paying higher taxes.

I want to tackle some of those today and I want to talk about crime.

But ask Americans to pick one -- a job, low interest rates, or a booming stock market. Ask them which one affects them personally the most?

More than half say a job.

Since January 1993, 2.5 million jobs have been created -- 178,000 a month. We want 8 million jobs in four years, and we're on target.

The vast majority are service jobs. Not hamburger-flippers, but good-paying ones.

In fact, one of the few areas where jobs are down is where they should be down: the federal government. Over 100,000 people are off the payroll since the peak of March 1992. We want to cut another 273,000. When was the last time you heard that from an Administration?

I attended a jobs summit last month in Detroit. I met with leaders from Europe, Canada, and Japan, and they had great admiration for what we've been able to do in this country, especially what small businesses have been able to do.

All states should be like Utah. Unemployment down to 3.4 percent. A year ago it was 4.1 percent.

Of course, Wall Street has a funny way of reacting to job numbers. When a company announces big plans to downsize or to layoff -- the stock goes straight up. When the government announces that jobs are being created, or when the government announces that fourth quarter growth was 7 percent (the best in a decade) -- what happens? Bond and stock prices tumble.

Why? They worry we're growing too fast.

If I understood the stock market, I wouldn't be Treasury Secretary today. I'd be on my yacht!

I don't know about you, but more people at work and higher production -- that's good news to me.

Last week, prior to April 15th, a reporter asked me: how do you feel about those Americans who are filling out their taxes and finding they owe more? Writing a bigger check to the IRS?

The tax rate did not go up -- except for 1.2 percent of taxpayers. If you're writing a bigger check that means you made more money -- business was good. I always thought making more money was what most Americans want.

Last summer, we cut the deficit. We said we'd take out $500 billion in five years, half from cuts and half from taxes. We did it by one vote.

A lot of people didn't believe we'd really cut the deficit. I don't blame them. The record out of Washington hasn't been the best. So many times when I was a Senator I'd hear the Office of Management and Budget say oops! We had the numbers wrong again. Turns out the deficit is worse than we thought.

We have a surprise. On the $500 billion in deficit reduction, we're actually ahead of schedule.

Deficit reduction helped bring long-term interest rates down last year. You've seen an increase recently. But I want to make a point about that. This is the first time since I can remember when blame for rising interest rates is not the deficit. No one is saying: "See, interest rates are up because the deficit is up." No, interest rates are up because of growth.

And if you put the rates in historical perspective, they aren't that high. I remember when the prime rate was 19 percent and inflation was 13 percent -- and you try selling houses then.

Rising interest rates are a worry if they threaten to choke off investment and employment. That's not happening. Not a sign of it. Private investment is strong. And without the government borrowing so much, there's a bigger pool of money for the private sector to use to finance new plants and equipment.

This morning the Federal Reserve pushed short-term interest rates up a quarter of a point again. They are trying to set a policy that will allow the expansion to continue without increasing inflation, and non-inflationary, sustainable growth is a goal we all share.

In 20 years, I haven't seen an economy as capable of sustained growth as this one.

I'll tell you what I don't see.

For the first time, I don't see the threats that made us build up our defense like we had to and drained the economy. I don't see an oil crisis coming, where prices triple overnight and inflation shoots up. That's the volatility that worries business people.

We're into a situation now, where there will be more trade among nations and that will help the economy long term.

There is much more to the world than industrialized nations. The growth is in the developing nations. In 1986, our exports to developing countries were 32 percent of our total exports. Last year, they were 40 percent.

That's why we worked so hard to pass NAFTA. It was a tough one getting through Congress. I don't remember ever starting out so far behind.

People said jobs would head south. They said Mexicans couldn't afford to buy American products.

The most expensive American product I know is an automobile. Last year, in the first three months, without NAFTA, the Big Three sold 1,500 American-made cars in Mexico. This year, with NAFTA, almost 10,000. A 580 percent jump. And Ford announced last week they'll ship 50,000 Escorts there by the end of 1995.

You don't produce cars in Utah, but you produce software. And isn't the auto industry the biggest buyer of computers in this country? You need healthy customers.

This past year, there have been many people in government who have been pushing American products. Starting with our President. Our Secretary of State. Our Commerce Secretary. Our Trade Ambassador. And this Treasury Secretary. And in many cases, we've been successful.

I've heard some people say: "What are they doing in Washington? Is that Presidential? Is that Secretarial-like?"

I come from the business world. I ran a business for 16 years. I want you to know that every time I go to a city and meet with foreign leaders, I'm not there for a photo op. I go in with a list of things American businesses are trying to accomplish in that area. I'm not embarrassed by that. I'm proud of it.

I'm proud this economy is growing. Four years ago I was at a meeting in France. A European got up and said: "Look at the great changes in the world. The end of the Cold War. Europe and Asia emerging as the world leaders. And America on the decline." It's a little ironic that four years later much of Europe and Japan are in a recession, and America is not just a political and a military leader -- we remain the world's economic leader -- the engine of growth in the world.

So, that's why I say it's a great time to be Treasury Secretary!

Now before I close, let me talk crime since that is what they're debating in Congress today. I don't know a President more eager to sign a crime bill into law than this one. Treasury has a responsibility in the fight against crime. Under me are some enforcement functions -- Customs, Secret Service, and the Bureau of Alcohol, Tobacco and Firearms (ATF).

In fact, if you take out IRS from Treasury, 63 percent of our staff is law enforcement.

ATF's in charge of implementing the Brady Bill. That makes gun purchasers wait five days until a background check can be made on them. Before Brady, some people said it wasn't worth doing because criminals get their guns on the street, not at licensed gun shops.

I know in Utah you have your own system, but the new Brady Law affects 30 states. Last month, the first month of Brady, 375,000 checks were made -- and 16 percent of those disclosed the potential buyer had a criminal record.

It's working. We stopped some felons, we made arrests, and maybe we saved some lives.

With the crime bill we'll be putting more police on the street. We'll be locking up more violent criminals. It's what Americans want. Of all the letters I receive, the number one concern isn't don't raise my taxes. And it's not why can't government run more efficiently? Number one is crime.

It took seven years to pass Brady. This spring you'll see a crime bill, and I think it'll be a good start.

And after this bill one of the things I'd like to address is the number of gun dealers in this country. In fact, Mayor Corradini is a leading advocate of this. I met her at the Mayors' Conference in Washington, and I appreciate her endorsements of our proposal -- and I hope some of you tell her that.

What we have is a numbers problem. There are 284,000 gun dealers in this country. 31 gun dealers for every one McDonald's Restaurant.

Why so many? It's cheap. A new license costs $66 a year, even though if we did the kind of checks we want to do on applicants, it would cost the taxpayer about $600 a year per license. We can't do those checks, because all we have is 240 inspectors.

Of all those dealers, only 50,000 to 70,000 are real gun shops. The others do business out of their kitchens.

We want to eliminate the fly-by-nights and get the number down to something manageable so my 240 people can inspect all dealers. I don't want taxpayers paying for this. I want the dealers to. We want to raise the fee to the actual cost. It's not a punitive fee against responsible gun dealers.

This is a Texan talking. A man who has hunted all of his life. I'm not after the responsible gun dealers -- just the bad fellows.

So, to sum it up, on my plate is keeping the economy growing, working to stop violence, and reforming the health care system. In fact, I'm holding a town hall on that one this afternoon.

Thank you very much and now I want to take questions and find out what's on your minds.

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REMARKS BY
LAWRENCE H. SUMMERS
UNDER SECRETARY FOR INTERNATIONAL AFFAIRS
DEPARTMENT OF THE TREASURY
AT THE
ANNUAL MEETING OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT
APRIL 18, 1994

Madame Chairman, Mr. President, Governors, and delegates:

I am pleased to speak to you here in splendid St. Petersburg. We thank Mayor Sobchak and the Russian Government for being such wonderful hosts.

Before saying anything else, I want to congratulate Jacques de Larosiere. Jacques, you and your colleagues have reinvented and reinvigorated the EBRD.

- o Today's bank is streamlined, without extravagance and with many more bankers in the field working on projects.
- o Today's Bank mobilized $7 billion in 1993 -- 54 percent more than in the previous year.
- o Today's Bank is on the verge of meeting its commitment to allocate 60 percent of its loans to the private sector.

In the United States, consternation and ambivalence about the EBRD are giving way to confidence and admiration.

I also want to acknowledge Mario Sarcinelli's contribution. Mario, your integrity and wisdom have been invaluable in turbulent times. We salute a job well done.

* * *

It has been nearly 5 years since the Berlin Wall fell. The winds of change have blown at gale force and we have much to be thankful for. Who would have thought in 1989 that Poland would set Europe's economic pace? That a free and independent Estonia would have one of Europe's hardest currencies? That a majority of the region's people would be governed by freely elected parliaments? Or that an organization named the EBRD would meet in a city named St. Petersburg.

LB-764

But, there is no time for complacency. Throughout this region, too much human potential remains untapped, too many people are without work, too many economies and societies are unstable. Laying a foundation for prosperity is a moral and political imperative as well as an economic one.

As we ask ourselves, "what is to be done NOW?", two important lessons flow from the experience of the recent past:

First, if economic health is to be restored, countries have absolutely no alternative but to get on rapidly with the hard work of stabilization, liberalization, and privatization.

- o Hyperinflating currencies undermine confidence in the governments that create them, assure capital flight, and cruelly burden the old and the poor.

- o Price controls ensure wasteful queuing, provoke corruption, and hold producers back.

- o Public enterprises without real owners invite looting, wasteful investment, and excessive subsidies.

Anywhere and everywhere, it is a grave error to blame reform for the pain caused by the collapse of the failed communist economic system. Where reform has been most rapid, suffering has been least. And those economies that have postponed reform have not avoided declining output or rising unemployment.

Looking beyond statistics to the popular will confirms this point. European Union polling data show that the three countries where people are most optimistic about their future economic prospects are Estonia, Albania, and the Czech Republic -- all of which are pursuing ambitious reform programs.

The increasing appreciation throughout the region of the importance of fundamental economic reform is the most important basis for optimism about its economic future. I want to praise our Russian hosts for their continued efforts to press on with reform and congratulate them on their recent negotiation with the IMF. I know all of us share the hope that it will be a milestone on the road toward a market economy.

The second lesson is that transformation must proceed from the bottom up - as well as from the top down. Even after deficits are cut and restrictions are removed, a strong private sector is essential. Without flourishing businesses, there will not be jobs. Without profitable companies, there will not be investment; without thriving entrepreneurs, there will not be innovation; and without prosperity, governments will not be able to mobilize the tax revenues that are necessary to underpin civil society.

Looking at the economic history of Europe, America or Japan, we see that the private sector has grown in an evolutionary, not a revolutionary way. While tariffs can be cut in an instant, and a business can be sold in a matter of minutes, it takes time to grow a modern economy. This is the central political problem for reform governments. Patience is a critical resource in this region and we must do all that we can not to exhaust it.

If the private sector is to succeed, it is imperative that governments create an enabling environment. That means enforcing contracts, creating property rights, and taxing reasonably. But, an enabling environment is not enough to accelerate private sector development.

This brings us to EBRD's crucial mission supporting the growth of the private sector as the key tool in overcoming the legacy of communism. If the wellsprings of prosperity are an educated populace, a motivated workforce, and technological prowess, the EBRD region has great potential. The deals and projects that the EBRD have undertaken are significant. They demonstrate in a powerful way that private investment in Central and Eastern Europe and the former Soviet Union is not only possible, but profitable.

But, leveraging the EBRD's limited capital for maximum development impact is more than a matter of finding partners for its projects. It is matter of undertaking investments that improve the systemic functions of its clients' economies.

Of course, the EBRD's investments in individual companies remain integral to its mission and should continue. Now, though, it is time for us to think about some areas where the Bank can further contribute to the development of a healthy private sector. Ultimately, the private sector has to be financed by the private sector, but during this period of transition, there is much that the Bank can do.

Those who say that 70 years of communism has crushed all entrepreneurial spirit in Russia should take a walk along Nevsky Prospect. We know that in almost every economy, small businesses are the drivers behind job creation. In this region, entrepreneurs have the "will", but too often they lack the financial "way".

There is no retail banking tradition in the formerly communist world. Filling this gap is the idea behind the $300 million Small and Medium-Sized Enterprise (SME) project for Russia which seeks to provide capital and managerial skills to promising entrepreneurs. We were very pleased with Bank management's report on the pilot projects that have been attempted so far, and would encourage the further extension of the small and medium-sized enterprise fund concept.

Privatization of state-owned enterprises is the most difficult part of transforming formerly communist economies. Privatization does improve performance. After privatization, recapitalization and modernization require human and financial capital. Most companies in the region cannot afford long-term loans to finance their restructuring; they need equity capital.

The Bank's participation in the $3 billion Special Privatization and Restructuring Program (SPRP) for Russia is a prime example of how the EBRD can infuse equity capital. We invite the Bank to create similar institutions across the region wherever this will advance and support privatization and restructuring.

If the privatization and restructuring of large enterprises is to succeed though it will take more than outside financial support. Governments and enterprises must be willing to accept foreign partners. And governments must be prepared to take up the slack when large enterprises stop providing basic social services.

The financial system is to an economy as the nervous system is to the human body. It controls the industrial muscle. At present, the region has too many state-owned financial institutions with bad balance sheets and too few real banks. The EBRD has already had some significant successes in the financial area. The Bank provided valuable technical advice and took a leading equity position in one of Poland's first bank privatizations.

We would like to see the Bank explore how it can, as a matter of routine, inject its expertise into the financial systems across the region. In collaboration with the World Bank, the EBRD can make a major contribution in the area of bank privatization and cleaning up the balance sheets of troubled institutions.

Finally, external trade will promote integration, growth, and stability. At present, trade among the economies in transition remains stubbornly depressed, needlessly raising unemployment.

I believe there exists great potential for trade gains, if countries in the region develop ways to trade with one another on the basis of market principles. This does not mean payments unions or other constructs that might substitute for market-based trade or convertible currencies. It does mean facilitating market-based trade. And we will look forward to hearing what the EBRD thinks it can do in this area.

I have emphasized what the Bank can do in pioneering finance for the private sector. The Bank also has a critical role in pioneering new private sector activities. As the Vice President of the United States has so often stressed, a barrel of oil saved is as beneficial as a barrel of oil drilled. More generally, cleaning up the environment can be good economics as well as good public policy. We appreciate the Bank's efforts in the environmental sphere so far and call for their enhancement as an integral part of a strategy for nurturing growth and development in this part of the world.

* * *

Watching developments in the region, it is easy to despair. As we follow the twists and turns of events, let us not lose sight of another bit of history.

There was once another revolution. Thirteen newly independent states formed a confederation. Each had its own currency and over the years several experienced runaway inflation. Many suffered from crippling external debts. The confederation could not levy taxes, and some member states didn't pay. In its privatization scheme, the government sometimes sold the same land to several buyers!

That was the American confederation. But it was not the end of the story. A constitution was adopted and a federation formed. The rule of law was established. America's first and greatest Secretary of the Treasury, Alexander Hamilton, launched America's stabilization program. He balanced the budget with an excise tax; and resolved America's wartime debt problem. The rest is history.

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April 19, 1994

Contact: Hamilton Dix
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TREASURY NAMES ADDITIONAL BLOCKED INDIVIDUALS OF HAITI

An additional 27 Haitian military officers and one civilian have been named by the U.S. Treasury Department as Blocked Individuals of Haiti. This action by Treasury's Office of Foreign Assets Control (OFAC) brings the total number of blocked individuals of Haiti to 592 -- 28 individuals with this announcement, 523 military officers from January 1994, and 41 individuals from October 1993, after reimposition of sanctions against Haiti.

All officers of the Haitian Armed Forces are considered to be part of the illegal de facto regime of Haiti. The one non-military individual named today is Romeo Halloun. These blocked persons are included because of their roles in the regime, their activities in obstructing the international community's determination to restore democracy in Haiti, or their involvement in the violence in Haiti.

In addition, the Banque Commerciale d'Haiti has been added to the list. This is another name used by Haiti's National Credit Bank, which was previously named a Blocked Entity of the de facto Regime in Haiti on June 4, 1993. The National Credit Bank is also known as Banque Nationale de Credit, and BNC.

This action is another example of tightening of U.S. economic sanctions first imposed by Executive Order in October 1991, and expanded by President Clinton in June and October 1993. The sanctions prohibit most trade and financial transactions with Haiti, restrict access to U.S. ports for vessels calling in Haiti for transactions prohibited by U.S. sanctions, and continue to block assets of the Haitian government and the illegal regime.

Willful violations of the Haiti embargo carry maximum criminal penalties of $500,000 per count for corporations, $250,000 for individuals, and 10 years in prison for individuals, including corporate officers. OFAC also may levy administrative civil penalties of up to $10,000 per violation.

LB-765 (MORE)

The list of blocked individuals and entities of Haiti may be expanded or amended at any time, as new information becomes available to the Treasury Department. All officers of the Haitian military, whether or not named in the latest list, are subject to the blocking and transactional prohibitions which apply to all members of the regime. Persons with information on individuals or firms violating the Haiti sanctions may call (202) 622-2430. Persons with questions about licensing may call (202) 622-2480. All calls will be kept confidential.

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AUCTION RESULTS
PUBLIC DEBT NEWS
Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
April 18, 1994

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for $11,834 million of 13-week bills to be issued April 21, 1994 and to mature July 21, 1994 were accepted today (CUSIP: 912794M50).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	3.75%	3.84%	99.052
High	3.77%	3.86%	99.047
Average	3.76%	3.85%	99.050

Tenders at the high discount rate were allotted 5%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$48,188,647	$11,834,322
Type		
Competitive	$42,902,065	$6,547,740
Noncompetitive	1,302,864	1,302,864
Subtotal, Public	$44,204,929	$7,850,604
Federal Reserve	3,172,460	3,172,460
Foreign Official Institutions	811,258	811,258
TOTALS	$48,188,647	$11,834,322

An additional $48,742 thousand of bills will be issued to foreign official institutions for new cash.

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
April 18, 1994

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for $11,824 million of 26-week bills to be issued April 21, 1994 and to mature October 20, 1994 were accepted today (CUSIP: 912794L85).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	4.18%	4.33%	97.887
High	4.21%	4.36%	97.872
Average	4.21%	4.36%	97.872

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	$42,157,989	$11,824,165
Type		
Competitive	$37,069,680	$6,735,856
Noncompetitive	977,667	977,667
Subtotal, Public	$38,047,347	$7,713,523
Federal Reserve	3,350,000	3,350,000
Foreign Official Institutions	760,642	760,642
TOTALS	$42,157,989	$11,824,165

An additional $45,558 thousand of bills will be issued to foreign official institutions for new cash.

LB-767

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
April 19, 1994

Contact: Scott Dykema
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TREASURY, BUSINESS FORM TAX CREDIT AWARENESS PANEL

Deputy Treasury Secretary Roger Altman said today that Treasury and a group of business executives have formed a panel to promote public awareness of the Earned Income Tax Credit and it's advance payment option.

The voluntary panel will be co-chaired by Altman and Josh Weston, chairman and chief executive officer of Automated Data Processing (ADP). Members of the Earned Income Tax Committee include chief executives from top American companies in a number of industries, including retail, food and beverage, data processing, and banking.

"This group is an excellent example of how business and government can cooperate to make America a better place to work," Altman said. "The panel is a perfect complement to the government-wide effort launched earlier this year by President Clinton to get the word out about the tax credit to eligible federal workers," Altman said.

Like the federal campaign, the new panel will encourage private-sector managers to make sure employees know about the credit, especially the advance payment option that permits workers to get payments in their regular paychecks. Fewer than one percent of those claiming the credit receive benefits through advance payments.

"American business has an important role in letting our employees know about this program," said ADP's Weston. "We can help by alerting our people about the credit through personnel and payroll systems. Workers benefit especially from the advance payments and businesses benefit by improved morale among workers who know we care about them," Weston said.

The EITC was significantly expanded last year by Congress and is the cornerstone of the Clinton Administration's welfare reform program. The expanded tax credit, to be phased in over three years, includes a significant increase in the maximum credit available to families with two or more children and an increase in the benefits for childless workers.

(MORE)

LB-768

Nearly 15 million workers are expected to file this year for $14.8 billion in benefits. By 1997, about 21 million workers are expected to claim $27.9 billion.

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Earned Income Tax Credit Executive Committee

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Chairman & CEO
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4/15/94

DEPARTMENT OF THE TREASURY

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For Release Upon Delivery
Expected at 10:00 a.m., E.S.T.
April 19, 1994

STATEMENT OF
LESLIE B. SAMUELS
ASSISTANT SECRETARY (TAX POLICY)
DEPARTMENT OF THE TREASURY
BEFORE THE
COMMITTEE ON WAYS AND MEANS
UNITED STATES HOUSE OF REPRESENTATIVES

Mr. Chairman and Members of the Committee:

I am pleased to present the views of the Treasury Department on the Retirement Protection Act of 1993 (H.R. 3396). The Treasury Department actively participated in the Administration's PBGC Task Force and the Department strongly supports this package. We believe that this legislation addresses the primary causes of the recent trend of losses for the Pension Benefit Guaranty Corporation (PBGC) and that enactment of the legislation would reverse the trend of increasing PBGC deficits in a responsible manner, before the situation becomes a crisis. This morning I will discuss the portions of the bill that amend the Internal Revenue Code.

Minimum funding requirements

The bulk of the amendments to the Internal Revenue Code in this legislation relate to the minimum funding rules that are found in section 412. These minimum funding rules are designed to ensure that employers sponsoring defined benefit plans set aside assets to secure the benefit promise made to their employees. In recognition of the long-term nature of the liabilities, the minimum funding rules permit employers to fund their commitment over a number of years.

The minimum funding rules enacted as part of the Employee Retirement Income Security Act of 1974 (ERISA) were amended in 1987. These amendments require an employer with over 100 employees that sponsors an underfunded plan to make an additional deficit reduction contribution designed to eliminate the underfunding more rapidly. In reviewing the effectiveness of these rules, the Administration's task force determined that some employers with significantly underfunded plans had used loopholes in the statute that allowed them to avoid making these additional deficit reduction contributions.

The bill modifies the deficit reduction contribution requirements in a number of ways in order to close the statutory loopholes that employers have exploited. First, the bill improves the coordination of the deficit reduction contribution and the regular minimum funding determinations. Under current law, the impact of actuarial gains and reductions in liability due to changes in actuarial assumptions (or in the other direction, the impact of actuarial losses and increases in liability due to changes in actuarial assumptions) is recognized twice in determining the deficit reduction contribution The bill would end this double counting and effectively require the employer to make contributions based on the greater of the regular minimum funding requirement and a free-standing deficit reduction contribution.

Secondly, the bill mandates the use of certain standard assumptions for purposes of determining the amount of a pension plan's underfunding and the amount of the resulting deficit reduction contribution. The 1987 rules required the use of an interest rate within the corridor of 90-110% of the interest rate on 30-year Treasury bonds (averaged over the past four years) for this purpose. However, the 1987 rules did not require the use of any particular mortality table for this purpose. As a result, employers with poorly funded pension plans have had an incentive to use interest rates at the high end of the permitted corridor and to assume that their employees have higher than usual mortality (i.e., lower life expectancy). The use of high interest rates and mortality assumptions minimizes the amount of the apparent pension liability, reducing the required contributions.

The Retirement Protection Act would mandate that the interest rate used for purposes of determining the deficit reduction contribution be no greater than 100% of the 30-year Treasury rates (7.30% for plan years beginning in April 1994) and would require the use of the group annuity mortality table currently adopted by the insurance commissioners of at least 26 States. As the Members of this Committee know, this is the same mortality table specified in Internal Revenue Code Section 807(d)(5), relating to the determination of reserves for life insurance companies.

The bill would also tighten the deficit reduction contribution formula that determines the speed of funding new plan liabilities under the 1987 amendments. The new formula would require plans to fund substantially all of the increases in liability in the first 5-7 years after the amendment. Under current law, the liablity can be funded at a rate that corresponds to 12 year amortization. This change will ensure that increases in liability from benefit changes will be funded over a period that more closely tracks the five-year phase-in of PBGC's guaranty.

Finally, in developing the proposal we attempted to anticipate how employers might try to avoid making deficit reduction contributions in the future, and then we closed these potential loopholes in advance. For example, the bill provides that employers sponsoring significantly underfunded pension plans (i.e., over $50 million of underfunding in the controlled group) would be required to obtain advance Internal Revenue Service approval of changes in actuarial assumptions that significantly decrease their current liability. Thus, while these employers will be permitted to reflect their individual situations in establishing retirement age assumptions, for example, they would need to justify to the I.R.S. any changes in those assumptions from prior assumptions. This requirement, in conjunction with the use of a specified mortality table and a lower cap on the interest rate, will ensure that employers cannot manipulate the plan's actuarial assumptions to avoid their responsibility to fund their benefit promises.

The Administration recognized that an abrupt increase in the minimum funding requirements may be overly burdensome for employers in the short term. Consequently, the bill includes transition rules that give short-term relief to employers, while still providing for steady, gradual improvement in plan funding.

Quarterly contributions and nondeductible contributions

As part of the process of reviewing the funding rules, the task force identified two other related provisions that we believed could be improved by narrowing the scope of their application: the quarterly contribution requirements and the excise tax on nondeductible contributions. I will discuss each of these provisions in turn.

The requirement that an employer make quarterly contributions to its pension plan (modeled on the payment of estimated income tax) was added in 1987 and provides an early warning signal for the PBGC that an employer may be unable to meet the minimum funding requirements for a year. In the absence of the quarterly contribution requirement, such an employer could wait until 20 1/2 months after the beginning of the plan year before coming to grips with its financial responsibility to the plan. By requiring quarterly contributions, and notice to the PBGC and plan participants of an employer's failure to pay these installments, the funding rules force the employer to face up to its problems earlier in the year.

The quarterly contribution rules also are beneficial in the situation where the employer's financial problems first appear later in the plan year. In this case, if the employer has been making the required quarterly installments a plan will have been at least partially funded during the portion of the year prior to the development of the financial problems.

On the other hand, the requirement that an employer contribute four times a year, together with the need to have an actuary determine the minimum installments, adds an administrative burden for an employer. If a plan currently has assets in excess of its current liability, the Task Force concluded that the administrative burden on employers outweighs the benefit of quarterly installments to the employees and the Government. This is particularly true for plans near the full funding limit, where an employer that must make a quarterly contribution before the actuarial valuation is complete may ultimately discover that the contribution is nondeductible. For these reasons, the bill would eliminate the quarterly contribution requirement for plans that had assets in excess of current liability in the previous year.

The purpose of the excise tax on nondeductible contributions is to discourage employers from making these contributions in order to transfer assets into the plan's tax-exempt trust. In the two situations described in the bill, we believe that the employer's nondeductible contributions are not motivated by a desire to obtain excessive tax shelter, but are primarily a result of non-tax considerations, and should not generate an excise tax. These situations arise where: 1) an employer with fewer than 100 employees contributes an amount to its pension plan to fund the current liability and then terminates the plan, or 2) an employer sponsoring a defined benefit plan also sponsors a section 401(k) plan with overlapping coverage that is receiving employee salary deferrals or employer matching contributions totaling less than 6 % of compensation. In the former case, a small employer may be required to make the nondeductible contributions as a condition of plan termination. The latter case deals with the anomalous situation where an employer wishes to make additional contributions in order to decrease plan underfunding, but is now discouraged from doing so because employees are electing to make salary deferrals in a 401(k) plan that count against the employer's aggregate qualified plan deduction limits.

Actuarial equivalence

The bill makes minor changes to the actuarial equivalence rules used for purposes of converting annuities to nonannuity distributions, primarily lump sums, under sections 417(e) (restrictions on cash-outs) and 415(b) (maximum permitted benefits). Under current law, the actuarial equivalence that can be used for these purposes is based on two different interest rates (one of which is tied to the PBGC interest rates used to value terminated plans, the other of which can be as low as 5%) and no specified mortality table. The bill would specify a single interest rate and mortality table for both purposes. Eliminating the current cross-reference to the PBGC interest rates will also enable the PBGC to adjust the interest rate it uses for other purposes in the future without also affecting the benefits of participants in all plans.

Nondiscrimination and Cross-testing

As a condition of tax-favored treatment, section 401(a)(4) requires that retirement plans demonstrate that the contributions or benefits provided under the plan do not discriminate in favor of highly compensated employees. Under current law, this demonstration can be on the basis of either contributions or benefits, without regard to whether the plan is a defined contribution plan or a defined benefit plan.

Section 408 of the bill would generally prohibit the practice known as "cross-testing" a qualified defined contribution plan. The bill would generally require defined contribution plans, and aggregations of defined contribution and defined benefit plans, to demonstrate nondiscrimination on the basis of actual plan contributions, as opposed to projected benefits at retirement.

Cross-testing a defined contribution plan is needed when plans provide different allocations, as a percentage of compensation, to different employees. If the employees receiving larger allocations are older than the other employees, the difference may be justified by looking at the equivalent benefits those allocations are projected to generate. While some argue that cross-tested defined contribution plans merely make explicit the age-bias that is implicitly found in traditional defined benefit plans, there are significant differences between these types of plans. For example, the amount of benefit an employee receives from a defined benefit plan does not depend on the investment return in the fund; and the delivery of that benefit is further guaranteed by the PBGC. However, employees in a cross-tested defined contribution plan bear investment risk. An employee will receive the hypothetical benefit that is used to satisfy the nondiscrimination rules only if the plan's investment return and the conversion of the employee's account balance into retirement income actually match the assumptions used in the projection.

Creative practitioners have recently gone further than merely mimicking the distributional aspects of defined benefit plans by relating allocations to age. They have developed aggressive plan designs that provide significantly higher contributions for one class of employees (such as the owners of a business) than for the rest of the employees. If most of the favored class is older than the other employees, as is often the case in these situations, cross-testing may be used to satisfy the nondiscrimination rules in an inappropriate way.

The potential for highly-compensated employees receiving substantial benefits in cross-tested plans has received considerable press attention. For example, discussions of cross-testing have made their way into the Wall Street Journal, Pension World and Financial Planning magazine. These articles emphasize the potential for highly-compensated employees to maximize benefits for themselves while minimizing contributions for rank-and-file workers. For example, a June 1993 Financial Planning article is headlined "Skewed retirement plans help owners at workers' expense." The Wall Street Journal article leads with the question "Is it a retirement plan , or a tax shelter ?" An article in the March 1994 Journal of the American Society of CLU and ChFC contains an illustration of an employer using cross-testing to reduce the allocations for rank-and-file workers from 15% of pay to 3% of pay, while the owner continues to receive an allocation of $30,000. I have attached copies of a small collection of these articles for the record.

The Administration is concerned that such practices and the increasing attention that they have been receiving, can

- reduce the share of tax-subsidized retirement funds that benefit rank-and-file workers

- encourage employers to abandon the defined benefit system, thus eroding the PBGC premium base

- discourage the hiring of older rank-and-file workers (to the extent that ADEA doesn't protect these workers), and

- generally have a detrimental impact on the public's perception of the integrity of our tax-favored retirement system.

For these reasons, the Administration supports the ban on cross-testing provided in the bill.

Let me emphasize that this proposal was developed because some employers are manipulating the cross-testing rules in order to obtain a tax subsidy for retirement plans that provide excessive contributions to highly compensated employees, at the expense of rank-and-file workers. Since the Administration proposed limiting cross-testing, we have discussed the issue with a wide array of plan sponsors, advisors and industry groups. We have actively solicited comments on the effect the proposal might have on those plans that provide significant benefits to rank-and-file workers, and we have asked how the law could distinguish those plans from those abusive cases. We have received useful suggestions in this regard and wish to work with the Committee in tailoring the proposal to target only the abusive cases. In this process, however, our guiding principle remains -- the abusive practices must stop.

Rounding rules for indexed values

Many of the statutory dollar thresholds and limits used in the qualified plan area are indexed to changes in the cost of living. For example, the annual limit on contributions under section 401(k) is $9,240 in 1994 (increased from $8,994 in 1993). The bill would change the indexing rules so that the indexed values for a year are available before the start of the year and would provide for rounding of these indexed values to the next lowest multiple of $500 or $5,000. The earlier determination of the indexed values and the use of rounded values would simplify administration by employers and communication with employees, because the indexed values would not necessarily change each year. The proposal also has the effect of raising revenue to offset some costs of the bill. As the Members of the Committee know, a similar rounding rule was adopted in last year's reconciliation bill for the compensation limit of section 401(a)(17).

Conclusion

In conclusion, I would like to emphasize that now is the time to act, while the PBGC's problems are still manageable. Although the PBGC has assumed significant liabilities over the past ten years from the termination of underfunded plans, PBGC's responsibility for benefit payments under those plans is spread out over a number of years. Enactment of the Retirement Protection Act of 1993 will require employers sponsoring defined benefit plans to do a better job of living up to their commitments by adequately funding their plans, thereby reducing PBGC's potential liability.

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April 19, 1994

FEDERAL FINANCING BANK

Charles D. Haworth, Secretary, Federal Financing Bank (FFB), announced the following activity for the month of March 1994.

FFB holdings of obligations issued, sold or guaranteed by other Federal agencies totaled $120.1 billion on March 31, 1994, posting a decrease of $3,200.8 million from the level on February 28, 1994. This net change was the result of a decrease in holdings of agency debt of $860.5 million, a decrease in holdings of agency assets of $411.6 million, and a decrease in holdings of agency-guaranteed loans of $1,928.7 million. FFB made 27 disbursements during the month of March, extended the maturity of 17 REA-guaranteed loans, and refinanced 49 REA-guaranteed loans. FFB also received 45 prepayments in March.

Attached to this release are tables presenting FFB March loan activity and FFB holdings as of March 31, 1994.

