

and loans are initially spent in the United States or initially spent abroad, and the corresponding data on aid-financed exports of goods and services . . .", the Review Committee's interests and those of the Agency for International Development were closely related, and continuing efforts are being made to improve and maintain the quality of the subject data.

*Progress on Other Recommendations*

Progress is being made with respect to a number of other Committee recommendations such as:

(1) That Treasury, the Federal Reserve banks, and the Balance of Payments Division should improve review and consultative procedures with each other and with public respondents in the field of investment and other capital transactions. Discussions have been initiated with commercial banks to develop means of improving the estimates of receipts of interest and commissions from foreigners and payments of interest to foreigners.

(2) That improved consultation among the various reporting Government agencies be achieved. The consistency and comparability which Circular A-65 requires has greatly stimulated such consultation.

(3) That "Automatic data processing should be used where it would increase efficiency," a recommendation which certainly was in the spirit of the times as the subsequent 2 years have witnessed an increase use of ADP equipment by the Balance of Payments Division, the establishment of a machine-based "data bank" on U.S. Government foreign grants and credits, discussion of another "data bank" to be used for the collection and dissemination of data on foreign countries' trade and trade barriers, and near completion of arrangements for machine consolidation of Treasury foreign exchange reports.

(4) That "better coordination of the analytical work done by the BPD, the Treasury, the Council of Economic Advisers, the Federal Reserve Board, the Federal Reserve Bank of New York, and other agencies concerned" be established. This recommendation is being achieved through a number of institutions and through the operations of the Technical Advisory Committee on the Balance of Payments.

(5) That Government agencies "must accept greater responsibility for accurate and complete reports".

No action has as yet been taken on several recommendations concerning the capital accounts, on the preparation by the Balance of Payments Division of methodologies describing the compilation of several of the accounts, and on the preparation of other descriptive texts, particularly yearbooks. As mentioned above, the staff increase to date has been directed to work on the capital account in order to handle the various investment censuses. The preparations of methodologies and yearbooks are projects which require the attention of senior Balance of Payments Division staff for an extended period. To date it has not been possible to schedule such projects for early completion. It is anticipated that one or two of the additional positions recently granted to the Division will be utilized for the preparation of a bridge yearbook (covering, for example, developments in the period 1950-66) and subsequent annual yearbooks detailing activities in the U.S. balance of payments. The recommended preparation of a manual of reporting instructions for direct-investment reporters probably will follow a thorough review of all the direct-investment reporting forms which is planned following the analysis of the results of the various investment censuses.

In summary, both the record of the past 2 years and current efforts indicate that the Review Committee's recommendations have received major attention and that considerable change has occurred in the U.S. balance of payments statistics.

Representative BOLLING. Mr. Bowman, prior to the beginning of the questioning may I suggest that the associates whom you mentioned as accompanying you come forward to the table.

Then, prior to recognizing Mr. Curtis to begin the questioning, I would suggest without objection, we dispense with the 10-minute rule. I have always found that it was better in a subcommittee not to have it. So, Mr. Curtis, if you will proceed, unless somebody objects to that, you may carry on for as long as you like.

Representative CURTIS. Thank you, Mr. Chairman, and I am not going to abuse that license. There are a couple of specific questions