

Originally Processed With FOIA(s):
1998-0004-F[2]

FOIA Number:
S

FOIA MARKER

**This is not a textual record. This is used as an
administrative marker by the George Bush Presidential
Library Staff.**

Record Group/Collection:	George H.W. Bush Presidential Records
Collection/Office of Origin:	Chief of Staff, White House Office of
Series:	Sununu, John, Files
Subseries:	Cabinet Agencies Files

OA/ID Number:	29186
Folder ID Number:	29186-011

Folder Title:
Brady (Treasury) (1991)

Stack:	Row:	Section:	Shelf:	Position:
G	15	25	6	3

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Memo	From John E. Robson to John Sununu Re: November 7th Credit Crunch Package (2 pp.)	12/2/91	P-5	
02a. Memo	From Nicholas Brady to POTUS Re: Business Training in the Soviet Union (1 pp.)	10/21/91	(b)(1)	
02b. Memo	From Nicholas Brady to POTUS Re: Business Training in the Soviet Union (1 pp.)	10/21/91	(b)(1)	
03. Memo	From Nicholas Brady to POTUS Re: Soviet Union Economic and Financial Situation (4 pp.)	10/17/91	(b)(1)	S
04. Memo	From Nicholas Brady to POTUS Re: Comptroller of Currency Nomination (1 pp.)	10/8/91	P-2, P-5	
05. Memo	From Hollis McLoughlin to Frederick McClure Re: Presidential Election Campaign Fund (2 pp.)	n.d.	P-5	
06. List	Talking Points for Sununu's Telecon w/Richard Breeden (1 pp.)	9/17/91	P-5	
07. Report	From Assistant Secretary of the Treasury Re: Status of Treasury Initiatives (3 pp.)	9/16/91	(b)(1)	
08. Paper	How the Banking System Differs from the S&L's (1 pp.)	n.d.	P-5	

Page 1 of 3

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Brady (Treasury) (1991)

Pinksheet Number: KO0835
OA/ID Number: 29186-011
Date Closed: 12/30/2004
FOIA/Sys Case #: 1998-0004-F[2]
Re-review Case #: 2005-0426-S
P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
09a. Memo	From Nicholas Brady to John Sununu Re: Federal Reserve Vacancies (1 pp.)	11/30/90	P-2, P-5	
09b. Memo	From Nicholas Brady to John Sununu Re: Governor's Vacancy (1 pp.)	n.d.	(b)(6)	
09c. Resume	Candidate for Federal Reserve Governor's Vacancy (9 pp.)	1/89	(b)(6)	
09d. Resume	Candidate for Federal Reserve Governor's Vacancy (2 pp.)	5/88	(b)(6)	
09e. Resume	Candidate for Federal Reserve Governor's Vacancy (1 pp.)	10/23/90	(b)(6)	
09f. Resume	Candidate for Federal Reserve Governor's Vacancy (1 pp.)	n.d.	(b)(6)	
09g. Resume	Candidate for Federal Reserve Governor's Vacancy (1 pp.)	n.d.	(b)(6)	
09h. News Letter	Department of the Treasury News (1 pp.)	6/8/89	P-2, P-5	
10. Memo	From Nicholas Brady to POTUS Re: Developments in International Economic Policy (1 pp.)	5/29/91	P-5	
11a. Note	From Nicholas Brady to John Sununu Re: Attached Memo on Earned Income Tax Credit (1 pp.)	n.d.	P-5	
11b. Memo	From Fred Goldberg to Kenneth Gideon Re: New Earned Income Tax Credit (3 pp.)	n.d.	P-5	

Page 2 of 3

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Brady (Treasury) (1991)

Pinksheet Number: KO0835
OA/ID Number: 29186-011
Date Closed: 12/30/2004
FOIA/Sys Case #: 1998-0004-F[2]
Re-review Case #: 2005-0426-S
P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
12. List	Candidates for Capital Gains Technical Study Group (1 pp.)	3/21/91	(b)(6)	

Page 3 of 3

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Brady (Treasury) (1991)

Pinksheet Number: KO0835
OA/ID Number: 29186-011
Date Closed: 12/30/2004
FOIA/Sys Case #: 1998-0004-F[2]
Re-review Case #: 2005-0426-S
P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01. Memo	From John E. Robson to John Sununu Re: November 7th Credit Crunch Package (2 pp.)	12/2/91	P- 5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Brady (Treasury) (1991)

Open on Expiration of PRA
 (Document Follows)
 By JP (NLGB) on 10/28/05

Date Closed:	12/30/2004	OA/ID Number:	29186-011
FOIA/SYS Case #:	1998-0004-F[2]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information



THE DEPUTY SECRETARY OF THE TREASURY

WASHINGTON

AC/TM

December 2, 1991

MEMORANDUM FOR JOHN SUNUNU
CHIEF OF STAFF TO THE PRESIDENT

THE CHIEF of STAFF
has seen

FROM: JOHN E. ROBSON *JER*
SUBJECT: November 7th Credit Crunch Package Entitled
"Interagency Policy Statement on the Review and
Classification of Commercial Real Estate Loans"

In previous EPC discussions on the credit crunch, you have raised two points in regard to real estate valuation and lending:

- 1) Whether the character of the borrower, the borrower's past performance, and past performance of the loan in question are ignored as fundamentals of the credit extension process. This makes it difficult both to work with troubled borrowers and to attract new borrowers.
- 2) Misapplication of real estate valuation techniques by appraisers and examiners. Many have referred to this as the frustrating problem of the performing, non-performing credit situation.

As you know, on November 7th the federal bank and thrift regulators issued comprehensive real estate guidelines. Both these issues were addressed in a detailed manner. For example:

On point one:

- o In evaluating the overall risk associated with a commercial real estate loan, examiners are directed to consider a number of factors, including the character, overall financial condition and resources, and payment record of the borrower.

On point two:

- o The analysis of collateral values should not be based upon a simple projection of current levels of net operating income if markets are depressed or reflect speculative pressures, but can be expected over a reasonable period of time to return to normal (stabilized) conditions.
- o Appraisal assumptions should not be based solely on current conditions that ignore the stabilized income-producing capacity of the property. Management should adjust any assumptions used by an appraiser in determining value that are overly optimistic or pessimistic.

- o Examiners do not make adjustments to appraisal assumptions for credit analysis purposes based on worst case scenarios that are unlikely to occur.

Thought you might be interested.



THE SECRETARY OF THE TREASURY
WASHINGTON

October 21, 1991

MEMORANDUM FOR THE PRESIDENT

FROM: Nicholas F. Brady

SUBJECT: Business Training in the Soviet Union

I met for an hour this morning with Moscow Mayor Gavril Popov and Independent University President Dr. Edward Lozansky.

Popov was adamant that the most important assistance we can give the Soviet Union right now is private sector technical expertise which would help in the transition to a market economy, not humanitarian or financial aid. While admitting that the economic situation this winter is somewhat of a concern, Popov feels that Soviet officials have overemphasized this for political reasons.

Popov stressed that training should take place in the Soviet Union, rather than abroad in order to avoid a "brain drain". Further, Popov believes this has to be a long-term effort, because the Soviets have so much to learn about a free economy and this cannot be done just sporadically. He encouraged internships at U.S.-Soviet joint ventures, urged U.S. government support for American investment in the Soviet Union, and support for an American university or business training center in Moscow. He expressed the view that it was of great importance that any assistance should go to the private sector which has begun to emerge in the Soviet Union. He was emphatic that a university/business training center in Moscow should be private, with no connection to the Soviet Ministry of Education. Popov said that American corporations and universities should play the lead role in the university -- providing most of the money. The U.S. government can help most by supporting these private efforts -- and providing a modest amount of money.

Today's meeting with Popov has strengthened my view that supporting a university/business training center in any assistance for the Soviet Union is vital. It should be led by a prominent American, experienced in corporate and government programs, who would be able to rise above bureaucratic concerns within our government. There are many different exchange programs -- both private and government sponsored -- but they need to be harnessed and these along with any new efforts need to be properly channeled to maximize the effectiveness of the total effort.



THE SECRETARY OF THE TREASURY
WASHINGTON

October 21, 1991

MEMORANDUM FOR THE PRESIDENT

FROM: Nicholas F. Brady

SUBJECT: Business Training in the Soviet Union

I met for an hour this morning with Moscow Mayor Gavril Popov and Independent University President Dr. Edward Lozansky.

Popov was adamant that the most important assistance we can give the Soviet Union right now is private sector technical expertise which would help in the transition to a market economy, not humanitarian or financial aid. While admitting that the economic situation this winter is somewhat of a concern, Popov feels that Soviet officials have overemphasized this for political reasons.

Popov stressed that training should take place in the Soviet Union, rather than abroad in order to avoid a "brain drain". Further, Popov believes this has to be a long-term effort, because the Soviets have so much to learn about a free economy and this cannot be done just sporadically. He encouraged internships at U.S.-Soviet joint ventures, urged U.S. government support for American investment in the Soviet Union, and support for an American university or business training center in Moscow. He expressed the view that it was of great importance that any assistance should go to the private sector which has begun to emerge in the Soviet Union. He was emphatic that a university/business training center in Moscow should be private, with no connection to the Soviet Ministry of Education. Popov said that American corporations and universities should play the lead role in the university -- providing most of the money. The U.S. government can help most by supporting these private efforts -- and providing a modest amount of money.