LB-770

FEDERAL FINANCING BANK
MARCH 1994 ACTIVITY

BORROWER	DATE	AMOUNT OF ADVANCE	FINAL MATURITY	INTEREST RATE
GOVERNMENT - GUARANTEED LOANS				
GENERAL SERVICES ADMINISTRATION				
Foley Services Contract	3/7	$140,827.00	12/11/95	4.897% S/A
ICTC Building	3/16	$4,962,768.34	11/2/26	7.039% S/A
Memphis IRS Service Cent.	3/16	$2,588,238.51	1/3/95	4.310% S/A
Chamblee Office Building	3/17	$19,846.75	4/1/97	5.510% S/A
Foley Square Courthouse	3/17	$12,712,708.00	12/11/95	4.933% S/A
HCFA Headquarters	3/17	$3,061,206.00	6/30/95	4.617% S/A
Foley Services Contract	3/21	$358,024.00	12/11/95	5.006% S/A
Atlanta CDC Office Bldg.	3/24	$92,622.00	9/1/95	4.786% S/A
Foley Square Office Bldg.	3/24	$7,298,033.00	12/11/95	4.976% S/A
Oakland Office Building	3/24	$686,232.00	9/5/23	6.931% S/A
ICTC Building	3/29	$79,731.97	11/2/26	7.133% S/A
GSA Refinancings	3/31	$4,649,710.50	3/25/04	6.488% S/A
GSA Refinancings	3/31	$8,455,805.62	3/25/04	6.475% S/A
GSA Refinancings	3/31	$246,701.73	9/25/03	6.436% S/A
GSA Refinancings	3/31	$315,239.94	3/25/03	6.399% S/A
GSA Refinancings	3/31	$2,362,095.76	3/25/03	6.411% S/A
RURAL ELECTRIFICATION ADMINISTRATION				
Brazos Electric #332	3/1	$874,000.00	12/31/19	6.623% Qtr.
Tex-La Electric #389	3/4	$1,500,000.00	3/31/95	4.367% Qtr.
Tex-La Electric #389	3/4	$1,550,000.00	4/1/96	4.954% Qtr.
Tex-La Electric #389	3/4	$1,600,000.00	3/31/97	5.319% Qtr.
Tex-La Electric #389	3/4	$1,650,000.00	3/31/98	5.615% Qtr.
Tex-La Electric #389	3/4	$1,700,000.00	3/31/99	5.866% Qtr.
Tex-La Electric #389	3/4	$1,750,000.00	3/31/00	6.073% Qtr.
Tex-La Electric #389	3/4	$1,800,000.00	4/2/01	6.198% Qtr.
Tex-La Electric #389	3/4	$1,850,000.00	4/1/02	6.270% Qtr.
Dairyland Power #388	3/9	$6,849,000.00	12/31/18	6.796% Qtr.
Sam Rayburn #900	3/9	$51,534,491.76	1/3/17	6.574% Qtr.
Oconto Electric #369	3/29	$619,000.00	12/31/25	7.018% Qtr.
*Allegheny Electric #175	3/31	$4,910,246.00	4/1/96	5.270% Qtr.
*Allegheny Electric #175	3/31	$2,916,000.00	4/1/96	5.270% Qtr.
*Allegheny Electric #255	3/31	$3,753,411.80	9/30/94	4.036% Qtr.
*Allegheny Electric #255	3/31	$1,366,588.19	9/30/94	4.036% Qtr.
*Allegheny Electric #255	3/31	$1,121,964.26	9/30/94	4.035% Qtr.
*Allegheny Electric #255	3/31	$3,814,149.71	3/31/95	4.550% Qtr.

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

FEDERAL FINANCING BANK
MARCH 1994 ACTIVITY

BORROWER	DATE	AMOUNT OF ADVANCE	FINAL MATURITY	INTEREST RATE
RURAL ELECTRIFICATION ADMINISTRATION (Continued)				
Allegheny Electric #255	3/31	$5,449,465.27	3/31/95	4.550% Qtr.
Allegheny Electric #255	3/31	$1,927,702.10	9/30/94	4.036% Qtr.
Associated Electric #906	3/31	$8,513,394.73	1/3/17	6.904% Qtr.
Associated Electric #906	3/31	$1,105,635.82	1/3/17	6.904% Qtr.
Associated Electric #906	3/31	$6,652,466.15	1/3/17	6.904% Qtr.
Associated Electric #906	3/31	$11,106,997.10	1/3/17	6.904% Qtr.
Associated Electric #906	3/31	$19,162,902.21	1/3/17	6.904% Qtr.
Associated Electric #906	3/31	$10,284,304.43	1/3/17	6.904% Qtr.
Associated Electric #906	3/31	$18,453,337.65	1/3/17	6.904% Qtr.
Associated Electric #906	3/31	$7,335,295.32	1/2/18	6.924% Qtr.
Associated Electric #906	3/31	$2,585,374.97	1/2/18	6.924% Qtr.
Associated Electric #906	3/31	$4,088,262.13	1/2/18	6.924% Qtr.
Associated Electric #906	3/31	$6,971,093.04	1/2/18	6.924% Qtr.
Associated Electric #906	3/31	$5,082,005.84	12/31/18	6.940% Qtr.
Associated Electric #906	3/31	$4,263,058.04	12/31/18	6.940% Qtr.
Associated Electric #906	3/31	$2,010,773.21	12/31/18	6.940% Qtr.
Associated Electric #906	3/31	$4,629,161.77	12/31/19	6.952% Qtr.
Coop. Power Assoc. #156	3/31	$2,018,851.77	4/1/96	5.260% Qtr.
Kansas Elec. Power #216	3/31	$769,330.43	4/1/96	5.261% Qtr.
Kansas Elec. Power #216	3/31	$966,964.31	4/1/96	5.261% Qtr.
Kansas Elec. Power #216	3/31	$699,776.81	4/1/96	5.261% Qtr.
Kansas Elec. Power #216	3/31	$487,723.19	4/1/96	5.261% Qtr.
Kansas Elec. Power #216	3/31	$903,348.19	4/1/96	5.261% Qtr.
Kansas Elec. Power #216	3/31	$1,056,026.81	4/1/96	5.261% Qtr.
Meade County Elec. #356	3/31	$535,781.25	4/1/96	5.267% Qtr.
Saluda River Elec. #903	3/31	$2,409,068.88	6/30/94	3.591% Qtr.
Saluda River Elec. #903	3/31	$910,482.30	6/30/94	3.591% Qtr.
Saluda River Elec. #903	3/31	$1,444,363.39	6/30/94	3.591% Qtr.
Saluda River Elec. #903	3/31	$10,165,412.65	6/30/94	3.591% Qtr.
Saluda River Elec. #903	3/31	$3,354,016.26	6/30/94	3.591% Qtr.
Saluda River Elec. #903	3/31	$2,724,078.18	6/30/94	3.591% Qtr.
Saluda River Elec. #903	3/31	$11,361,016.10	6/30/94	3.591% Qtr.
Saluda River Elec. #903	3/31	$1,074,365.44	6/30/94	3.591% Qtr.
Seminole Electric #905	3/31	$11,027,551.93	3/31/04	6.600% Qtr.
Seminole Electric #905	3/31	$40,992,652.06	6/30/94	3.591% Qtr.
Seminole Electric #905	3/31	$42,202,761.09	6/30/94	3.591% Qtr.
Seminole Electric #905	3/31	$3,019,197.35	4/2/01	6.423% Qtr.
Seminole Electric #905	3/31	$31,738,710.49	3/31/99	6.111% Qtr.
Seminole Electric #905	3/31	$4,083,717.33	3/31/04	6.600% Qtr.
Seminole Electric #905	3/31	$17,628,012.44	3/31/99	6.111% Qtr.

Qtr. is a Quarterly rate.
306C refinancing
maturity extension

FEDERAL FINANCING BANK
MARCH 1994 ACTIVITY

BORROWER	DATE	AMOUNT OF ADVANCE	FINAL MATURITY	INTEREST RATE
RURAL ELECTRIFICATION ADMINISTRATION (Continued)				
+Seminole Electric #905	3/31	$31,604,649.25	4/2/01	6.423% Qtr.
+Seminole Electric #905	3/31	$28,172,081.06	3/31/04	6.600% Qtr.
+Seminole Electric #905	3/31	$13,982,981.69	4/2/01	6.427% Qtr.
+W. Farmer Elec. #902	3/31	$83,480.16	1/3/17	6.904% Qtr.
+W. Farmer Elec. #902	3/31	$517,290.43	1/3/17	6.904% Qtr.
+W. Farmer Elec. #902	3/31	$7,024,079.69	1/3/17	6.904% Qtr.
+W. Farmer Elec. #902	3/31	$8,063,419.32	1/3/17	6.904% Qtr.
+W. Farmer Elec. #902	3/31	$3,860,377.12	1/3/17	6.904% Qtr.
+W. Farmer Elec. #902	3/31	$442,261.73	1/3/17	6.904% Qtr.
+W. Farmer Elec. #902	3/31	$3,972,711.04	1/2/18	6.924% Qtr.
+W. Farmer Elec. #902	3/31	$2,558,563.22	1/2/18	6.924% Qtr.
+W. Farmer Elec. #902	3/31	$1,570,977.06	1/2/18	6.924% Qtr.
+W. Farmer Elec. #902	3/31	$2,080,362.22	1/3/17	6.904% Qtr.
+W. Farmer Elec. #902	3/31	$4,825,471.51	1/3/17	6.904% Qtr.
+W. Farmer Elec. #902	3/31	$5,023,515.51	1/3/17	6.904% Qtr.
+W. Farmer Elec. #902	3/31	$571,682.78	1/2/18	6.924% Qtr.
+W. Farmer Elec. #902	3/31	$244,689.90	1/2/18	6.924% Qtr.
+W. Farmer Elec. #902	3/31	$1,981,772.89	1/2/18	6.924% Qtr.
*Wolverine Power #349	3/31	$677,952.76	12/31/24	7.149% Qtr.

Qtr. is a Quarterly rate.
+ 306C refinancing
* maturity extension

FEDERAL FINANCING BANK
(in millions)

Program	March 31, 1994	February 28, 1994	Net Change 3/1/94-3/31/94	FY '94 Net Change 10/1/93-3/31/94
Agency Debt:				
Department of Transportation	$ 664.7	$ 664.7	$ 0.0	$ 664.7
Export-Import Bank	4,847.1	5,309.4	-462.4	-947.5
Resolution Trust Corporation	28,797.9	29,196.1	-398.1	-2,889.8
Tennessee Valley Authority	6,075.0	6,075.0	0.0	-250.0
U.S. Postal Service	9,731.5	9,731.5	0.0	0.0
sub-total*	50,116.2	50,976.7	-860.5	-3,422.6
Agency Assets:				
FmHA-ACIF	8,658.0	8,908.0	-250.0	-250.0
FmHA-RDIF	3,675.0	3,675.0	0.0	0.0
FmHA-RHIF	25,876.0	26,036.0	-160.0	-160.0
DHHS-Health Maintenance Org.	30.9	30.9	0.0	0.0
DHHS-Medical Facilities	49.6	51.1	-1.6	-1.7
Rural Electrification Admin.-CBO	4,598.9	4,598.9	0.0	0.0
Small Business Administration	1.5	1.5	-0.1	-1.4
sub-total*	42,889.8	43,301.5	-411.6	-413.1
Government-Guaranteed Loans:				
DOD-Foreign Military Sales	3,944.0	4,000.1	-56.1	-139.4
DEd.-Student Loan Marketing Assn.	0.0	1,760.0	-1,760.0	-4,790.0
DEPCO-Rhode Island	0.0	0.0	0.0	-30.4
DHUD-Community Dev. Block Grant	115.9	116.1	-0.3	-15.5
DHUD-Public Housing Notes	1,746.5	1,746.5	0.0	-54.5
General Services Administration +	1,789.9	1,745.4	44.5	204.2
DOI-Virgin Islands	22.2	22.2	0.0	-0.7
DON-Ship Lease Financing	1,479.6	1,479.6	0.0	-48.7
Rural Electrification Administration	17,359.5	17,511.5	-152.0	-293.7
SBA-Small Business Investment Cos.	72.6	73.6	-1.0	-17.8
SBA-State/Local Development Cos.	551.4	555.2	-3.7	-25.0
DOT-Section 511	15.9	16.0	-0.1	-1.1
DOT-WMATA	0.0	0.0	0.0	-177.0
sub-total*	27,097.5	29,026.2	-1,928.7	-5,389.5
	=========	=========	========	========
grand-total*	$120,103.5	$123,304.3	$-3,200.8	$-9,225.2

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

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
Text as prepared for delivery
April 19, 1994

Remarks of Treasury Secretary Lloyd Bentsen
Young Presidents Organization
The White House

LB-771

FOR IMMEDIATE RELEASE
Text as Prepared for Delivery
April 19, 1994

REMARKS OF TREASURY SECRETARY LLOYD BENTSEN
YOUNG PRESIDENTS ORGANIZATION

I was thinking about what to say to you this afternoon, so I started looking over the list of businesses represented here today, and it's quite a range -- trucking and financial services, manufacturing and computer software, food service and energy, health care and entertainment. Every one of you is directly affected by the health of our economy, and a great many of you are in businesses that are increasingly involved in trade.

So what I'd like to do is briefly review how we reached where we are with the economy, and what it looks like down the road. And I also want to talk a bit about something I'm very enthusiastic about -- and that's our prospects in the international arena.

We set out last year to make this economy move again, and right here and right now I'm going to claim some of the credit. I can absolutely assure you that if our program hadn't worked, there'd be a lot of folks throwing the blame our way. So my rule is, when it works, claim the credit.

You're familiar, I'm sure, with the highlights of what we did. To keep it short, we produced slightly more in spending cuts than in new revenues, and we've set the deficit headed down. I'm proud to say it is coming down even faster than we had imagined. I won't have fresher figures until about July, but I can report to you today that a year ago we were predicting a $300 billion deficit for the coming fiscal year if we did nothing. And we figured the deficit would be $247 billion with our program.

Well, this February -- because growth had been coming along better than we expected -- we found we were ahead of schedule. Our projection of the deficit for fiscal 1995 now is down to $176 billion. that's about $70 billion lower than we thought a year ago, and $125 billion lower than we projected last April if we'd done nothing.

I'm looking forward to July when I can see the new numbers.

Interest rates went right down when we started getting serious about the deficit. And you can see the effects of that throughout the economy. I suspect many of you refinanced your houses. I did. I also suspect many of you changed the structure of debt in your businesses.

The rates have come back up some. But those rates rose not because the government was borrowing to cover the deficit. For the first time in years because of market conditions -- market conditions, not the deficit.

The Federal Reserve added another quarter of a point to short-term rates yesterday. They are trying to set a policy to permit expansion to continue without increasing inflation, and non-inflationary, sustainable growth is a goal we all want. That's what we have now.

I must tell you, I haven't seen the economy this solid and steady for 20 years.

A few of the latest figures tell the story about the solid, steady and strong economy I talk about. Fourth quarter to fourth quarter growth was 3.1 percent. We're looking at about 3 percent this year, and the Blue Chip forecast is right there at 3.1 percent.

Unemployment is down, and manufacturing jobs have risen now for six straight months. We've seen the private sector create more than 2 million new jobs, and they're not all service industry jobs. Some are in exports, and those jobs pay a good bit better -- 17 percent on average in the production of goods. We hear so much about this corporate giant, or that one, when they cut 10,000, 20,000 jobs. When one of you adds five or 10 or 20 workers, it doesn't make the headlines. But it's happening all over the country.

Non-farm labor costs have fallen to the lowest point in a decade. Non-farm productivity is up at better than 6 percent annually. The fourth quarter figure was the best it's been since 1986. Consumer confidence is strong.

You know, it really is a good time to be Treasury Secretary. My signature is finally on the money, and the President's economic program is taking hold.

Turning around our domestic economy has given us renewed respect elsewhere in the world. I'm having another one of these so-called G-7 meetings here this weekend, and I can assure you that when we go around the table, no one's going to be pointing the finger at the U.S. delegation demanding that we quit running up deficits and soaking up investment capital.

One of the things that we talk about is opening up markets, like we did with NAFTA and as we're doing with the Uruguay Round of the GATT. I've had quite an opportunity to become involved in this arena as Treasury Secretary. I had an interest in it when I was Chairman of the Finance Committee, and it's an increasing priority for me now as secretary. That's because trade is an increasing force in our economy. One job in every 13 in our country exists because we're doing business out in the world.

We now have a few months of NAFTA under our belts, and there are some success stories which I think take care of the complaints we heard during our debate on this.

Take the auto industry. So far this year shipments of our vehicles to Mexico are up 580 percent. The numbers aren't large yet -- about 10,000 vehicles in the first quarter as opposed to about 1,500 last year -- but it's up. And Ford says they plan to send 50,000 Escorts to Mexico by the end of 1995.

If you watch sports on television, you've seen John Madden's Ace Hardware commercials. Well, Ace sales to Mexico are up 125 percent in the first two months of NAFTA. That's because of NAFTA, not because John Madden is doing their ads. They've added 25 employees in the past year because of trade with Mexico, and nine of those were hired after NAFTA was passed.

People in Mexico are buying our products not only because they like them, but also because they can afford them. Inflation was down to 8 percent last year, and that's the first time it's been in single digits in 26 years. It looks as if it will stay down this year. Capital continues to flow in. My experts tell me that after the NAFTA vote capital inflows were $8 billion or $9 billion. Privatization is up, and that helped produce last year's budget surplus last year. I'd like to have one of those. Mexico's a strong partner, and that's what you want in a deal like this.

That's one side of the equation, our trade with Mexico. But it is a two-way street. Figures came out from our Commerce Department this morning that show our imports of Mexican goods increased by 4.5 percent in February alone, and that was on top of a 5 percent gain for the month of January. Everyone wins with free trade. NAFTA is really paying off.

Latin American economies are growing rapidly. And one of the questions I get is, "Where to from here after NAFTA?"

Part of the broader answer is the Uruguay Round, because it has a global focus, not just a regional approach. But as to the entire area, the President wants to expand trade liberalization throughout the region, perhaps with an expansion of NAFTA.

As many of you are aware, Chile is the next nation in line for free trade agreement negotiations. However, we have not decided whether to approach this process as one of add-ons to NAFTA, or establishing new country-to-country free trade agreements. We want to work closely with Congress, and consult with other countries in the region to hear their ideas.

Globally, we have a three-pronged approach: Broad arrangements like the Uruguay Round, regional arrangements, such as NAFTA, and country-to-country agreements. We're firmly committed to the new World Trade Organization established under the Uruguay Round, but like the Europeans and Japan, we are pursuing our regional interests in the fastest-growing regions. And, when we have to, we are enforcing our trade laws on a bilateral basis to keep markets open.

I'd like to wind things up by talking just a bit about the other fast-growing market -- Asia and the Pacific. Those of you doing business there already have an idea of what I'm talking about. Those of you who aren't doing business there, the potential is enormous.

In 15 years, this region could be economically larger than Europe and the United States combined -- combined. The growth rates we're seeing are phenomenal. China's was 13 percent. Indonesia and Thailand -- 6 and 10 percent respectively for years.

In six years, even leaving out Japan, there are going to be 75 million households in Asia with incomes comparable to what middle income Americans have.

Talk about an opportunity. That's one reason I went through Asia in January. I found economies growing so strongly they literally cannot keep up with themselves. In Bangkok they're doing business across town on cellular telephones because it's quicker and easier than trying to get through traffic.

Beijing and Shanghai are bustling, Shanghai in particular. If you've seen that new bridge in Shanghai connecting the new development area with the city, you know they are serious about joining the global economy. Everywhere in the entire region there is exploding progress.

I talked about that with my colleagues at a finance ministers meeting in Hawaii last month, about how to keep that growth going, and how to finance it. It was the first time all of us from Asia and the Pacific region had ever sat down together.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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

STATEMENT BY THE HONORABLE JEFFREY R. SHAFER ASSISTANT SECRETARY FOR INTERNATIONAL AFFAIRS BEFORE THE SUBCOMMITTEE ON INTERNATIONAL DEVELOPMENT, TRADE, AND MONETARY POLICY COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS HOUSE OF REPRESENTATIVES

APRIL 19, 1994

Mr. Chairman. I welcome the opportunity to testify before this Subcommittee about the extension and enlargement of the Enhanced Structural Adjustment Facility (ESAF). The ESAF provides an important example of the critical and effective role played by the International Financial Institutions (IFIs) in advancing U.S. economic, strategic and humanitarian goals.

Introduction

The Administration is seeking authorization for a U.S. contribution of $100 million to the interest subsidy account of an enlarged and extended Enhanced Structural Adjustment Facility (or ESAF). This trust is operated by the International Monetary Fund. It provides loans at concessional interest rates to the poorest countries in support of structural and economic reforms. More than two-thirds of current ESAF programs are in Sub-Saharan Africa. The funds and the policy reforms they encourage improve prospects for growth and development in these countries. Economic development is the only way to reduce the widespread poverty in them.

Let me begin by making three points about the extension of the ESAF:

o First, ESAF is not an aid program in the conventional sense. It supports the efforts of many of the poorest countries, particularly in Africa, to frame economic and structural reform programs that are essential to their sustained growth and development. It has been and continues to be highly effective in this role. Ghana, Uganda, Malawi, Lesotho and Bolivia are among the countries that have shown significant improvements in growth, lower inflation and expanded exports under ESAF programs.

- Second, the United States' pledge, subject to the approval of Congress, amounts to less than a nickel of every dollar contributed to the interest subsidy account. If we add the $7 billion in bilateral commitments to the loan account, our pledge amounts to little more than a penny of every dollar. It is a meager share for the largest economy in the world -- much less than our 18 percent share of the IMF quota.

- Third, the Administration has structured this request to keep the added budgetary cost in our 150 Account as small as possible while still contributing. Our request would be spread over a fifteen year period that would not begin until FY-97.

Background

The international community responded in the mid-1980s to the growing crisis in the low income developing countries by providing the IMF with the Structural Adjustment Facility (SAF) and the ESAF. These facilities have provided nearly $12 billion in concessional resources to help low-income countries initiate measures to improve their balance of payments and foster growth over the medium-term.

Borrowers from the SAF/ESAF programs have very low per-capita incomes. Many face high rates of inflation, declining export prices and deteriorating balance of payments positions. In many of these countries, external sources of finance vanished as their need increased, making it clear to the international community that something needed to be done. In fact, U.S. support of the SAF/ESAF programs was prompted by criticisms from Members of Congress and others that the IMF did too little for the poorest member countries.

The SAF/ESAF programs have established a way to build consensus on an adjustment program within the borrowing country and between the borrower and donor communities. The specific measures that a country agrees to take are outlined in Policy Framework Papers (or PFPs), which are prepared by the national authorities with the assistance of the Fund and World Bank. These papers provide an outline for the country's macroeconomic and structural policy objectives for the coming three years, identify the strategy that will be followed, and estimate the financing that will be required. The participation of the Bank and Fund provides a catalyst for additional financial support from bilateral aid donors.

ESAF programs provide for comprehensive economic and structural reforms that seek to foster sustainable growth and job creation. They also seek to protect vulnerable groups from potential short-term consequences of adjustment by promoting a shift in budget priorities toward social services and support for social safety nets. It is important to recognize that low income countries can succeed only if they can obtain financing on a concessional basis. Adding more debts to those that they already owe is of no use. A lasting poverty alleviation program also requires increased economic opportunities and implementation of sound macroeconomic policies. Let me review how recipients of these programs have fared.

Experience under the ESAF

In the mid-1980s, when the SAF/ESAF programs were introduced, weak economic conditions, sharp declines in the terms of trade and inadequate policy responses to emerging problems had left most low income countries with minimal growth and rising external

imbalances. In fact, real GDP declined in two-thirds of the countries in the three-year period preceding implementation of ESAF programs.

Nowhere has the ESAF had a more pronounced effect on growth and development than in Africa. The continent had a distressing record of conflict, weak growth and increasing poverty. Yet against this backdrop, ESAF support has provided benefits to many countries. For example:

- **Ghana**, after a decade of reforms, has made major strides toward financial stability and an environment conducive to private enterprise. After experiencing several years of negative growth, GDP growth has averaged about 5 percent since 1983. The exchange and trade regimes have been liberalized. There also have been substantial improvements in social indicators. Ghana, in fact, graduated from the ESAF program in 1991. While the 1992 elections caused fiscal and current account deficits to increase, the government took corrective actions in 1993 and remains committed to economic reform.

- **Uganda** is in its fourth year of ESAF reforms. The government has introduced a market-determined exchange system and has liberalized prices and interest rates. Inflation has declined from 240% in the late 1980s to single digits today. The civil service and military have been reduced in size. Real GDP growth last year was 7% and is expected to be 5% this year.

- **Malawi** has one of the longest sustained commitments to economic reform in Africa. Economic growth exceeded 11% in 1993, and the exchange rate is fully market-determined.

- **Lesotho** achieved real GDP growth of 8.7 percent in 1993/4, and has a solid budget surplus, falling inflation, and a comfortable level of reserves.

- **Guinea** has reduced the size of its civil service by nearly half since 1986, liberalized its trade regime, and made substantial progress in privatization.

Looking to the future, the ESAF is proving its value in the context of a truly historic event: the January 12, 1994 **devaluation of the CFA Franc**. This currency, used by 14 African countries, had been linked to the French Franc at a rate of 50 to 1 since 1948.

After half a century, this rate had come to be far out of line with economic reality. The CFA Franc Zone countries were no longer competitive, and trying to stay afloat was leading to budget and trade deficits.

Devaluation was an alarming prospect to a generation of West Africans accustomed to low inflation and monetary stability. While restoring the competitiveness of local producers, the prices of the imports on which city dwellers had become increasingly reliant were going

to increase rather steeply. The Fund has responded rapidly by negotiating traditional short-term lending programs, and by moving to negotiate medium-term ESAF loans. ESAF programs can help in the following ways:

-- Concessional Financing to Allow More Gradual Adjustment: ESAF terms are highly concessional, providing a strong incentive for policy reform. The concessional terms ensure that Fund support does not compound already heavy debt burdens.

-- Policy Reforms: The Fund and World Bank have worked together with countries in difficult circumstances to agree to policy reforms required to support growth and jobs. For example, in the CFA countries, these programs support far-reaching adjustment policies that should help ensure that the benefits of the currency realignment are preserved and the short-term social costs are alleviated as much as possible.

-- Technical Assistance and Planning: An essential part of any ESAF program is an integrated package of medium-term policy plans and performance targets designed to help ensure the success of the reforms.

Virtually all CFA countries have begun implementing reforms designed to gain maximum advantage from the devaluation. **Benin, Burkina Faso, and Mali** already had ESAF agreements in place and are strengthening their reforms. **Cote d'Ivoire's** program was approved last month. **Cameroon, Niger, Senegal, Chad, CAR and Comoros** have received interim programs and should reach agreement on new ESAF programs soon. **Congo** and **Gabon** are not eligible for ESAF, because their incomes exceed the maximums permitted under the program.

The availability of ESAF was critical in helping countries through the devaluation. In the future, the United States and other donors will rely on the IMF and the World Bank to provide quick cash infusions and to be the major sources of new funding for these and other African countries in the years ahead. Without ESAF, we would be hard-pressed to find the more than $1.5 billion this program already has made available to Africa.

Progress under ESAF programs is not limited to Africa. Several low-income countries with ESAF programs in Latin America and Asia have made remarkable achievements.

- **Bolivia** has achieved 4 percent growth in each of the past three years, following nearly a decade of severe balance of payments imbalances and negative growth.

- **Guyana**, with foreign debt amounting to more than six times its GDP, has achieved growth in excess of 5 percent under its ESAF program, and inflation has declined from more than 75 percent to slightly less than 10 percent last year.

- **Bangladesh** has reduced its budget deficit, inflation rate and current account deficit while increasing domestic savings. It has achieved steady GDP growth since 1990/91. The country successfully completed its ESAF program in September 1993.

Despite the successes that many of the low income countries with ESAF programs have achieved, serious difficulties remain, notably still in Sub-Saharan Africa. Where ESAF programs have not had significantly positive results, they have in many instances helped to prevent further deterioration. ESAF programs are linked with other efforts, including debt relief, that will help to restore hope for a brighter future in many of the most impoverished nations of the world.

Structure of the ESAF

Let me turn now to the structure of the extended and enlarged ESAF, which I know is of particular interest to this Subcommittee.

The terms and conditions of programs under the enlarged facility are identical to the original ESAF. Loans will be provided to low-income IMF members that are undertaking three-year economic reform programs to strengthen their balance of payments and improve their growth prospects. The interest rate on ESAF loans will continue to be 0.5 percent, with the loans being repaid over a ten year period with 5-1/2 years grace.

In announcing the ESAF program earlier this year, the Fund committed itself to be more sensitive to social concerns in working with countries on the design and implementation of economic and structural reforms. The IMF's public announcement of the new program stated that ESAF programs will: pay greater attention to social safety nets; include where feasible contingency mechanisms to protect programs from unforeseen shocks; better integrate technical assistance into program design; and seek to strengthen the quality of public spending.

The United States Treasury Department and our Executive Director at the Fund will work closely with our counterparts to carry through on this commitment. But if we are going to be effective, the United States must do its part in financing the facility. Let us take a look at how it is to be financed.

Financing the Extended ESAF

As of March 31, more than three-fourths ($5.4 billion) of the original ESAF ($7.1 billion in loan capital) has been committed, and the remaining funds will likely be depleted by year-end. IMF members agreed to extend and enlarge the facility before this happened to assure that the poorest countries continue to receive financial support for their efforts to promote reforms and achieve self-sustaining growth.

The majority of the financing for the enlarged facility is comprised of bilateral contributions. The enlarged ESAF will provide $7 billion in loans with interest subsidies that will require an additional $3 billion. The Fund has contributed $840 million to the interest subsidy account, and the remainder has been met through bilateral contributions.

As of end-February 1994, commitments had been received from 43 countries. In addition to commitments from industrial countries, 24 developing countries have put in 20 percent of the contributions to the interest subsidy account. The broad base of financial support affirms both the need for and the effectiveness of the facility.

U.S. Contribution

Although modest in size, the U.S. commitment to contribute $100 million became a catalyst for commitments from other countries. Had we chosen not to pledge, others would have walked away and funding for the interest subsidy account would have fallen substantially short of the required level of $3 billion.

Our contribution was tailored for budgetary purposes to minimize pressures on the already overburdened 150 account. We are requesting that the $100 million be spent over a 15-year period with outlays to begin in FY-97. The annual outlay for this program over the fifteen year period will average less than $7 million.

Some ask why we are requesting budget authority now, given that the money will not be needed until FY-97. Why not wait until FY-97 to request authorization and appropriation? As I noted earlier, our commitment was crucial to get others on board. With the original ESAF due to be depleted by year-end, we had little choice but to come forward when we did. Some IMF members were unwilling to make a commitment while others offered to increase their proposed commitments contingent upon a contribution from the United States.

The United States Government must now speak with one voice and send a clear message that we are serious about our commitment to this program. Speedy authorization by Congress will complete the message. It will provide comfort to other contributors, and will enhance our influence in the program. It will also provide the Fund with greater flexibility in getting funds where they are needed and greater certainty in planning and formulating programs that stretch into 1997.

Conclusion

Our budget realities make it more important than ever to target our limited resources. The International Financial Institutions provide two clear advantages.

- First, their multilateral character and extensive technical resources make them the most effective instrument for encouraging developing countries to undertake the economic policy reforms needed to become self-sustaining economies.

- Second, for every dollar we contribute to the interest subsidy account, nineteen dollars are provided by other sources. And including the loan account, to which we are not contributing, the multiplier is even larger.

Perhaps the most important reason to act now is to show that we are not abandoning the poorest countries of the world. Our support for the ESAF program reflects our economic, strategic and humanitarian objectives.

Thank you, Mr. Chairman and Members of the Committee. I would be pleased to answer any questions you may have.

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FOR IMMEDIATE RELEASE
Text as prepared for delivery
April 20, 1994

Oral Testimony of Treasury Secretary Lloyd Bentsen
Senate Appropriations Subcommittee
on Treasury, Postal Service, and General Government

LB-773

FOR IMMEDIATE RELEASE
Text as Prepared for Delivery
April 20, 1994

ORAL TESTIMONY OF TREASURY SECRETARY LLOYD BENTSEN SENATE APPROPRIATIONS SUBCOMMITTEE ON TREASURY, POSTAL SERVICE AND GENERAL GOVERNMENT

Chairman DeConcini, members of the Subcommittee: I appreciate the opportunity to testify on the Treasury Department's Fiscal 1995 request for $10.4 billion in operating funds.

As one of the oldest government agencies, the Treasury Department performs some of the most basic governmental activities -- collecting and borrowing the money it takes to run our government, and enforcing many of our laws. Treasury also has the broader responsibility of assisting in the design of economic policy and putting that policy in place. These responsibilities are detailed in my written submission.

First, I want to talk results. Last April, I told you that restoring strength to our economy was our primary challenge. We faced steadily rising budget deficits, a stagnant economy, high unemployment, and falling real incomes. We met that challenge, and succeeded.

Today, with your help, we have a credible long-term deficit reduction program. We are bringing the deficit down -- and faster than we thought possible. We're $125 billion below where we thought we'd be if no action were taken. And we believe we're even farther along than that since the economy has grown faster than the projections we had in February of last year. But I won't have figures on that until July.

Furthermore, since January 1993, 2.5 million jobs have been created -- 178,000 a month. And, I would point out, one job number has come down -- government jobs. Government employment is down over 100,000 since the peak two years ago, and in the next few years it will fall another quarter million.

Just as we set the economy on the course toward improvement, we are working within Treasury on innovative solutions in a number of major policy areas.

I want to highlight some of our accomplishments to date, as well as our plans for the future, and the budget requirements they entail. First -- trade. Last year, I spoke of our renewed emphasis on expanding trading opportunities. Those opportunities are upon us.