Today's meeting with Popov has strengthened my view that supporting a university/business training center in any assistance for the Soviet Union is vital. It should be led by a prominent American, experienced in corporate and government programs, who would be able to rise above bureaucratic concerns within our government. There are many different exchange programs -- both private and government sponsored -- but they need to be harnessed and these along with any new efforts need to be properly channeled to maximize the effectiveness of the total effort.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03. Memo	From Nicholas Brady to POTUS Re: Soviet Union Economic and Financial Situation (4 pp.)	10/17/91	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Brady (Treasury) (1991)

Date Closed:	12/30/2004	OA/ID Number:	29186-011
FOIA/SYS Case #:	1998-0004-F[2]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

STATEMENT BY NICHOLAS F. BRADY
SECRETARY OF THE TREASURY

Today, an outline was released of a proposed compromise on banking legislation. ~~This so-called "compromise" appears to be nothing more than a repackaging of the stale approach taken by the Energy and Commerce Committee several weeks ago.~~ ^(misguided and corrupt) The U.S. needs a comprehensive overhaul of ^{its} the banking system that will strengthen our economy and allow us to compete effectively internationally. ^{Today's} ~~This~~ "compromise" does the opposite. It turns back the clock, restricts competition, and protects special interests. It will weaken the banking system and impede the economic recovery.

If enacted, ^{the so-called} ~~the Energy and Commerce provisions~~ ^{"compromise"} would restrict the flow of voluntary private capital necessary to create a strong banking system. A strong banking industry is our best protection against using taxpayer funds to bail out the banks.

We will strongly support efforts to strike this so-called "compromise" section from the House Bill, unless it is substantially modified.

###

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04. Memo	From Nicholas Brady to POTUS Re: Comptroller of Currency Nomination (1 pp.)	10/8/91	P2 , P5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Brady (Treasury) (1991)

Open on Expiration of PRA
 (Document Follows)
 By *[Signature]* (NLGB) on 4/21/08

Date Closed:	12/30/2004	OA/ID Number:	29186-011
FOIA/SYS Case #:	1998-0004-F[2]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information



THE SECRETARY OF THE TREASURY
WASHINGTON

October 3, 1991

01 OCT 9 P3:39

MEMORANDUM TO THE PRESIDENT

FROM: Nicholas F. Brady

THE CHIEF of STAFF
has seen

Before leaving for Bangkok I wanted to give you an update on Bob Clarke's confirmation for the Comptroller of the Currency post.

It is clear that Chairman Riegle wants to use the Clarke hearings and the defeat of his nomination as vehicles to pin the blame for the ills of the banking industry on the Reagan and Bush Administrations. Riegle's theme is that Clarke was too lax -- exactly the opposite of the message we are trying to send the bank examiners vis-a-vis the credit crunch.

After Riegle delayed the confirmation hearing for nine months after the nomination was submitted, the hearings finally opened and there have been two sessions so far. Clarke has handled himself well under very tough questioning.

Another area that Riegle is attacking Clarke on is ethics. There has been a considerable amount of press on this issue, but the fact is that Clarke has had his ethics situation reviewed by the Office of Government Ethics (among other ethics officials) and OGE recently found no violations of ethics rules by Clarke.

Riegle has been leaning very hard on the democrat members of the committee to join him in opposing Clarke's confirmation. However, at this point it appears there are some democrats willing to keep an open mind. We are doing our best to pick enough of them to win a favorable vote in committee. In the end we'll need White House help.

This could be another hardball, politicized confirmation. Beleaguered as he may be, it would not be good to lose the Clarke nomination since it gives the democrats a hook to hang on the Reagan and Bush Administrations the problems that have befallen financial institutions in the past few years, hurts the credit crunch, and could also be a problem for our bank reform legislation.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05. Memo	From Hollis McLoughlin to Frederick McClure Re: Presidential Election Campaign Fund (2 pp.)	n.d.	P5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Brady (Treasury) (1991)

Open on Expiration of PRA
 (Document Follows)
 By Op (NLGB) on 10/28/05

Date Closed:	12/30/2004	OA/ID Number:	29186-011
FOIA/SYS Case #:	1998-0004-F[2]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National Security Classified Information [(a)(1) of the PRA]
- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-3 Release would violate a Federal statute [(a)(3) of the PRA]
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

- (b)(1) National security classified information [(b)(1) of the FOIA]
- (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- (b)(9) Release would disclose geological or geophysical information



DEPARTMENT OF THE TREASURY
WASHINGTON

ASSISTANT SECRETARY
AND COUNSELOR
TO THE SECRETARY

MEMORANDUM FOR FREDERICK D. McCLURE
ASSISTANT TO THE PRESIDENT

FROM: HOLLIS S. McLOUGHLIN *HSM*
ASSISTANT SECRETARY (POLICY MANAGEMENT)

SUBJECT: Presidential Election Campaign Fund

In mid-1990, the Federal Election Commission ("FEC") requested that the Treasury Department prepare regulations concerning allocation of money in the Presidential Election Campaign Fund (the "Fund"). The FEC was projecting that there would be a shortfall in the Fund for the 1992 and later Presidential elections and wanted guidance as to how money in the Fund would be allocated in such an event.

In May, 1991, the Treasury Department published the requested regulations. Those regulations -- promulgated by the IRS -- provide that money in the Fund may not be allocated to primary matching payments unless there is sufficient money in the Fund to cover required payments for the Presidential conventions and the general election.

The regulations are premised on Treasury's longstanding reading of the existing statute governing the Fund. The statute provides that money in the Fund is to be allocated first to the conventions and then to the general election. The statute further provides that primary matching payments can be made only after the Secretary of the Treasury determines that amounts "are available" for the conventions and the general election. Based on this, Treasury concluded that the statute required that money must be set aside to cover these payments before other money could be spent for primary matching payments.

Critics of the regulations (including the FEC) argued that estimates of future receipts in the Fund should be taken into account by Treasury in determining allocations to primary matching payments. They argued that failure to do so would benefit the incumbent President, who would likely have most, if not all, of his claims for primary matching payments to the FEC before January 1, 1992. However, Treasury concluded that the regulations, as promulgated, do nothing more than implement the requirements of the statute as passed by Congress and that Congress could change the underlying statute if it chose to do so.

A proposed amendment to the Treasury appropriations bill would make a statutory change. The amendment provides that Treasury would make primary and general election payments "taking into account amounts estimated to be transferred to the Fund during the calendar year of the election."

It should be noted that the amendment, as drafted, will not solve the underlying problem of inadequate funding of the Fund. In addition, while the amendment resolves the issue of the use of projections in making primary matching payments, it creates other interpretative problems.

Any use of projections necessarily creates the possibility that, if the projections look too far into the future or are inaccurate, there may be insufficient money in the Fund to make certain payments when due. This problem becomes particularly acute because primary matching payments are made earlier than general election payments (January through June compared with July - September). If primary matching payments are based on overly optimistic projections, there may be insufficient cash to make the general election payments, even though the general election payments have a higher priority statutorily. Since the current statute makes it impermissible to use money from any other source to make these payments, without any other change the possibility will exist that only a portion of the general election payments will be made when due (with the balance to be paid when more money comes into the Fund).

THE WHITE HOUSE
WASHINGTON

October 2, 1991

MEMORANDUM FOR THE ECONOMIC POLICY COUNCIL

FROM: J. FRENCH HILL
EXECUTIVE SECRETARY

SUBJECT: Attached Speech by
Secretary Brady

In following up on the EPC Meeting regarding banking and the credit crunch on Friday, September 27, 1991, I have attached the following speech by Secretary Brady to the Atlanta Rotary Club. I hope you find this useful and informative. Thank you.

Attachment

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

TEXT PREPARED FOR DELIVERY
EMBARGOED UNTIL 1:00 P.M.

REMARKS BY
NICHOLAS F. BRADY
SECRETARY OF THE TREASURY
TO THE
ATLANTA ROTARY CLUB
SEPTEMBER 30, 1991

Thank you, Rankin.

It's great to be back in Atlanta -- home of the Atlanta Braves, the Atlanta Falcons, the 1996 Summer Olympics, and John Robson, who used to be Dean of the Emory Business School and is now doing a great job as Deputy Secretary of the Treasury.

And, I'm privileged to have the opportunity to speak to this distinguished group. Many people believe that those of us in Washington do not know, or understand, what is going on in the real world -- that we are out of touch and living in a bubble inside the Washington Beltway. The President held two long meetings this past week with Cabinet members on the economy, and I can promise you, as long as you have a President like George Bush, you can rest assured that the message from Main Street will get through.

And one of the messages we have been hearing is that the credit crunch, and its effect on the economy, is a number one priority -- and not only here in Atlanta.

As we enter the fourth quarter of 1991, economic signals continue to read like mixed metaphors. The economic recovery, which began in the third quarter, is on track, although there are pockets of the economy where the recession clearly still lingers. Historically, the early stages of a recovery tend to be uneven, and this particular recovery seems to be following just such a bumpy route.

Assessments of the health of the economy are based on a variety of statistics, and the economy has, in fact, recorded a string of favorable statistics. These numbers indicate the economy turned the corner in the second quarter and is on the way up.

- The leading indicators, which typically point to the pace of future economic activity, have risen for six straight months.
- Industrial production, led by manufacturing, has also been on the rise for five months, and low inventories suggest that expansion will continue.
- Inflation is under control, currently averaging below three percent.
- The Fed funds rate has fallen 300 basis points since July 1990 and is now just over 5 percent.
- And the discount rate is down to five percent from last year's seven percent -- an eighteen year low.

But statistics don't mean much to people who aren't participating in the good news yet.

- The unemployment rate is down to 6.8 percent, but for the people who make up that 6.8 percent, that statistic is meaningless.
- There have been signs of recovery in the housing market, but they are fitful and sluggish.
- And most importantly, consumer confidence has not yet bounced back.

There is a statement often quoted in Washington that says "perception is reality". That saying can easily be applied to economic recovery. For the American people to perceive that economic recovery is here, they must believe that Congress, the Administration, and American businesses are doing all we can to promote that recovery. And until the recovery actually touches people's lives, all the economic statistics in the world will not convince them the recovery has arrived.

We must make the connection between perception and reality, and we can do that by addressing aspects of the economy that can add or subtract to economic growth. Most economists state that the recession has ended, and the economy is on track. But now we must continue to work to see that the recovery is not sidetracked.

One of the aspects of the recovery that is not on schedule is the availability of credit. If corporations are to expand and increase production, they must have access to credit. If small businesses, the traditional source of new job creation, are to be able to grow and perform that job-creating function, they must

have access to working capital. If homebuilders are to be able to meet downstream demand for new homes, they must have access to construction loans. If consumers are to release pent up demand for big ticket items, they must be able to obtain credit.

With the decline in the federal funds rate, credit should be more affordable than ever. And banks do have the liquidity to make loans. But they aren't making them.

There are numerous causes of the credit crunch. Clearly, the recession is a major cause. The downturn in the economy made financial institutions more cautious about lending, and businesses more cautious about borrowing. The recession scored a direct hit on the balance sheets of banks whose portfolios were not adequately diversified.

And, the recession resulted in an increase in non-performing loans in bank portfolios. When non-performing loans rise, bankers become more conservative, and regulators get nervous. For example, bank non-performing assets in real estate alone jumped 72 percent from March 1990 to March 1991. It is not surprising, then, that the credit crunch has been most evident in the real estate industry.

And in the real estate industry, the real problem is in commercial real estate. Ten years of overbuilding contributed to the problem. Fifty percent of current office space was built during the 1980s, and demand did not keep up with supply. If you have ever flown into Dulles Airport, about 20 miles outside Washington DC, you know what I mean. The route to that airport, which used to be lined with trees, is now a solid wall of high-rise office buildings -- and many of them stand empty. Every city has its horror stories, and that reflects the fact that national vacancy rates for office space increased from eight percent in 1980 to twenty percent in 1990.

In addition to the recession and overbuilding in commercial real estate, you can add the presence of regulatory overkill. As examiners became more nervous over the tilting of bank balance sheets, some individual examiners have overreacted to bank losses, and to Congressional criticism that regulators have been too lax. The result has been to create a "fear factor" in the banking system, and a hesitancy on the part of bankers to make any new loans which might be questioned by an examiner.

The Administration is taking steps to address this problem, and John Robson has taken the lead for Treasury. For over a year, John, Alan Greenspan of the Federal Reserve, Bob Clarke of the OCC, Bill Seidman of the FDIC, and Tim Ryan of the OTS, have met with bank and thrift examiners to make sure they know they should not be part of the problem -- they have to be part of the solution.

This group, and others, have held over 150 meetings around the country with regulators, bankers, and borrowers to identify problems and work toward solutions. Some of the most effective of these meetings have been regional meetings that include Members of Congress, regulatory supervisors, bankers and borrowers. Congressman Gingrich has been very instrumental in coordinating this "town meeting" effort with his colleagues in the House, and in fact, this morning I attended a credit crunch meeting organized by Congressman Gingrich in Clayton County.

The message we hope to convey at these meetings is that financial institutions should be making loans to worthy borrowers, and we are working to get that message out. Over the past several months, we have worked with the regulators to achieve changes in regulatory policy and regulatory attitudes based on the use of balance and common sense. The regulators have issued a number of directives, beginning in March of this year, which have:

- Made clear that liquidation value appraisals should not be used;
- Allowed banks with real estate concentrations to work with existing borrowers and make sound new loans;
- Facilitated the restructuring of troubled credits;
- Allowed commercial real estate loans to be prudently refinanced by banks without regulatory criticism.
- And, clarified lender liability under Superfund legislation.

We believe these new guidelines will make a difference. As we have seen, the credit crunch has many causes, and regulatory zeal cannot be blamed for the entire problem. Each banker has his or her own board of directors and shareholders to whom they must answer. But it is a burden on the economy when banks do not perform their traditional role of providing loans. The financial world is changing, and the traditional role of banks as lenders has already been eroded as the market has developed new ways of raising capital.

Corporations raise capital through commercial paper. Consumers now use credit cards and personal finance corporations when they need additional credit. They get auto loans from GMAC and Ford Motor Credit, they save at Merrill Lynch and Sears Roebuck, and they even have checking accounts with Vanguard and Fidelity mutual funds.

I am sure each of you could provide your own reasons for the slowdown in credit availability. But the essential fact is that banks are not performing their traditional function as "shock absorbers", lending to businesses and individuals to help pull them through the tough times. Our financial institutions were weak heading into this recession. Instead of making loans to tide people over, they were forced to pull back and look out for themselves. Today, the banking industry is under stress, and that's not just a problem for the banks -- that's a problem for business. Financial institutions and businesses must work together if we are to see continued economic growth and more jobs.

At the President's urging, we in the Administration will continue to work with the regulators and the examiners to clarify regulatory guidelines and give examiners the confidence to perform honest, fair and balanced examinations of banks. We will also continue to work with the banking and thrift industries, as well as other business groups, to identify regulations and exam practices which are believed to contribute to the problem. We have heard many horror stories about draconian examinations, but most are from unnamed sources. If bankers believe exams, or examiners, are unfair, they need to step up and voice that concern.

Fear of retribution by the same examiners is the reason most given for the lack of official complaints. If that is the case, then bankers should work with us to devise an appeals process for examinations which alleviates that concern. All four regulators have assured me they have a strong commitment to address this problem, but we cannot solve nameless, faceless accusations. And we will not make examiners -- or regulators -- the scapegoats for bankers who have decided not to lend.

Addressing the credit crunch is a battle which must be waged in the short term to make the economic recovery a reality. We must also continue to work with the Congress to pass the President's economic growth package. When I say "work with the Congress", I have to admit to a certain level of frustration. The Administration is criticized for not having a domestic growth plan, but in fact, the Congress has chosen to ignore the President's plan.

In February of this year, the President proposed a package of economic growth incentives as part of the FY 1992 budget -- but the Congress has yet to act on a single one. The President's growth plan includes proposals which made sense at the beginning of this year, and make even more sense now. Our program would:

- Reduce the capital gains tax rate;
- Enhance personal savings through an expanded Individual Retirement Account (IRA) and the Family Savings Account;
- Make the Research & Experimentation (R&E) tax credit permanent;
- Increase federal investment in science, technology and infrastructure;
- And keep the pay-as-you-go system in the budget process to ensure that any new spending must be offset by decreased spending elsewhere in the budget. This restraint on federal spending is working, and we must keep it in place to bring down the deficit.

Finally, we must reform the antiquated laws governing the banking system to make banks safer, sounder and stronger. We must pass the President's comprehensive banking reform legislation now before Congress. It is just good common sense to help banks renew the value of their franchise by strengthening their capital positions, and encouraging more diversified portfolios.

Congress has been considering the Administration's financial services reform proposal since March, and the lines of the debate have been clearly drawn. Those who oppose the Administration's bill, who want to leave things as they are, would have you believe that reform is simply deregulation. It's not. These opponents support measures which would take the banking industry backwards, restrict competition, and protect special interests.

The financial services industry needs progressive reform which encourages competition and shuns the protection of special interests. There are strong advocates of responsible change on both sides of the aisle -- Democrats and Republicans. In fact, Georgia Congressman Doug Barnard is one of the leaders for comprehensive reform because he knows strong banks and financial service firms are a key to the economic health of our country.

Although we are entering an election year, economic growth should not be a partisan issue. When the economy is growing, jobs are created, personal income rises, businesses expand and increase production, and the standard of living is higher for everyone. We must make the economic recovery a reality that is perceived by everyone, and with your help, we can make that happen.

###

September 16, 1991

MEMORANDUM FOR GOVERNOR SUNUNU

FROM:

Robert Glauber

SUBJECT:

Telephone Call to Richard Breeden

THE CHIEF of STAFF
has seen and called
Breeden

Secretary Brady asked that I forward to you Talking Points for a telephone call to Richard Breeden regarding the Energy & Commerce Committee's mark-up of the Administration's banking bill. Talking points are attached.

Secretary Brady talked with Boyden Gray on Friday about making a similar call. Substantially the same talking points have been forwarded to him.

The Telecommunications & Finance Subcommittee of Energy & Commerce marked up their bill yesterday. It contains only minor revisions of the bill originally drafted by Congressmen Dingell and Markey. The full Energy & Commerce Committee will mark-up sometime next week.