The President's export-based strategy is working. The North American Free Trade Agreement is in place. The Uruguay Round of the GATT negotiations was successfully concluded. Ambassador Kantor signed the agreement last week in Marrakesh, and we'd like to see that implemented this year. We're also making it clear to Japan that we are serious about wanting their markets opened, not just to our goods but to everyone's goods, and about stimulating their economy and cutting taxes.

We need to be prepared to handle the increased demands of expanded trade because of NAFTA and the Uruguay Round. We are requesting $26 million to upgrade Customs' revenue collections and merchandise processing system, and another $25 million for other trade enforcement efforts.

Secondly, I would like to highlight our efforts in the area of tax collection. We try to collect income taxes at the lowest cost possible, and in a way that the public is confident of the job we do. To this end, we want to continue the critical job of modernizing the Internal Revenue Service's information system. We are requesting an additional $311 million for this. The investment is paying off. Between fiscal 1992 and fiscal 1995, the IRS will have saved more than $470 million and the equivalent of 11,800 full time positions (FTEs) from modernization. The modernization effort is the foundation of the IRS' reorganization toward a customer-centered approach to doing business.

We want taxpayers to pay their fair share. When we spend money to increase tax compliance, it produces returns on the order of 5-to-1. Therefore, starting in fiscal 1995, we will request 5,000 FTEs for additional examinations and audits. We have been working with Congress on a bipartisan basis to see if some special accommodation might be provided for such an initiative above the existing Budget Enforcement Act spending caps, with the assurance that all added revenues would be earmarked for deficit reduction.

I want to say an extra word here about tax compliance, or more specifically, tax fraud. I've heard lately from a number of people on this issue. Tax refund fraud has been a concern for years. Not only does the IRS have to go after those who fail to report their income, now they have the added responsibility of quickly verifying information on electronic returns claiming refunds.

I can assure you that Commissioner Richardson and I are committed to attacking the fraud problem as aggressively as possible.

I want to announce today that I have created a special group at the Treasury Department to study tax refund fraud and how to prevent it. I mentioned that we want to take on additional people to improve tax compliance, and of the extra funds we are seeking, $72 million is specifically earmarked to go after tax fraud schemes, including electronic refund fraud.

Third, we are acting to restructure the banking regulation system. For the past 45 years, various proposals have been put forward to attack the redundancy and waste in our current system. In fact, the Hoover Commission, the first to call for regulatory reform, issued its report in my first term in the House.

We put our economy at a serious disadvantage in today's competitive world by having our banks hobbled by our regulators. Today, we have four different agencies regulating depository institutions. We have proposed a plan to combine the supervisory and regulatory functions of the four under a single federal regulator that can focus on the banking industry -- full time. Our friends at the Fed have a different proposal, and we're working together closely to see if we can find some common ground.

The Office of Management and Budget tells us we could save taxpayers $150 million or even $200 million through our proposal to consolidate regulatory functions. The direct savings to the banking industry, and ultimately consumers, will be substantially greater. I saw one study by a Fed governor suggesting that the industry saves about $1 billion for every 5 percent reduction in the regulatory burden.

We are also making progress on another of our priorities -- crime. I know members of this subcommittee share my concerns about this. You receive letters about it every day, and so do I. We all read the headlines, like the one recently about how gun deaths are surpassing auto deaths in some of our states.

Five Treasury bureaus -- IRS, Customs, Alcohol, Tobacco and Firearms, Secret Service and the Federal Law Enforcement Training Center, are in law enforcement. We're an important player in this arena, and already we can see an impact.

The ATF has implemented the Brady Law, and it is having a measurable difference. Let me give you a few figures. In the first month of Brady, more than 375,000 people sought to buy handguns. As a result of the Brady Law, we found that 16 percent had criminal records, and more than 23,000 of them were felons. In city after city, drug dealers and convicted murderers are being denied guns. In Houston -- that's a town I know something about -- nine percent of the applications in the first month were turned down because the applicants had convictions for serious crimes.

The Brady Law is a clear success, and it is just the first step in our battle to keep firearms out of the hands of criminals. In January, I announced a series of initiatives for ATF to eliminate fly-by-night gun dealers and take guns out of the hands of children. We will identify all gun dealers for the local police, and address specific gun trafficking patterns in high crime areas.

The President's 1995 budget says the administration wants legislation to seek several new or increased user fees to help offset the cost of ATF's regulatory compliance programs. An increase in the basic annual fee for a federal firearms dealer's license to $600 will be proposed. This will shift the burden of paying for gun dealer compliance from the taxpayer to the gun industry. It also will help pay for an enhanced regulatory program to ensure that only law-abiding dealers will have licenses. We expect the number of licensees to drop by as much as 80 percent, eliminating dealers who are the source of weapons in the illegal market. Besides, there's no reason this nation needs 31 times more gun dealers than it has McDonalds restaurants.

To support these anti-violence initiatives, we are investing $5.9 million in new technology for firearms dealer licensing compliance activities, weapon tracing, and databases to support firearms investigations.

Seven weeks ago, I reclassified several semiautomatic shotguns into the same category as machineguns. This means that the approximately 18,000 weapons in existence must be registered with the Bureau of Alcohol, Tobacco and Firearms.

We also want to focus on two very good programs that address the use of firearms -- Project Uptown and the Achilles program. The first goes after violent drug dealers in housing projects, and the second goes after the armed career criminals. In addition, ATF's GREAT program, where we teach officers to go into the schools, both to teach and serve as role models, is a highly effective way to keep youngsters out of gangs.

Lastly, we have made great strides toward placing our economy on a stronger footing. Now we must focus on putting the government's financial management in order. I am determined to fix the financial management problems we inherited at the IRS, U.S. Customs, and the U.S. Mint. I want all of our Treasury bureaus to receive a clean bill of financial health. I am personally committed to making Treasury a model of good financial management within government, and we are devoting the efforts necessary to fix the problems.

Congress made good financial management a priority with the passage of the Chief Financial Officer's Act in 1990. You re-emphasized this with the Government Performance and Results Act, which requires us to measure the achievements of our programs. Treasury has stepped forward with pilot projects -- at the IRS, the Bureau of Engraving and Printing, the Mint, and the Office of Enforcement at Customs. Fully one-third of the federal employees involved in this effort are in Treasury bureaus.

Accurate and timely financial information will allow our managers to make good decisions and be held accountable for the results. We have already successfully consolidated many of our core financial systems -- approximately 90 percent of our budgetary resources will be processed on one system by the end of this fiscal year. We are requesting funds to continue modernizing our basic financial systems. These efforts are key to fixing the problems we face -- our goal is to have "clean" opinions on our financial records.

That is a lot of ground to cover. These major policy areas represent approximately 94 percent of our budget resources.

We are committed to meeting the goals of this administration to streamline government. We are not only meeting, but also exceeding the President's targeted staffing reductions. We are able to do this by continually streamlining our organizations and providing more effective programs. For instance, this year we moved the Savings Bonds Division -- the marketing arm of the Savings Bonds program -- into the Bureau of the Public Debt -- the processing arm of the program -- to provide more coordinated program direction.

To meet the increasing demands on our limited resources, we are proposing some new, or increased user fees for special services which benefit only a specific segment of our population. For instance, we are proposing to charge tax preparers and banks $8 for the electronic verification from IRS that taxpayers' refunds are forthcoming. That's information that is used to make profitable short-term refund anticipation loans.

These efforts, as well as our continued commitment to higher productivity, have allowed us to keep our funding request for fiscal 1995 -- $10.4 billion -- nearly level with 1994. In fact, our budget is down from previous years when you calculate it in constant dollars.

Within these funding and staffing limitations, we are proposing initiatives for only our most urgent needs. And these initiatives will be funded primarily from outside sources, such as proposed user fees, and program reductions. We have cut to make way for what we want to add.

Mr. Chairman, members of the Subcommittee, we are offering you a responsible budget. It includes investments critical to achieving continued deficit reduction, facilitating trade, and fighting violent crime. And at the same time, we have made the cuts necessary to help pay for what we want to accomplish. We made substantial progress on the national agenda and the Treasury agenda last year, but there is still work to be done.

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.
April 19, 1994

CONTACT: Office of Financing
202/219-3350

TREASURY'S WEEKLY BILL OFFERING

The Treasury will auction two series of Treasury bills totaling approximately $22,800 million, to be issued April 28, 1994. This offering will result in a paydown for the Treasury of about $2,975 million, as the maturing weekly bills are outstanding in the amount of $25,767 million.

Federal Reserve Banks hold $6,433 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 $2,434 million as agents for foreign and international monetary authorities, which may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders. Additional amounts may be issued for such accounts if the aggregate amount of new bids exceeds the aggregate amount of maturing bills.

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

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

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Attachment

LB-774

HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS
TO BE ISSUED APRIL 28, 1994

April 19, 1994

<u>Offering Amount</u>	$11,400 million	$11,400 million
<u>Description of Offering</u>:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912794 L5 1	912794 N7 5
Auction date	April 25, 1994	April 25, 1994
Issue date	April 28, 1994	April 28, 1994
Maturity date	July 28, 1994	October 27, 1994
Original issue date	July 29, 1993	April 28, 1994
Currently outstanding	$27,957 million	---
Minimum bid amount	$10,000	$10,000
Multiples	$ 1,000	$ 1,000

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

<u>Submission of Bids</u>:

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

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

<u>Maximum Recognized Bid at a Single Yield</u> . . . . 35% of public offering

<u>Maximum Award</u> . . . . 35% of public offering

<u>Receipt of Tenders</u>:

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

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

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

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FOR IMMEDIATE RELEASE
April 19, 1994

Contact: Jon Murchinson
(202) 622-2960

BENTSEN ANNOUNCES NEW WORLD BANK NOMINEES

Treasury Secretary Lloyd Bentsen announced Tuesday that President Clinton intends to nominate Jan Piercy as the U.S. Executive Director at the World Bank and Michael Marek as the Alternate U.S. Executive Director at the World Bank.

The World Bank is a multilateral institution whose purpose is to assist its member countries achieve economic and social progress. Executive Directors are responsible for the conduct of the general operations of the World Bank. Alternate Executive Directors are responsible for assisting the Executive Directors.

Piercy has served as Deputy to the President and Deputy Director, Presidential Personnel, since January of 1993. In 1992, she was an advisor and search consultant to the John D. & Catherine T. MacArthur Foundation. From 1986 to 1992, Piercy was a Senior Vice President of the Shorebank Corporation. From 1982 to 1984, she was the Associate Regional Director, Asia region, of Family Planning International Assistance in Bangkok, Thailand and Dhaka, Bangladesh.

Piercy is a graduate of the senior executive program of the Graduate School of Business at Stanford University, has studied at the Woodrow Wilson School of Public and International Affairs at Princeton University, and earned a B.A. from Wellesley College.

Marek has served as Legislative Assistant to Congressman David Obey since 1975. He is the senior advisor for foreign policy, defense, and international trade issues to Congressman Obey, the chairman of the House of Representatives Appropriations Subcommittee on Foreign Operations. Marek has served as the chairman's personal liaison with the House Foreign Affairs and Armed Services Committees; the Departments of Defense, State and Treasury; the World Bank; and the International Monetary Fund. From 1969 to 1972, he was an elementary school teacher in the Boston public school system.

Marek holds a M.A. in History from Boston University and a B.A. from Roosevelt University.

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FOR IMMEDIATE RELEASE
Text as Prepared for Delivery
April 20, 1994

STATEMENT OF TREASURY SECRETARY LLOYD BENTSEN
CRIME-TECHNOLOGY PRESS BRIEFING
ARLINGTON, VIRGINIA

I was on the Hill this morning, and I was thinking, Mr. Vice President, about our Senate days. I'd support the super collider, you'd promote environmental technology, and it was hard winning some Senators over.

Not because they were against the technology. They just didn't care enough about it to always want to pay for it.

What a different situation here. They want to invest in crime-fighting technology. I hear them asking: How soon can we have it for our local and state police?

I'd add another challenge. How cost effectively can we develop things? You'd expect that one from a Treasury Secretary, right?

I'm here today, signing Treasury up to work with Justice, because we need wireless communication. And we need to share its development costs. This coordinated effort will provide the most cost-effective, efficient radio system.

I also want to describe a technology that answers that one: how soon can we have it?

Right now. It's called "Ceasefire."

Every gun's unique. The barrels leave distinct markings on the bullets. Just like fingerprints. You can match bullets to guns, guns to suspects, and suspects to more than one crime.

LB-776

But it could take a firearms expert hours to find two bullets that match. The experts tell us: if they do too many a day, they feel like they're going blind.

The Bureau of Alcohol, Tobacco and Firearms is field testing a one-of-a-kind machine in the District. It takes pictures of bullets with a laser, stores them on a computer, then compares them in four seconds. This machine helps examiners find the proverbial needle in the haystack.

We've loaded in 1,000 bullets since October. Bullets recovered from homicides. Or if we recover a gun, we test fire it, and enter the bullet.

So far, we've linked 10 shootings, including one just last Friday. We're linking gang members. That's what we're doing here.

As an example, we linked a double homicide in one police district (a mother and son were killed), to an assault the same day in another district, to a homicide one week apart, and to yet another homicide four days apart.

We've linked cases we had no idea were connected, made three arrests, and have nine additional suspects.

What's this prove? Some things we're doing, really do solve crimes.

Thank you.

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April 20, 1994

Monthly Release of U.S. Reserve Assets

The Treasury Department today released U.S. reserve assets data for the month of March 1994.

As indicated in this table, U.S. reserve assets amounted to $76,809 million at the end of March 1994, up from $75,766 million in February 1994.

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/
1994					
February	75,766	11,053	9,295	43,444	11,974
March	76,809	11,052	9,383	44,239	12,135

1/ Valued at $42.2222 per fine troy ounce.

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

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

4/ Valued at current market exchange rates.

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FOR RELEASE AT 2:30 P.M.
April 20, 1994

CONTACT: Office of Financing
202/219-3350

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

The Treasury will auction $17,000 million of 2-year notes and $11,000 million of 5-year notes to refund $14,836 million of publicly-held securities maturing April 30, 1994, and to raise about $13,175 million new cash.

In addition to the public holdings, Federal Reserve Banks hold $1,560 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 $1,388 million held by Federal Reserve Banks as agents for foreign and international monetary authorities. Amounts bid for these accounts by Federal Reserve Banks will be added to the offering.

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

Tenders will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular (31 CFR Part 356) 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

LB-778

HIGHLIGHTS OF TREASURY OFFERINGS TO THE PUBLIC OF
2-YEAR AND 5-YEAR NOTES TO BE ISSUED MAY 2, 1994

April 20, 1994

Offering Amount	$17,000 million	$11,000 million
Description of Offering:		
Term and type of security	2-year notes	5-year notes
Series	AF-1996	M-1999
CUSIP number	912827 P5 5	912827 P6 3
Auction date	April 26, 1994	April 27, 1994
Issue date	May 2, 1994	May 2, 1994
Dated date	May 2, 1994	May 2, 1994
Maturity date	April 30, 1996	April 30, 1999
Interest rate	Determined based on the highest accepted bid	Determined based on the highest accepted bid
Yield	Determined at auction	Determined at auction
Interest payment dates	October 31 and April 30	October 31 and April 30
Minimum bid amount	$5,000	$1,000
Multiples	$1,000	$1,000
Accrued interest payable by investor	None	None
Premium or discount	Determined at auction	Determined at auction

The following rules apply to all securities mentioned above:

Submission of Bids:

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

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

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

Maximum Award . . . . 35% of public offering

Receipt of Tenders:

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

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

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

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FOR IMMEDIATE RELEASE
April 20, 1994

STATEMENT OF TREASURY SECRETARY LLOYD BENTSEN CONCERNING
IMF'S APPROVAL OF $1.5 BILLION LOAN FOR RUSSIA

We welcome the IMF's approval of $1.5 billion in additional support for Russia. I am encouraged by Russia's actions to cut its budget deficit and the growth of credit these steps represent. Russia's agreement with the IMF bears out the G-7's strategy of urging intense engagement between Russia and the International Financial Institutions and measuring the pace of reform with the pace of support.

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FOR IMMEDIATE RELEASE
Text as Prepared for Delivery
April 21, 1994

STATEMENT OF TREASURY SECRETARY LLOYD BENTSEN ON G-7 MEETING

I'm looking forward to this one, because two months ago at the Frankfurt meeting we saw some promising signs of economic recovery. Uneven signs, but promising nonetheless, and I want to see how some of that has worked out.

In February, the others were impressed with our growth, with our declining budget deficit, and with our low inflation. I'll tell them that better-than-expected growth hasn't been accompanied by higher inflation. And let me add, the recent rise in long-term interest rates has to be viewed against these good fundamentals.

Since then, there have been positive developments in other areas, although recovery is still not firmly rooted in Japan or continental Europe.

I welcome the additional interest rate reductions in Germany. That should help turn around the disturbingly high and rising unemployment in many European countries.

Of course, unemployment is a wider concern. Over the longer run, the insights we gained at the recent Detroit conference will help all of us to identify more effective policies of job creation.

The other day, Helmut Kohl said it's spring in Germany, and I hope so. Twice, I remember, the last American Administration thought we were out of a recession, and twice we dipped back. What's important is that we all take the measures to ensure growth happens.

Given the slack that still exists in continental Europe, there's still room to reduce interest rates further.

As to Japan, I remain keenly interested in the prospects for a recovery of its economy in a way that brings about a reduction in Japan's external surplus.

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(MORE)

Maybe the U.S. economy is doing well now despite the drag from that surplus. But it's essential, over the longer run, for Japan to help lead global recovery rather than impede it.

You saw the February trade numbers. Japan can't rely on the U.S. market, nor other foreign markets, to boost its economy. It must have its own sustainable, demand-led recovery.

We'll also have another meeting with the new Russian economic team -- Deputy Prime Minister Shokhin, Finance Minister Dubinin and Central Bank Chairman Gerashchenko.

I'm interested to hear about their new program underlying the recent agreement with the IMF. That should enable Russia to make further progress in transforming its economy.

Russia's movement to reform its economy and its ability to generate an IMF program vindicates our strategy to measure the pace of support with the pace of reform. We welcome the intensive engagement between the IMF and its Managing Director and the Russian government.

We also welcome yesterday's decision to release the $1.5 billion. And we'll encourage them to intensify cooperation with the IMF and World Bank to take advantage of additional financing.

Economic reform is essential if Russia is to make effective use of its tremendous resources. But we're also interested in seeing Russia design programs to soften the impact of reform on the Russian people.

Also, on Monday, the G-10 ministers and central bankers will convene to review recent financial market developments. Later that day at the Interim Committee meeting, we'll be talking about growth, and we'll be talking about Russia. Then on Tuesday, we'll shift our discussions to the developing world, which is of course of growing importance to us.

In addition to the World Bank's Development Committee meeting, Chairman Greenspan and I will meet with our Mexican and Canadian counterparts -- our NAFTA partners -- to talk about cooperation.

One last thing: this year, the IMF and World Bank turn 50. As interesting and productive as the last 50 have been, we need to ensure the next 50 will be even more so. We'll be working on that.

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FOR IMMEDIATE RELEASE
April 21, 1994

STATEMENT OF TREASURY SECRETARY LLOYD BENTSEN MID-YEAR DEFICIT FIGURES

The latest figures on the deficit clearly prove that the Clinton administration deficit reduction plan is doing just that -- bringing down the deficit by a significant amount.

The government took in $93 billion in March, and has collected $576 billion in the first half of fiscal 1994. That's 9.3 percent more than in the first half of fiscal 1993. Government spending in the first half of 1994 was up only 2.4 percent. When the money you take in rises by almost 10 percent, and your spending goes up less than 2.5 percent, you're making progress.

If you adjust for inflation, spending in the first half of 1994 was actually slightly less than it was in the first half of 1993. The population is growing. The economy is growing. Our national output is growing, but real federal spending has held steady.

Last year at this time the deficit was $182.8 billion. The deficit so far this year is $150.7 billion, and that's only through March.

In January the administration predicted a deficit of $235 billion for fiscal 1994 -- or $20 billion under 1993. At the moment, we're running more than $30 billion ahead of 1993 with the fiscal year half over. With the economy so healthy and showing such solid growth, I'm becoming increasingly confident we're going to beat our estimate for 1994 made in January.

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Comment of Treasury Secretary Lloyd Bentsen for use in the event of Richard Nixon's death. (drafted by brenner, okayed by bentsen 4/20/94)

"In the years that have followed his presidency, history has shown that Richard Nixon had an excellent grasp of foreign policy, and that has been to our benefit. There was, of course, the tragedy of Watergate, but there was also the triumph of China, and early steps at controlling nuclear weapons and missile defenses. He would sometimes write to me after I had spoken out on foreign affairs, offering constructive advice, and I appreciated his counsel."

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR RELEASE AT 2:30 P.M.
April 22, 1994

CONTACT: Office of Financing
202/219-3350

TREASURY'S 52-WEEK BILL OFFERING

The Treasury will auction approximately $16,500 million of 52-week Treasury bills to be issued May 5, 1994. This offering will provide about $2,150 million of new cash for the Treasury, as the maturing 52-week bill is currently outstanding in the amount of $14,354 million. In addition to the maturing 52-week bills, there are $26,095 million of maturing 13-week and 26-week bills.

Federal Reserve Banks hold $9,910 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 $2,385 million of the three maturing issues as agents for foreign and international monetary authorities. These may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders. Additional amounts may be issued for such accounts if the aggregate amount of new bids exceeds the aggregate amount of maturing bills. For purposes of determining such additional amounts, foreign and international monetary authorities are considered to hold $566 million of the maturing 52-week issue.

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

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

oOo

Attachment

HIGHLIGHTS OF TREASURY OFFERING OF 52-WEEK BILLS TO BE ISSUED MAY 5, 1994

April 22, 1994

Offering Amount	$16,500 million
Description of Offering:	
Term and type of security .	364-day bill
CUSIP number	912794 R8 9
Auction date	April 28, 1994
Issue date	May 5, 1994
Maturity date	May 4, 1995
Original issue date	May 5, 1994
Maturing amount.	$14,354 million
Minimum bid amount	$10,000
Multiples	$1,000
Submission of Bids:	
Noncompetitive bids	Accepted in full up to $1,000,000 at the average discount rate of accepted competitive bids.
Competitive bids	(1) Must be expressed as a discount rate with two decimals, e.g., 7.10%.
	(2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position are $2 billion or greater.
	(3) Net long position must be reported one half-hour prior to the closing time for receipt of competitive bids.
Maximum Recognized Bid at a Single Yield . . .	35% of public offering
Maximum Award	35% of public offering
Receipt of Tenders:	
Noncompetitive tenders . .	Prior to 12:00 noon Eastern Daylight Saving time on auction day.
Competitive tenders	Prior to 1:00 p.m. Eastern Daylight Saving time on auction day.
Payment Terms	Full payment with tender or by charge to a funds account at a Federal Reserve bank on issue date.

Monthly Treasury Statement

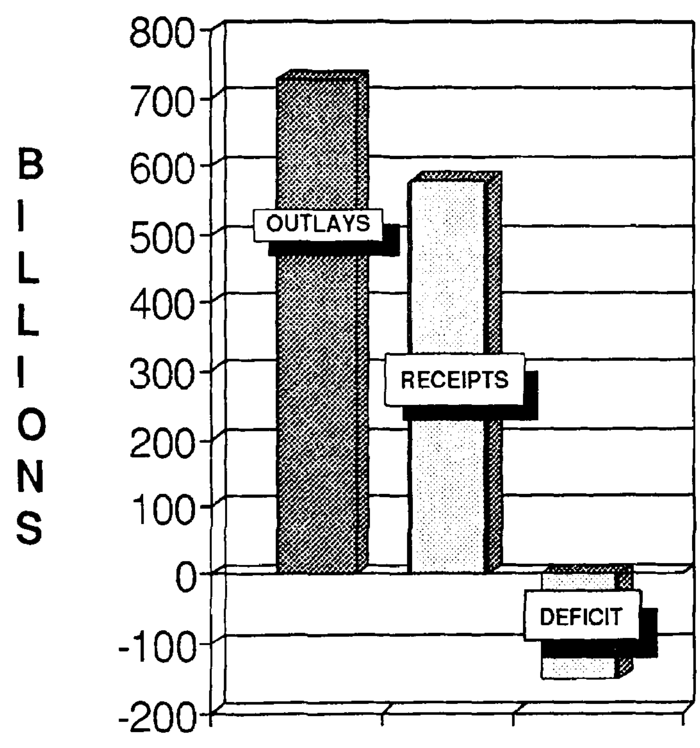
of Receipts and Outlays
of the United States Government

For Fiscal Year 1994 Through **March 31, 1994,** and Other Periods

Highlight

The six-month cumulative deficit through March 31 for Fiscal Year 1994 is $150.7 billion compared to a cumulative deficit of $182.8 billion for the comparable period in Fiscal Year 1993.

RECEIPTS, OUTLAYS, AND SURPLUS/DEFICIT THROUGH MARCH 1994



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 1993 and 1994, by Month

[$ millions]

Period	Receipts	Outlays	Deficit/Surplus (−)
FY 1993			
October	76,829	125,620	48,792
November	74,629	107,355	32,726
December	113,686	152,633	38,947
January	112,716	82,899	−29,817
February	65,979	114,176	48,197
March	83,288	127,263	43,974
April	132,017	123,926	−8,091
May	70,642	107,605	36,963
June	128,570	117,471	−11,099
July	80,630	120,207	39,577
August	86,737	109,815	23,078
September	127,504	[1]118,939	−8,565
Year-to-Date	**[2]1,153,226**	**[2]1,407,910**	**[2]254,684**
FY 1994			
October	78,668	124,090	45,422
November	83,107	121,488	38,381
December	125,408	133,660	8,252
January	122,966	[3]107,718	−15,248
February	72,874	[3,4]114,440	41,566
March	93,108	125,423	32,315
Year-to-Date	**576,131**	**726,820**	**150,689**

[1]The receipts and outlays have been increased in September 1993 by $19 million and $8 million to reflect governmental receipts previously reported as offsetting collections by the Armed Forces Retirement Home and the Christopher Columbus Fellowship Foundation respectively

[2]The receipt, outlay and deficit figures differ from the *FY 1995 Budget*, released by the Office of Management and Budget on February 7, 1994, by $14 million due mainly to revisions in data following the release of the Final September Monthly Treasury Statement

[3]Outlays have been increased by $365 million in January 1994 and correspondingly decreased in February 1994 to reflect activity erroneously reported in February 1994 by the Department of the Navy

[4]Outlays have been increased by $299 million in February 1994 to reflect activity erroneously reported by the Department of the Air Force

Note The receipt and outlay figures for FY 1993 and FY 1994 have been revised to reflect the reclassification from a governmental receipt to a proprietary receipt for "Revenue, Central Valley Project Restoration Fund" and "Natural Resource Damage Assessment and Restoration Fund

Table 2. Summary of Budget and Off-Budget Results and Financing of the U.S. Government, March 1994 and Other Periods

[$ millions]

Classification	This Month	Current Fiscal Year to Date	Budget Estimates Full Fiscal Year[1]	Prior Fiscal Year to Date (1993)	Budget Estimates Next Fiscal Year (1995)[1]
Total on-budget and off-budget results:					
Total receipts	93,108	576,131	1,249,071	527,127	1,353,815
On-budget receipts	64,611	420,164	912,892	383,958	998,594
Off-budget receipts	28,497	155,967	336,179	143,170	355,221
Total outlays	125,423	726,820	1,483,829	709,946	1,518,945
On-budget outlays	100,259	591,578	1,202,953	581,458	1,223,582
Off-budget outlays	25,164	135,241	280,876	128,489	295,364
Total surplus (+) or deficit (−)	−32,315	−150,689	−234,758	−182,819	−165,130
On-budget surplus (+) or deficit (−)	−35,648	−171,415	−290,061	−197,500	−224,987
Off-budget surplus (+) or deficit (−)	+3,333	+20,726	+55,303	+14,681	+59,857
Total on-budget and off-budget financing	32,315	150,689	234,758	182,819	165,130
Means of financing:					
Borrowing from the public	26,511	140,489	225,234	141,556	173,715
Reduction of operating cash, increase (−)	−6,461	7,899	12,506	37,238	......
By other means	12,265	2,300	−2,982	4,026	−8,585

[1]These figures are based on the *FY 1995 Budget*, released by the Office of Management and Budget on February 7, 1994.

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

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

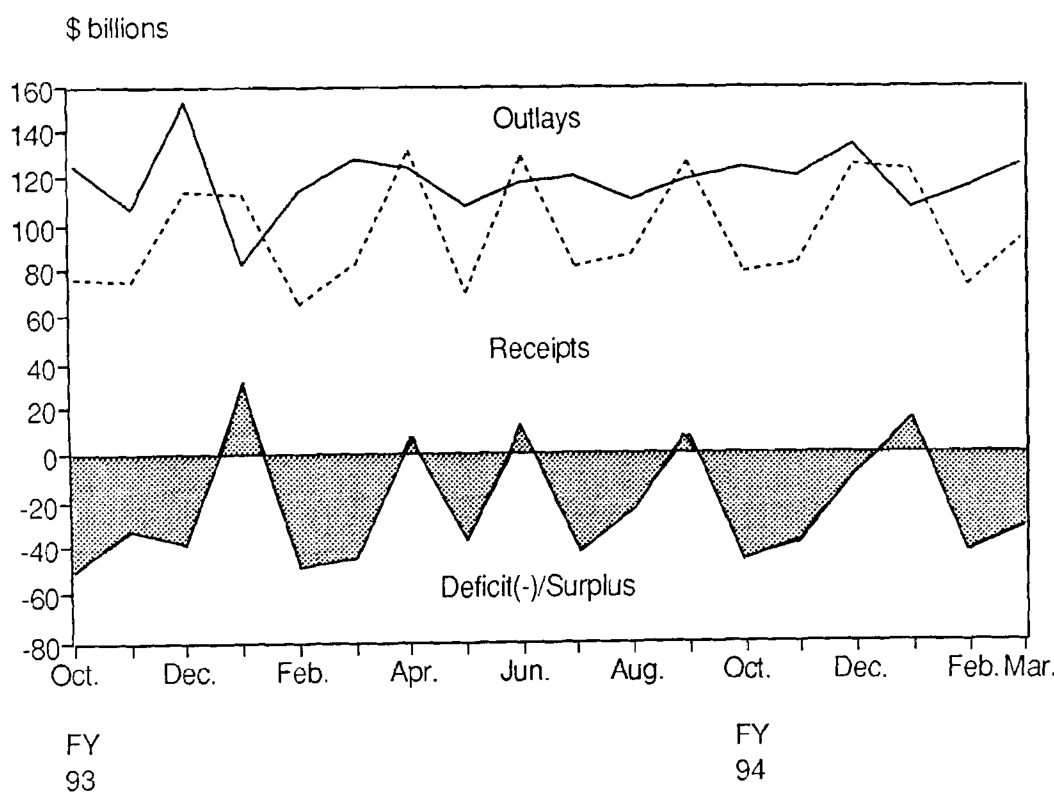


Figure 2. Monthly Receipts of the U.S. Government, by Source, Fiscal Years 1993 and 1994

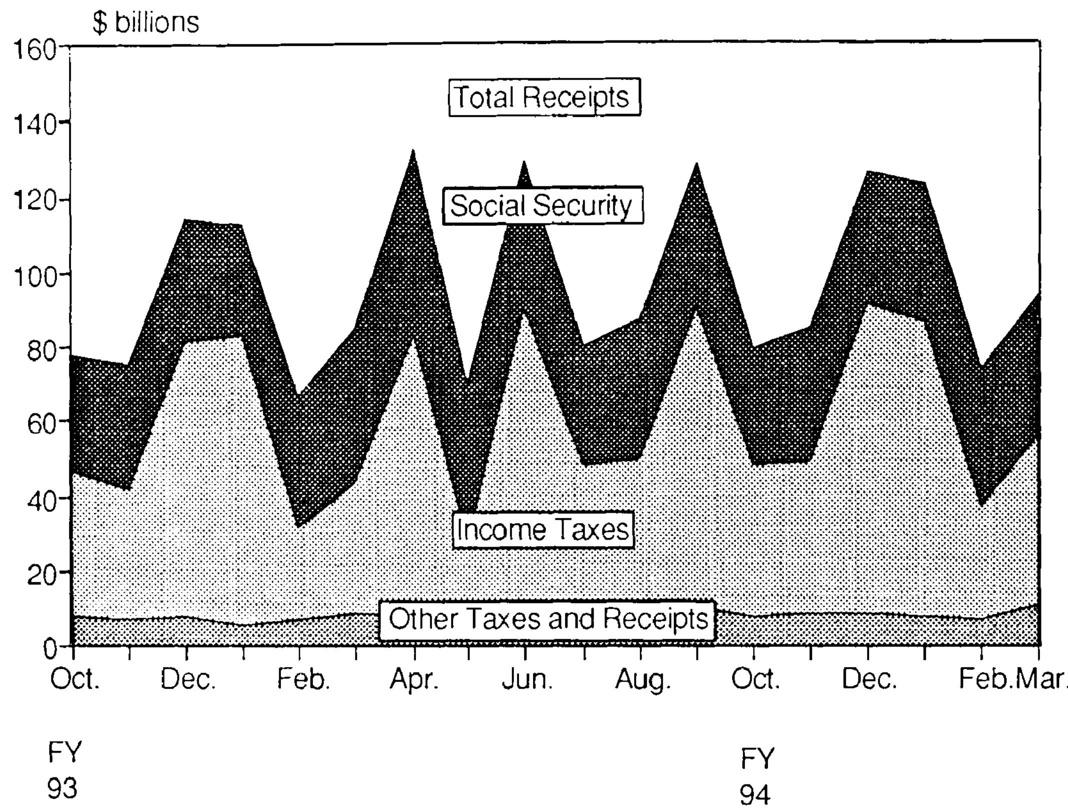


Figure 3. Monthly Outlays of the U.S. Government, by Function, Fiscal Years 1993 and 1994