Attachment

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
06. List	Talking Points for Sununu's Telecon w/Richard Breeden (1 pp.)	9/17/91	P/5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Brady (Treasury) (1991)

Open on Expiration of PRA
 (Document Follows)
 By JF (NLGB) on 10/28/05

Date Closed:	12/30/2004	OA/ID Number:	29186-011
FOIA/SYS Case #:	1998-0004-F[2]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information

TALKING POINTS FOR GOVERNOR SUNUNU'S TELECON W/ RICHARD BREEDEN

- o I understand that Dingell wants to mark up the House Banking bill in the Energy and Commerce Committee to cut way back on the Administration's banking and Glass-Steagall bill -- which was overwhelmingly passed by House Banking.
 - He wants to eliminate the ability of insurance companies and diversified financial companies to buy banks, which I know you oppose.
- o But he also wants to pile on a series of rigid "firewalls" between the bank and any new securities activities and to codify these firewalls in statute.
- o While some firewalls are obviously necessary to protect the insured depository -- and the Administration's bill recognized this -- I gather that other firewalls can be so onerous and anticompetitive that they can defeat the whole purpose of Glass-Steagall repeal.
- o I was troubled to learn that the SEC has actually helped Dingell develop some of these anticompetitive firewalls and that you have put your blessing on them.
 - As I understand it, you didn't give anyone in the Administration a chance to see the SEC's proposals before you gave them to Dingell.
 - I gather the amendments also greatly enhance the SEC's regulatory turf at the expense of bank regulators.
- o I know you may disagree with the Administration's bill on some of the details of the firewalls, but I understand from Treasury that several of them are "killer amendments" -- if they're adopted, the banking industry will adamantly oppose, and Glass-Steagall reform will go out the window.
- o The SEC's support of these amendments is directly undermining the Administration's efforts and is playing directly into the hands of Dingell.
 - So is the beginning of a turf war between the SEC and other regulators.
- o The Administration's bill gives plenty of regulatory authority to the regulators to impose tough firewalls -- we don't need to harden these firewalls into statute.
- o Stop undermining the Administration; work with the Treasury; stop working with the other side; major portions of the banking bill could hang in the balance.

to John

NICHOLAS F. BRADY

Copy of memo to President
That I only had one copy of:
U7D

CHIEF of State

has seen

TEL. 202 566-2533

ROOM 3330
1500 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20220



DEPARTMENT OF THE TREASURY
WASHINGTON

ASSISTANT SECRETARY

Status of Treasury Initiatives

- 1) Banking Reform. Banking Reform remains the Department's top legislative priority. Senate floor consideration is expected in late September or early October. House floor consideration is expected in mid-October.
- 2) RTC Funding/CEO. Additional RTC funding is necessary by November 1, but legislation is unlikely to reach the floor in either chamber until October. An estimated additional \$80 billion will be needed to complete the job. We hope to name a CEO by the end of October. Gene Rackley of Heidrick and Struggles has agreed to assist with the search.
- 3) Credit Crunch. The Department continues to work with the four federal bank and thrift regulators to collect information on credit availability and examine ways to alleviate the credit crunch. The regulators continue to meet with bankers, businesses, and consumers at regional meeting sponsored by Congressmen.
- 4) Insurance Industry Review. Several chapters of the Department's review of the insurance industry are scheduled to be released in October in response to questions raised by Senator Riegle. The Department expects to release the complete review before the end of the year.
- 5) Solomon/Government Securities Act (GSA) Re-authorization. The Senate passed permanent re-authorization of the GSA prior to the August recess which would give the Department permanent authority to write rules governing transactions in the government securities market. With the revelations surrounding Salomon Brothers, the House and Senate could well expand the scope of the legislation.

Treasury has responded to violations in the government securities market by: requiring verification of large bids in writing; publicly disclosing information on Treasury borrowing needs two days before the announcement of regular mid-quarter funding; accelerating the joint automation project with the Fed; formalizing the information sharing process with the Fed and the SEC; and codifying Treasury auction rules.

9/16/91

- 6) Government Sponsored Enterprises (GSEs). Treasury continues to work toward the passage of legislation to improve the financial regulation of GSEs. Discussions continues with House and Senate Committees to improve reported legislation with respect to capital requirements, regulatory structure, and the extent of enforcement powers granted to regulators.
- 7) Tax Systems Modernization. The IRS is comprehensively updating their information system to improve all aspects of taxpayer services and compliance operations. The modernization effort is expected to reduce taxpayer burden, enhance levels of service to the public, increase voluntary compliance, and minimize costs to the government.
- 8) BCCI. Treasury will continue to be an active participant in the ongoing congressional hearings and investigations regarding the illegal activities of BCCI. Omnibus Money Laundering Legislation moving through the House and the Senate will likely include provisions to address BCCI related concerns.
- 9) Soviet Union. Secretary Brady will travel to the Soviet Union September 17-20. Major issues to be addressed are: progress of economic reform; external financial situation; membership in International Financial Institutions; and possible technical and humanitarian assistance.
- 10) Eastern Europe. The Department continues to provide technical assistance to Central and Eastern European countries to develop private financial institutions and to reform governmental regulatory and policy agencies.
- 11) IMF Quota Increase. The Senate Foreign Relations Committee has resumed consideration of legislation providing for a \$12 billion increase in the U.S. quota in the IMF. The House Banking Committee is expected to consider legislation in late September. The deadline for completing the quota increase is December 1991.
- 12) Enterprise for the Americas. The Department continues to work toward obtaining Congressional authorization for additional debt reduction, the U.S. contribution to the Multinational Investment Fund, and Ex-Im Bank and CCC debt swaps. All three are essential to permit full implementation of the Initiative.

The Environment for the Americas Board will become operational in its role of overseeing the environmental element of EAI. The Board's first meeting will be held in September.

- 13) Debt Reduction. Eight countries (Mexico, Philippines, Costa Rica, Chile, Venezuela, Morocco, Nigeria, and Uruguay) have negotiated agreements with their commercial banks based on IMF and World Bank programs. Similar negotiations are now underway with Bolivia, Poland, Argentina, Ecuador, and Brazil.
- 14) IMF/World Bank Annual Meeting. The Secretary will lead the U.S. delegation to the IMF/World Bank annual meeting in Bangkok, October 15-17. Debt reduction, Soviet relations with the International Financial Institutions, and the outlook for the world economy will be discussed.
- 15) Customs. A Blue Ribbon Panel, convened by the Commissioner of Customs in June, issued its Report in early August. The Report focused on deficiencies in enforcement and internal affairs. The Department has accepted the Report's recommendations to improve oversight and inspection and is in the process of developing a plan of implementation.

THE WHITE HOUSE
WASHINGTON

September 6, 1991

NOTE FOR SECRETARY BRADY

FROM: JOHN H. SUNUNU

A handwritten signature in black ink, appearing to be 'JHS', with a long horizontal flourish extending to the right.

I was asked to get a copy of the this over to you
to add to your light reading!

Attachment

Destroying Real Estate Through the Tax Code

by Roy E. Cordato

Economic Policy Bulletin No. 48

In *Destroying Real Estate Through The Tax Code*, IRET Economic Policy Bulletin No. 48, senior economist Roy E. Cordato states that, "In constructing the Tax Reform Act of 1986, legislators could not have done a better job of destroying this market [real estate] if they had consciously set out to do so."

Cordato asserts that:

- The decline in the real estate industry has been a major contributing factor in the recession currently facing the economy.
- The real estate decline can be attributed in large part to tax changes made by the Tax Reform Act of 1986 (TRA86).
- Provisions of TRA86 that hit real estate particularly hard were:
 - the 40% increase in the top capital gains tax rate,
 - the passive loss limitation rules, and
 - the more than 60% lengthening of the tax write-off period for real property, and the adverse change in the depreciation method.
- The decline in real estate market values is a major contributing factor in the demise of many savings and loan companies.
- The S&L bailout, in turn, has led to further declines in real property values, creating additional problems in the real estate industry.
- A pro-growth tax agenda should include correction of TRA86's mistakes in regard to the tax treatment of real estate. This would be good for both the real estate industry and the economy as a whole.

Destroying Real Estate Through the Tax Code

Real estate is a major sector of the U.S. economy, and the level and growth of activity in real estate development, construction, finance, and sales exert significant influences on production and income throughout the economy. The sharp decline of the real estate industry occurring over the past five years is one of the prime sources of the Nation's current recessionary woes. Many of the problems in real estate markets since 1987 can be traced to tax code changes that were made in 1986. In constructing the Tax Reform Act of 1986 (TRA86) legislators could not have done a better job of destroying this market if they had consciously set out to do so. As a consequence, TRA86 had an important hand in creating the mess that currently faces the savings and loan industry and, as a result of the Bush bailout program, the tax-paying public.

All of the important evidence shows that a serious downturn in housing and real estate markets began shortly after the enactment of TRA86. There has been a reduction in housing starts every year since enactment of the tax reform legislation. All housing starts were down by 36% in the 1986-1990 period with multifamily housing starts, primarily built for investment purposes, down by 71%.

Three major changes in the tax law contributed to this result - the elimination of the capital gains tax differential, the passive loss limitation rules, and the lengthening of the tax write-off period for real property. Each of these tax changes represented a movement away from economically efficient tax policy. Combined, these changes in the law made real estate investment less attractive and reduced the market value of existing real estate. These tax changes not only reduced investment in new housing and construction, they also created an incentive to unload properties that were currently being held while increasing the difficulty of doing so.

Probably the most widely debated change to take effect as part of TRA86 was the 40% increase in the capital gains tax. This tax increase itself reduced the market value of all real estate investments held at the time.