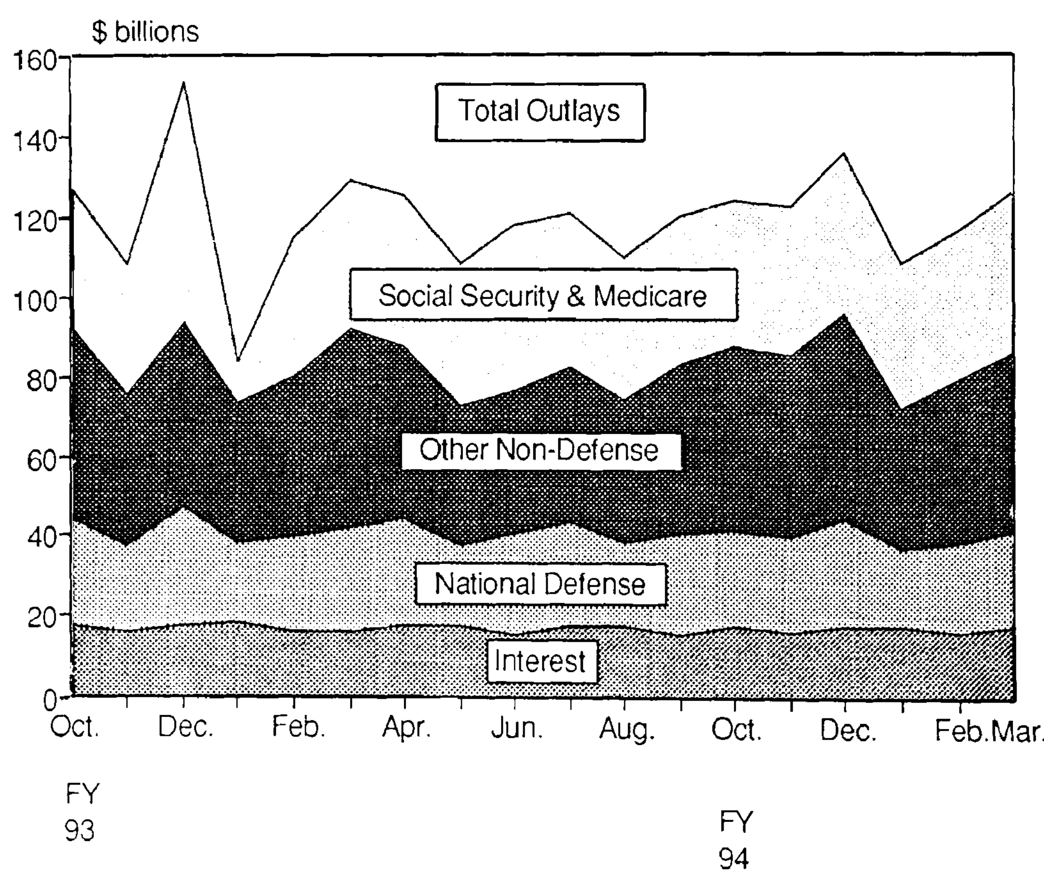


Table 3. Summary of Receipts and Outlays of the U.S. Government, March 1994 and Other Periods

[$ millions]

Classification	This Month	Current Fiscal Year to Date	Comparable Prior Period	Budget Estimates Full Fiscal Year[1]
Budget Receipts				
Individual income taxes	29,917	261,687	246,813	549,901
Corporation income taxes	15,574	53,689	43,252	130,719
Social insurance taxes and contributions:				
Employment taxes and contributions (off-budget)	28,497	155,967	143,170	336,179
Employment taxes and contributions (on-budget)	7,480	43,036	39,294	93,974
Unemployment insurance	522	8,058	6,892	27,041
Other retirement contributions	459	2,334	2,376	4,729
Excise taxes	5,285	25,645	22,929	54,550
Estate and gift taxes	1,211	6,883	5,627	12,749
Customs duties	1,745	9,670	8,963	19,198
Miscellaneous receipts	2,418	[2]9,162	[2,3,5]7,811	20,031
Total Receipts	**93,108**	**576,131**	**527,127**	**1,249,071**
(On-budget)	**64,611**	**420,164**	**383,958**	**912,892**
(Off-budget)	**28,497**	**155,967**	**143,170**	**336,179**
Budget Outlays				
Legislative Branch	198	1,399	1,220	2,755
The Judiciary	386	1,309	1,056	2,872
Executive Office of the President	14	101	101	193
Funds Appropriated to the President	−9	6,906	7,983	11,383
Department of Agriculture	5,394	33,374	36,387	64,931
Department of Commerce	261	1,574	1,330	3,234
Department of Defense—Military	23,372	[4]133,127	140,182	267,484
Department of Defense—Civil	2,471	15,053	[3]14,838	30,980
Department of Education	1,004	11,005	16,457	28,738
Department of Energy	1,561	8,977	8,242	17,206
Department of Health and Human Services, except Social Security	27,500	152,286	137,066	316,615
Department of Health and Human Services, Social Security	26,496	153,412	145,429	314,663
Department of Housing and Urban Development	2,278	13,096	12,405	25,535
Department of the Interior	631	[2]3,437	[2]3,156	7,240
Department of Justice	1,023	5,007	5,328	10,817
Department of Labor	3,209	20,244	22,482	37,111
Department of State	417	3,092	2,816	5,785
Department of Transportation	2,926	18,380	16,208	36,687
Department of the Treasury:				
Interest on the Public Debt	18,122	144,839	145,044	298,505
Other	2,844	9,322	6,392	10,763
Department of Veterans Affairs	2,765	18,418	18,212	37,919
Environmental Protection Agency	543	2,823	2,861	6,539
General Services Administration	231	51	610	1,048
National Aeronautics and Space Administration	1,275	6,804	7,124	14,183
Office of Personnel Management	3,207	18,848	18,058	38,101
Small Business Administration	64	293	445	604
Other independent agencies:				
Resolution Trust Corporation	−439	118	−9,754	3,555
Other	808	2,765	[5]5,491	11,617
Undistributed offsetting receipts:				
Interest	−130	−42,270	[3]−40,520	−85,845
Other	−2,999	−16,968	−16,703	−37,389
Total outlays	**125,423**	**726,820**	**709,946**	**1,483,829**
(On-budget)	**100,259**	**591,578**	**581,458**	**1,202,953**
(Off-budget)	**25,164**	**135,241**	**128,489**	**280,876**
Surplus (+) or deficit (−)	**−32,315**	**−150,689**	**−182,819**	**−234,758**
(On-budget)	**−35,648**	**−171,415**	**−197,500**	**−290,061**
(Off-budget)	**+3,333**	**+20,726**	**+14,681**	**+55,303**

[1]These figures are based on the *FY 1995 Budget*, released by the Office of Management and Budget on February 7, 1994.

[2]Includes a reclassification in FY 1993, from a governmental receipt to a proprietary receipt, of $9 million for the Bureau of Reclamation and in FY 1994 of $3 million and $73 million for the Bureau of Reclamation and the U.S. Fish and Wildlife Service, respectively.

[3]The miscellaneous receipts have been increased by $19 million, the outlays for the Armed Forces Retirement Home have been increased by $5 million and the undistributed offsetting receipts have been decreased by $14 million in September 1993 to reflect governmental receipts previously reported as offsetting collections.

[4]Outlays have been increased by $299 million in February 1994 to reflect activity erroneously reported by the Department of the Air Force.

[5]The receipts and outlays in September 1993 have been increased by $8 million to reflect governmental receipts previously reported as offsetting collections for the Christopher Columbus Fellowship Foundation.

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

Table 4. Receipts of the U.S. Government, March 1994 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	42,805			240,268			225,374		
Presidential Election Campaign Fund	14			25			11		
Other	4,434			52,882			53,695		
Total—Individual income taxes	**47,253**	**[1]17,336**	**29,917**	**293,176**	**31,488**	**261,687**	**279,080**	**32,267**	**246,813**
Corporation income taxes	**17,234**	**1,660**	**15,574**	**60,971**	**7,282**	**53,689**	**51,448**	**8,195**	**43,252**
Social insurance taxes and contributions:									
Employment taxes and contributions:									
Federal old-age and survivors ins. trust fund:									
Federal Insurance Contributions Act taxes	24,594	......	24,594	139,806	......	139,806	129,924	......	129,924
Self-Employment Contributions Act taxes	1,146	......	1,146	1,111	......	1,111	−605	......	−605
Deposits by States	(* *)	......	(* *)	−45	......	−45	−12	......	−12
Other	(* *)	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)
Total—FOASI trust fund	25,740	......	25,740	140,872	......	140,872	129,307	......	129,307
Federal disability insurance trust fund:									
Federal Insurance Contributions Act taxes	2,635	......	2,635	14,978	......	14,978	13,928	......	13,928
Self-Employment Contributions Act taxes	122	......	122	118	......	118	−64	......	−64
Receipts from railroad retirement account	......	......	......	......	......	......	......	......	......
Deposits by States	(* *)	......	(* *)	(* *)	......	(* *)	−1	......	−1
Other	......	......	......	......	......	......	......	......	......
Total—FDI trust fund	2,756	......	2,756	15,096	......	15,096	13,863	......	13,863
Federal hospital insurance trust fund:									
Federal Insurance Contributions Act taxes	6,710	......	6,710	40,580	......	40,580	37,277	......	37,277
Self-Employment Contributions Act taxes	362	......	362	389	......	389	−3	......	−3
Receipts from Railroad Retirement Board	......	......	......	......	......	......	......	......	......
Deposits by States	(* *)	......	(* *)	(* *)	......	(* *)	−3	......	−3
Total—FHI trust fund	7,072	......	7,072	40,969	......	40,969	37,271	......	37,271
Railroad retirement accounts:									
Rail industry pension fund	233	1	232	1,160	21	1,139	1,129	7	1,121
Railroad Social Security equivalent benefit	175	......	175	928	......	928	902	......	902
Total—Employment taxes and contributions	35,977	1	35,976	199,024	21	199,003	182,471	7	182,464
Unemployment insurance:									
State taxes deposited in Treasury	216	......	216	6,201	......	6,201	5,084	......	5,084
Federal Unemployment Tax Act taxes	312	12	300	1,858	26	1,832	1,754	45	1,709
Railroad unemployment taxes	1	......	1	14	......	14	47	......	47
Railroad debt repayment	5	......	5	10	......	10	53	......	53
Total—Unemployment insurance	534	12	522	8,083	26	8,058	6,938	45	6,892
Other retirement contributions:									
Federal employees retirement − employee contributions	448	......	448	2,285	......	2,285	2,327	......	2,327
Contributions for non-federal employees	12	......	12	49	......	49	49	......	49
Total—Other retirement contributions	459	......	459	2,334	......	2,334	2,376	......	2,376
Total—Social insurance taxes and contributions	**36,970**	**13**	**36,957**	**209,442**	**47**	**209,395**	**191,785**	**53**	**191,732**
Excise taxes:									
Miscellaneous excise taxes[2]	3,306	−202	3,508	14,999	377	14,621	13,664	325	13,339
Airport and airway trust fund	445	14	431	2,382	24	2,358	616	5	610
Highway trust fund	1,535	244	1,291	8,680	327	8,353	8,765	99	8,665
Black lung disability trust fund	55	......	55	312	......	312	315	......	315
Total—Excise taxes	**5,340**	**56**	**5,285**	**26,373**	**728**	**25,645**	**23,360**	**430**	**22,929**
Estate and gift taxes	**1,248**	**38**	**1,211**	**7,072**	**189**	**6,883**	**5,787**	**160**	**5,627**
Customs duties	**1,807**	**62**	**1,745**	**10,100**	**431**	**9,670**	**9,348**	**386**	**8,963**
Miscellaneous Receipts:									
Deposits of earnings by Federal Reserve banks	2,011	......	2,011	7,525	......	7,525	6,123	......	6,123
All other	412	5	407	[3]1,648	10	1,637	[3,4,5]1,842	153	1,689
Total — Miscellaneous receipts	**2,423**	**5**	**2,418**	**9,172**	**10**	**9,162**	**7,964**	**153**	**7,811**
Total — Receipts	**112,276**	**19,169**	**93,108**	**616,306**	**40,175**	**576,131**	**568,772**	**41,645**	**527,127**
Total — On-budget	**83,780**	**19,169**	**64,611**	**460,339**	**40,175**	**420,164**	**425,602**	**41,645**	**383,958**
Total — Off-budget	**28,497**	......	**28,497**	**155,967**	......	**155,967**	**143,170**	......	**143,170**

[1]This amount is partially estimated and will be adjusted pending further analysis of the accounting data

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

[3]Includes a reclassification in FY 1993 from a governmental receipt to a proprietary receipt, of $9 million for the Bureau of Reclamation and in FY 1994 of $3 million and $73 million for the Bureau of Reclamation and the U S Fish and Wildlife Service, respectively.

[4]The miscellaneous receipts have been increased by $19 million, the outlays for the Armed Forces Retirement Home have been increased by $5 million and the undistributed offsetting receipts have been decreased by $14 million in September 1993 to reflect governmental receipts previously reported as offsetting collections.

[5]The receipts and outlays in September 1993 have been increased by $8 million to reflect governmental receipts previously reported as offsetting collections for the Christopher Columbus Fellowship Foundation

.... No Transactions

(* *) Less than $500,000.

Note: Details may not add to totals due to rounding

Table 5. Outlays of the U.S. Government, March 1994 and Other Periods

[$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Legislative Branch:									
Senate	34	(* *)	34	209	1	208	231	(* *)	230
House of Representatives	61	2	59	381	10	371	393	5	388
Joint items	6	......	6	39	......	39	38	......	38
Congressional Budget Office	2	......	2	11	......	11	11	......	11
Architect of the Capitol	19	1	18	101	4	97	115	5	111
Library of Congress	29	......	29	319	......	319	148	......	148
Government Printing Office:									
Revolving fund (net)	-4	......	-4	69	......	69	7	......	7
General fund appropriations	10	......	10	46	......	46	51	......	51
General Accounting Office	43	......	43	217	......	217	214	......	214
United States Tax Court	2	......	2	16	......	16	16	......	16
Other Legislative Branch agencies	1	......	1	15	......	15	17	......	17
Proprietary receipts from the public	......	(* *)	(* *)	......	2	-2	......	3	-3
Intrabudgetary transactions	-3	......	-3	-6	......	-6	-7	......	-7
Total—Legislative Branch	**201**	**3**	**198**	**1,416**	**17**	**1,399**	**1,234**	**14**	**1,220**
The Judiciary:									
Supreme Court of the United States	3	......	3	13	......	13	12	......	12
Courts of Appeals, District Courts, and other judicial services	372	(* *)	372	1,237	1	1,236	1,024	(* *)	1,024
Other	11	......	11	60	......	60	19	......	19
Total—The Judiciary	**386**	**(* *)**	**386**	**1,310**	**1**	**1,309**	**1,056**	**(* *)**	**1,056**
Executive Office of the President:									
Compensation of the President and the White House Office	2	......	2	20	......	20	19	......	19
Office of Management and Budget	3	......	3	27	......	27	26	......	26
Other	8	......	8	54	......	54	57	......	57
Total—Executive Office of the President	**14**	**......**	**14**	**101**	**......**	**101**	**101**	**......**	**101**
Funds Appropriated to the President:									
International Security Assistance:									
Guaranty reserve fund	65	101	-36	440	332	108	483	325	158
Foreign military financing grants	83	......	83	2,887	......	2,887	3,112	......	3,112
Economic support fund	79	......	79	1,974	......	1,974	2,110	......	2,110
Military assistance	......	......	......	12	......	12	-5	......	-5
Peacekeeping Operations	1	......	1	28	......	28	17	......	17
Other	4	......	4	16	......	16	17	......	17
Proprietary receipts from the public	......	......	......	......	......	......	......	......	......
Total—International Security Assistance	231	101	130	5,357	332	5,025	5,733	325	5,409
International Development Assistance:									
Multilateral Assistance:									
Contribution to the International Development Association	......	......	......	354	......	354	367	......	367
International organizations and programs	3	......	3	121	......	121	184	......	184
Other	17	......	17	261	......	261	282	......	282
Total—Multilateral Assistance	20	......	20	736	......	736	833	......	833
Agency for International Development:									
Functional development assistance program	202	......	202	680	......	680	665	......	665
Sub-Saharan Africa development assistance	69	......	69	310	......	310	358	......	358
Operating expenses	48	......	48	258	......	258	238	......	238
Payment to the Foreign Service retirement and disability fund	......	......	......	44	......	44	......	......	......
Other	81	2	79	364	33	330	321	27	294
Proprietary receipts from the public	......	110	-110	......	383	-383	......	448	-448
Intrabudgetary transactions	......	......	......	......	......	......	......	......	......
Total—Agency for International Development	400	112	288	1,655	416	1,239	1,583	474	1,108
Peace Corps	17	......	17	106	......	106	98	......	98
Overseas Private Investment Corporation	4	10	-6	22	110	-88	42	118	-76
Other	9	39	-30	47	394	-347	44	371	-328
Total—International Development Assistance	449	161	288	2,567	920	1,647	2,599	964	1,635
International Monetary Programs	-114	......	-114	50	......	50	506	......	506
Military Sales Programs:									
Special defense acquisition fund	11	(* *)	11	89	124	-34	133	110	24
Foreign military sales trust fund	1,291	......	1,291	6,749	......	6,749	6,306	......	6,306
Kuwait civil reconstruction trust fund	(* *)	......	(* *)	(* *)	......	(* *)	6	......	6
Proprietary receipts from the public	......	1,633	-1,633	......	6,560	-6,560	......	5,910	-5,910
Other	18	......	18	29	......	29	9	......	9
Total—Funds Appropriated to the President	**1,887**	**1,895**	**-9**	**14,842**	**7,936**	**6,906**	**15,292**	**7,309**	**7,983**

Table 5. Outlays of the U.S. Government, March 1994 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	69	......	69	352	......	352	368	......	368
Cooperative State Research Service	39	......	39	230	......	230	215	......	215
Extension Service	36	......	36	209	......	209	204	......	204
Animal and Plant Health Inspection Service	54	......	54	236	......	236	243	......	243
Food Safety and Inspection Service	58	......	58	249	......	249	243	......	243
Agricultural Marketing Service	43	......	43	417		416	502	1	501
Soil Conservation Service:									
Watershed and flood prevention operations	21	......	21	132	......	132	110	......	110
Conservation operations	66	......	66	292	......	292	275	......	275
Other	8	......	8	40	......	40	40	......	40
Agricultural Stabilization and Conservation Service:									
Conservation programs	12	......	12	1,808	......	1,808	1,737	......	1,737
Other	70	......	70	351	......	351	373	......	373
Farmers Home Administration:									
Credit accounts:									
Agricultural credit insurance fund	140	113	27	761	1,119	−358	461	1,227	−766
Rural housing insurance fund	516	329	187	2,023	1,632	391	1,745	1,602	143
Other	......	......	......	(* *)	......	(* *)	9	(* *)	9
Salaries and expenses	72	......	72	−349	......	−349	313	......	313
Other	9	(* *)	9	51	1	50	47	2	45
Total—Farmers Home Administration	737	442	295	2,486	2,752	−267	2,576	2,832	−256
Foreign assistance programs	66	......	66	490	......	490	271	......	271
Rural Development Administration:									
Rural development insurance fund	83	49	34	418	309	108	440	240	200
Rural water and waste disposal grants	24	......	24	151	......	151	115	......	115
Other	4	......	4	−7	......	−7	13	......	13
Rural Electrification Administration	670	707	−37	1,654	2,392	−738	1,709	2,311	−602
Federal Crop Insurance Corporation	68	5	63	1,395	341	1,054	471	317	154
Commodity Credit Corporation:									
Price support and related programs	1,701	637	1,064	12,585	3,828	8,758	16,905	3,604	13,302
National Wool Act Program	(* *)	......	(* *)	2	......	2	4	......	4
Food and Nutrition Service:									
Food stamp program	2,122	......	2,122	12,769	......	12,769	12,247	......	12,247
State child nutrition programs	777	......	777	3,768	......	3,768	3,635	......	3,635
Women, infants and children programs	304	......	304	1,632	......	1,632	1,510	......	1,510
Other	32	......	32	297	......	297	404	......	404
Total—Food and Nutrition Service	3,235	......	3,235	18,466	......	18,466	17,796	......	17,796
Forest Service:									
National forest system	147	......	147	791	......	791	858	......	858
Forest and rangeland protection	23	......	23	170	......	170	195	......	195
Forest service permanent appropriations	19	......	19	170	......	170	180	......	180
Other	55	......	55	285	......	285	302	......	302
Total—Forest Service	245	......	245	1,416	......	1,416	1,535	......	1,535
Other	59	4	55	369	19	350	317	24	293
Proprietary receipts from the public	......	128	−128	......	725	−725	......	594	−594
Intrabudgetary transactions	......	......	......	......	......	......	−150	......	−150
Total—Department of Agriculture	**7,368**	**1,974**	**5,394**	**43,742**	**10,368**	**33,374**	**46,310**	**9,923**	**36,387**
Department of Commerce:									
Economic Development Administration	25	1	24	143	9	134	47	12	36
Bureau of the Census	18	......	18	146	......	146	176	......	176
Promotion of Industry and Commerce	38	......	38	153	......	153	151	......	151
Science and Technology:									
National Oceanic and Atmospheric Administration	151	1	150	967	7	960	852	14	838
Patent and Trademark Office	4	......	4	26	......	26	21	......	21
National Institute of Standards and Technology	30	......	30	136	......	136	109	......	109
Other	6	4	2	45	18	27	37	21	16
Total—Science and Technology	190	5	185	1,175	25	1,150	1,020	35	985
Other	6	......	6	51	......	51	40	......	40
Proprietary receipts from the public	......	10	−10	......	60	−60	......	58	−58
Intrabudgetary transactions	......	......	......	(* *)	......	(* *)	(* *)	......	(* *)
Offsetting governmental receipts	......	......	......	......	......	......	......	......	......
Total—Department of Commerce	**277**	**16**	**261**	**1,668**	**94**	**1,574**	**1,434**	**104**	**1,330**

Table 5. Outlays of the U.S. Government, March 1994 and Other Periods—Continued

[$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of Defense—Military:									
Military personnel									
Department of the Army	2,222	......	2,222	13,144	......	13,144	14,126	......	14,126
Department of the Navy	2,157	......	2,157	13,052	......	13,052	13,593	......	13,593
Department of the Air Force	1,580	......	1,580	9,161	......	9,161	10,455	......	10,455
Total—Military personnel	5,959	......	5,959	35,357	......	35,357	38,174	......	38,174
Operation and maintenance:									
Department of the Army	2,043	......	2,043	10,342	......	10,342	11,885	......	11,885
Department of the Navy	2,085	......	2,085	10,559	......	10,559	11,772	......	11,772
Department of the Air Force	2,175	......	2,175	12,504	......	12,504	11,443	......	11,443
Defense agencies	1,866	......	1,866	10,003	......	10,003	[1]8,628	......	8,628
Total—Operation and maintenance	8,169	......	8,169	43,408	......	43,408	43,729	......	43,729
Procurement:									
Department of the Army	953	......	953	4,583	......	4,583	5,745	......	5,745
Department of the Navy	2,540	......	2,540	13,117	......	13,117	14,639	......	14,639
Department of the Air Force	2,550	......	2,550	[2]12,210	......	12,210	12,851	......	12,851
Defense agencies	318	......	318	2,103	......	2,103	1,706	......	1,706
Total—Procurement	6,361	......	6,361	32,013	......	32,013	34,942	......	34,942
Research, development, test, and evaluation:									
Department of the Army	576	......	576	2,938	......	2,938	3,024	......	3,024
Department of the Navy	785	......	785	3,597	......	3,597	3,830	......	3,830
Department of the Air Force	1,050	......	1,050	6,401	......	6,401	6,732	......	6,732
Defense agencies	881	......	881	4,097	......	4,097	4,490	......	4,490
Total—Research, development, test and evaluation	3,292	......	3,292	17,032	......	17,032	18,075	......	18,075
Military construction:									
Department of the Army	63	......	63	486	......	486	498	......	498
Department of the Navy	35	......	35	271	......	271	443	......	443
Department of the Air Force	81	......	81	512	......	512	604	......	604
Defense agencies	193	......	193	1,044	......	1,044	758	......	758
Total—Military construction	372	......	372	2,313	......	2,313	2,303	......	2,303
Family housing:									
Department of the Army	129	......	129	615	......	615	656	......	656
Department of the Navy	64	......	64	370	......	370	410	......	410
Department of the Air Force	101	......	101	496	......	496	421	......	421
Defense agencies	11	2	9	49	14	35	41	4	36
Revolving and management funds:									
Department of the Army	−700	......	−700	−427	......	−427	139	......	139
Department of the Navy	24	......	24	218	......	218	2	......	2
Department of the Air Force	......	......	......	......	......	......	......	......	......
Defense agencies:									
Defense business operations fund	−406	......	−406	1,578	......	1,578	2,020	......	2,020
Other	−71	(* *)	−71	−212	2	−213	−115	2	−117
Trust funds:									
Department of the Army	(* *)	......	(* *)	(* *)	......	(* *)	(* *)	(* *)	(* *)
Department of the Navy	3	1	2	15	7	8	25	9	16
Department of the Air Force	1	1	(* *)	6	5	(* *)	18	17	(* *)
Defense agencies	7	......	7	125	......	125	40	......	40
Proprietary receipts from the public:									
Department of the Army	......	−1	1	......	140	−140	......	219	−219
Department of the Navy	......	−167	167	......	−24	24	......	157	−157
Department of the Air Force	......	44	−44	......	301	−301	......	188	−188
Defense agencies	......	44	−44	......	93	−93	......	[1]-220	220
Intrabudgetary transactions:									
Department of the Army	10	......	10	165	......	165	−316	......	−316
Department of the Navy	−17	......	−17	527	......	527	526	......	526
Department of the Air Force	5	......	5	111	......	111	91	......	91
Defense agencies	−15	......	−15	−89	......	−89	−578	......	−578
Offsetting governmental receipts:									
Department of the Army	......	3	−3	......	6	−6	......	18	−18
Defense agencies	......	(* *)	(* *)	......	(* *)	(* *)	......	27	−27
Total—Department of Defense—Military	**23,299**	**−73**	**23,372**	**133,671**	**544**	**133,127**	**140,603**	**422**	**140,182**

Table 5. Outlays of the U.S. Government, March 1994 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	40	......	40	443	......	443	513	......	513
Operation and maintenance, general	89	......	89	527	......	527	686	......	686
Other	130	......	130	849	......	849	876	......	876
Proprietary receipts from the public	......	11	−11	......	71	−71	......	99	−99
Total—Corps of Engineers	260	11	249	1,819	71	1,748	2,075	99	1,976
Military retirement									
Payment to military retirement fund	......	......	......	11,908	......	11,908	12,273	......	12,273
Retired pay	......	......	......	......	......	......	......	......	......
Military retirement fund	2,197	......	2,197	13,175	......	13,175	12,739	......	12,739
Intrabudgetary transactions	......	......	......	−11,908	......	−11,908	−12,273	......	−12,273
Education benefits	20	......	20	98	......	98	95	......	95
Other	6	(* *)	6	40	2	37	[3]35	2	33
Proprietary receipts from the public	......	1	−1	......	6	−6	......	5	−5
Total—Department of Defense—Civil	**2,483**	**12**	**2,471**	**15,132**	**79**	**15,053**	**14,943**	**105**	**14,838**
Department of Education:									
Office of Elementary and Secondary Education:									
Compensatory education for the disadvantaged	660	......	660	3,442	......	3,442	3,408	......	3,408
Impact aid	19	......	19	623	......	623	682	......	682
School improvement programs	177	......	177	766	......	766	801	......	801
Indian education	5	......	5	35	......	35	38	......	38
Other	1	......	1	6	......	6	8	......	8
Total—Office of Elementary and Secondary Education	862	......	862	4,873	......	4,873	4,937	......	4,937
Office of Bilingual Education and Minority Languages Affairs	17	......	17	111	......	111	91	......	91
Office of Special Education and Rehabilitative Services:									
Special education	290	......	290	1,536	......	1,536	1,379	......	1,379
Rehabilitation services and disability research	211	......	211	1,150	......	1,150	1,036	......	1,036
Special institutions for persons with disabilities	12	......	12	66	......	66	68	......	68
Office of Vocational and Adult Education	151	......	151	708	......	708	768	......	768
Office of Postsecondary Education:									
College housing loans	......	−5	5	1	20	−18	9	31	−21
Student financial assistance	701	......	701	4,404	......	4,404	4,615	......	4,615
Federal family education loans	−1,389	......	−1,389	−2,636	......	−2,636	2,775	......	2,775
Higher education	64	......	64	372	......	372	390	......	390
Howard University	21	......	21	102	......	102	104	......	104
Other	3	......	3	7	......	7	6	......	6
Total—Office of Postsecondary Education	−599	−5	−594	2,251	20	2,231	7,899	31	7,868
Office of Educational Research and Improvement	46	......	46	214	......	214	183	......	183
Departmental management	41	......	41	195	......	195	155	......	155
Proprietary receipts from the public	......	31	−31	......	79	−79	......	29	−29
Total—Department of Education	**1,030**	**26**	**1,004**	**11,104**	**99**	**11,005**	**16,516**	**59**	**16,457**
Department of Energy:									
Atomic energy defense activities	1,006	......	1,006	6,056	......	6,056	5,459	......	5,459
Energy programs:									
General science and research activities	198	......	198	672	......	672	712	......	712
Energy supply, R and D activities	247	......	247	1,487	......	1,487	1,324	......	1,324
Uranium supply and enrichment activities	13	......	13	222	......	222	562	......	562
Fossil energy research and development	38	......	38	200	......	200	199	......	199
Energy conservation	53	......	53	268	......	268	242	......	242
Strategic petroleum reserve	47	......	47	128	......	128	185	......	185
Clean coal technology	......	......	......	......	......	......	......	......	......
Nuclear waste disposal fund	19	......	19	128	......	128	129	......	129
Other	54	(* *)	54	232	1	230	75	2	73
Total—Energy programs	668	(* *)	668	3,336	1	3,335	3,428	2	3,426
Power Marketing Administration	126	205	−78	890	812	77	997	680	317
Departmental administration	42	......	42	227	......	227	223	......	223
Proprietary receipts from the public	......	74	−74	......	466	−466	......	1,023	−1,023
Intrabudgetary transactions	−2	......	−2	−210	......	−210	−154	......	−154
Offsetting governmental receipts	......	(* *)	(* *)	......	43	−43	......	6	−6
Total—Department of Energy	**1,841**	**280**	**1,561**	**10,300**	**1,323**	**8,977**	**9,953**	**1,711**	**8,242**

Table 5. Outlays of the U.S. Government, March 1994 and Other Periods—Continued

[$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of Health and Human Services, except Social Security:									
Public Health Service:									
Food and Drug Administration	82	(* *)	81	359	2	358	372	2	369
Health Resources and Services Administration	356	......	356	1,239	......	1,239	1,073	......	1,073
Indian Health Services	186	......	186	863	......	863	791	......	791
Centers for Disease Control and Prevention	116	......	116	746	......	746	648	......	648
National Institutes of Health	1,073	......	1,073	5,256	......	5,256	4,688	......	4,688
Substance Abuse and Mental Health Services Administration	267	......	267	1,212	......	1,212	1,304	......	1,304
Agency for Health Care Policy and Research	13	......	13	51	......	51	23	......	23
Assistant secretary for health	105	......	105	143	......	143	119	......	119
Total—Public Health Service	2,198	(* *)	2,197	9,870	2	9,869	9,017	2	9,014
Health Care Financing Administration:									
Grants to States for Medicaid	7,220	......	7,220	40,626	......	40,626	36,383	......	36,383
Payments to health care trust funds	3,604	......	3,604	20,869	......	20,869	22,444	......	22,444
Federal hospital insurance trust fund:									
Benefit payments	9,884	......	9,884	49,568	......	49,568	43,571	......	43,571
Administrative expenses and construction	184	......	184	648	......	648	534	......	534
Interest on normalized tax transfers	......	......	......	......	......	......	......	......	......
Total—FHI trust fund	10,069	......	10,069	50,215	......	50,215	44,105	......	44,105
Federal supplementary medical insurance trust fund:									
Benefit payments	5,200	......	5,200	28,171	......	28,171	25,143	......	25,143
Administrative expenses and construction	93	......	93	838	......	838	702	......	702
Total—FSMI trust fund	5,293	......	5,293	29,009	......	29,009	25,846	......	25,846
Other	2	......	2	−3	......	−3	139	......	139
Total—Health Care Financing Administration	26,187	......	26,187	140,716	......	140,716	128,915	......	128,915
Social Security Administration:									
Payments to Social Security trust funds	11	......	11	2,582	......	2,582	3,082	......	3,082
Special benefits for disabled coal miners	65	......	65	393	......	393	405	......	405
Supplemental security income program	2,034	......	2,034	11,905	......	11,905	11,020	......	11,020
Total—Social Security Administration	2,110	......	2,110	14,880	......	14,880	14,507	......	14,507
Administration for children and families:									
Family support payments to States	1,183	......	1,183	8,260	......	8,260	7,952	......	7,952
Low income home energy assistance	212	......	212	1,513	......	1,513	895	......	895
Refugee and entrant assistance	17	......	17	190	......	190	195	......	195
Community Services Block Grant	39	......	39	216	......	216	221	......	221
Payments to States for afdc work programs	74	......	74	404	......	404	360	......	360
Interim assistance to States for legalization	8	......	8	593	......	593	72	......	72
Payments to States for child care assistance	69	......	69	397	......	397	153	......	153
Social services block grant	232	......	232	1,348	......	1,348	1,432	......	1,432
Children and families services programs	55	......	55	1,662	......	1,662	1,848	......	1,848
Payments to States for foster care and adoption assistance	268	......	268	1,559	......	1,559	1,246	......	1,246
Other	(* *)	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)
Total—Administration for children and families	2,159	......	2,159	16,142	......	16,142	14,373	......	14,373
Administration on aging	24	......	24	358	......	358	243	......	243
Office of the Secretary	4	......	4	94	......	94	87	......	87
Proprietary receipts from the public	......	1,577	−1,577	......	8,904	−8,904	......	7,629	−7,629
Intrabudgetary transactions:									
Payments for health insurance for the aged:									
Federal hospital insurance trust fund	......	......	......	......	......	......	......	......	......
Federal supplementary medical insurance trust fund	−2,997	......	−2,997	−20,261	......	−20,261	−21,963	......	−21,963
Payments for tax and other credits:									
Federal hospital insurance trust fund	−607	......	−607	−608	......	−608	−481	......	−481
Other	......	......	......	......	......	......	......	......	......
Total—Department of Health and Human Services, except Social Security	**29,077**	**1,578**	**27,500**	**161,191**	**8,905**	**152,286**	**144,698**	**7,632**	**137,066**