Most returns on investment in real estate are realized in the form of capital gains. Under pre-1986 tax law, which allowed a 60% capital gains exclusion, an individual in the top 50% tax bracket would pay, after the exclusion, a marginal rate of 20% on any realized capital gains. TRA86, while lowering marginal tax rates on other income, ended up increasing the top rate on capital gains by eliminating the exclusion and treating capital gains as ordinary income. This meant an increase from a top marginal rate of 20% to as high as 33%. More concretely, someone in the top tax bracket who made an investment in real estate before 1986 expecting to keep \$.80 on every dollar of capital gain was suddenly faced with a situation in which that return would be reduced to \$.66

if the person were in the new 33% tax bracket (i.e., the bubble) or \$.72 if they were in the 28% bracket. This depressed the value of real estate generally, causing property values to decline. Many profitable real estate investments became marginal or sub-marginal.

Adversely affecting real estate even further was TRA86's lengthening of the write-off period for depreciable real property. This also had the effect of reducing the market value of real estate.

Before 1986, under the Accelerated Cost Recovery System, the cost of an investment in real property could be written off over 19 years, using the 175% declining balance method of depreciation. This method allows a larger proportion of the investment cost to be written off in the earlier years of the depreciation period. The 1986 Act not only lengthened the cost recovery period of most real property - non-residential property to 31.5 years and residential rental property to 27.5 years - it also eliminated the 175% declining balance write-off method. Instead, it required the use of the straight line method. This method of depreciation simply divides the entire cost of the investment by the number of years in the cost recovery period and allows this amount to be deducted from taxable income in each of the years.

These changes in the cost recovery provisions significantly decreased the present value of real property tax write-offs and, hence, increased the present value of the taxes to be paid on the returns on investment in such property. The result was a reduction in the value of these investments. Everything else equal, the value of any tax write-off is reduced as the cost recovery period is lengthened. This is because a dollar is worth more to someone now than it is at any point in the future; the further into the future the dollar can be realized the less it is worth today. At any given discount rate, therefore, the further out in time that a dollar can be deducted from taxable income, the less that dollar is worth to the investor now. By increasing the cost recovery period over 60% and by shifting much of the cost that could be recovered from the earlier to the later years of the period, TRA86 decreased the value of real estate both to current holders and to all prospective buyers.

This further compounded the problems that were created in hiking the capital gains tax. The longer write-off period reduced the market value of the property and therefore reduced the amount of any capital gain. To add insult to injury, these reduced capital gains are now taxed at a higher rate.

Some might argue that the negative consequences of increasing the capital gains tax would be reduced by the lengthening of the cost recovery period. To be sure, extending this period, together with the slower write-off method, reduces the capital gain subject to tax even if market prices were unaffected. These tax changes slow the decrease in the basis of the property for tax purposes. Therefore, given the proceeds of any specific sale, the amount of the taxable gain is reduced. One might conclude that this change in allowable write-offs would offset, at least in substantial part, the adverse effects of exposing capital gains to ordinary tax treatment. Any such offset, however, would be minor compared with the tax-induced decrease in the market value of real property.

At the time TRA86 was being debated some argued, as a justification for the change, that the pre-1986 tax treatment of real estate provided a tax preference for investment in real property. Because of this, it was argued, the tax law was causing inefficient over-investment in real estate at the expense of more productive investment in other kinds of capital. The change in the law was seen, then, as a move in the tax code to a more efficient treatment of real estate investment.

This assessment is wrong. If tax policy is to be efficient, i.e., if it is not to favor one kind of investment over another, all investment costs should be expensed, that is they should be written off in the year that they are incurred. Equivalently, if costs are to be written off over an extended period of time, the depreciation system should insure for all properties that the present value of the deductions equals the cost of the property. Tying the cost recovery period to the "life" of the investment actually creates a bias against investment in "long-lived" capital, i.e. capital that is expected to be useful for a relatively longer period of time, such as real estate.

This goes back to the point that the longer the cost recovery period the less valuable any tax write off becomes. Given a choice between two investments that would be of equal value in the absence of taxes, one in real estate with a 31-year amortization period and the other in an investment that allows a shorter cost recovery period, the real estate investment will look relatively less attractive after taxes are considered. The less valuable tax write offs for real property reduce its value relative to other possible investment alternatives. A tax code that allows expensing of costs puts all investment on an equal footing in the eyes of the tax collector and the investor. Because TRA86 moved away from this ideal, it did not eliminate a bias in favor of investment in real estate but exacerbated a bias against it.

The third strike against the real estate industry was the rule limiting the deductions of so-called "passive investment" losses. This change divided people's capital income into two categories - passive and active. For income to be categorized as active, the taxpayer must "materially participate" in the activity that generates the income. The rule allows costs associated with passive investments to be deducted only against passive sources of income. Real estate is especially discriminated against under this provision. With minor exceptions, all income from investments in real estate is considered "passive," regardless of the level of the investor's participation in the activity that generates the income. If, in a given year, a real estate investor has losses with no passive income to offset them, then those losses cannot be deducted from taxable income in that year. The only exception is for investors in rental property who actively participate in the investment and have an adjusted gross income (AGI) of under \$100,000. This class of investor can deduct up to \$25,000 in losses from "active" income sources. Nondeductible costs may be carried over to future years when passive income might be realized, but as shown above, this deferral of the deduction must reduce its present value. For investors exposed to this limit, then, the present value of their tax liabilities on the investment's returns increased. In turn, this exerted a significantly depressing effect on the market value of real property.

Prior to 1986, much real estate investment was done by passive investors. It was common for syndicates of investors to pool their resources in order to invest in property,

commercial or residential. They would then hire management companies to run the operation. TRA86 reduced the value of these kinds of investments by limiting the extent to which losses associated with them could be deducted from the investor's gross income. This, in turn, encouraged the holders of loss-generating properties to try and unload them, which contributed further to the problem of sinking real estate values. This turmoil and repositioning in real estate markets was caused not by changes in market conditions but completely by changes in the tax law.

There is no sound economic reason for making a distinction between "passive" and "active" income. The division is completely arbitrary. It promotes the fallacy that income that isn't obtained through physical labor is somehow "unearned," and consequently, should be more heavily taxed than labor compensation. In fact, such "passive" investments are one of the fundamental engines of economic growth. Their primary function is to provide the capital by which other, non-passive activities, grow. This was clearly the case in real estate. These investments helped significantly to increase the stock of housing and other structures. The fact that the investors hired others to manage the operations was simply the result of an efficient division of labor within the market. To penalize this efficiency is absurd.

The adverse effects of the 1986 tax changes on real property values were a major contributing factor in the collapse of many savings and loan institutions. Mortgages and similar real property loans constitute a significant portion of S&Ls' portfolios of assets. Significant declines in the market value of real properties, then, would result in the erosion of the value of these institutions' major assets. In the final analysis there could be a reduction of their capital to perilously low levels - leaving some institutions with negative capital values.

The S&L bailout program, itself, has also contributed to distress in the real estate industry. Efforts by the Resolution Trust Corporation to dispose of properties taken over in the closing of failed or failing S&Ls artificially add to the stock of real property on the market and exert downward pressure on market values. This additional decline in real property values further imperils lending institutions that might otherwise be in relatively good financial condition.

In this case, the interest of one industry is also in the interest of the economy as a whole. The changes brought about by TRA86 concerning capital gains taxation, the cost recovery periods and write-off methods for real property, and the deductibility of passive losses were all at odds with good tax economics. These changes should be rescinded. To do so would not only add new life to a sagging real estate industry but would help to put the economy as a whole on a sounder footing.

Roy E. Cordato
Senior Economist

A step toward healing economic woes

Capital gains tax cut could lift realty values

Editor's note: The following column by nationally syndicated economics writer Warren T. Brookes offers analysis that supports the NATIONAL ASSOCIATION OF REALTORS' position in favor of a capital gains tax cut for real estate. The column is reprinted with permission of Warren T. Brookes and Creators Syndicate.

There are a growing number (though not a majority) of economists who worry that this recession—which should be mild and short—could easily turn into something very much worse.

The reason? Since 1989, banks have virtually stopped lending. Though the Federal Reserve Board has been easing rates, it is "pushing on a string." The money trough is flowing with liquidity, but the horses (banks) are not rushing to drink because they have a much more serious problem: crashing real estate investment values—down more than 70 percent since 1986 and still falling.

To bank regulators and stockholders, this means more and more bank capital has to be set aside in reserves to cover the very large implicit paper losses on real estate loans.

Less capital means banks have to reduce their total lending or find new sources of capital. But, with real estate values falling, investors are running the other way. Bank stocks have fallen 50 percent in the last two years. Worse, as banks reduce lending, real estate values collapse even faster.

Unless this self-reinforcing value hemorrhage can be stanchied—and quickly—we have a recipe for a major banking collapse with serious repercussions throughout the system.

Unfortunately, the only weapon we have to fight this has been taken out of President Bush's hands by Senate Majority Leader George Mitchell, Maine Democrat. It is the capital gains tax cut, which Mr. Mitchell blocked (with parliamentary stonewalling) in the Senate in November 1989, after it was passed by the House. It has been dead ever since.

Following that move, the real estate investment index fell another 40 percent, and the banking problems went from manageable to crisis and spread from New England across the nation.

Unless Mr. Mitchell relents and Mr. Bush gets a serious capital gains reduction this year, the banking crisis will worsen, and the costs of the savings and loan bailout will soar even further. With such a tax reduction, though, this trend could be stopped—quickly.

If you doubt this, you need only consider how tax-sensitive real estate value is. That value is the direct result of the income (rent and capital gains) any property can generate, at a roughly 10-to-1 ratio, value to income (assuming a mortgage rate of 10 percent).

Every dollar of that imputed after-tax income diverted to higher taxes, real property or income, reduces the value of that real estate by \$10 and vice versa. What fueled the Massachusetts real estate boom from 1981 to 1987 (when total values rose 22 percent a year) was the Proposition 2½ tax cut of 1981-1983, which slashed total implicit property taxes by some \$7 billion over a six-year period. It's no surprise total values, which had been stagnant, rose more than \$90 billion in constant dollars.

If you understand this, you will not be surprised to know that, following the 1978 and 1981 capital gains tax cuts, the Standard & Poor's Real Estate Investment Trust Index shot up by more than 110 percent—87 percent from 1981 to 1986 alone. Those

"Until real estate investors have some reason to go back into this market, the bank crisis will worsen, and the economy will not recover on Fed policy alone."

appreciation income away from taxes. That fueled a major 80 percent rise in single-family and multifamily (residential) construction.

But following the 1986 Tax Reform Act, which raised the capital gains tax rate by 40 percent and simultaneously took away most of the real estate tax breaks for multifamily construction, the Real Estate Investment Trust Index plunged 70 percent. Nearly 40 points were lost the first year, when the economy was strong.

Not surprisingly, commercial and residential construction has fallen 40 percent below the 1986 level. On multi-unit con-

struction, the drop has been more than 55 percent.

In short, since 1986, we have been in a real estate depression, which not only more than tripled the savings and loan bailout cost but is now dragging the rest of the economy right down with it.

Polyconomics Inc.'s economist David Goldman points out that its supply-side model not only predicted this real estate value crash but now projects that if the present 28 percent rate remains unchanged, real estate values will drop another 13-20 percent in 1991. "Our model points to a sobering conclusion: Without a reduction in the capital gains tax rate, the United States will face conditions similar to ... the 1979-1981 period."

On the other hand, the Polyconomics model also projects that merely indexing capital gains for inflation but leaving the rate unchanged will raise values 11-19 percent, while cutting the rate to 18 percent raises values 19-27 percent.

One thing is clear: Until real estate investors have some reason to go back into this market, the bank crisis will worsen, and the economy will not recover on Fed policy alone. The resulting depression will be remembered for two Georges, Mitchell and Bush.

VOICING YOUR VIEWS

In keeping with the theme of the NATIONAL ASSOCIATION OF REALTORS®—The Voice for Real Estate—REALTOR NEWS® conducts regular mini-surveys in which members voice their views on current topics. Staff member Doris Britton conducted this survey.

Do you think brokers should ask for higher commissions when home sales are slow? Or should they offer to lower their commission rate?

Long Beach, Calif.: "I think they should raise their commission due to the increased cost of doing business." Walter S. Sanford, Sanford Group Inc.

Bellingham, Wash.: "I think the commission should be kept the same. I don't think it's fair to the general public to raise the commission in a slow market. The job of selling a house is just different in a slow market; it's not necessarily more difficult. To maintain consistency and integrity, we should keep it the same." David N. Hansen, ERA Lakeway Realty Inc.

Key Colony Beach, Fla.: "I really feel they (brokers) probably should increase their commissions because they are going to have to work harder to sell the property. However, with market conditions slower, most of your clients will attempt to give you a lower commission if they are able to talk you into it because they feel they are doing you a favor by offering you the listing." Suzanne Goodlow, Key Colony Beach Realty Inc.

Blackwood, N.J.: "The marketplace dictates that rates should be higher. If the market is slower, the broker has a lot more work to do. If he knows up front that he's going to be compensated for going the extra mile, he's willing to spend the time." Walt Nicholson, Century 21 Nicholson.

Glendale, Ariz.: "I really don't think that in rough times we should raise our commission. The marketplace is tough enough as it is. I don't think we gain anything by raising commissions. It can be a turnoff to the public. I think we should leave it as it is and do a better marketing job." Bill Beard, Bill Beard Real Estate.

Houston: "I think commissions should stay the same. In slower times the higher commission would drive off business. On the other hand, lowering commissions would start price wars. I would rather remain with the status quo, which would be healthier for business in the long run." Pat Ball, Merrill Lynch Realty.

Sandwich, Ill.: "I think, depending on the price range, the commission should be raised if the home is sold within so many days." Judy Guatlin, Illini Realty.

Morristown, N.J.: "I don't feel lowering the commission would be advantageous for anyone in these times. In some cases, offering a higher commission to the selling

REALTOR NEWS

Published by
The NATIONAL ASSOCIATION OF REALTORS

President
Harley E. Rouse

President-elect
Dorcas T. H.

First Vice President
William S. Chee

Treasurer
Thomas J. F.

Publications Chairman
Kenneth J. Rethyone

Publications Vice Chairman
Joseph Kloc

Executive Vice President
William D. North

News/Editorial 777 14th St. NW, Wash.
20005, (202) 383-1193, Fax: (202) 383-

Executive Editor
Bill Adkinson

Editor
Marjorie G.

Reporting and Editing Staff
James Paterson

Pamela G.

Marcia Jacobs

Sheliah O.C.

Doris Britton

Wanda C.

Advertising/Circulation: 430 N. W.
Chicago, IL 60611, (312) 329-6449

Associate Publisher
Kevin B. Sweeney

Advertiser
Annette C.

Publisher Jerome E. Ja

REALTOR NEWS® (ISSN 0278-6309) is
weekly except week of Jan. 1 by
Association of REALTORS®, 430 N. W.
Chicago, IL 60611. Annual subscrip-
tion price \$12.

REALTOR®, REALTORS®, and REALTOR
are registered collective membership
identifiers, and may be used only by
professionals who are members of
Association of REALTORS®, and subject
Code of Ethics.

Views and advertising expressed in R
not necessarily endorsed by the N
of REALTORS® Copyright ©1991 by the
Association of REALTORS® All rights reserved.

With the exception of articles and mat-
erials published in REALTOR NEWS®,
and local boards of REALTORS® are
noted to reproduce articles appearing
herein, provided each such reproduction
acknowledges the source as REALTOR
Association of REALTORS®.



The National Association of REALTORS® is proud
and spirit of U.S.
achievement of ec-
portunity throughout the nation.
The organization supports an affirmative
marketing program in which there
obtaining housing because of race, co-
handicap, limited status or national o-

National Advertising Representatives:

Chicago - Fox Associates, Inc.,
St. Charles, IL 60161, (312) 644-3888

Detroit - Fox Associates, Inc.,
P.O. Box 206, Royal Oak, MI 48067

Washington, D.C. - W.G. Hold-
sworth, Inc., 1500 Isaac Newton Square

San Francisco - W.G. Holdsworth &
Associates, Inc., 1475 Serrano Avenue, Suite 12

Los Angeles - W.G. Holdsworth &
Associates, Inc., 180 E. Main Street, Suite 270, Tustin

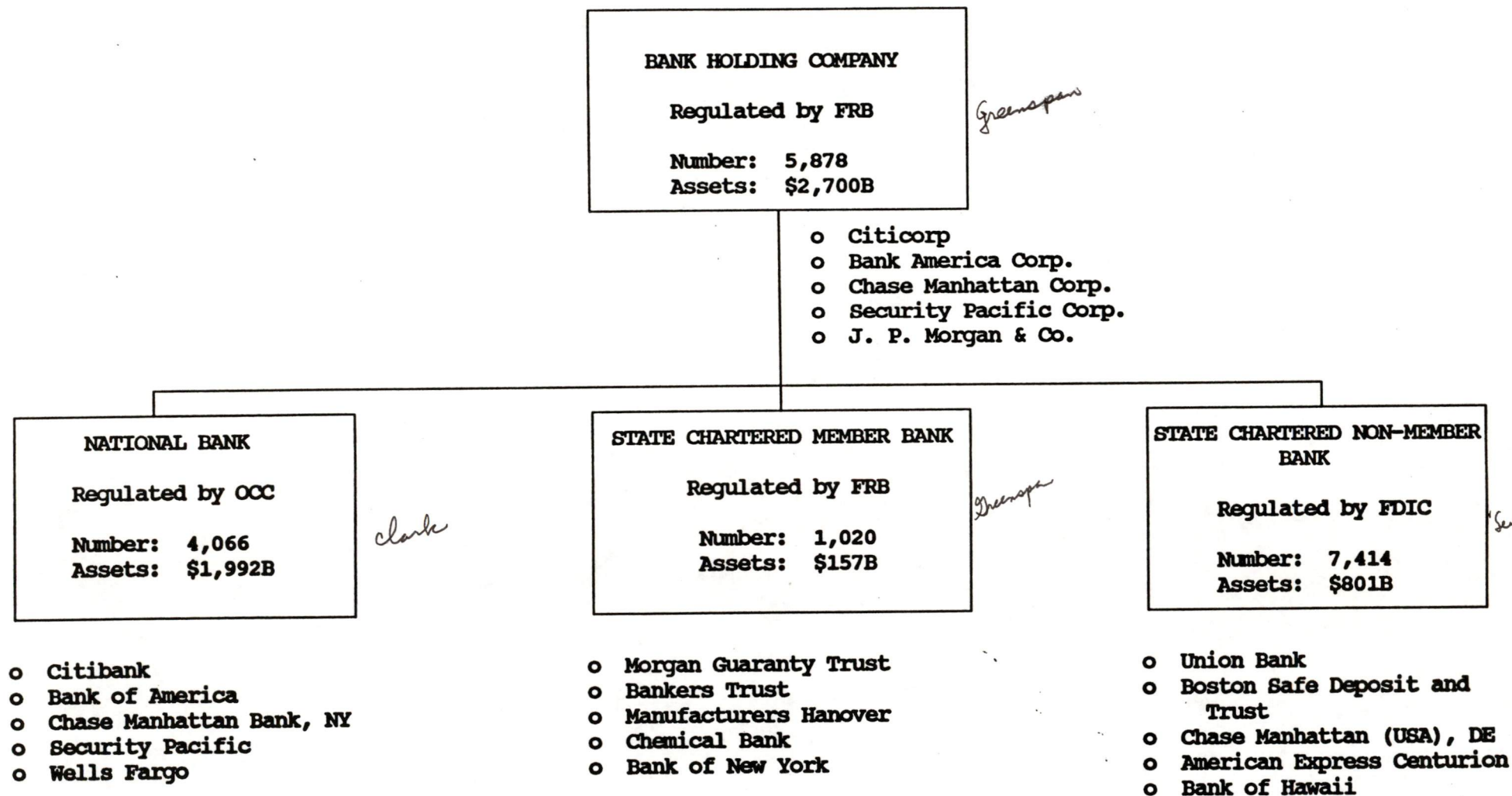
San Francisco - W.G. Holdsworth
Inc., 1475 Serrano Avenue, Suite 12