Table 5. Outlays of the U.S. Government, March 1994 and Other Periods—Continued

[$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of Health and Human Services, Social Security (off-budget):									
Federal old-age and survivors insurance trust fund:									
Benefit payments	23,143	......	23,143	136,856	......	136,856	130,838	......	130,838
Administrative expenses and construction	155	......	155	815	......	815	942	......	942
Payment to railroad retirement account	......	......	......	......	......	......	......	......	......
Interest expense on interfund borrowings	......	......	......	......	......	......	......	......	......
Interest on normalized tax transfers	......	......	......	......	......	......	......	......	......
Total—FOASI trust fund	23,297	......	23,297	137,671	......	137,671	131,779	......	131,779
Federal disability insurance trust fund:									
Benefit payments	3,100	......	3,100	17,839	......	17,839	16,302	......	16,302
Administrative expenses and construction	112	......	112	485	......	485	438	......	438
Payment to railroad retirement account	......	......	......	......	......	......	......	......	......
Interest on normalized tax transfers	......	......	......	......	......	......	......	......	......
Total—FDI trust fund	3,212	......	3,212	18,324	......	18,324	16,740	......	16,740
Proprietary receipts from the public	......	3	−3	......	5	−5	......	(* *)	(* *)
Intrabudgetary transactions[4]	−10	......	−10	−2,577	......	−2,577	−3,089	......	−3,089
Total—Department of Health and Human Services, Social Security(off-budget)	**26,499**	**3**	**26,496**	**153,417**	**5**	**153,412**	**145,430**	**(* *)**	**145,429**
Department of Housing and Urban Development:									
Housing programs:									
Public enterprise funds	13	13	(* *)	78	64	13	38	34	4
Credit accounts:									
Federal housing administration fund	724	627	97	3,514	3,550	−37	3,767	3,102	665
Housing for the elderly or handicapped fund	−4	60	−64	360	351	9	393	316	78
Other	37	......	37	223	(* *)	223	138	(* *)	137
Rent supplement payments	5	......	5	28	......	28	28	......	28
Homeownership assistance	9	......	9	54	......	54	39	......	39
Rental housing assistance	59	......	59	329	......	329	331	......	331
Rental housing development grants	(* *)	......	(* *)	3	......	3	13	......	13
Low-rent public housing	47	......	47	427	......	427	443	......	443
Public housing grants	275	......	275	1,621	......	1,621	1,189	......	1,189
College housing grants	1	......	1	9	......	9	9	......	9
Lower income housing assistance	859	......	859	5,259	......	5,259	5,368	......	5,368
Section 8 contract renewals	303	......	303	1,673	......	1,673	1,124	......	1,124
Other	6	......	6	30	......	30	11	......	11
Total—Housing programs	2,335	700	1,635	13,607	3,965	9,642	12,891	3,452	9,439
Public and Indian Housing programs:									
Low-rent public housing—Loans and other expenses	14	1	13	287	193	94	122	22	100
Payments for operation of low-income housing projects	264	......	264	1,267	......	1,267	1,165	......	1,165
Community Partnerships Against Crime	15	......	15	79	......	79	45	......	45
Other	(* *)	......	(* *)	......	......	......	......	......	......
Total—Public and Indian Housing programs	293	1	292	1,633	193	1,439	1,332	22	1,311
Government National Mortgage Association:									
Management and liquidating functions fund	(* *)	......	(* *)	(* *)	1	−1	......	2	−2
Guarantees of mortgage-backed securities	47	122	−75	577	835	−258	645	858	−213
Total—Government National Mortgage Association	47	122	−75	577	836	−259	645	860	−215
Community Planning and Development:									
Community Development Grants	294	......	294	1,741	......	1,741	1,591	......	1,591
Home investment partnerships program	72	......	72	309	......	309	48	......	48
Other	24	11	12	150	69	81	144	58	85
Total—Community Planning and Development	389	11	378	2,201	69	2,132	1,783	58	1,724
Management and Administration	72	......	72	261	......	261	261	......	261
Other	3	......	3	18	......	18	15	......	15
Proprietary receipts from the public	......	22	−22	......	131	−131	......	128	−128
Offsetting governmental receipts	......	5	−5	......	5	−5	......	3	−3
Total—Department of Housing and Urban Development	**3,139**	**861**	**2,278**	**18,296**	**5,200**	**13,096**	**16,927**	**4,523**	**12,405**

Table 5. Outlays of the U.S. Government, March 1994 and Other Periods—Continued

[$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of the Interior:									
Land and minerals management:									
Bureau of Land Management:									
Management of lands and resources	72	......	72	335	......	335	317	......	317
Other	15	......	15	124	......	124	122	......	122
Minerals Management Service	99	......	99	396	......	396	348	......	348
Office of Surface Mining Reclamation and Enforcement	31	......	31	149	......	149	151	......	151
Total—Land and minerals management	218	......	218	1,004	......	1,004	938	......	938
Water and science:									
Bureau of Reclamation:									
Construction program	32	......	32	141	......	141	127	......	127
Operation and maintenance	27	......	27	131	......	131	135	......	135
Other	33	9	25	230	93	137	245	65	180
Central utah project	(* *)	......	(* *)	15	......	15	......	......	......
Geological Survey	51	......	51	290	......	290	299	......	299
Bureau of Mines	19	2	17	98	13	85	100	15	85
Total—Water and science	163	11	152	906	106	799	905	80	825
Fish and wildlife and parks:									
United States Fish and Wildlife Service	113	......	113	624	......	624	580	......	580
National Biological Survey	22	......	22	72	......	72	......	......	......
National Park Service	144	......	144	740	......	740	721	......	721
Total—Fish and wildlife and parks	279	......	279	1,435	......	1,435	1,301	......	1,301
Bureau of Indian Affairs:									
Operation of Indian programs	120	......	120	734	......	734	697	......	697
Indian tribal funds	109	......	109	154	......	154	103	......	103
Other	29	1	28	211	5	206	131	7	124
Total—Bureau of Indian Affairs	258	1	257	1,099	5	1,094	930	7	923
Territorial and international affairs	30	......	30	183	......	183	153	......	153
Departmental offices	9	......	9	65	......	65	61	......	61
Proprietary receipts from the public	......	229	−229	......	[5]1,027	−1,027	......	[5]1,027	−1,027
Intrabudgetary transactions	85	......	−85	−116	......	−116	−18	......	−18
Offsetting governmental receipts	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)	(* *)
Total—Department of the Interior	**871**	**241**	**631**	**4,576**	**1,138**	**3,437**	**4,271**	**1,114**	**3,156**
Department of Justice:									
Legal activities	232	......	232	1,160	......	1,160	1,557	......	1,557
Federal Bureau of Investigation	228	......	228	1,071	......	1,071	952	......	952
Drug Enforcement Administration	83	......	83	383	......	383	372	......	372
Immigration and Naturalization Service	164	......	164	741	......	741	716	......	716
Federal Prison System	244	10	234	1,139	57	1,081	1,104	46	1,059
Office of Justice Programs	67	......	67	417	......	417	487	......	487
Other	57	......	57	396	......	396	592	......	592
Intrabudgetary transactions	−2	......	−2	−6	......	−6	−184	......	−184
Offsetting governmental receipts	......	39	−39	......	236	−236	......	223	−223
Total—Department of Justice	**1,072**	**48**	**1,023**	**5,301**	**294**	**5,007**	**5,597**	**269**	**5,328**
Department of Labor:									
Employment and Training Administration:									
Training and employment services	340	......	340	1,913	......	1,913	1,826	......	1,826
Community Service Employment for Older Americans	36	......	36	193	......	193	195	......	195
Federal unemployment benefits and allowances	18	......	18	68	......	68	79	......	79
State unemployment insurance and employment service operations	69	......	69	13	......	13	41	......	41
Payments to the unemployment trust fund	......	......	......	......	......	......	5,519	......	5,519
Advances to the unemployment trust fund and other funds	18	......	18	2,528	......	2,528	284	......	284

Table 5. Outlays of the U.S. Government, March 1994 and Other Periods—Continued

[$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of Labor:—Continued									
Unemployment trust fund:									
Federal-State unemployment insurance:									
State unemployment benefits	2,884	......	2,884	16,006	......	16,006	18,794	......	18,794
State administrative expenses	240	......	240	1,666	......	1,666	1,734	......	1,734
Federal administrative expenses	35	......	35	115	......	115	59	......	59
Veterans employment and training	15	......	15	90	......	90	87	......	87
Repayment of advances from the general fund	......	......	......	......	......	......	......	......	......
Railroad unemployment insurance	8	......	8	39	......	39	40	......	40
Other	2	......	2	10	......	10	11	......	11
Total—Unemployment trust fund	3,183	......	3,183	17,925	......	17,925	20,724	......	20,724
Other	13	......	13	46	......	46	40	......	40
Total—Employment and Training Administration	3,677	......	3,677	22,685	......	22,685	28,707	......	28,707
Pension Benefit Guaranty Corporation	82	750	−668	704	899	−195	419	997	−578
Employment Standards Administration:									
Salaries and expenses	25	......	25	115	......	115	117	......	117
Special benefits	132	......	132	−346	......	−346	−271	......	−271
Black lung disability trust fund	53	......	53	301	......	301	304	......	304
Other	10	......	10	64	......	64	63	......	63
Occupational Safety and Health Administration	31	......	31	146	......	146	141	......	141
Bureau of Labor Statistics	29	......	29	133	......	133	146	......	146
Other	60	......	60	238	......	238	222	......	222
Proprietary receipts from the public	......	(* *)	(* *)	......	2	−2	......	1	−1
Intrabudgetary transactions	−138	......	−138	−2,895	......	−2,895	−6,368	......	−6,368
Total—Department of Labor	**3,960**	**751**	**3,209**	**21,144**	**901**	**20,244**	**23,480**	**998**	**22,482**
Department of State:									
Administration of Foreign Affairs:									
Salaries and expenses	223	......	223	1,033	......	1,033	1,029	......	1,029
Acquisition and maintenance of buildings abroad	46	......	46	283	......	283	235	......	235
Payment to Foreign Service retirement and disability fund	......	......	......	125	......	125	119	......	119
Foreign Service retirement and disability fund	35	......	35	193	......	193	204	......	204
Other	10	......	10	65	......	65	52	......	52
Total—Administration of Foreign Affairs	314	......	314	1,699	......	1,699	1,639	......	1,639
International organizations and Conferences	16	......	16	1,143	......	1,143	869	......	869
Migration and refugee assistance	68	......	68	336	......	336	364	......	364
International narcotics control	9	......	9	60	......	60	72	......	72
Other	10	......	10	30	......	30	38	......	38
Proprietary receipts from the public	......	......	......	......	......	......	......	(* *)	(* *)
Intrabudgetary transactions	(* *)	......	(* *)	−176	......	−176	−165	......	−165
Offsetting governmental receipts	......	......	......	......	......	......	......	......	......
Total—Department of State	**417**	......	**417**	**3,092**	......	**3,092**	**2,817**	**(* *)**	**2,816**
Department of Transportation:									
Federal Highway Administration:									
Highway trust fund:									
Federal-aid highways	1,119	......	1,119	8,475	......	8,475	7,278	......	7,278
Other	16	......	16	65	......	65	85	......	85
Other programs	12	......	12	126	......	126	110	......	110
Total—Federal Highway Administration	1,147	......	1,147	8,667	......	8,667	7,474	......	7,474
National Highway Traffic Safety Administration	31	......	31	131	......	131	116	......	116
Federal Railroad Administration:									
Grants to National Railroad Passenger Corporation	......	......	......	319	......	319	262	......	262
Other	30	2	28	189	6	183	174	9	165
Total—Federal Railroad Administration	30	2	28	508	6	502	436	9	427

Table 5. Outlays of the U.S. Government, March 1994 and Other Periods—Continued

[$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of Transportation:—Continued									
Federal Transit Administration:									
Formula grants	−36	......	−36	−66	......	−66	862	......	862
Discretionary grants	150	......	150	803	......	803	630	......	630
Other	322	......	322	1,684	......	1,684	192	......	192
Total—Federal Transit Administration	435	......	435	2,421	......	2,421	1,685	......	1,685
Federal Aviation Administration:									
Operations	429	......	429	1,378	......	1,378	1,153	......	1,153
Airport and airway trust fund:									
Grants-in-aid for airports	119	......	119	840	......	840	1,025	......	1,025
Facilities and equipment	173	......	173	1,119	......	1,119	945	......	945
Research, engineering and development	19	......	19	100	......	100	94	......	94
Operations	191	......	191	1,052	......	1,052	1,140	......	1,140
Total—Airport and airway trust fund	503	......	503	3,110	......	3,110	3,205	......	3,205
Other	(* *)	(* *)	(* *)	(* *)	(* *)	(* *)	(* *)	1	−1
Total—Federal Aviation Administration	931	(* *)	931	4,488	(* *)	4,488	4,358	1	4,357
Coast Guard:									
Operating expenses	214	......	214	1,186	......	1,186	1,184	......	1,184
Acquisition, construction, and improvements	36	......	36	157	......	157	116	......	116
Retired pay	38	......	38	230	......	230	235	......	235
Other	50	(* *)	49	164	3	162	142	3	139
Total—Coast Guard	338	(* *)	338	1,738	3	1,735	1,677	3	1,675
Maritime Administration	96	99	−3	433	196	238	555	200	355
Other	18	(* *)	18	192	3	190	172	6	166
Proprietary receipts from the public	......	(* *)	(* *)	......	1	−1	......	2	−2
Intrabudgetary transactions	(* *)	......	(* *)	13	......	13	−3	......	−3
Offsetting governmental receipts	......	(* *)	(* *)	......	3	−3	......	41	−41
Total—Department of Transportation	**3,027**	**101**	**2,926**	**18,591**	**212**	**18,380**	**16,470**	**262**	**16,208**
Department of the Treasury:									
Departmental offices:									
Exchange stabilization fund	−33	1	−34	−493	5	−499	−557	5	−562
Other	33	......	33	50	......	50	83	......	83
Financial Management Service:									
Salaries and expenses	28	......	28	119	......	119	111	......	111
Payment to the Resolution Funding Corporation	......	......	......	1,164	......	1,164	1,164	......	1,164
Claims, judgements, and relief acts	53	......	53	205	......	205	308	......	308
Net interest paid to loan guarantee financing accounts	......	......	......	2	......	2	20	......	20
Other	8	......	8	75	......	75	70	......	70
Total—Financial Management Service	90	......	90	1,566	......	1,566	1,673	......	1,673
Federal Financing Bank	−114	......	−114	7	......	7	6	......	6
Bureau of Alcohol, Tobacco and Firearms:									
Salaries and expenses	37	......	37	195	......	195	179	......	179
Internal revenue collections for Puerto Rico	8	......	8	104	......	104	104	......	104
United States Customs Service	247	......	247	992	......	992	845	......	845
Bureau of Engraving and Printing	−20	......	−20	−2	......	−2	4	......	4
United States Mint	−10	......	−10	26	......	−26	64	......	64
Bureau of the Public Debt	49	......	49	153	......	153	154	......	154
Internal Revenue Service:									
Processing tax returns and assistance	165	......	165	779	......	779	740	......	740
Tax law enforcement	429	......	429	1,918	......	1,918	1,791	......	1,791
Information systems	127	......	127	533	......	533	595	......	595
Payment where earned income credit exceeds liability for tax	[6]3,281	......	3,281	8,482	......	8,482	6,880	......	6,880
Health insurance supplement to earned income credit	[6]285	......	285	309	......	309	470	......	470
Refunding internal revenue collections, interest	233	......	233	1,384	......	1,384	971	......	971
Other	12	......	12	76	......	76	71	(* *)	71
Total—Internal Revenue Service	4,532	......	4,532	13,480	......	13,480	11,517	(* *)	11,517

Table 5. Outlays of the U.S. Government, March 1994 and Other Periods—Continued

[$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Department of the Treasury:—Continued									
United States Secret Service	50	......	50	246	......	246	255	......	255
Comptroller of the Currency	−36	−75	39	195	206	−11	177	201	−24
Office of Thrift Supervison	13	2	12	92	84	8	113	106	7
Interest on the public debt:									
Public issues (accrual basis)	17,511	......	17,511	101,638	......	101,638	102,471	......	102,471
Special issues (cash basis)	611	......	611	43,201	......	43,201	42,573	......	42,573
Total—Interest on the public debt	18,122	......	18,122	144,839	......	144,839	145,044	......	145,044
Other	6	......	6	31	......	31	30	......	30
Proprietary receipts from the public	......	641	−641	......	1,411	−1,411	......	1,207	−1,207
Receipts from off-budget federal entities	......	......	......	......	......	......	......	......	......
Intrabudgetary transactions	−1,391	......	−1,391	−5,187	......	−5,187	−6,372	......	−6,372
Offsetting governmental receipts	......	50	−50	......	374	−374	......	364	−364
Total—Department of the Treasury	**21,583**	**617**	**20,966**	**156,241**	**2,080**	**154,161**	**153,319**	**1,883**	**151,436**
Department of Veterans Affairs:									
Veterans Health Administration:									
Medical care	1,354	......	1,354	7,568	......	7,568	7,118	......	7,118
Other	27	25	2	318	135	183	337	127	210
Veterans Benefits Administration:									
Public enterprise funds:									
Guaranty and indemnity fund	48	65	−17	764	361	403	572	179	393
Loan guaranty revolving fund	−294	49	−342	317	242	75	1,051	271	780
Other	11	10	1	246	145	101	238	205	33
Compensation and pensions	1,463	......	1,463	8,512	......	8,512	8,341	......	8,341
Readjustment benefits	115	......	115	597	......	597	482	......	482
Post-Vietnam era veterans education account	7	......	7	44	......	44	58	......	58
Insurance funds:									
National service life	153	......	153	628	......	628	525	......	525
United States government life	2	......	2	10	......	10	10	......	10
Veterans special life	14	4	11	70	89	−19	65	93	−28
Other	5	......	5	−10	......	−10	−9	......	−9
Total—Veterans Benefits Administration	1,525	128	1,398	11,178	836	10,341	11,333	748	10,585
Construction	57	(* *)	57	327	(* *)	327	292	(* *)	292
Departmental administration	33	......	33	518	......	518	586	......	586
Proprietary receipts from the public:									
National service life	......	31	−31	......	184	−184	......	199	−199
United States government life	......	(* *)	(* *)	......	1	−1	......	(* *)	(* *)
Other	......	18	−18	......	298	−298	......	372	−372
Intrabudgetary transactions	−28	......	−28	−37	......	−37	−8	......	−8
Total—Department of Veterans Affairs	**2,968**	**202**	**2,765**	**19,872**	**1,454**	**18,418**	**19,658**	**1,446**	**18,212**
Environmental Protection Agency:									
Program and research operations	98	......	98	430	......	430	462	......	462
Abatement, control, and compliance	86	......	86	597	......	597	578	......	578
Water infrastructure financing	156	......	156	979	......	979	1,054	......	1,054
Hazardous substance superfund	181	......	181	710	......	710	684	......	684
Other	42	(* *)	42	458	2	455	447	16	430
Proprietary receipts from the public	......	19	−19	......	93	−93	......	92	−92
Intrabudgetary transactions	......	......	......	−250	......	−250	−250	......	−250
Offsetting governmental receipts	......	1	−1	......	5	−5	......	5	−5
Total—Environmental Protection Agency	**563**	**20**	**543**	**2,924**	**101**	**2,823**	**2,975**	**113**	**2,861**
General Services Administration:									
Real property activities	173	......	173	2	......	2	583	......	583
Personal property activities	13	......	13	−94	......	−94	−80	......	−80
Information Resources Management Service	21	......	21	77	......	77	39	......	39
Other	25	......	25	67	......	67	71	......	71
Proprietary receipts from the public	......	1	−1	......	2	−2	......	2	−2
Total—General Services Administration	**232**	**1**	**231**	**53**	**2**	**51**	**612**	**2**	**610**

Table 5. Outlays of the U.S. Government, March 1994 and Other Periods—Continued

[$ millions]

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
National Aeronautics and Space Administration:									
Research and development	584	......	584	3,326	......	3,326	3,485	......	3,485
Space flight, control, and data communications	461	......	461	2,451	......	2,451	2,552	......	2,552
Construction of facilities	41	......	41	212	......	212	272	......	272
Research and program management	187	......	187	807	......	807	808	......	808
Other	2	......	2	8	......	8	8	......	8
Total—National Aeronautics and Space Administration	**1,275**	......	**1,275**	**6,804**	......	**6,804**	**7,124**	......	**7,124**
Office of Personnel Management:									
Government payment for annuitants, employees health and life insurance benefits	338	......	338	1,921	......	1,921	1,766	......	1,766
Payment to civil service retirement and disability fund	......	......	......	......	......	......	......	......	......
Civil service retirement and disability fund	2,999	......	2,999	17,829	......	17,829	17,164	......	17,164
Employees health benefits fund	1,325	1,446	−122	7,466	7,870	−405	7,046	7,409	−364
Employees life insurance fund	114	143	−28	681	1,241	−560	653	1,185	−533
Retired employees health benefits fund	1	1	(* *)	4	4	(* *)	4	4	(* *)
Other	24	......	24	81	......	81	46	......	46
Intrabudgetary transactions:									
Civil service retirement and disability fund:									
General fund contributions	......	......	......	......	......	......	......	......	......
Other	−3	......	−3	−17	......	−17	−22	......	−22
Total—Office of Personnel Management	**4,797**	**1,590**	**3,207**	**27,963**	**9,115**	**18,848**	**26,657**	**8,599**	**18,058**
Small Business Administration:									
Public enterprise funds:									
Business loan fund	41	27	14	308	213	95	559	373	186
Disaster loan fund	9	22	−13	90	157	−67	249	254	−5
Other	2	1	1	13	6	6	25	8	17
Other	61	(* *)	61	259	(* *)	259	246	(* *)	246
Total—Small Business Administration	**113**	**49**	**64**	**670**	**377**	**293**	**1,079**	**635**	**445**
Other independent agencies:									
Action	20	......	20	77	......	77	103	......	103
Board for International Broadcasting	17	......	17	100	......	100	129	......	129
Corporation for National and Community Service	−83	......	−83	13	......	13	......	......	......
Corporation for Public Broadcasting	......	......	......	275	......	275	319	......	319
District of Columbia:									
Federal payment	......	......	......	698	......	698	698	......	698
Other	−3	......	−3	3	12	−9	2	24	−23
Equal Employment Opportunity Commission	26	(* *)	26	120	(* *)	120	111	(* *)	111
Export-Import Bank of the United States	165	115	51	605	1,298	−693	730	1,044	−314
Federal Communications Commission	16	4	11	71	19	52	62	19	43
Federal Deposit Insurance Corporation:									
Bank insurance fund	266	645	−379	1,376	7,217	−5,841	4,622	9,086	−4,464
Savings association insurance fund	2	9	−7	11	527	−517	−3	420	−422
FSLIC resolution fund	206	221	−15	1,144	1,637	−493	1,800	717	1,082
Affordable housing and bank enterprise	(* *)	......	(* *)	−1	......	−1	......	......	......
Federal Emergency Management Agency:									
Public enterprise funds	22	42	−20	244	175	68	288	179	109
Disaster relief	573	......	573	1,873	......	1,873	934	......	934
Emergency management planning and assistance	20	......	20	116	......	116	119	......	119
Other	42	......	42	134	......	134	154	......	154
Federal Trade Commission	8	......	8	44	......	44	44	......	44
Interstate Commerce Commission	5	......	5	21	......	21	21	......	21
Legal Services Corporation	35	......	35	197	......	197	207	......	207
National Archives and Records Administration	24	(* *)	24	117	(* *)	117	103	(* *)	103
National Credit Union Administration:									
Credit union share insurance fund	−11	11	−21	2	208	−206	29	319	−290
Central liquidity facility	17	17	(* *)	53	53	(* *)	63	63	......
Other	10	(* *)	9	19	47	−28	19	45	−26

Table 5. Outlays of the U.S. Government, March 1994 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	15	......	15	90	......	90	90	......	90
National Endowment for the Humanities	13	......	13	77	......	77	73	......	73
National Labor Relations Board	16	......	16	87	......	87	81	......	81
National Science Foundation	213	......	213	1,216	......	1,216	1,137	......	1,137
Nuclear Regulatory Commission	55	4	51	267	231	36	236	214	22
Panama Canal Commission	41	55	−14	260	286	−26	256	272	−16
Postal Service									
Public enterprise funds (off-budget)	3,904	[7]4,650	−746	24,235	25,203	−968	23,796	24,761	−966
Payment to the Postal Service fund	......	......	......	85	......	85	100	......	100
Railroad Retirement Board:									
Federal windfall subsidy	23	......	23	138	......	138	146	......	146
Federal payments to the railroad retirement accounts	(* *)	......	(* *)	25	......	25	30	......	30
Rail industry pension fund:									
Advances from FOASDI fund	−92	......	−92	−542	......	−542	−531	......	−531
OASDI certifications	92	......	92	542	......	542	531	......	531
Administrative expenses	5	......	5	37	......	37	36	......	36
Interest on refunds of taxes	(* *)	......	(* *)	18	......	18	5	......	5
Other	1	......	1	5	......	5	3	......	3
Intrabudgetary transactions:									
Payments from other funds to the railroad retirement trust funds	......	......	......	......	......	......	......	......	......
Other	......	......	......	−25	......	−25	−30	......	−30
Supplemental annuity pension fund	245	......	245	1,454	......	1,454	1,437	......	1,437
Railroad Social Security equivalent benefit account	404	......	404	2,373	......	2,373	2,336	......	2,336
Other	(* *)	......	(* *)	(* *)	......	(* *)	3	......	3
Total—Railroad Retirement Board	677	......	677	4,024	......	4,024	3,966	......	3,966
Resolution Trust Corporation	876	1,315	−439	7,568	7,450	118	8,226	17,980	−9,754
Securities and Exchange Commission	13	......	13	74	......	74	49	......	49
Smithsonian Institution	41	......	41	170	......	170	189	......	189
Tennessee Valley Authority	827	845	−18	4,801	4,200	600	4,111	3,067	1,044
United States Information Agency	112	(* *)	112	555	(* *)	555	531	(* *)	531
Other	233	112	122	1,299	672	627	[8]665	113	552
Total—Other independent agencies	**8,414**	**8,046**	**368**	**52,118**	**49,235**	**2,883**	**54,061**	**58,323**	**−4,263**
Undistributed offsetting receipts:									
Other interest	......	......	......	......	(* *)	(* *)	......	(* *)	(* *)
Employer share, employee retirement:									
Legislative Branch:									
United States Tax Court:									
Tax court judges survivors annuity fund	......	......	......	(* *)	......	(* *)	(* *)	......	(* *)
The Judiciary:									
Judicial survivors annuity fund	......	......	......	......	......	......	......	......	......
Department of Defense—Civil:									
Military retirement fund	−1,069	......	−1,069	−6,403	......	−6,403	−6,564	......	−6,564
Department of Health and Human Services, except Social Security:									
Federal hospital insurance trust fund:									
Federal employer contributions	−141	......	−141	−916	......	−916	−896	......	−896
Postal Service employer contributions	−50	......	−50	−246	......	−246	−228	......	−228
Payments for military service credits	......	......	......	......	......	......	......	......	......
Department of Health and Human Services, Social Security (off-budget):									
Federal old-age and survivors insurance trust fund:									
Federal employer contributions	−435	......	−435	−2,664	......	−2,664	−2,627	......	−2,627
Payments for military service credits	......	......	......	......	......	......	......	......	......
Federal disability insurance trust fund:									
Federal employer contributions	−47	......	−47	−287	......	−287	−281	......	−281
Payments for military service credits	......	......	......	......	......	......	......	......	......
Department of State:									
Foreign Service retirement and disability fund	−13	......	−13	−56	......	−56	−51	......	−51
Office of Personnel Management:									
Civil service retirement and disability fund	−979	......	−979	−4,968	......	−4,968	−4,632	......	−4,632
Independent agencies:									
Court of veterans appeals retirement fund	......	......	......	......	......	......	......	......	......
Total—Employer share, employee retirement	−2,733	......	−2,733	−15,539	......	−15,539	−15,280	......	−15,280

Table 5. Outlays of the U.S. Government, March 1994 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	1	......	1	-9	......	-9	-4	......	-4
Department of Defense—Civil:									
Corps of Engineers	22	......	22	-7	......	-7	-5	......	-5
Military retirement fund	84	......	84	-4,936	......	-4,936	-4,780	......	-4,780
Education benefits fund	(* *)	......	(* *)	-25	......	-25	-30	......	-30
Soldiers' and airmen's home permanent fund	(* *)	......	(* *)	-4	......	-4	[3]-10	......	-10
Other	(* *)	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)
Department of Health and Human Services, except Social Security:									
Federal hospital insurance trust fund	-46	......	-46	-5,325	......	-5,325	-5,237	......	5,237
Federal supplementary medical insurance trust fund	-26	......	-26	-1,052	......	-1,052	-915	......	-915
Department of Health and Human Services, Social Security (off-budget):									
Federal old-age and survivors insurance trust fund	-101	......	-101	-13,867	......	-13,867	-12,547	......	-12,547
Federal disability insurance trust fund	-4	......	-4	-385	......	-385	-520	......	-520
Department of Labor:									
Unemployment trust fund	-37	......	-37	-1,309	......	-1,309	-1,366	......	-1,366
Department of State:									
Foreign Service retirement and disability fund	(* *)	......	(* *)	-280	......	-280	-268	......	-268
Department of Transportation:									
Highway trust fund	-7	......	-7	-720	......	-720	-754	......	-754
Airport and airway trust fund	-2	......	-2	-421	......	-421	-560	......	-560
Oil spill liability trust fund	(* *)	......	(* *)	-3	......	-3	-39	......	-39
Department of Veterans Affairs:									
National service life insurance fund	-1	......	-1	-538	......	-538	-539	......	-539
United States government life Insurance Fund	(* *)	......	(* *)	-5	......	-5	-6	......	-6
Environmental Protection Agency	(* *)	......	(* *)	(* *)	......	(* *)	(* *)	......	(* *)
National Aeronautics and Space Administration	(* *)	......	(* *)	-1	......	-1	-1	......	-1
Office of Personnel Management:									
Civil service retirement and disability fund	-28	......	-28	-12,976	......	-12,976	-12,447	......	-12,447
Independent agencies:									
Railroad Retirement Board	40	......	40	-338	......	-338	-518	......	-518
Other	-1	......	-1	-8	......	-8	-6	......	-6
Other	-24	......	-24	-62	......	-62	31	......	31
Total—Interest received by trust funds	-130	......	-130	-42,270	......	-42,270	-40,520	......	-40,520
Rents and royalties on the outer continental shelf lands	......	266	-266	......	1,428	-1,428	......	1,423	-1,423
Sale of major assets	......	......	......	......	......	......	......	......	......
Total—Undistributed offsetting receipts	**-2,863**	**266**	**-3,129**	**-57,809**	**1,428**	**-59,238**	**-55,800**	**1,423**	**-57,223**
Total outlays	**143,930**	**18,508**	**125,423**	**827,728**	**100,909**	**726,820**	**816,818**	**106,871**	**709,946**
Total on-budget	**114,114**	**13,855**	**100,259**	**667,279**	**75,701**	**591,578**	**663,567**	**82,110**	**581,458**
Total off-budget	**29,816**	**4,653**	**25,164**	**160,449**	**25,208**	**135,241**	**153,250**	**24,762**	**128,489**
Total surplus (+) or deficit			**-32,315**			**-150,689**			**-182,819**
Total on-budget			**-35,648**			**-171,415**			**-197,500**
Total off-budget			**+3,333**			**+20,726**			**+14,681**

MEMORANDUM

Receipts offset against outlays [$ millions]

	Current Fiscal Year to Date	Comparable Period Prior Fiscal Year
Proprietary receipts	22,792	21,007
Receipts from off-budget federal entities	......	......
Intrabudgetary transactions	101,619	107,637
Governmental receipts	904	902
Total receipts offset against outlays	125,315	129,546

[1]Outlays for Operation and Maintenance, Defense Agencies and proprietary receipts have been increased by $1 million in July 1993 and by $15 million in September 1993 to adjust erroneous reporting by the agency.

[2]Outlays have been increased by $299 million in February 1994 to reflect activity erroneously reported by the Department of the Air Force.

[3]The miscellaneous receipts have been increased by $19 million, the outlays for the Armed Forces Retirement Home have been increased by $5 million and the undistributed offsetting receipts have been decreased by $14 million in September 1993 to reflect governmental receipts previously reported as offsetting collections.

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

[5]Includes a reclassification in FY 1993, from a governmental receipt to a proprietary receipt, of $9 million for the Bureau of Reclamation and in FY 1994 of $3 million and $73 million for the Bureau of Reclamation and the U.S. Fish and Wildlife Service, respectively.

[6]This amount is partially estimated and will be adjusted pending further analysis of the accounting data.

[7]The Postal Service accounting is composed of thirteen 28-day accounting periods. To conform with the MTS calendar-month reporting basis utilized by all other Federal agencies, the MTS reflects USPS results through 3/4 and estimates for $1,945 million through 3/31.

[8]The receipts and outlays in September 1993 have been increased by $8 million to reflect governmental receipts previously reported as offsetting collections for the Christopher Columbus Fellowship Foundation.

... 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, March 1994 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	16,329	164,380	165,959	4,396,489	4,544,541	4,560,869
Federal Financing Bank	......	......	......	15,000	15,000	15,000
Total, public debt securities	16,329	164,380	165,959	4,411,489	4,559,541	4,575,869
Plus premium on public debt securities	–8	18	–29	1,373	1,398	1,390
Less discount on public debt securities	–5,514	–11,502	–452	86,397	80,410	74,896
Total public debt securities net of Premium and discount	21,835	175,900	166,382	4,326,466	4,480,531	4,502,366
Agency securities, issued under special financing authorities (see Schedule B. for other Agency borrowing, see Schedule C)	1	1,599	1,677	24,682	26,281	26,282
Total federal securities	21,836	177,499	168,059	4,351,149	4,506,812	4,528,648
Deduct:						
Federal securities held as investments of government accounts (see Schedule D)	–10,748	24,938	26,694	1,116,740	1,152,426	1,141,678
Less discount on federal securities held as investments of government accounts	–6,073	–12,072	190	12,709	6,709	637
Net federal securities held as investments of government accounts	–4,675	37,010	26,503	1,104,032	1,145,716	1,141,042
Total borrowing from the public	26,511	140,489	141,556	3,247,117	3,361,095	3,387,606
Accrued interest payable to the public	9,729	–1,469	–509	43,819	32,620	42,349
Allocations of special drawing rights	65	–28	–368	6,950	6,856	6,921
Deposit funds	684	–857	–347	5,975	4,434	5,118
Miscellaneous liability accounts (includes checks Outstanding etc.)	–1,191	–972	–1,296	2,928	3,146	1,956
Total liability accounts	**35,799**	**137,162**	**139,035**	**3,306,788**	**3,408,151**	**3,443,950**
Asset accounts (deduct)						
Cash and monetary assets:[1]						
U.S. Treasury operating cash:						
Federal Reserve account	1,294	–11,108	–17,834	17,289	4,886	6,181
Tax and loan note accounts	5,167	3,209	–19,403	35,217	33,259	38,426
Balance	6,461	–7,899	–37,238	52,506	38,146	44,607
Special drawing rights:						
Total holdings	88	180	–3,324	9,203	9,295	9,383
SDR certificates issued to Federal Reserve banks	......	......	2,000	–8,018	–8,018	–8,018
Balance	88	180	–1,324	1,185	1,277	1,365
Reserve position on the U.S. quota in the IMF:						
U.S. subscription to International Monetary Fund:						
Direct quota payments	......	......	12,063	31,762	31,762	31,762
Maintenance of value adjustments	353	–154	–1,377	5,864	5,357	5,710
Letter of credit issued to IMF	50	84	–9,121	–25,514	–25,480	–25,430
Dollar deposits with the IMF	–3	–3	–29	–98	–98	–101
Receivable/Payable (–) for interim maintenance of value adjustments	–239	104	870	90	433	194
Balance	161	31	2,407	12,103	11,974	12,135
Loans to International Monetary Fund	......	......	......	(* *)	(* *)	(* *)
Other cash and monetary assets	–2,652	627	–1,770	22,414	25,693	23,040
Total cash and monetary assets	4,058	–7,061	–37,925	88,208	77,089	81,147
Net activity, guaranteed loan financing	–377	–2,452	–2,224	–6,320	–8,395	–8,772
Net activity, direct loan financing	1,014	1,727	940	6,862	7,575	8,589
Miscellaneous asset accounts	–1,140	–5,398	–4,420	–636	–4,894	–6,035
Total asset accounts	**3,554**	**–13,184**	**–43,629**	**88,114**	**71,376**	**74,930**
Excess of liabilities (+) or assets (–)	**+32,245**	**+150,347**	**+182,664**	**+3,218,674**	**+3,336,776**	**+3,369,020**
Transactions not applied to current year's surplus or deficit (see Schedule a for Details)	70	342	155	......	272	342
Total budget and off-budget federal entities (financing of deficit (+) or disposition of Surplus (–))	**+32,315**	**+150,689**	**+182,819**	**+3,218,674**	**+3,337,047**	**+3,369,362**

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

... No Transactions.

(* *) Less than $500,000

Note: Details may not add to totals due to rounding

Table 6. Schedule A—Analysis of Change in Excess of Liabilities of the U.S. Government, March 1994 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	3,336,477	3,218,965	2,964,066
Adjustments during current fiscal year for changes in composition of unified budget:			
Reclassification of the Disaster Assistance Liquidating Account, FEMA, to a budgetary status	......	......	(* *)
Revisions by federal agencies to the prior budget results	299	−291	101
Reclassification of Thrift Savings Plan Clearing Accounts to a non-budgetary status	......	......	(* *)
Reclassification of Deposit in Transit Differences (Suspense) Clearing Accounts to a budgetary status	......	......	174
Excess of liabilities beginning of period (current basis)	3,336,776	3,218,674	2,964,341
Budget surplus (−) or deficit:			
Based on composition of unified budget in prior fiscal yr	32,315	150,689	182,819
Changes in composition of unified budget	......	......	......
Total surplus (−) or deficit (Table 2)	32,315	150,689	182,819
Total-on-budget (Table 2)	35,648	171,415	197,500
Total-off-budget (Table 2)	−3,333	−20,726	−14,681
Transactions not applied to current year's surplus or deficit:			
Seigniorage	−70	−342	−155
Total-transactions not applied to current year's Surplus or deficit	−70	−342	−155
Excess of liabilities close of period	**3,369,020**	**3,369,020**	**3,147,005**

Table 6. Schedule B—Securities isued by Federal Agencies Under Special Financing Authorities, March 1994 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:						
Bank insurance fund	......	......	......	93	93	93
FSLIC resolution fund	......	−145	−194	943	797	797
Obligations guaranteed by the United States, issued by:						
Department of Defense:						
Family housing mortgages	......	(* *)	(* *)	7	6	6
Department of Housing and Urban Development:						
Federal Housing Administration	15	−99	−42	213	99	114
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	8	7	176	183	184
Independent agencies:						
Farm Credit System Financial Assistance Corporation	......	......	......	1,261	1,261	1,261
National Archives and Records Administration	......	......	......	302	302	302
Tennessee Valley Authority	−16	1,836	1,907	21,675	23,526	23,511
Total, agency securities	**1**	**1,599**	**1,677**	**24,682**	**26,281**	**26,282**

... 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, March 1994 and Other Periods

[$ millions]

Classification	Transactions			Account Balances Current Fiscal Year		
	This Month	Fiscal Year to Date		Beginning of		Close of This month
		This Year	Prior Year	This Year	This Month	
Borrowing from the Treasury:						
Funds Appropriated to the President:						
International Security Assistance:						
Guaranty reserve fund	......	405	......	......	405	405
Agency for International Development:						
International Debt Reduction	......	......	......	348	348	348
Housing and other credit guaranty programs	......	......	......	125	125	125
Overseas Private Investment Corporation	......	8	......	8	16	16
Department of Agriculture:						
Foreign assistance programs	......	354	37	193	547	547
Commodity Credit Corporation	694	−11,340	2,184	24,745	12,711	13,405
Farmers Home Administration:						
Agriculture credit insurance fund	......	−1,285	−28	5,771	4,486	4,486
Self-help housing land development fund	......	1	(* *)	1	1	1
Rural housing insurance fund	1	2,134	244	2,910	5,044	5,044
Rural Development Administration:						
Rural development insurance fund	......	561	29	1,680	2,241	2,241
Rural development loan fund	......	29	2	5	34	34
Federal Crop Insurance Corporation:						
Federal crop insurance corporation fund	......	−113	......	113	......	......
Rural Electrification Administration:						
Rural communication development fund	......	31	......	25	55	55
Rural electrification and telephone revolving fund	5	247	80	8,099	8,341	8,346
Rural Telephone Bank	−18	−33	7	802	787	769
Department of Commerce:						
Federal ship financing fund, NOAA	......	......	−2	......	......	......
Department of Education:						
Guaranteed student loans	......	......	......	2,058	2,058	2,058
College housing and academic facilities fund	......	14	......	154	168	168
College housing loans	......	(* *)	......	460	460	460
Department of Energy:						
Isotope production and distribution fund	......	......	3	13	13	13
Bonneville power administration fund	......	158	400	2,332	2,490	2,490
Department of Housing and Urban Development:						
Housing programs:						
Housing for the ederly and handicapped	......	−475	185	8,959	8,484	8,484
Public and Indian housing:						
Low-rent public housing	......	25	......	110	135	135
Department of the Interior:						
Bureau of Reclamation Loans	......	6	2	5	11	11
Bureau of Mines, Helium Fund	......	......	......	252	252	252
Bureau of Indian Affairs:						
Revolving funds for loans	......	9	3	17	26	26
Department of Justice:						
Federal prison industries, incorporated	......	......	......	20	20	20
Department of State:						
Repatriation loans	......	......	−1	......	......	......
Department of Transportation:						
Federal Railroad Administration:						
Railroad rehabilitation and improvement financing funds	......	......	8	8	8	8
Settlements of railroad litigation	......	......	......	−39	−39	−39
Amtrak corridor improvement loans	......	......	1	2	2	2
Regional rail reorganization program	......	......	......	39	39	39
Federal Aviation Administration:						
Aircraft purchase loan guarantee program	......	(* *)	(* *)	(* *)	(* *)	(* *)
Department of the Treasury:						
Federal Financing Bank revolving fund	−3,201	−9,225	−18,306	114,329	108,304	105,104
Department of Veterans Affairs:						
Loan guaranty revolving fund	......	1,158	−678	860	2,018	2,018
Guaranty and indemnity fund	......	612	8	83	695	695
Direct loan revolving fund	......	7	(* *)	1	8	8
Vocational rehabilitation revolving fund	......	1	(* *)	2	2	2
Environmental Protection Agency:						
Abatement, control, and compliance loan program	......	10	2	12	22	22
Small Business Administration:						
Business loan and revolving fund	......	......	......	3,203	3,203	3,203

Table 6. Schedule C (Memorandum)—Federal Agency Borrowing Financed Through the Issue of Public Debt Securities, March 1994 and Other Periods—Continued

[$ millions]

Classification	Transactions			Account Balances Current Fiscal Year		
	This Month	Fiscal Year to Date		Beginning of		Close of This month
		This Year	Prior Year	This Year	This Month	
Borrowing for the Treasury:—Continued						
Other independent agencies:						
Export-Import Bank of the United States	......	811	104	386	1,197	1,197
Federal Emergency Management Agency:						
National insurance development fund	......	125	8	42	167	167
Pennsylvania Avenue Development Corporation:						
Land aquisition and development fund	9	9	3	76	76	85
Railroad Retirement Board:						
Railroad retirement account	......	......	......	2,128	2,128	2,128
Social Security equivalent benefit account	264	1,498	1,494	2,690	3,924	4,187
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	**-2,247**	**-14,259**	**-14,210**	**183,196**	**171,184**	**168,937**
Borrowing from the Federal Financing Bank:						
Funds Appropriated to the President:						
Foreign military sales	-208	-291	-129	4,083	4,000	3,792
Department of Agriculture:						
Rural Electrification Administration	-152	-294	-177	22,252	22,111	21,959
Farmers Home Administration:						
Agriculture credit insurance fund	-250	-250	......	8,908	8,908	8,658
Rural housing insurance fund	-160	-160	......	26,036	26,036	25,876
Rural development insurance fund	......	......	......	3,675	3,675	3,675
Department of Defense:						
Department of the Navy	......	......	......	1,624	1,624	1,624
Defense agencies	......	-49	-48	-96	-145	-145
Department of Education:						
Student Loan Marketing Association	-1,760	-4,790	-30	4,790	1,760	......
Department of Health and Human Services, Except Social Security:						
Medical facilities guarantee and loan fund	-2	-2	-4	85	84	83
Department of Housing and Urban Development:						
Low rent housing loans and other expenses	......	-54	-52	1,801	1,747	1,747
Community Development Grants	(* *)	-16	-32	131	116	116
Department of Interior:						
Territorial and international affairs	......	-1	-28	23	22	22
Department of Transportation:						
Federal Railroad Administration	(* *)	-1	-1	17	16	16
Department of the Treasury:						
Financial Management Service	......	-30	-51	30	......	......
General Services Administration:						
Federal buildings fund	39	159	502	1,436	1,555	1,595
Small Business Administration:						
Business loan and investment fund	-5	-44	-58	670	630	626
Independent agencies:						
Export-Import Bank of the United States	-462	-948	-950	5,795	5,309	4,847
Federal Deposit Insurance Corporation:						
Bank insurance fund	......	......	-5,660	......	......	......
Pennsylvania Avenue Development Corporation	5	46	30	150	190	195
Postal Service	......	......	537	9,732	9,732	9,732
Resolution Trust Corporation	-398	-2,890	-11,046	31,688	29,196	28,798
Tennessee Valley Authority	......	-250	-1,110	6,325	6,075	6,075
Washington Metropolitan Transit Authority	......	488	......	177	665	665
Total borrowing from the Federal Financing Bank	**-3,353**	**-9,377**	**-18,306**	**129,332**	**123,307**	**119,954**

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, March 1994 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
Department of Commerce	(* *)	3	4	10	13	13
Department of Defense—Military:						
Defense cooperation account	......	−4	−1,994	9	5	5
Department of Energy	−33	210	158	4,081	4,323	4,290
Department of Housing and Urban Development:						
Housing programs:						
Federal housing administration fund:						
Public debt securities	−1	−307	−659	5,214	4,908	4,907
Government National Mortgage Association:						
Management and liquidating functions fund:						
Public debt securities	......	−9	2	9	......	......
Agency securities	......	−4	......	20	16	16
Guarantees of mortgage-backed securities:						
Public debt securities	60	251	213	3,221	3,412	3,472
Agency securities	......	(* *)	(* *)	1	1	1
Other	−122	−148	5	191	165	43
Department of the Interior:						
Public debt securities	77	330	233	2,508	2,761	2,838
Department of Labor	−5,370	−11,873	772	16,590	10,087	4,717
Department of Transportation	1	40	49	881	920	921
Department of the Treasury	−53	−26	1,786	5,773	5,801	5,748
Department of Veterans Affairs:						
Canteen service revolving fund	−2	1	−2	38	41	39
Veterans reopened insurance fund	−4	8	11	518	530	526
Servicemen's group life insurance fund	......	−109	−50	150	41	41
Independent agencies:						
Export-Import Bank of the United States	−501	372	−41	76	949	448
Federal Deposit Insurance Corporation:						
Bank insurance fund	396	5,935	−1,148	4,325	9,864	10,260
Savings association insurance fund	7	517	422	1,283	1,794	1,801
FSLIC resolution fund						
Public debt securities	15	957	−591	828	1,771	1,786
Federal Emergency Management Agency:						
National flood insurance fund	......	−71	−74	71	......	......
National Credit Union Administration	12	234	315	2,764	2,986	2,998
Postal Service	821	1,720	1,446	3,027	3,926	4,747
Tennessee Valley Authority	......	1,297	−622	3,452	4,749	4,749
Other	−1	83	55	853	936	935
Other	106	76	171	2,715	2,686	2,792
Total public debt securities	−4,592	−512	460	58,589	62,669	58,077
Total agency securities	......	−4	(* *)	21	17	17
Total Federal funds	**−4,592**	**−515**	**460**	**58,610**	**62,686**	**58,094**
Trust funds:						
Legislative Branch:						
Library of Congress	(* *)	5	2	1	6	6
United States Tax Court	......	(* *)	(* *)	4	5	5
Other	(* *)	(* *)	(* *)	27	27	27
The Judiciary:						
Judicial retirement funds	−2	23	12	212	237	235
Department of Agriculture	1	180	(* *)	5	184	185
Department of Commerce	(* *)	......	(* *)	......	(* *)	......
Department of Defense—Military:						
Voluntary separation incentive fund	−5	−51	873	844	798	793
Other	(* *)	4	−11	151	155	155
Department of Defense—Civil:						
Military retirement fund	−1,119	10,040	10,106	96,690	107,850	106,730
Other	5	13	232	1,213	1,220	1,226

Table 6. Schedule D—Investments of Federal Government Accounts in Federal Securities, March 1994 and Other Periods—Continued

[$ millions]

Classification	Net Purchases or Sales (−)			Securities Held as Investments Current Fiscal Year		
	This Month	Fiscal Year to Date		Beginning of		Close of This month
		This Year	Prior Year	This Year	This Month	
Trust Funds—Continued						
Department of Health and Human Services, except Social Security:						
Federal hospital insurance trust fund:						
Public debt securities	−2,231	−1,433	2,393	126,078	126,876	124,645
Federal supplementary medical insurance trust fund	−776	142	1,964	23,268	24,186	23,410
Other	38	85	53	659	706	744
Department of Health and Human Services, Social Security:						
Federal old-age and survivors insurance trust fund:						
Public debt securities	2,921	22,256	15,601	355,510	374,844	377,765
Federal disability insurance trust fund	−375	−2,307	−1,817	10,237	8,304	7,930
Department of the Interior:						
Public debt securities	−17	−13	−202	184	188	172
Department of Justice	−15	67	97	......	82	67
Department of Labor:						
Unemployment trust fund	−2,793	−5,849	−6,721	36,607	33,551	30,757
Other	30	1	−1	53	23	53
Department of State:						
Foreign Service retirement and disability fund	−18	266	245	6,662	6,945	6,927
Other	......	12	12	38	50	50
Department of Transportation:						
Highway trust fund	−214	−1,572	1,316	22,004	20,647	20,432
Airport and airway trust fund	−78	−329	−2,139	12,672	12,420	12,343
Other	−23	−86	118	1,675	1,612	1,589
Department of the Treasury	−15	28	25	209	253	238
Department of Veterans Affairs:						
General post fund, national homes	......	(* *)	5	39	38	38
National service life insurance:						
Public debt securities	−86	106	222	11,666	11,858	11,772
United States government life Insurance Fund	−1	−4	−4	125	122	121
Veterans special life insurance fund	−10	19	28	1,462	1,490	1,480
Environmental Protection Agency	50	354	409	5,477	5,781	5,831
National Aeronautics and Space Administration	(* *)	(* *)	(* *)	16	16	16
Office of Personnel Management:						
Civil service retirement and disability fund:						
Public debt securities	−1,535	2,453	2,388	311,705	315,694	314,158
Employees health benefits fund	114	449	325	6,794	7,129	7,243
Employees life insurance fund	19	566	532	13,688	14,236	14,255
Retired employees health benefits fund	(* *)	(* *)	(* *)	1	1	1
Independent agencies:						
Harry S. Truman memorial scholarship trust fund	......	1	1	52	53	53
Japan-United States Friendship Commission	(* *)	(* *)	(* *)	17	17	17
Railroad Retirement Board	−9	−63	167	11,961	11,907	11,898
Other	−11	92	(* *)	125	227	216
Total public debt securities	−6,156	25,453	26,233	1,058,131	1,089,740	1,083,584
Total trust funds	**−6,156**	**25,453**	**26,233**	**1,058,131**	**1,089,740**	**1,083,584**
Grand total	**−10,748**	**24,938**	**26,694**	**1,116,740**	**1,152,426**	**1,141,678**

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

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

Table 7. Receipts and Outlays of the U.S. Government by Month, Fiscal Year 1994

[$ millions]

Classification	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Fiscal Year To Date	Comparable Period Prior F.Y.
Receipts:														
Individual income taxes	37,680	37,634	54,183	74,167	28,107	29,917							261,687	246,813
Corporation income taxes	2,158	2,208	28,239	3,916	1,594	15,574							53,689	43,252
Social insurance taxes and contributions														
Employment taxes and contributions	29,440	31,525	33,273	35,831	32,957	35,976							199,003	182,464
Unemployment insurance	1,046	2,773	259	794	2,664	522							8,058	6,892
Other retirement contributions	343	385	423	358	367	459							2,334	2,376
Excise taxes	3,597	4,808	4,695	4,011	3,249	5,285							25,645	22,929
Estate and gift taxes	990	1,305	1,179	1,105	1,093	1,211							6,883	5,627
Customs duties	1,708	1,688	1,584	1,526	1,419	1,745							9,670	8,963
Miscellaneous receipts	1,706	781	1,575	1,258	1,424	2,418							9,162	7,811
Total—Receipts this year	**78,668**	**83,107**	**125,408**	**122,966**	**72,874**	**93,108**							**576,131**	......
(On-budget)	**55,864**	**58,700**	**99,714**	**94,395**	**46,880**	**64,611**							**420,164**	......
(Off-budget)	**22,804**	**24,407**	**25,694**	**28,571**	**25,995**	**28,497**							**155,967**	......
Total—Receipts prior year	*76,829*	*74,629*	*113,686*	*112,716*	*65,979*	*83,288*							......	*527,127*
(On budget)	*55,052*	*51,215*	*89,590*	*90,127*	*40,879*	*57,094*							......	*383,958*
(Off budget)	*21,776*	*23,414*	*24,096*	*22,589*	*25,100*	*26,194*							......	*143,170*
Outlays														
Legislative Branch	378	206	204	212	202	198							1,399	1,220
The Judiciary	158	219	190	179	177	386							1,309	1,056
Executive Office of the President	20	18	16	20	14	14							101	101
Funds Appropriated to the President:														
International Security Assistance	3,312	408	370	337	468	130							5,025	5,409
International Development Assistance	548	340	237	179	55	288							1,647	1,635
Other	133	348	17	156	5	−426							234	939
Department of Agriculture:														
Foreign assistance, special export programs and Commodity Credit Corporation	900	2,263	2,614	974	1,369	1,130							9,250	13,578
Other	3,993	4,886	3,794	3,815	3,373	4,264							24,124	22,810
Department of Commerce	264	277	282	244	245	261							1,574	1,330
Department of Defense:														
Military:														
Military personnel	6,634	5,357	8,626	2,944	5,835	5,959							35,357	38,174
Operation and maintenance	6,413	7,049	6,953	8,668	6,156	8,169							43,408	43,729
Procurement	5,131	5,132	5,746	4,043	5,600	6,361							32,013	34,942
Research, development, test, and evaluation	2,987	2,875	2,949	2,678	2,252	3,292							17,032	18,075
Military construction	404	388	390	415	344	372							2,313	2,303
Family housing	226	208	241	273	265	303							1,516	1,523
Revolving and management funds	1,568	816	275	−892	542	−1,153							1,156	2,044
Other	−217	−28	572	−12	−52	69							333	−609
Total Military	23,147	21,796	25,752	18,117	20,943	23,372							133,127	140,182
Civil	2,550	2,515	2,550	2,509	2,459	2,471							15,053	14,838
Department of Education	1,805	3,356	2,535	1,102	1,202	1,004							11,005	16,457
Department of Energy	1,710	1,723	1,492	1,269	1,221	1,561							8,977	8,242
Department of Health and Human Services, except Social Security														
Public Health Service	1,467	1,700	1,633	1,178	1,694	2,197							9,869	9,014
Health Care Financing Administration:														
Grants to States for Medicaid	7,394	6,626	7,088	6,097	6,202	7,220							40,626	36,383
Federal hospital ins. trust fund	7,432	8,006	9,319	7,193	8,196	10,069							50,215	44,105
Federal supp. med. ins. trust fund	4,650	4,838	5,846	4,170	4,213	5,293							29,009	25,846
Other	3,783	3,801	3,782	2,968	2,926	3,605							20,866	22,582
Social Security Administration	2,970	2,061	3,892	1,760	2,087	2,110							14,880	14,507
Administration for children and families	2,797	2,723	2,828	2,771	2,864	2,159							16,142	14,373
Other	−5,060	−5,060	−5,094	−4,429	−4,525	−5,153							−29,321	−29,743
Department of Health and Human Services, Social Security:														
Federal old-age and survivors ins. trust fund	22,546	22,554	22,927	23,097	23,250	23,297							137,671	131,779
Federal disability ins. trust fund	2,992	2,998	2,991	3,054	3,077	3,212							18,324	16,740
Other	977	−7	−17	−1,559	−10	−13							−2,583	−3,090
Department of Housing and Urban Development	2,645	2,415	2,309	1,564	1,886	2,278							13,096	12,405

Table 7. Receipts and Outlays of the U.S. Government by Month, Fiscal Year 1994—Continued

[$ millions]

Classification	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Fiscal Year To Date	Comparable Period Prior F.Y.
Outlays—Continued														
Department of the Interior	527	600	507	675	499	631							3,437	3,156
Department of Justice	749	905	773	822	734	1,023							5,007	5,328
Department of Labor:														
Unemployment trust fund	2,710	2,762	3,146	3,044	3,080	3,183							17,925	20,724
Other	652	61	673	463	444	26							2,319	1,758
Department of State	843	586	478	407	360	417							3,092	2,816
Department of Transportation:														
Highway trust fund	1,774	1,601	1,516	1,244	1,271	1,135							8,540	7,363
Other	1,377	1,651	2,224	1,255	1,541	1,791							9,839	8,845
Department of the Treasury:														
Interest on the public debt	17,638	22,260	52,712	17,899	16,208	18,122							144,839	145,044
Other	−102	75	983	590	4,931	2,844							9,322	6,392
Department of Veterans Affairs:														
Compensation and pensions	1,400	1,406	2,748	61	1,434	1,463							8,512	8,341
National service life	66	57	75	68	57	122							444	326
United States government life	2	1	2	1	1	2							9	9
Other	1,338	1,705	1,613	2,001	1,618	1,179							9,453	9,536
Environmental Protection Agency	430	506	458	456	430	543							2,823	2,861
General Services Administration	239	−489	384	−658	344	231							51	610
National Aeronautics and Space Administration	1,079	1,214	1,191	1,015	1,029	1,275							6,804	7,124
Office of Personnel Management	3,335	2,879	3,079	3,249	3,098	3,207							18,848	18,058
Small Business Administration	14	146	49	−7	27	64							293	445
Independent agencies:														
Fed. Deposit Ins. Corp.:														
Bank insurance fund	52	−182	−1,322	−452	−3,558	−379							−5,841	−4,464
Savings association insurance fund	−5	4	8	−25	−492	−7							−517	−422
FSLIC resolution fund	(* *)	8	−140	−93	−253	−15							−493	1,082
Postal Service:														
Public enterprise funds (off-budget)	−509	−237	146	194	184	−746							−968	−966
Payment to the Postal Service fund	61	......	......	23	......	......							85	100
Resolution Trust Corporation	7	−1,169	2,471	−74	−678	−439							118	−9,754
Tennessee Valley Authority	106	168	101	212	32	−18							600	1,044
Other independent agencies	1,705	2,048	991	1,402	1,780	1,973							9,899	9,116
Undistributed offsetting receipts:														
Employer share, employee retirement	−2,572	−2,449	−2,592	−2,601	−2,592	−2,733							−15,539	−15,280
Interest received by trust funds	−359	−5,173	−36,027	−122	−458	−130							−42,270	−40,520
Rents and royalties on outer continental shelf lands	−21	−461	−145	−313	−223	−266							−1,428	−1,423
Other	(* *)	(* *)	(* *)	(* *)	......	......							(* *)	(* *)
Totals this year:														
Total outlays	**124,090**	**121,488**	**133,660**	**107,718**	**114,440**	**125,423**							**726,820**	......
(On-budget)	**100,567**	**96,724**	**121,977**	**83,526**	**88,523**	**100,259**							**591,578**	......
(Off-budget)	**23,523**	**24,764**	**11,683**	**24,192**	**25,917**	**25,164**							**135,241**	......
Total-surplus (+) or deficit (−)	**−45,422**	**−38,381**	**−8,252**	**+15,248**	**−41,566**	**−32,315**							**−150,689**	......
(On-budget)	**−44,704**	**−38,024**	**−22,263**	**+10,869**	**−41,644**	**−35,648**							**−171,415**	......
(Off-budget)	**−719**	**−357**	**+14,012**	**+4,379**	**+77**	**+3,333**							**+20,726**	......
Total borrowing from the public	**4,255**	**71,028**	**13,995**	**−6,933**	**31,633**	**26,511**							**140,489**	**141,556**
Total-outlays prior year	*125,620*	*107,355*	*152,633*	*82,899*	*114,176*	*127,263*							......	*709,946*
(On-budget)	*103,780*	*83,436*	*116,572*	*84,925*	*89,720*	*103,025*							......	*581,458*
(Off-budget)	*21,841*	*23,919*	*36,061*	*−2,025*	*24,456*	*24,237*							......	*128,489*
Total-surplus (+) or deficit (−) prior year	*−48,792*	*−32,726*	*−38,947*	*+29,817*	*−48,197*	*−43,974*							......	*−182,819*
(On-budget)	*−48,727*	*−32,221*	*−26,982*	*+5,202*	*−48,842*	*−45,931*							......	*−197,500*
(Off-budget)	*−65*	*−505*	*−11,965*	*+24,614*	*+644*	*+1,957*							......	*+14,681*

... 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 March 31, 1994

[$ 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	432	503	−70	2,779	3,110	−331	12,672	12,420	12,343
Black lung disability	55	53	2	314	301	13	......	......	......
Federal disability insurance	2,809	3,212	−403	15,923	18,324	−2,401	10,237	8,304	7,930
Federal employees life and health	......	−141	141	......	−803	803	20,484	21,366	21,499
Federal employees retirement	1,479	3,035	−1,555	20,821	18,029	2,792	318,583	322,881	321,325
Federal hospital insurance	7,993	10,069	−2,076	48,492	50,215	−1,723	126,078	126,876	124,645
Federal old-age and survivors insurance	26,287	23,297	2,990	159,830	137,671	22,159	355,510	374,844	377,765
Federal supplementary medical insurance	4,464	5,293	−829	29,489	29,009	479	23,268	24,186	23,410
Highways	1,299	1,612	−313	9,073	10,566	−1,493	22,004	20,647	20,432
Military advances	1,633	1,291	342	6,560	6,749	−189	......	......	......
Railroad retirement	373	655	−282	2,439	3,887	−1,448	11,961	11,907	11,898
Military retirement	985	2,197	−1,212	23,247	13,175	10,072	96,690	107,850	106,730
Unemployment	690	3,183	−2,494	12,243	17,925	−5,682	36,607	33,551	30,757
Veterans life insurance	44	165	−122	740	619	121	13,253	13,471	13,374
All other trust	639	581	58	2,664	2,027	637	10,784	11,437	11,475
Total trust fund receipts and outlays and investments held from Table 6-D	**49,181**	**55,005**	**−5,823**	**334,614**	**310,805**	**23,809**	**1,058,131**	**1,089,740**	**1,083,584**
Less: Interfund transactions	6,822	6,822	......	96,818	96,818	......			
Trust fund receipts and outlays on the basis of Tables 4 & 5	42,359	48,182	−5,823	237,796	213,987	23,809			
Total Federal fund receipts and outlays	**54,088**	**80,580**	**−26,492**	**354,379**	**528,876**	**−174,498**			
Less: Interfund transactions	46	46	......	121	121	......			
Federal fund receipts and outlays on the basis of Table 4 & 5	54,042	80,534	−26,492	354,257	528,755	−174,498			
Less: offsetting proprietary receipts	3,294	3,294	......	15,922	15,922	......			
Net budget receipts & outlays	**93,108**	**125,423**	**−32,315**	**576,131**	**726,820**	**−150,689**			

...... 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, March 1994 and Other Periods

[$ millions]

Classification	This Month	Fiscal Year To Date	Comparable Period Prior Fiscal Year
RECEIPTS			
Individual income taxes	29,917	261,687	246,813
Corporation income taxes	15,574	53,689	43,252
Social insurance taxes and contributions:			
Employment taxes and contributions	35,976	199,003	182,464
Unemployment insurance	522	8,058	6,892
Other retirement contributions	459	2,334	2,376
Excise taxes	5,285	25,645	22,929
Estate and gift taxes	1,211	6,883	5,627
Customs	1,745	9,670	8,963
Miscellaneous	2,418	9,162	7,811
Total	**93,108**	**576,131**	**527,127**
NET OUTLAYS			
National defense	24,476	139,726	146,067
International affairs	696	9,991	10,915
General science, space, and technology	1,685	8,691	8,417
Energy	510	2,454	2,635
Natural resources and environment	1,631	10,714	10,889
Agriculture	1,439	11,131	14,451
Commerce and housing credit	−1,260	−6,850	−13,289
Transportation	2,845	18,213	16,703
Community and Regional Development	1,276	5,224	4,548
Education, training, employment and social services	2,285	20,776	25,427
Health	10,014	52,805	47,892
Medicare	13,843	70,622	62,608
Income security	20,549	113,096	108,895
Social Security	26,507	155,994	148,511
Veterans benefits and services	2,793	18,565	18,348
Administration of justice	1,760	7,634	7,209
General government	779	5,897	7,105
Interest	16,594	99,104	99,318
Undistributed offsetting receipts	−2,999	−16,968	−16,703
Total	**125,423**	**726,820**	**709,946**

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

Explanatory Notes

1. Flow of Data Into Monthly Treasury Statement

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

2. Notes on Receipts

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

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

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

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

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

3. Notes on Outlays

Outlays are generally accounted for on the basis of checks issued, electronic funds transferred, or cash payments made. Certain outlays do not require issuance of cash or checks. An example is charges made against appropriations for that part of employees' salaries withheld for taxes or savings bond allotments — these are counted as payments to the employee and credits for whatever purpose the money was withheld. Outlays are stated net of offsetting collections (including receipts of revolving and management funds) and of refunds. Interest on the public debt (public issues) is recognized on the accrual basis. Federal credit programs subject to the Federal Credit Reform Act of 1990 use the cash basis of accounting and are divided into two components. The portion of the credit activities that involve a cost to the Government (mainly subsidies) is included within the budget program accounts. The remaining portion of the credit activities are in non-budget financing accounts. Outlays of off-budget Federal entities are excluded by law from budget totals. However, they are shown separately and combined with the on-budget outlays to display total Federal outlays.