Dallas - W.G. Holdsworth & Assoc.
Greenway Drive, Suite 530, Irving

910-2577

POSTMASTER: Please send change
notice to REALTOR NEWS®, 430 N.

FEDERAL REGULATION OF COMMERCIAL BANKS



Note: Number and assets of BHCs as of year-end 1989 (FRB); number and assets of banks as of June 30, 1990 (FDIC).

COMMERCIAL BANKS - BASELINE THREE-YEAR FORECAST
Distribution by Equity Class Within Size Groups

JUNE 1990

JUNE 1993 FORECAST

<u>Size Class</u>	<u>Banks Number</u>	<u>Pct.</u>	<u>Assets \$ Millions</u>	<u>Pct.</u>	<u>Banks Number</u>	<u>Pct.</u>	<u>Assets \$ Millions</u>	<u>Pct.</u>
Assets over \$500 M:								
Over 6% equity	412	66.56	935,522	36.92	346	55.90	856,513	29.45
3 - 6 %	202	32.63	1,578,849	62.31	241	38.93	1,568,549	53.93
0 - 3 %	5	0.81	19,460	0.77	27	4.36	454,285	15.62
Insolvent	0	0.00	0	0.00	5	0.81	29,229	1.00
TOTALS	619	100.00	2,533,831	100.00	619	100.00	2,908,576	100.00
Assets \$200 - 500 M:								
Over 6% equity	688	83.09	206,285	82.17	623	75.24	214,479	73.05
3 - 6 %	130	15.70	41,319	16.46	171	20.65	66,360	22.60
0 - 3 %	9	1.09	3,200	1.27	20	2.42	7,515	2.56
Insolvent	1	0.12	250	0.10	14	1.69	5,247	1.79
TOTALS	828	100.00	251,054	100.00	828	100.00	293,601	100.00
Assets \$100 - 200 M:								
Over 6% equity	1,388	89.20	190,332	88.90	1,271	81.68	204,673	81.40
3 - 6 %	154	9.90	21,924	10.24	227	14.59	37,568	14.94
0 - 3 %	13	0.84	1,719	0.80	39	2.51	6,408	2.55
Insolvent	1	0.06	117	0.05	19	1.22	2,790	1.11
TOTALS	1,556	100.00	214,092	100.00	1,556	100.00	251,439	100.00

COMMERCIAL BANKS - RECESSION THREE-YEAR FORECAST
Distribution by Equity Class Within Size Groups

JUNE 1990

JUNE 1993 RECESSION FORECAST

<u>Size Class</u>	<u>Banks</u> <u>Number</u>	<u>Pct.</u>	<u>Assets</u> <u>\$ Millions</u>	<u>Pct.</u>	<u>Banks</u> <u>Number</u>	<u>Pct.</u>	<u>Assets</u> <u>\$ Millions</u>	<u>Pct.</u>
Assets over \$500 M:								
Over 6% equity	412	66.56	935,522	36.92	345	55.74	824,393	29.04
3 - 6 %	202	32.63	1,578,849	62.31	238	38.45	1,521,700	53.61
0 - 3 %	5	0.81	19,460	0.77	29	4.68	461,279	16.25
Insolvent	0	0.00	0	0.00	7	1.13	31,107	1.10
TOTALS	619	100.00	2,533,831	100.00	619	100.00	2,838,479	100.00
Assets \$200 - 500 M:								
Over 6% equity	688	83.09	206,285	82.17	587	70.89	200,387	68.60
3 - 6 %	130	15.70	41,319	16.46	200	24.15	76,458	26.17
0 - 3 %	9	1.09	3,200	1.27	22	2.66	8,082	2.77
Insolvent	1	0.12	250	0.10	19	2.29	7,184	2.46
TOTALS	828	100.00	251,054	100.00	828	100.00	292,111	100.00
Assets \$100 - 200 M:								
Over 6% equity	1,388	89.20	190,332	88.90	1,257	80.78	197,725	80.49
3 - 6 %	154	9.90	21,924	10.24	240	15.42	38,831	15.81
0 - 3 %	13	0.84	1,719	0.80	36	2.31	5,919	2.41
Insolvent	1	0.06	117	0.05	23	1.48	3,176	1.29
TOTALS	1,556	100.00	214,092	100.00	1,556	100.00	245,651	100.00

FDIC INSURANCE FUND
ESTIMATES BASED ON OMB BANK FAILURE MODEL
(\$ Millions)

	FY90	FY91	FY92	FY93	FY94	FY95	TOTAL 91-95
	(ACTUAL)						
DISBURSEMENTS							
Case Resolutions							
Notes	3,453	2,867	2,867	2,867	2,867	2,867	14,336
Cash	9,897	14,351	14,351	14,351	14,351	14,351	71,755
Loss Payments \1		9,339	9,339	9,339	9,339	9,339	46,695
TOTAL DISBURSEMENTS	13,350	26,557	26,557	26,557	26,557	26,557	132,785
Portion from "Puts"		0	0	0	0	0	
COLLECTIONS							
Net Assessments	2,868	4,861	6,014	6,381	6,745	7,089	31,090
Asset Recoveries	2,372	6,103	10,325	13,012	13,761	14,510	57,710
Interest Income	1,232	731	0	0	0	0	731
Other		8	8	8	8	9	41
TOTAL COLLECTIONS	6,472	11,702	16,347	19,401	20,514	21,608	89,572
NET OUTLAYS	6,878	14,855	10,210	7,156	6,043	4,949	43,213
OMB Baseline: Net Outlays	4,509	1,944	1,706	(315)	(1,326)	(2,229)	(220)
Deltas to Baseline:	2,369	12,911	8,504	7,471	7,369	7,178	43,433
FUND NET WORTH	12,808	9,069	5,752	2,802	216	(2,025)	
Coverage Ratio (basis points) 50.70	0.64	0.43	0.26	0.12	0.01	-0.08	

\1 1990 Loss Payments Incorporated in Notes and Cash.

- This does not include recession. (maybe 20% worse)

- Traditionally, fund > 1%
Confidence zone: 1-1.25%

SELECTED MATERIALS ON BANKING INDUSTRY

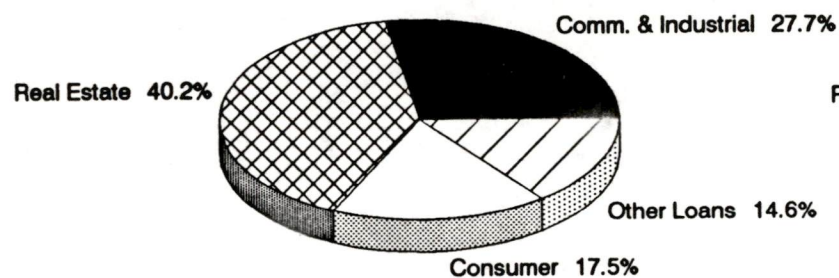
BANK EARNINGS

Net Income to Assets

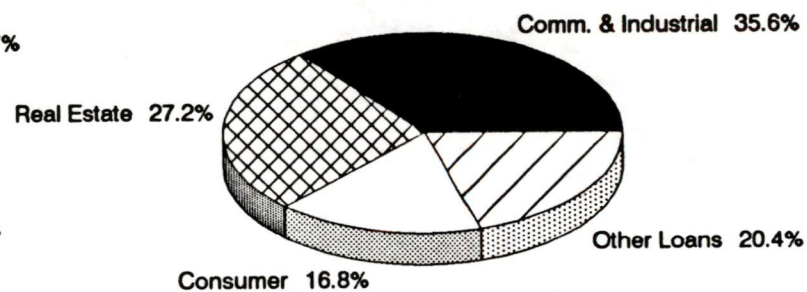
	6/30/90	89	88	87	86	85	84
Large Banks*	.61	.08	.96	(.64)	.57	.53	.35
Small Banks	.71	.70	.72	.53	.59	.73	.73
ALL BANKS	.63	.43	.77	.13	.58	.66	.58

* Large banks are defined as those greater than \$10 billion in assets.