4. Processing

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

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

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

5. Other Sources of Information About Federal Government Financial Activities

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

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

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

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

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

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

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

Scheduled Release

The release date for the April 1994 Statement will be 2:00 pm EST May 20, 1994.

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 (202) 783-3238. The subscription price is $27.00 per year (domestic), $33.73 per year (foreign).
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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
April 25, 1994

Contact: Rebecca Lowenthal
(202) 622-2960

TREASURY TO ENCOURAGE SMALL, MINORITY, WOMEN-OWNED BUSINESS
OVER $1.7 MILLION IN ON-THE-SPOT CONTRACTS TO BE ISSUED

Treasury Secretary Lloyd Bentsen, in keeping with his commitment to increase opportunities for small, minority and women-owned businesses, will host PARTNERSHIPS '94, a procurement conference slated for May 4 in Washington, D.C.

The conference will focus on expanding the Treasury Department's network of contractors and will encompass all of its 13 bureaus. Department bureaus will make hundreds of on-the-spot purchase awards worth up to $25,000 each and totalling over $1.7 million at the conference. A list of purchase categories is attached. Participating businesses will be able to get bid information at the conference and submit their bids directly to bureau staff.

Bids will be reviewed on-site and awards announced that same afternoon.

Since procurement representatives from all bureaus of the Treasury will attend, the conference also provides an excellent opportunity for business owners to make important contacts even if they do not submit bids or win contracts.

"These historically underutilized businesses are a key to improving American competitiveness," Secretary Bentsen said. "We will ensure small, minority-owned and women-owned businesses are given the maximum opportunity to develop a partnership with Treasury."

This is the first time the Treasury Department has issued these on-the-spot awards on such a large scale. The Department will encourage contractors to accept the government purchase card, an innovative VISA charge card that procurement and program staff can use to buy goods and services directly from suppliers. The card eliminates intermediate paperwork that can delay payment to businesses. In his National

(MORE)

Performance Review, Vice President Gore urged broader use of this streamlined procurement process to get goods and services to the people who need them and payment to businesses more quickly.

PARTNERSHIPS '94 will be held from 7 a.m. to 4 p.m. at the Andrew Mellon Auditorium, 1201 Constitution Avenue NW, Washington, D.C. For registration information, call 1-800-US1-BUYS (1-800-871-2897).

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PARTNERSHIPS 94 PRELIMINARY PURCHASE CATEGORIES

SIC	Description	DO	BATF	BEP	BPD	FLETC	FMS	IRS	MINT	OCC	OTS	USCS	USSS
1721	Painting												X
1741	Concrete slabs												X
2047	Dog food												X
2221	Drapes			X				X					
2273	Carpet			X				X					
2399	Uniforms, patches and boots		X										X
2521	Furniture, wood			X			X	X				X	
2522	File cabinets			X			X	X		X			
2522	Furniture, other than wood			X			X	X				X	
2653	Corrugated boxes		X				X						
2657	Folding boxes			X					X				X
2677	Envelopes		X	X				X					
2721	Publication services											X	
2741	Maps							X					
2782	Binders			X		X							
3199	Holsters, pouches & leather goods		X										X
3423	Tools		X	X									
3429	Casters, wheels, trucks			X									
3442	Door hardware			X									
3449	Metal supplies, stainless steel			X									
3484	Firearms			X									
3496	Kennels												X
3499	Badges			X									X
3499	Fabricated metal products												X
3561	Pumps and couplings			X									
3562	Bearings and seals			X									
3568	Belts, pulleys, bearings			X									
3577	Computer peripherals			X			X						
3599	Industrial supplies			X									
3613	Cable connectors/fittings			X									
3613	Circuit breakers			X									
3613	Disconnectors			X									
3613	Panelboards			X									
3651	Camcorders							X					
3651	Microphones							X					
3651	Tape recorders							X					
3651	Televisions							X					
3661	Fax machines			X			X	X					
3661	Telephone and telegraph apparatus											X	
3663	Television/VCR combination			X				X				X	
3669	Communications equipment			X							X	X	
3679	Electronic components			X									X
3692	Batteries		X	X									
3695	Computer supplies	X		X			X						
3695	Diskettes and ribbons			X			X	X					
3812	Search & navigation equipment											X	
3842	Body armor and boots		X					X					
3861	Cameras			X				X				X	
3861	Microfiche readers							X					

PARTNERSHIPS 94 PRELIMINARY PURCHASE CATEGORIES

SIC	Description	DO	BATF	BEP	BPD	FLETC	FMS	IRS	MINT	OCC	OTS	USCS	USSS
4812	Radio telephone communications											X	
5023	Carpet			X				X					
5023	Drapes							X					
5043	Photographic film & supplies		X	X				X					X
5044	Copier equipment			X			X						
5044	Office equipment, typewriters, etc			X	X			X					
5045	Computer peripherals	X	X	X	X	X	X	X	X		X	X	
5045	Computers	X	X	X	X	X	X	X	X		X	X	X
5045	Disk drives						X	X		X			
5045	Printers			X	X		X	X				X	X
5045	Software	X	X	X	X	X	X			X		X	
5063	Electrical equipment & supplies			X	X			X					
5064	Tape recorders			X				X					
5065	ADP cabling		X				X		X	X			
5065	Cassettes, video and audio		X					X					
5065	Electronic parts and equipment											X	
5065	Fax machines			X			X	X					
5065	Modems						X	X		X			
5065	Tape drives						X			X			
5065	Tapes						X						
5068	Television/VCR combination							X					
5083	Lawn mowers, roto-tillers				X								
5112	Binders					X							
5112	Copier paper												X
5112	Office supplies	X	X	X	X		X	X	X	X	X	X	
5112	Toner cartridges					X	X	X		X			
5136	Men's clothing									X			
5137	Women's clothing									X			
5199	Water rescue equipment & supplies												X
5947	Plaques, flags												X
7217	Carpet cleaning												X
7371	Computer programming services										X	X	
7372	Prepackaged software	X				X	X	X		X	X	X	
7378	Computer maintenance & repair						X				X	X	
7379	Computer related services						X					X	
7389	Business services											X	
7538	Automotive repairs											X	
7542	Car washes												X
8711	Engineering services											X	
8741	Management services										X	X	
8742	Management consulting services										X	X	
8748	Educational consulting				X					X			
8748	Instructional design									X			

Comment of Treasury Secretary Lloyd Bentsen for use in the event of Richard Nixon's death. (drafted by brenner, okayed by bentsen 4/20/94)

"In the years that have followed his presidency, history has shown that Richard Nixon had an excellent grasp of foreign policy, and that has been to our benefit. There was, of course, the tragedy of Watergate, but there was also the triumph of China, and early steps at controlling nuclear weapons and missile defenses. He would sometimes write to me after I had spoken out on foreign affairs, offering constructive advice, and I appreciated his counsel."

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EMBARGOED FOR 5:45 P.M. (EDT)
April 24, 1994
Text as Prepared for Delivery

STATEMENT OF TREASURY SECRETARY LLOYD BENTSEN
G-7 PRESS CONFERENCE

As the Chair today, let me summarize on behalf of the G-7, the conclusions of our discussions.

The general consensus was that the growth strategy that we put in place last year is delivering results.

This strategy is deficit reduction in the United States, lower interest rates in Europe, and policy measures in Japan to ensure strong domestic demand and a smaller trade surplus.

Economic recovery is proceeding satisfactorily in the United States, Canada, and the United Kingdom; signs of recovery are evident in other parts of the industrial world; inflationary forces remain subdued, even in places where growth has exceeded expectations; and implementation of the Uruguay Round agreement will provide a boost to business confidence and encourage economic activity.

These are all positives. Collectively, we are more encouraged than we have been. And I must say I was pleased to hear the optimism around the table.

But we recognized that the contrast of strong growth in some economies with weak growth in others could seriously delay a narrowing of external payments imbalances.

And we talked about the unacceptably high levels of unemployment. In response to this, we discussed two types of issues.

First, we re-affirmed our commitment to put in place measures that will encourage an increase in economic activity without undermining price stability. This means implementing more vigorously the growth strategy we set up last year.

Second, we recognize that excessive unemployment in some countries results from structural impediments to job creation, and we recognize that we all need to pursue policies to strengthen our labor markets and employment systems. We had discussed some of this at the Detroit Jobs Conference, and at the G-7 in Naples we'll review progress.

I found our discussion on the recent developments in the financial markets very interesting. We concluded that the rise in long-term interest rates reflects growing expectations of stronger real growth -- although its pace and magnitude may reflect some market dynamics.

The bottom line was: we agreed the fundamentals are good, and we reiterated that inflation remains under control.

Now, on exchange markets, we noted that exchange rates have remained relatively unaffected during the period of rising long-term interest rates. We continue to believe exchange rates should reflect economic fundamentals and that excessive volatility is undesirable. We'll continue to cooperate closely in exchange markets.

Insofar as the international financial institutions, we agreed that they could respond to the financing challenges of transition economies.

We urged consideration of measures to facilitate the integration of transition economies into the world financial system. And we called for more effective mobilization of the resources of the international financial institutions to meet the financial needs of reforming member countries. We'll review the progress on these issues in Naples.

Let me say something about our discussion on Russia and our meeting with top Russian economic officials.

We welcomed the agreement with the IMF making possible the release of the second $1.5 billion tranche of the new Systemic Transformation Facility.

And we welcomed Russia's commitment to limit its budget deficit to no more than 7 1/2 percent of GDP in 1994, to rein in credit growth, and to bring inflation down to 7 percent by year end. We urged the Russian government to implement vigorously this program to pave the way for a Standby Arrangement later this year.

We urged Russia and the World Bank to work closely to accelerate approval of the project pipeline and the second Import Rehabilitation Loan within the next several months.

We also underlined our readiness to work closely on reaching a debt rescheduling agreement, and we welcomed Russia's commitment to intensify efforts with the international financial institutions to address the social dimensions of the transformation process.

We also made it clear to the Russians that if they are to attract private capital, they must put in place a stable and attractive investment environment that respects private property.

We also heard a report from Mr. Gillette of the Support Implementation Group and urged the Russian government to collaborate more effectively with the group.

Let me end on a personal note. I've been around long enough to know that some of the optimism I heard today can fade -- and fade fast -- unless it's based on credible plans. Economies are not like seasons, where spring becomes summer, and summer fall -- and it happens automatically. We can't wish growth to happen. We have to make it happen.

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FOR IMMEDIATE RELEASE
Text as Prepared for Delivery
April 25, 1994

STATEMENT OF TREASURY SECRETARY LLOYD BENTSEN MORNING SESSION, IMF INTERIM COMMITTEE WASHINGTON, D.C.

One year ago, we agreed on a cooperative global strategy for sustained expansion. I want to review how much we have accomplished, and how far we still have to go.

Last April, we put concluding the Uruguay Round at the top of our must-do list. Ten days ago, in Marrakesh, the nations of the world signed up. I have seen many trade agreements. This is the most important and certainly the most complex. It shows that it is possible for us to work together to achieve results. It will increase trade, allow our economies to grow faster, raise living standards, and create more high-paying jobs.

Now we must expeditiously ratify it. In the United States, we expect Congressional passage this year, allowing us to implement the agreement by January 1, 1995.

Last year, we also emphasized the importance of fiscal restraint in countries with high budget deficits.

The United States put in place a five-year, $500 billion deficit reduction program, and I am very pleased to report we are ahead of schedule with it. The IMF estimates our fiscal deficit, in relation to GDP, will be cut by more than half between its 1992 peak and 1995. Next year, we will have the lowest deficit to GDP ratio among the G-7, excluding only Japan. And we're not alone. All G-7 countries will show reductions by 1995.

Another positive sign is the continued progress toward stabilization and reform in developing countries. I am encouraged by the Fund's projection for solid growth in Africa, and stronger growth in Latin America. In the former centrally planned economies, reform has been under way, and we are seeing the first benefits.

LB-785

The upturn in the United States is gaining strength. The Fund has raised its forecast for growth to 3.9 percent this year, with a gradual deceleration in 1995. Growth in Canada and the UK also looks quite satisfactory.

We also see some encouraging signs of recovery in continental Europe and Japan, although the IMF's projection for 1995 indicates growth is not expected to come roaring back on the basis of current policies. I hope the optimists are right. But a few signs do not establish a trend. Remember how many times optimism has turned out to be misplaced? It would be better to build on the actions taken thus far to ensure an early recovery.

Japan has put in place several fiscal expansion programs. All have helped, but all have been overtaken by weakness in the economy as a whole. I think it is vitally important for Japan, and for the world economy, that Japanese policies produce strong growth in domestic demand and a substantial reduction in its external surpluses.

In Europe, I welcome the latest round of interest rate reductions. Given the weakness of growth in these economies and the significant decline in inflation, I hope monetary easing will continue. Double-digit unemployment rates there suggest the urgency of this.

As for long-term rates, they have risen in all major financial markets this year. An important factor appears to be revised expectations about economic performance and policies, especially in the industrial world -- though the movements may have been exaggerated by technical market features.

Inflation remains low in all the major economies. In my view the fundamentals that drive interest rates still provide room for further reductions, particularly in countries with weak growth.

I think we also need to improve the way our economies work by adopting structural reform measures. The Jobs Conference held in Detroit was remarkable for its consensus on the need for action.

And one more point: I am not persuaded that there is a general shortage of reserves or liquidity in the world economy. Therefore, I see no basis for a large general allocation of Special Drawing Rights -- SDRs.

Let me summarize by saying that recovery remains slow and tentative in some important regions, and more needs to be done to ensure that the long-forecast upturn makes its appearance. But we have reasons for somewhat greater optimism. With continued efforts to implement the growth strategy we embarked on last spring and to reduce trade barriers, I'm confident we'll deliver more growth, more trade, and more jobs for the world's economy.

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TESTIMONY OF TREASURY SECRETARY LLOYD BENTSEN

SENATE APPROPRIATIONS SUBCOMMITTEE ON TREASURY, POSTAL SERVICE AND GENERAL GOVERNMENT

April 20, 1994

Chairman DeConcini, Senator Bond, members of the Subcommittee:

I appreciate the opportunity to testify today on the Treasury Department's Fiscal 1995 request for $10.4 billion in operating funds.

The Treasury Department, as one of the oldest government agencies, performs some of the most basic governmental activities -- collecting and borrowing the money it takes to run our government, and enforcing many of our laws. Treasury also has the broader responsibility of assisting in the design of economic policy and putting that policy in place.

Before I cover those activities, however, I want to talk results. Last April, I told you that restoring strength to our economy was our primary challenge. We faced steadily rising budget deficits, a stagnant economy, high unemployment, and falling real incomes. We have met that challenge, and succeeded.

Today, with your assistance, we have in place a credible long-term deficit reduction program. We are bringing the deficit down -- and bringing it down faster than we thought possible.

Furthermore, in the last year the private sector has created more jobs than during the previous four years. And not just menial work, but good paying jobs. The American job machine is up and running.

Last year, I spoke of our renewed emphasis on expanding trading opportunities. Exports are a driving force in our economy. One in eight U.S. jobs depends directly on trade. Rapidly expanding economies in Latin America and the Pacific Rim offer potential markets for our goods and services.

The President's export-based strategy has produced results. The North American Free Trade Agreement is in place now, and the Uruguay Round of the GATT negotiations was successfully concluded. We're also making it clear to Japan that we are serious about wanting their markets opened, not just to our goods but to everyone's goods.

We've made important progress since I last appeared to discuss the Treasury Department budget. The return on the investment you have made has been substantial. Treasury has become a key player not just domestically, but internationally.

Treasury is now a regular at the summits, and this administration has made economic policy an integral element of foreign policy.

I am determined to fix the financial management problems we inherited as identified in the financial audits of the IRS, U.S. Customs, and the U.S. Mint. I am personally committed to making Treasury a model of good financial management within Government, and we are devoting the efforts necessary to fix the problems. But we need your support.

Congress made good financial management a priority with the passage of the Chief Financial Officers Act in 1990. You emphasized this with the passage the Government Performance and Results Act, which requires us to measure the achievements of our programs. Treasury has stepped forward to pilot those efforts.

Accurate and timely financial information will allow our managers to make good decisions and be held accountable for the results. We have already successfully consolidated many of our core financial systems -- approximately 90 percent of our budgetary resources will be processed on one system by the end of this fiscal year. We are requesting funds to continue modernizing our basic financial systems. These efforts are key to fixing the problems we face -- our goal is to have "clean" opinions on our financial records.

On another front, we are acting to restructure the banking regulation system. For the past 45 years, various proposals have been put forward to attack the redundancy and waste in our current system. In fact, the Hoover Commission, the first to call for regulatory reform, issued its report in my first term in the House.

We put our economy at a serious disadvantage in today's competitive world by having our bands hobbled by our regulators. Today, we have four different agencies regulating depository institutions. We have proposed a plan to combine the supervisory and regulatory functions of the four under a single federal regulator that can focus on the banking industry--full time. Our friends at the Fed have a different proposal, and we're working together closely to see if we can find some common ground.

The Office of Management and Budget tells us we could save taxpayers $150 million or even $200 million through our proposal to consolidate regulatory functions. The direct savings to the banking industry, and ultimately consumers, will be substantially greater. I saw one study by a Fed governor suggesting that the industry saves about $1 billion for every 5 percent reduction the regulatory burden.

We've also made progress on another of our priorities at Treasury -- crime. I know members of this subcommittee share my concerns about this. You receive letters about it every day, and so do I. In fact, I receive more mail on crime than on anything else. Since the first of the year, well over 40 percent of my mail has been about crime and our law enforcement initiatives.

Five Treasury bureaus -- IRS, Customs, Alcohol, Tobacco and Firearms, Secret Service and the Federal Law Enforcement Training Center, are engaged in law enforcement. We're an important player in this arena, and I'm glad. I'm glad because I'm tired of reading about children killing children with semiautomatic weapons, and I want to do something about it. I'm glad because I see no reason this nation should have more gun dealers than it has McDonalds' franchises, and I want to do something about it. And I also believe that a waiting period for a handgun purchase is reasonable.

With your help, we have done something about that last item. I'm delighted to tell you that the Bureau of Alcohol, Tobacco and Firearms met the deadline for implementing the Brady Law. They sent forms and information packets out to gun dealers and worked closely with states which did not already have comparable or better background check systems. In places which did not already meet the Brady Law's requirements, it is now the law that those who want to purchase a weapon must wait seven days so their fellow citizens can have assurances the purchaser is legally entitled to own that weapon, and that some time passes before the weapon is delivered to the buyer. Implementation of the Brady Law by the ATF is having a measurable effect.

Let me give you a few figures. In the first month after passage of the Brady Law, more than 375,000 people sought to buy handguns. As a result of the Brady Law, we found that 16 percent had criminal records, and more than 23,000 of them were felons. In city after city, drug dealers and convicted murderers are being denied guns. In Houston--that's a town I know something about--nine percent of the applications in the first month were turned down because the applicants had convictions for serious crime.

The Brady Law is a clear success, and it is just the first step in our battle to keep firearms out of the hands of criminals. In January, I announced a series of initiatives for ATF to reduce the number of gun dealers and take guns out of the hands of children. We will identify all gun dealers for the local police, and address specific gun trafficking patterns in high crime areas.

To support these anti-violence initiatives, we are investing $5.9 million in new technology for firearms dealer licensing compliance activities, weapons tracing, and databases to support firearms investigations.

About seven weeks ago, I announced the reclassification of several semiautomatic shotguns into the same category as machineguns. This means that approximately 18,000 weapons in existence must be registered with the Bureau of Alcohol, Tobacco and Firearms.

We also want to focus on two very good programs that address the use of firearms -- Project Uptown and the Achilles program. The first goes after violent drug-dealers in housing projects, and the second goes after the armed career criminals. In addition, ATF's GREAT program, where we teach officers to go into the schools and talk with students, is a highly effective way to keep youngsters out of gangs.

The President has pledged to put 100,000 new police officers on the streets. We urge Congress to quickly pass a crime bill to provide for these new officers, as well as other anti-violence programs.

Drug trafficking contributes to violent crime. We are making some progress in cutting the flow of drugs into our country. But we need to do much more. We need to find effective ways to fight the demand for drugs, to go after the hard-core users.

In the area of reducing drug trafficking within our borders, the High Intensity Drug-Trafficking Areas (HIDTA) program -- which combines the talents of several federal agencies into highly targeted task forces -- offers us one way to curb the flow of these drugs. In addition, as part of the President's new National Drug Control Strategy, there will be a gradual shift in emphasis from interdiction in the transit zones, where we've had an impact, to programs to stop drugs from moving out of source countries. The Customs Service, for example, will be devoting even greater attention to looking for suspect cargo shipments.

Another crime trend which is becoming more and more of a concern to us is electronic tax fraud. We must ensure that our new capability to process tax returns electronically is as secure as we can make it from fraud and abuse. IRS is putting more resources into this area and Treasury will be undertaking an independent study to determine how to address this problem over the short and long term.

Before I highlight some of the other initiatives we are proposing for 1995, I would like to talk for a moment about what it is that we do at Treasury. Most frequently, Treasury is identified with its role in formulating economic, trade and tax policies.

We also collect approximately $1.4 trillion a year -- that's 95 percent of all government revenue -- from income taxes, customs tariffs, and alcohol, tobacco and firearms fees and excise taxes.

We keep the government's check book. When the ink turns red, we sell both marketable and savings securities to back up our checks. In fact, we manage the largest cash flow in the world. Over 800 million payments are made each year to over 100 million citizens.

We provide technical guidance to federal agencies on the effective management of their financial resources -- for instance, the management of cash, loans and inventory.

We protect investors in our role as regulator of national banks, the government securities market, and federally chartered financial institutions.

We produce the currency, coins, and most of the postage stamps Americans use every day.

Of course, Treasury has a long history in law enforcement. Our bureaus are responsible for enforcing a wide range of laws dealing with tax, trade, financial institutions, and telecommunications fraud-- to name just a few.

We must deal with counterfeiting, money laundering, and crimes involving alcohol, tobacco, firearms and explosives. And we protect the President and Vice President as well as visiting foreign dignitaries.

Our Federal Law Enforcement Training Center in Georgia trains officers from all across the country, from every kind of jurisdiction, local, state and federal. We trained over 27,000 students in 1992, and we stand ready to assist in training the new police officers the President is seeking in the crime bill.

That is a lot of ground to cover. These responsibilities represent some of the most basic needs of citizens, and those needs are growing. Our budget request is a serious attempt to meet the challenge of providing the quality services that Americans expect from their government -- while living within tight budget constraints.

We are continually streamlining our organizations and providing more effective programs. For instance, this year we moved the Savings Bonds Division -- the marketing arm of the Savings Bonds program -- into the Bureau of the Public Debt -- the processing arm of the program -- to provide more coordinated program direction.

To meet the increasing demands on our limited resources, we are proposing some new, or increased user fees for services which benefit only a specific segment of our population. For instance, we are proposing to charge tax preparers and banks $8 for the electronic verification from IRS that taxpayers' refunds are forthcoming.

These efforts, as well as our continued commitment to higher productivity, have allowed us to keep our funding request for fiscal 1995 -- $10.4 billion -- nearly level with 1994. In fact, our budget is down from previous years when you calculate it in constant dollars. Furthermore, we not only meet but also exceed the President's target for reducing the size of our work force.

Within these funding and staffing limitations, we are proposing initiatives for only our most urgent needs. And these initiatives will be funded primarily from outside sources, such as proposed user fees, the Office of the National Drug Control Policy, and through program reductions. We have cut to make way for what we want to add.

I'd like to highlight a few of our other major initiatives.

First, we try to collect income taxes at the lowest cost possible, and in such a way that the public is confident of the job we do. Toward this end, we want to continue the critical job of modernizing the Internal Revenue Service's information system. We are requesting an additional $311 million for this purpose, but we're also proposing reductions of $45 million and 1,152 full-time-equivalents (FTEs) in fiscal 1995 from our modernization investment to date. The investment is paying off. Between fiscal 1992 and fiscal 1995, the IRS will have saved more than $470 million and 11,800 FTEs because of our modernization. This modernization effort will serve as the foundation for IRS' reorganization toward a customer-centered approach to doing business.

We want taxpayers to pay their fair share. When we spend money to increase tax compliance, it produces returns on the order of 5:1. Therefore, beginning in fiscal 1995, we will request 5,000 FTEs for additional examinations and audits. We would like to work with Congress on a bipartisan basis to see if some special accommodation might be provided for such an initiative above the existing Budget Enforcement Act spending caps, with the assurance that all added revenues would be earmarked for deficit reduction.

Second, we need to be prepared to handle the increased demands of expanded trade because of NAFTA and the GATT agreement. We are requesting $26 million to upgrade Customs' revenue collections and merchandise processing system -- with funding from increased merchandise processing fees, and another $25 million for other trade enforcement efforts.

Third, we are improving the strength of our internal financial systems, which will enhance the performance and accountability of our managers. We are requesting funding to upgrade key financial and revenue systems at IRS, the Customs Service, and the Bureau of Alcohol, Tobacco and Firearms.

We also are aggressively using our authority to help reduce violent crime. Based on the initiatives I proposed in January, we are investing $5.9 million in new technology for firearms dealer licensing compliance activities, weapon tracing, and databases to support firearms investigations.

Additionally, we are asking that funding be dedicated to further expanding ATF's anti-violence programs through enactment of the Crime bill in 1994.

We also will be providing legislation to raise the basic annual fee for a federal firearms dealer's license to $600. This will shift the burden of paying for gun dealer compliance from the taxpayer to the gun industry and will help limit applicants to only those individuals who intend to actively engage in the firearms business. We expect the number of licensees will drop by as much as 80 percent -- allowing our ATF field inspectors to more effectively monitor current licensees and new applicants.

Mr. Chairman, members of the Subcommittee, we are offering you a responsible budget. It includes investments critical to achieving continued deficit reduction, facilitating trade, and fighting violent crime. And at the same time, we have made the cuts necessary to help pay for what we want to accomplish. We made substantial progress on the national agenda and the Treasury agenda last year, but there is still work to be done.

Thank you, and I'd be happy to take your questions.

-30-

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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

FOR IMMEDIATE RELEASE
April 25, 1994

CONTACT: Jon Murchinson
(202) 622-2960

BENTSEN POSTPONES 5-YEAR TREASURY NOTE AUCTION

In recognition of the national day of mourning declared by President Clinton for the late President Nixon, Treasury Secretary Lloyd Bentsen has postponed the auction of 5-year notes, originally scheduled for Wednesday, April 27, until Thursday, April 28.

-30-

LB-787

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
Text as Prepared for Delivery
April 25, 1994

STATEMENT OF TREASURY SECRETARY LLOYD BENTSEN
WHITE HOUSE VICTIMS OF CRIME CEREMONY

That was a heart-wrenching story, and I appreciate the work of the victim advocates.

Well, one of the ways I know to stop these terrible crimes is to get assault weapons out of circulation. To ban them.

The Senate passed a ban. Now the House is taking it up.

Let me tell you something about assault weapons -- they're patterned after machine guns. They're designed for rapid fire, close-quarter shooting of a human being.

Assault weapons are a machine gun's first cousin -- that's what they are. And don't let anybody tell you anything different.

We banned the private possession of machine guns manufactured after May 1986, and it's time we banned assault weapons.

I'm a hunter, and I've been one all my life. These are not used in a duck blind. Tell me -- do you think you'd name a weapon Street Sweeper to go after quail?

ATF says assault weapons only make up 1 percent of the guns in circulation in the United States. But guess what? They account for up to 8 percent of the guns traced by law enforcement officials to crimes.

They are preferred by criminals over law abiding citizens 8 to 1. 8 to 1.

If you were a criminal, if you were a drug kingpin, if you got your kicks with drive by shootings -- wouldn't you want the tool that could produce the most carnage?

LB-788

Now I know what will happen. I served in the Senate. The last time I voted to ban assault weapons was two years ago, and I received thousands of letters opposing my vote. Some were reasonable and well thought out. But most were manufactured by special interests.

You're banning my right to bear arms -- that's what they'll say.

That's nonsense. The legislation pending in Congress specifically allows nearly 700 conventional weapons. This legislation doesn't threaten the law abiding gun owners. It doesn't stop a hunter. It doesn't stop families from protecting their homes. I wouldn't be here if it did.

It protects them and it protects those who own no guns at all.

These weapons have no place in the private market. You just can't walk into your corner gun shop and buy a bazooka or a grenade launcher. You can't walk into a car dealer and buy a tank. Why should you be able to walk into a gun shop and buy weapons of mass destruction?

It will be an up-hill battle to win this one. The special interests will be out in force -- trust me.

But we have a President willing to take them on -- like he took on Brady. And the ordinary American people will be grateful, Mr. President.

If Congress is serious about addressing violent crime, it's time to vote seriously, banning the guns that sick and twisted criminals prefer.

-30-

DEPARTMENT OF THE TREASURY

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April 25, 1994

REMARKS OF TREASURY SECRETARY LLOYD BENTSEN AFTERNOON SESSION, IMF INTERIM COMMITTEE WASHINGTON, D.C.

This year marks the fifth anniversary of the fall of the Berlin Wall and the withering away of communism, first in Eastern Europe and then in the Former Soviet Union.

The transformation of countries to democratic, free-market societies is critical to future peace. This opportunity can only be seized by building prosperous economies according to what the people need.

We have learned the transformation will be protracted and uneven, and we have come to expect steps forward and backward on the road to capitalism.

We also know for economic health to be restored, countries must tackle the hard work of stabilization, liberalization, and privatization.

We must all do a better job to remove barriers to imports from the region. And the transforming countries must build a market economy from the bottom up -- by establishing the rule of law, constructing new financial systems, and knitting a social safety net.

Look at the northern tier countries of Eastern Europe and Albania -- they are proof that bold reform works. Poland has been at the vanguard of reforming countries and earned its much welcome commercial bank debt reduction agreement.

We welcome the recent IMF agreements with southern tier countries. And the Baltic nations merit special praise -- they are showing the legacy of central planning can quickly be overcome through determined policies.

The Former Soviet Union started reform later than Eastern Europe.
Their economies were generally more command-oriented and industrialized.

But already, Kyrgyzstan, Moldova, and Kazakhstan have adopted reform programs, fully tapped the Systemic Transformation Facility, and reached IMF standby agreements. The strategy of external support measured with the pace of reform works -- even in the Former Soviet Union.

I am extremely pleased that Russia's 1994 economic program has earned the IMF's $1.5 billion loan. From my many years of public service, I know the hard part is ahead -- now, this program must be implemented. But it is my strong hope and belief Russia will fully implement it and lay the basis for timely support under an IMF standby.

Timely support for structural reform is also essential. I urge Russia to intensify its cooperation with the World Bank, and I urge the Bank to move forward with the second Import Rehabilitation Loan and its full project pipeline.

I know Russia's people face genuine hardship. The social dimension of transformation must be addressed if reforms are to win public support.

Russia's privatization of small business has been a success. Large firms are also being quickly privatized. But these firms now face the huge task of restructuring. It is increasingly clear that the need for governments to provide good social services, at a time when enterprises no longer can, is a major stumbling block.

Russia must take responsibility for these tasks. But we can help. We urge Russia to develop a strategy for social infrastructure support and to designate a counterpart to work closely with the international community. The $3 billion Special Privatization and Restructuring Program will play a key role in addressing the social needs of the Russian people.

Creditor countries and the Russians must get down to the task of reaching a debt rescheduling agreement. The level of repayments required must be realistic as this will bear crucially on Russia's ability to achieve stabilization.

Elsewhere in the former Soviet Union, notably Ukraine, progress toward reform lags.

Some countries fear the socio-economic consequences of rapid reform and have attempted to cling to old structures. Not only has this often resulted in hyper-inflation, it has caused the industrial paralysis that they seek to avoid. We urge these nations to implement vigorous reforms and to engage the Fund and Bank to secure policy advice and financial support.

Let me end with this. We are only beginning to come to grips with the challenges arising from the political and economic transformation now taking place. The transformation from command to market economies is only one example. Political developments in other areas of the world will certainly present new requirements for international cooperation.

The international financial institutions will need to play a central role in this effort. They have demonstrated their capacity to adapt to changing requirements. Their financial position is strong. Their expertise is unsurpassed.

We would support consideration of measures to facilitate the integration of transition economies into the world financial system. And we call for more effective mobilization of the resources of the international financial institutions to meet the financial needs of reforming member countries.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
April 25, 1994

CONTACT: Office of Financing
202/219-3350

TREASURY RESCHEDULES 5-YEAR NOTE AUCTION

The Treasury has announced the rescheduling of the auction of $11,000 million of 5-year notes originally scheduled to be held on Wednesday, April 27, 1994. The auction will be held Thursday, April 28, 1994. The closing times for this auction will be 12:00 noon EDST for noncompetitive tenders and 12:30 p.m. EDST for competitive tenders. The 5-year notes will be issued on May 2, 1994, as originally announced.

The auction for $16,500 million of 52-week bills will be held as originally announced with the closing time for noncompetitive tenders at 12:00 noon EDST and for competitive tenders at 1:00 p.m. EDST the same day.

The 5-year note auction has been rescheduled because of the national day of mourning declared by President Clinton for the late President Richard M. Nixon, whose funeral will be held Wednesday. In observance, all U.S. Government offices will be closed that day.

All other terms and conditions in the announcement of April 20, 1994, remain the same.

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LB-790

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
April 25, 1994

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for $11,447 million of 13-week bills to be issued April 28, 1994 and to mature July 28, 1994 were accepted today (CUSIP: 912794L51).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	3.84%	3.93%	99.029
High	3.85%	3.94%	99.027
Average	3.85%	3.94%	99.027

Tenders at the high discount rate were allotted 79%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$52,593,503	$11,447,411
Type		
Competitive	$47,146,541	$6,000,449
Noncompetitive	1,112,985	1,112,985
Subtotal, Public	$48,259,526	$7,113,434
Federal Reserve	3,382,900	3,382,900
Foreign Official Institutions	951,077	951,077
TOTALS	$52,593,503	$11,447,411

An additional $17,523 thousand of bills will be issued to foreign official institutions for new cash.

LB-791

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
April 25, 1994

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for $11,439 million of 26-week bills to be issued April 28, 1994 and to mature October 27, 1994 were accepted today (CUSIP: 912794N75).

RANGE OF ACCEPTED
COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	4.24%	4.39%	97.856
High	4.26%	4.41%	97.846
Average	4.25%	4.40%	97.851

Tenders at the high discount rate were allotted 3%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$50,075,225	$11,438,949
Type		
Competitive	$44,747,886	$6,111,610
Noncompetitive	887,016	887,016
Subtotal, Public	$45,634,902	$6,998,626
Federal Reserve	3,050,000	3,050,000
Foreign Official Institutions	1,390,323	1,390,323
TOTALS	$50,075,225	$11,438,949

An additional $25,477 thousand of bills will be issued to foreign official institutions for new cash.

TRANSCRIPT OF PRESS BRIEFING WITH LLOYD BENTSEN

SECRETARY OF THE TREASURY

ROOM 3327

DEPARTMENT OF THE TREASURY,

WASHINGTON, D.C.

SUNDAY, APRIL 24, 1994

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
April 26, 1994

STATEMENT OF TREASURY SECRETARY LLOYD BENTSEN AT THE DEVELOPMENT COMMITTEE OF THE WORLD BANK AND THE INTERNATIONAL MONETARY FUND WASHINGTON, D.C.

Mr. Chairman and Committee members. I welcome this opportunity to discuss ways to advance the development process.

There are signs of real progress in the developing countries. Their share in global growth is rising rapidly. The economies of Latin America are benefitting from their governments' bold reform efforts. Parts of Eastern and Central Europe are demonstrating similar progress.

I went to East Asia in January, and I saw first hand the dramatic gains several of the countries there are making in improving living standards. There is growing consensus on the importance of sound public sector management and a dynamic private sector. This is very encouraging. And the successful conclusion of the Uruguay Round will be a powerful stimulant to greater growth.

But we still face critical problems. The stress of reform in some countries, and the resistance to change in others, pose serious threats. Severe poverty and environmental degradation remain far too widespread. Economic and social progress in much of Sub-Saharan Africa continues to be disappointing.

Looking to the future, we will need to rely more than ever on the Bretton Woods institutions and the regional development banks. They provide the policy guidance and financial support that promote growth and keep reform on track. They also provide encouragement to countries that have lagged behind. This helps us all. These institutions have our strong support.

LB-793

Just as these institutions promote reform in member countries, they must also be alert to reforming their own administration and operations. Efficiency and cost-effectiveness must become hallmarks of their activities. Results on the ground for their clients -- the borrowers -- are what really count.

Policies that improve the development impact of bank lending must be vigorously pursued. And the institutions must remain at the cutting edge of our efforts to promote poverty reduction, good governance, and environmental protection.

For these reasons, I hope you will support our proposal for a Development Committee Task Force to review the development role being played by the multilateral development bank system.

Let me mention three other critical areas for attention.

First, we must promote economic policy frameworks that put people first. The developing world's most import resource is its people. Social sector investments complement good macroeconomic strategy. They are sound, high-return investments in future prosperity. There must also be better analysis of the social impact of development policies and operations.

Second, the banks must make greater efforts to support, rather than supplant, private sector finance. An environment which stimulates private capital and promotes private initiative is essential both for economic growth and sustainable progress in poverty reduction. Financial sector reform must remain a priority. And the banks should look for innovative ways to encourage the flow of private capital to developing countries.

Third, far more attention must be given to promoting development from the bottom up. We have put too much emphasis on top down approaches that do not work.

Experience shows the importance of ensuring the early and meaningful involvement of local people and non-governmental organizations. This is particularly important where activities involve resettlement or have other potentially adverse social impacts.

Local participation gives affected parties a vested interest in development and increases project effectiveness. For the banks, it underscores the importance of maintaining a strong field presence and an active dialogue with local communities.

There also is a need for much greater support for small-scale local environmental and poverty reduction initiatives, and for private sector micro-enterprises. We urge the World Bank to move quickly to establish a small projects facility for this purpose.

I welcome the Committee's focus on population. I would like to emphasize the Clinton Administration's strong commitment to working with other countries and international institutions on a comprehensive strategy for reducing population growth rates.

There are four critical areas with unmet needs that require priority action: one, the provision of voluntary family planning services; two, better maternal and child health care; three, advancing the rights and role of women in society; and four, increased investment in basic education, especially for girls.

We strongly support the World Bank's plans to expand lending in all these areas, and urge that population be a priority topic in the Bank's policy dialogue and its economic and sector work. Women's issues must be integral to lending operations.

In conclusion, I would like to extend my warm appreciation to you, Mr. Chairman, for the dedication and leadership you have demonstrated over the past year.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
Text as Prepared for Delivery
April 26, 1994

STATEMENT OF TREASURY SECRETARY LLOYD BENTSEN
PRESS CONFERENCE WITH SEN. FEINSTEIN, REP. SCHUMER

Senator Feinstein -- from the west, you know violence, you've seen it in your own life. Congressman Schumer -- from the east, a big city man with big city problems.

Let me tell you -- the heartland of America is with you, too. I saw a poll, and three to one the American people support you.

The President is grateful you've taken this on. So am I. So is the Attorney General. So are law enforcement officers. So are the victims. And, together, we'll take on that special interest.

It will be an uphill fight. I've been there. The last time I voted in the Senate to ban assault weapons was two years ago, and I received thousands of letters opposing my vote.

They were manufactured letters. I'm from Texas. I know the difference between astroturf and grass roots.

You're banning my right to bear arms -- that's what they'll say.

What about our rights? The right to walk on a street, the right to go to work, the right to drive on a freeway and to know some sicko isn't going to rip our head in two with an assault weapon.

Let me tell you something about assault weapons -- they're patterned after machine guns. They're a machine gun's first cousin. That's what they are. And don't let anybody tell you anything different.

I'm a hunter, and I've been one all my life. These are not used in a duck blind. Do you think you'd name a weapon Street Sweeper to go after quail?

LB-794

ATF says assault weapons only make up 1 percent of the guns in circulation in the United States. But they account for 8 percent of guns traced by law enforcement officials to crimes.

They are preferred by criminals over law abiding citizens eight to one.

If you were a criminal, if you were a drug kingpin, if you got your kicks with drive by shootings -- wouldn't you want the tool that could produce the most carnage?

This legislation doesn't threaten law abiding gun owners. It specifically allows nearly 700 conventional weapons.

It doesn't stop a hunter. It doesn't stop families from protecting their homes. I wouldn't be here if it did.

It protects them and it protects those who own no guns at all.

These weapons have no place in the private market. You just can't walk into your corner gun shop and buy a bazooka or a grenade launcher. You can't walk into a car dealer and buy a tank. Why should you be able to walk into a gun shop and buy weapons of mass destruction?

It took seven years to pass Brady. The special interests said it wouldn't work because criminals get their guns on the street, not at licensed gun shops.

The first month of Brady, 375,000 checks were made -- and 16 percent of those disclosed the potential buyer had a criminal record. It works.

We can't wait another seven years. If Congress is serious about addressing violent crime, it's time to vote seriously, banning the guns that sick and twisted criminals prefer.

And let's do it now.

-30-

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
April 26, 1994

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 2-YEAR NOTES

Tenders for $17,028 million of 2-year notes, Series AF-1996, to be issued May 2, 1994 and to mature April 30, 1996 were accepted today (CUSIP: 912827P55).

The interest rate on the notes will be 5 1/2%. All competitive tenders at yields lower than 5.59% were accepted in full. Tenders at 5.59% were allotted 92%. All noncompetitive and sucessful competitive bidders were allotted securities at the yield of 5.59%, with an equivalent price of 99.832. The median yield was 5.59%; that is, 50% of the amount of accepted competitive bids were tendered at or below that yield. The low yield was 5.50%; 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	$45,934,682	$17,027,787

The $17,028 million of accepted tenders includes $1,389 million of noncompetitive tenders and $15,639 million of competitive tenders from the public.

In addition, $880 million of tenders was awarded at the high yield to Federal Reserve Banks as agents for foreign and international monetary authorities. An additional $800 million of tenders was also accepted at the high yield from Federal Reserve Banks for their own account in exchange for maturing securities.

LB-795

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR RELEASE AT 2:30 P.M.
April 26, 1994

CONTACT: Office of Financing
202/219-3350

TREASURY'S WEEKLY BILL OFFERING

The Treasury will auction two series of Treasury bills totaling approximately $22,800 million, to be issued May 5, 1994. This offering will result in a paydown for the Treasury of about $3,300 million, as the maturing 13-week and 26-week bills are outstanding in the amount of $26,095 million. In addition to the maturing 13-week and 26-week bills, there are $14,354 million of maturing 52-week bills. The disposition of this latter amount was announced last week.

Federal Reserve Banks hold $9,910 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 $2,110 million of the three maturing issues as agents for foreign and international monetary authorities. These may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders. Additional amounts may be issued for such accounts if the aggregate amount of new bids exceeds the aggregate amount of maturing bills. For purposes of determining such additional amounts, foreign and international monetary authorities are considered to hold $1,545 million of the original 13-week and 26-week issues.

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

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

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Attachment

HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS
TO BE ISSUED MAY 5, 1994

April 26, 1994

Offering Amount	$11,400 million	$11,400 million
Description of Offering:		
Term and type of security	91-day bill	182-day bill
CUSIP number	912794 M6 8	912794 N8 3
Auction date	May 2, 1994	May 2, 1994
Issue date	May 5, 1994	May 5, 1994
Maturity date	August 4, 1994	November 3, 1994
Original issue date	February 3, 1994	May 5, 1994
Currently outstanding	$12,832 million	---
Minimum bid amount	$10,000	$10,000
Multiples	$ 1,000	$ 1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

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

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

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

Maximum Award . . . . 35% of public offering

Receipt of Tenders:

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

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

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

JOINT STATEMENT BY THE FINANCE MINISTERS AND CENTRAL BANK GOVERNORS OF CANADA, MEXICO AND THE UNITED STATES

Last year, the successful conclusion of the North American Free Trade Agreement laid the foundation for a new era of expanded economic and financial relations among our economies.

In recognition of our increasingly interdependent economic relationship, the Finance Ministers and Central Bank Governors of Canada, Mexico and the United States today inaugurated a new consultative group, the North American Financial Group. This cooperative mechanism is designed to provide a forum for more regular consultations on economic and financial developments.

We anticipate an annual meeting of the Finance Ministers and Central Bank Governors of these three countries, with more frequent meetings at the Deputies level.

The Ministers and Governors also announced today the establishment of a tri-lateral foreign exchange swap facility. The purpose of this standing credit facility is to expand the pool of potential resources available to the monetary authorities of each country to maintain orderly exchange markets.

The swap facility has three components:

- The U.S. and Mexico put in place swap agreements for up to $6.0 billion, with the Treasury and the Federal Reserve each participating up to $3.0 billion.
- The Bank of Canada and the Bank of Mexico expanded their existing swap agreement to CAN$1.0 billion.
- The Federal Reserve and the Bank of Canada reaffirmed their existing swap agreement in the amount of $2.0 billion.

Each party has reciprocal privileges to draw on the other's currency in amounts equivalent to the amounts indicated above.

April 26, 1994

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
April 28, 1994

REMARKS OF TREASURY SECRETARY LLOYD BENTSEN TO THE INAUGURAL MEETING OF THE U.S.-SAUDI ARABIA BUSINESS COUNCIL

It's a pleasure to join you for the inaugural meeting of the U.S.-Saudi Arabian Business Council. I'm delighted to see so many people from both our countries interested in doing business.

In the Clinton administration, we talk about job creation, and how trade provides better-paying jobs than other kinds of employment. Underlying that discussion is the understanding that it is not government but rather the private sector that drives economic growth. Our economy operates on that principle, and Saudi Arabia also sees a growing share of its economy driven by the private sector.

There was an article in the Saudi Embassy newsletter a few months ago that underscores that point. The article talked about the important steps King Fahd has taken with the budget. And it pointed out that while Saudi Arabia's Gross Domestic Product grew by only one percent last year, the private sector grew by more than 5 percent.

The Clinton Administration is in the business of doing everything we can for American companies operating abroad. And that same article that spoke about the growth of the private sector also said that the number of companies in Saudi Arabia continues to grow and grow. It's gratifying to witness the establishment of a group that will promote joint ventures with many of those companies -- and create jobs in both countries -- as well as help Saudi Arabia to continue to diversify.

LB-797

(OVER)

The opportunities are enormous. Saudi Arabia is already a major trading partner. Two-way trade last year was in the neighborhood of $15 billion. Both direct and portfolio investments now total in the billions. Scores of Saudi-American joint ventures are already operating in the Kingdom, and many have been around for years. The recent announcement of Saudi Arabia's intention to buy more American-built commercial aircraft will further bind our economies together.

With such a close relationship, and with the remarkable industrialization that Saudi Arabia has achieved, some might ask whether a business council is necessary.

Yes, of course it is. We may have a great relationship, strong ties, but we can always do more. Too many American businesses, particularly our smaller ones, think there's some mystique about doing business in Saudi Arabia.

There are companies that today are saying they won't try Saudi Arabia because they don't know anything about it. I consider it one of the Business Council's duties to turn that no into a yes, that uncertainty into excitement over the opportunities available.

The Council also can increase familiarity between business people of both countries. Familiarity and friendship can lead to a willingness to pursue new opportunities. Let me give you an example. With Saudi Arabia's leadership position in the Islamic world, there could be ways in which Saudi and U.S. companies could collaborate to serve that broader market.

This Business Council is an important initiative for both countries. While governments can make it easier to do business, the fact of the matter is that business is business. If a project doesn't make good economic sense, it just isn't going to happen. I'm sure if you didn't think there was a constructive role for an organization like this, you wouldn't be here.

Saudi Arabia has resources, a modern infrastructure, business sense, and the desire to have the most advanced products and services for its people. American companies are among the most advanced in the world. They have the technologies to help Saudi Arabia further develop the industries that will serve its markets, the markets of its neighbors, and others. It's a natural match.

On behalf of the United States government, I'd like to congratulate the new co-chairmen, Hugh McColl and Sheik Abdulaziz Al-Quraishi on the founding of the Business Council. With your leadership, this organization can be a major force on behalf of stronger commercial and investment relationships between our countries. And that will make us both stronger players in the world economy. Congratulations, and I wish the Council every success.

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DEPARTMENT OF THE TREASURY

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JOINT COMMUNIQUE ON THE ELEVENTH SESSION OF THE U.S.-SAUDI ARABIAN JOINT COMMISSION ON ECONOMIC COOPERATION

WASHINGTON, D.C.
APRIL 27, 1994

The U.S.-Saudi Arabian Joint Commission on Economic Cooperation held its Eleventh Session in Washington, D.C. on April 27, 1994. The Secretary of the Treasury of the United States, the Honorable Lloyd Bentsen, and the Minister of Finance and National Economy of the Kingdom of Saudi Arabia, His Excellency Mohammed Abalkail, were co-chairmen of the meeting.

The meetings were conducted in the friendly and cooperative atmosphere that the Joint Commission has enjoyed since its inception.

A highlight of the Eleventh Session of the Joint Commission was the signing of the fourth extension of the Technical Cooperation Agreement to the year 2000.

The Eleventh Session also provided an opportunity for U.S. and Saudi Arabian delegations to discuss all aspects of economic relations between the two countries. The relations are already deep and sound and ideas to further strengthen them through the Joint Commission were discussed during the meetings. The two delegations reviewed the accomplishments of the Joint commission to date and mapped the strategic direction of individual projects for the upcoming five-year period. In discussing project plans, equal consideration was given to the selection of viable programs and qualified experts, which combined could ensure the projects met their desired results.

The Joint Commission program has played a very effective role in strengthening the economic relations between the two countries. Emphasis was placed on the transfer of knowledge and skills to Saudi managers. The U.S. and Saudi Arabian delegations affirmed their commitments to progressively intensifying this transfer for the benefit of the two countries.

A new project agreement for a meteorological and environmental program was signed.

Both delegations reaffirmed the high priority their governments place on the bilateral technical cooperation under the Joint Commission and the significant contribution the program makes to strengthening the ties between the two countries. In addition, both delegations confirmed the growing importance of the private sector to Saudi Arabia's development. The delegations took note of the upcoming meeting of the U.S.-Saudi Arabian Business Council as evidence of this evolution.

The Joint Commission approved the issuance of the 1994 Report of the United States-Saudi Arabian Joint Commission on Economic Cooperation. The Joint Commission Report, which outlines individual project activities to date, is expected to be available in both Arabic and English versions shortly.

A list of the United States and Saudi Arabian delegations is attached.

Washington, D.C. April 27, 1994

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UNITED STATES-SAUDI ARABIAN JOINT COMMISSION
ON ECONOMIC COOPERATION

ELEVENTH SESSION, APRIL 27, 1994

U.S. DELEGATION

DEPARTMENT OF THE TREASURY

Lloyd Bentsen, Secretary of the Treasury

Lawrence H. Summers, Under Secretary for International Affairs

Jeffrey R. Shafer, Assistant Secretary for International Affairs

Charles Schotta, U.S. Coordinator, U.S.-Saudi Arabian Joint Commission on Economic Cooperation

Jon M. Gaaserud, Director, U.S.-Saudi Arabian Joint Commission Program Office

George Matter, Acting Senior U.S. Treasury Representative, JEC Riyadh

U.S. CUSTOMS SERVICE

Douglas M. Browning, Assistant Commissioner

INTERNAL REVENUE SERVICE

Roger K. Burgess, Acting Commissioner

DEPARTMENT OF AGRICULTURE

Lynette Wagner, Acting Deputy Administrator, International Cooperation & Development, Foreign Agricultural Service

DEPARTMENT OF COMMERCE

Karl Reiner, Acting Deputy Assistant Secretary, Africa, Near East and South Asia

CENSUS BUREAU

Dr. Harry A. Scarr, Acting Director

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Carmen J. Blondin, Senior International Advisor, National Weather Service

DEPARTMENT OF ENERGY

Allan R. Hoffman, Associate Deputy Assistant Secretary, Utilities Technology

GENERAL SERVICES ADMINISTRATION

Roger D. Daniero, Commissioner, Federal Supply Service

DEPARTMENT OF HEALTH & HUMAN SERVICES

Stuart Nightingale, Associate Commissioner, Health Affairs

PUBLIC HEALTH SERVICE

George Dines, Associate Administrator, Office of International Health Affairs, Health Resources and Services Administration

DEPARTMENT OF THE INTERIOR

Robert Hickox, Branch Chief, Bureau of Reclamation, International Affairs

DEPARTMENT OF LABOR

Joaquin Otero, Deputy Under Secretary, International Affairs

DEPARTMENT OF STATE

Alan Larson, Deputy Assistant Secretary (International Finance and Development)

Margaret Dean, Director, Office of Arabian Peninsula Affairs, NEA

DEPARTMENT OF TRANSPORTATION

Patrick Murphy, Acting Assistant Secretary for Aviation and International Affairs

UNITED STATES-SAUDI ARABIAN JOINT COMMISSION
ON ECONOMIC COOPERATION

ELEVENTH SESSION, APRIL 27, 1994

SAUDI ARABIAN DELEGATION

H. E. MOHAMMED ABALKHAIL, Minister of Finance and National Economy

H.E. DR. JOBARAH EID AL-SURAISRY, Saudi Arabian Coordinator, United States-Saudi Arabian Joint Commission on Economic Cooperation

---

H.E. DR. SALEH AL-ATHEL, President, King Abdulaziz City for Science and Technology

H.E. HAMAD I. AL-RASHUDI, Director General, Department of Customs, Ministry of Finance and National Economy

H.E. MOHAMMED S. AL-DHALAAN, Governor, General Organization for Technical Education and Vocational Training

H.E. DR. NASSER MOHAMMAD NASSER AL-SALLOUM, Deputy Minister, Ministry of Communications

H.E. MUBARAK A. AL-KHAFRAH, Deputy Minister, Ministry of Industry and Electricity

H.E. IBRAHIM A.I. AL-TASSAN, Deputy Minister for Central Administration Services, Ministry of Finance and National Economy

H.E. MANSOUR M. ABDUL GHAFFAR, Director General, Department of ZAKAT and Income Tax, Ministry of Finance and National Economy

H.E. HUSSEIN A. SEJINI, Deputy Minister, Ministry of Planning

H.E. MOHAMMED I. AL DARIES, General Director, National Center for Financial and Economic Information, Ministry of Finance and National Economy

H.E. DR. OTHMAN A.M. RABIEAH, Deputy Minister for Planning and Development, Ministry of Health

DR. NIZAR IBRAHIM TAWFIQ, Vice President, Meteorological and Environmental Protection Administration

DR. MAJID A.I. AL MONEEF, Advisor, Ministry of Petroleum and Mineral Resources

DR. KHALIL DAHLAWI, Director General, Office of the President, General Audit Bureau

HAMDI H. ABUZEID, Vice President, Saudi Arabian Red Crescent Society

ABDULLAH M.F. AL-FAYEZ, Director, Joint Economic Commission Office, Riyadh

ABDULLAH S. AL OTHAIM, Deputy Director, Central Department of Statistics, Ministry of Finance and National Economy

ABDULAZIZ AL-HINTI, Director General, Training Department, Saline Water Conversion Corporation

ABDULLAH AL-ATHEL, Commercial Attache, Embassy of the Kingdom of Saudi Arabia, Washington, D.C. (Consumer Protection)

ABDULRAHMAN S. GARAWI, Director, Training Department, Saudi Arabian Agricultural Bank

ABDULHALEM A.A. MAZI, Dean of Admission and Registration, King Saud University

DR. KHALID Y. ALKHALAF, Director General, Saudi Arabian Standards Organization

SALEH M. AL-RAJHY, Counselor, Embassy of the Kingdom of Saudi Arabia, Washington, D.C.

DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
Text as Prepared for Delivery
April 28, 1994

REMARKS OF TREASURY SECRETARY LLOYD BENTSEN RIFLE RANGE DEMONSTRATION ON ASSAULT WEAPONS

If the assault weapon ban is passed in the House, there will still be nearly 700 types of guns available for sale. That means Americans can buy more gun models than car and truck models.

You don't sell tanks at an auto dealership. Why should we sell war guns in a pawn shop?

The special interests say don't take the rights of hunters away.

I think hunters should have the right to hunt safely. Let me tell you about an ATF investigation of a serial killer.

His target was hunters -- outdoorsmen in Northern Ohio. He purchased an AR-15. He used it to hunt hunters. The man was convicted in five hunters' deaths.

An AR-15 is not subjected to a Brady check since it's a rifle -- not a handgun. It's sold cash and carry to any criminal who wants one.

It took seven years to pass Brady. The special interests said it wouldn't work because criminals get their guns on the street, not at licensed gun shops.

The first month of Brady, 375,000 checks were made -- and 16 percent of those disclosed the potential buyer had a criminal record. It works.

We can't wait another seven years. If Congress is serious about addressing violent crime, it's time to vote seriously, banning the guns that sick and twisted criminals prefer eight to one. And let's do it now.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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Embargoed until delivery
10 am EDT (approx.)
Text as prepared for delivery

STATEMENT OF SUSAN B. LEVINE,
DEPUTY ASSISTANT SECRETARY OF THE TREASURY FOR
INTERNATIONAL DEVELOPMENT, DEBT AND
ENVIRONMENT POLICY
BEFORE THE SUBCOMMITTEE ON INTERNATIONAL DEVELOPMENT,
FINANCE, TRADE AND MONETARY POLICY OF THE
HOUSE COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS

April 28, 1994

Mr. Chairman, I appreciate this opportunity to appear before the Subcommittee. We are requesting authorization for U.S. participation in the eighth replenishment of resources for the Inter-American Development Bank.

This replenishment agreement is important to the United States. Our country has longstanding economic and financial ties to Latin America and the Caribbean. It is in our national interest to renew the resources of the Inter-American Development Bank.

The Administration attaches a very high priority to helping the countries of Latin America and the Caribbean sustain and broaden their economic recoveries. This is clearly reflected in the formulation of our FY95 request for funding the multilateral development banks. Over the next three years, new lending commitments for the region from these institutions are expected to reach roughly $40 billion.

From a foreign policy perspective, the replenishment agreement is important because it promotes democracy and the concepts of shared prosperity and sustainable development. It sets the stage for the Summit of the Americas to take place later this year in Miami.

The agreement we have negotiated points the Inter-American Development Bank in new policy directions, and it does this at very low budgetary cost to the U.S. taxpayer. The annual cost of our participation in the new replenishment is being cut almost in half, down from $90 million in the last replenishment to about $46 million now.

Our request includes $153.6 million for paid-in capital which will be spread over a six year period, and slightly more than $9.0 billion for callable capital which should not result in any budgetary outlays. It also includes $82.3 million for our contribution to the Fund for Special Operations (FSO), which will be spread over four years. We are not requesting a separate authorization for the Bank's private sector affiliate, the Inter-American Investment Corporation.

The agreement will provide the Bank with $40 billion in new capital, bringing its total capitalization to more than $100 billion by the end of the replenishment period. This will allow the Bank to continue lending at current levels and provide room for moderate increases in the future. The replenishment of the FSO will provide $1 billion in new concessional resources for the poorest countries in the region.

This is the first regional bank replenishment agreement that has been negotiated by the Clinton Administration. In many respects, I believe it should serve as a model for agreements to be undertaken in the other regional development banks.

In crafting this agreement, we wanted to accomplish three basic objectives:

- to put people first — to ensure that the benefits from Bank lending are shared broadly among all people in borrowing countries;
- to protect the environment — to improve the Bank's internal policies and procedures and lend more for projects that benefit the environment; and
- to reinforce the trend now underway in the region toward greater reliance on the private sector and market mechanisms.

In recent years, many Latin American and Caribbean economies have undergone profound change. In some countries, economic growth has been particularly robust. The role of the Bank is to ensure that this growth is sustained and takes hold in other countries in the region.

For growth to be sustained, the benefits of growth must be shared more equitably. We look to markets to allocate resources most effectively; but markets by themselves will not ensure that prosperity is shared. The challenge for the region is for government to become a more constructive force, promoting more inclusive economic growth.

To help expand economic opportunity in the region, the Bank will increase its lending for projects that directly affect the lives of people, especially those that are poor and disadvantaged. That is why lending in the social sectors is to increase from 25 percent to 50 percent of total operations under the terms of the replenishment agreement.

This lending will also be more effectively targeted. In the past, some of the Bank's social sector projects, such as heavily subsidized universities and high-tech urban hospitals, have not really made a difference in the lives of poor people. We have sought to change this by emphasizing the need for more consultations with local communities — the people the projects are trying to reach.

With this agreement, financing will be provided for:

- primary health care, through small clinics in rural areas and urban neighborhoods that previously have not been served;
- maternal and child health programs, incorporating immunization, nutrition and family planning;
- basic education for primary and secondary school-aged children, particularly for girls;
- vocational training, including retraining for individuals who have lost jobs and remedial education for those who have missed out on earlier opportunities; and
- good governance, including better land titling, more equitable tax structures, and judicial systems that really work.

These types of social lending are the bedrock on which long-term economic benefits depend. For example, female literacy helps reduce unsustainable rates of population growth, while better training and education provide a more skilled work force and more attractive business environment.

We have also worked hard to get greater protection for the environment. This will help improve the lives of people throughout the region, not only the urban poor but also people in rural areas and indigenous peoples as well. In this regard, here is some of what we accomplished:

- There is a clear commitment that the Bank will not finance commercial logging in primary tropical moist forest areas. This will help provide protection to important areas such as the Amazon rain forest.

- There will be an extension of the Bank's guidelines to cover the possible environmental effects in areas such as agriculture, transportation, and watershed management.

- There will be more lending for environmentally beneficial purposes, including projects for potable water and sewage and sanitation.

- There will be more emphasis on energy efficiency and conservation and the use of renewable energy resources.

- And there will be consultation with affected peoples and inclusion of resettlement issues in the Bank's environmental impact assessments.

Mr. Chairman, as you are aware, this Administration has listened to calls for increasing public participation and assuring greater transparency and accountability in the multilateral development banks.

In this replenishment, we have obtained a commitment from Management for a comprehensive information disclosure policy analogous to that of the World Bank. There is also agreement for creation of an independent inspection function; this may include a panel of independent experts to investigate charges that the Bank has failed to correctly apply its own operational policies.

Under our new replenishment agreement, policy-based lending will be reduced from 25 percent to 15 percent of total lending. Many of the larger countries in the region have been successful in using fast-disbursing, policy reform-oriented loans to make their economies more open and to reduce the debt burdens they have carried in the past. A large part of that work is complete and we can now look to lowering this type of lending.

It may still be appropriate to provide policy loans to the smaller countries in the formative stages of adjustment. Both large and small countries can benefit from reform-oriented policy loans that enhance the delivery of basic social services, especially to the poor and disenfranchised.

But increases in investments in social services are only part of the new undertakings we have set out for the Bank. A significant increase in investment in modern infrastructure is also needed if the private sector is to thrive. The region's enormous needs for financing in these areas cannot be met by governments alone, even with input from the multilateral development banks. Private capital, both local and foreign, will be indispensable.

In a new departure for the Bank, up to five percent of its total lending will be made available for privately-owned infrastructure and public utility projects. This lending will extend the financial reach of the Bank into areas where there is great need, encourage privatization, and will not require government guarantees.

The agreement also aims to streamline the Bank's various private sector programs, including those of the Inter-American Investment Corporation and the Multilateral Investment Fund. We will continue to pursue alternatives that promote the expansion of micro-enterprise and the creation of new small businesses — without requiring new U.S. capital commitments.

Let me turn now to some of the financial aspects of the replenishment agreement. While we are reducing our own annual payments to the Bank, we have taken steps to broaden the participation of other countries. This will strengthen the Bank and assure that the flow of new capital into the region will continue.

Some of the new money will come from other countries in the region, but substantial resources will come from Europe and Japan. In return for these contributions, the Bank's regional members — including the United States — have agreed to a reduction in their membership share. This will allow non-regional members to double their share. As a result of these and other changes, two new chairs will be created for the Bank's Board of Directors, one to be headed by Japan, the other by Chile.

These changes in voting strength will lead to no real diminution of our role or influence in the Bank. Although our capital share of the IDB will decrease from 34.6 to thirty percent, we will maintain nearly all of our current rights and privileges. Our approval will thus be required for the Bank to make new FSO loans or adopt FSO policies, and our participation will continue to be critical for all meetings and votes of the Board of Governors.

This is assured by provisions for changing the Charter which have been included in the replenishment agreement. The legislation we have submitted to you will authorize us to approve these Charter changes. Of course, we will continue to retain control over key decisions such as the timing of Ordinary Capital and FSO replenishments, Charter changes, and the distribution of the Bank's net income.

This agreement marks a fundamental shift in the operations of the Bank. It begins to move the Bank in new directions. There will be more investments in projects that benefit more people of the region. The bank will undertake new initiatives involving the private sector. It will become a more open and more accountable institution.

These policy changes were developed in close consultation with members of this Subcommittee. They also include contributions from other members of Congress and concerned non-governmental organizations.

These policy changes reflect in particular the very high value that we place on economic growth and shared prosperity. The changes we have negotiated in the Bank's ownership and operations also reflect a new sense of shared purpose and partnership that is now being created among the countries of the Hemisphere.

Thank-you, Mr. Chairman.

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
April 29, 1994

STATEMENT BY TREASURY SECRETARY LLOYD BENTSEN

"U.S. monetary authorities intervened today in foreign exchange markets to counter disorderly conditions. This is in line with our previously articulated policy which recognizes that excessive volatility is counterproductive to growth. We stand ready to continue to cooperate in foreign exchange markets."

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LB-801

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
April 28, 1994

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 5-YEAR NOTES

Tenders for $11,004 million of 5-year notes, Series M-1999, to be issued May 2, 1994 and to mature April 30, 1999 were accepted today (CUSIP: 912827P63).

The interest rate on the notes will be 6 1/2%. All competitive tenders at yields lower than 6.60% were accepted in full. Tenders at 6.60% were allotted 24%. All noncompetitive and sucessful competitive bidders were allotted securities at the yield of 6.60%, with an equivalent price of 99.580. The median yield was 6.55%; that is, 50% of the amount of accepted competitive bids were tendered at or below that yield. The low yield was 6.50%; 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	$23,457,885	$11,003,628

The $11,004 million of accepted tenders includes $721 million of noncompetitive tenders and $10,283 million of competitive tenders from the public.

In addition, $500 million of tenders was awarded at the high yield to Federal Reserve Banks as agents for foreign and international monetary authorities. An additional $760 million of tenders was also accepted at the high yield from Federal Reserve Banks for their own account in exchange for maturing securities.

LB-802

AUCTION RESULTS

PUBLIC DEBT NEWS

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

FOR IMMEDIATE RELEASE
April 28, 1994

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 52-WEEK BILLS

Tenders for $16,577 million of 52-week bills to be issued May 5, 1994 and to mature May 4, 1995 were accepted today (CUSIP: 912794R89).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	Discount Rate	Investment Rate	Price
Low	4.75%	5.00%	95.197
High	4.78%	5.03%	95.167
Average	4.77%	5.02%	95.177

Tenders at the high discount rate were allotted 37%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	Received	Accepted
TOTALS	$49,326,323	$16,577,288
Type		
Competitive	$43,971,870	$11,222,835
Noncompetitive	724,453	724,453
Subtotal, Public	$44,696,323	$11,947,288
Federal Reserve	4,100,000	4,100,000
Foreign Official Institutions	530,000	530,000
TOTALS	$49,326,323	$16,577,288

LB-803