Composition of Loans of All FDIC Insured Banks



June 1990



December 1984

Total loans were \$2.2 trillion in 1990 and
\$1.6 trillion in 1984.

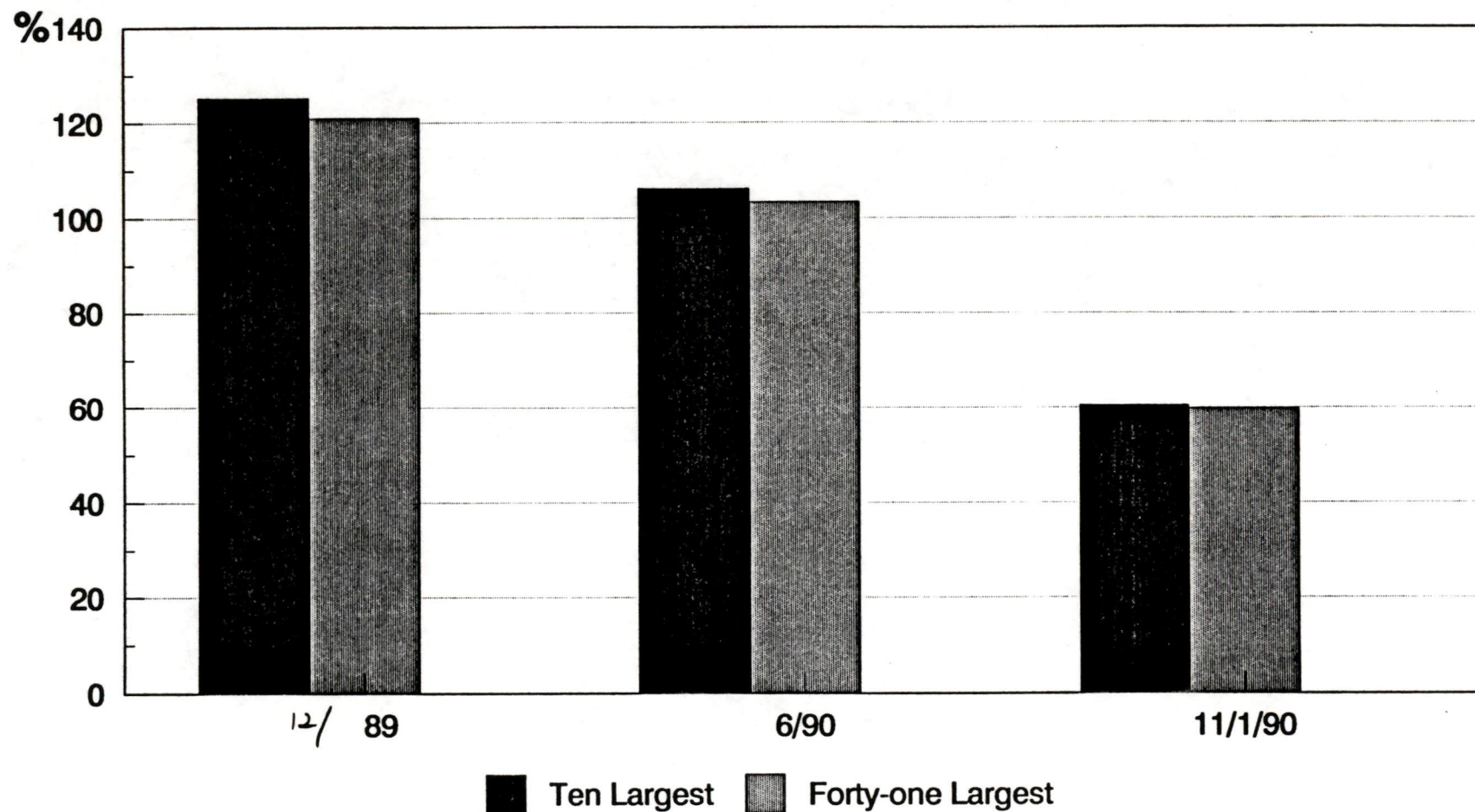
Insured Commercial Banks as of June 1990

(8 Billions)

	<u>Total</u>	<u>Assets Over \$10 B</u>
Number of Banks	12,320	45
Total Assets	3,298	1,320
Equity Capital	211	66
Total Capital	284	109
<u>Capital at Book Value (%)</u>		
Equity to Assets	6.4%	5.0%
Total Capital to Assets	8.5%	8.1%

Performance of Large Bank Holding Companies

Market To Book Value \1



\1 Market to book for November 1, 1990 is based on price as of midday 11/1/90 and book value on 9/30/90.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
08. Paper	How the Banking System Differs from the S&L's (1 pp.)	n.d.	P-5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Brady (Treasury) (1991)

Open on Expiration of PRA
 (Document Follows)
 By JP (NLGB) on 10/28/05

Date Closed:	12/30/2004	OA/ID Number:	29186-011
FOIA/SYS Case #:	1998-0004-F[2]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National Security Classified Information [(a)(1) of the PRA]
- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-3 Release would violate a Federal statute [(a)(3) of the PRA]
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

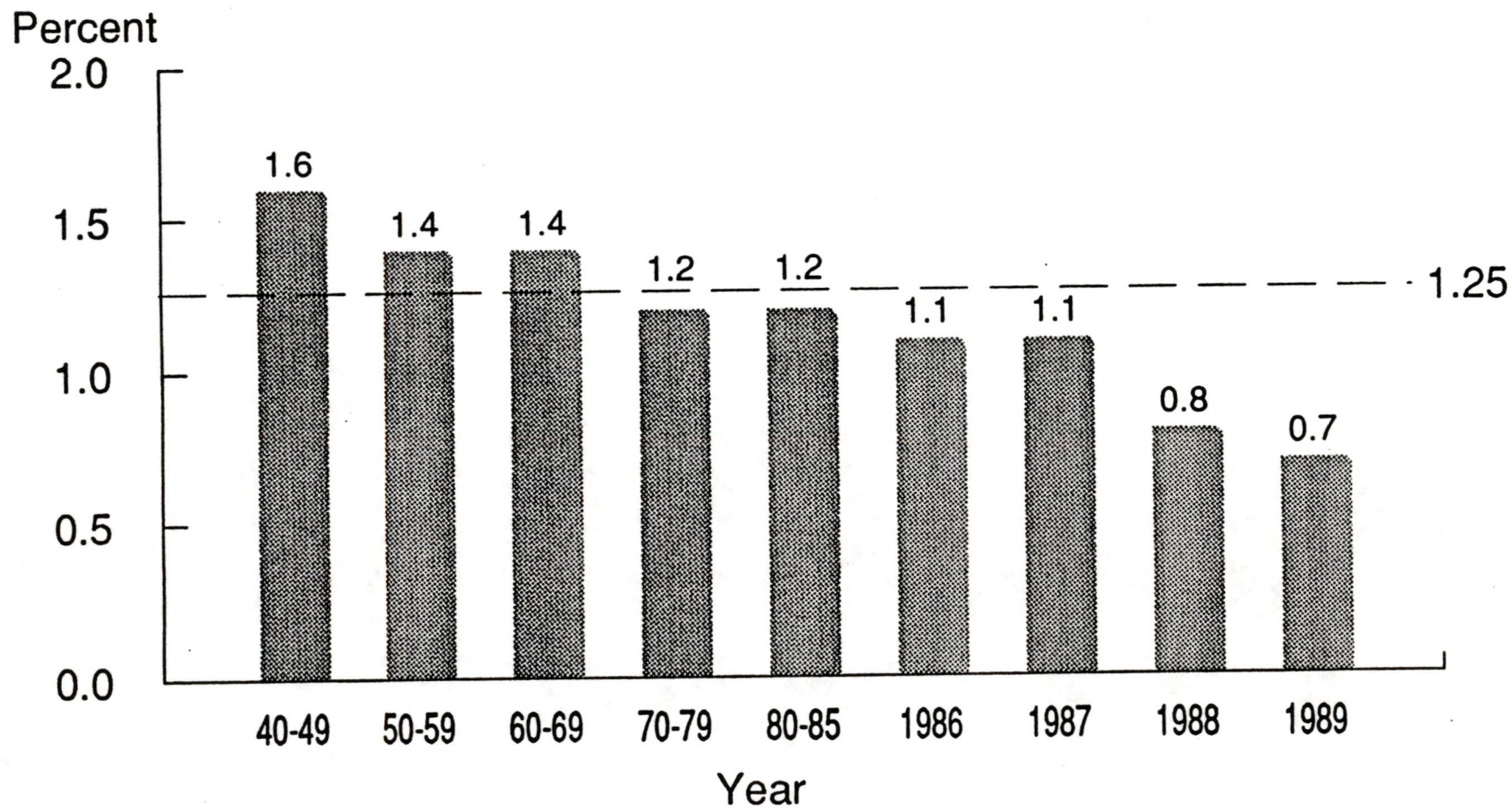
- (b)(1) National security classified information [(b)(1) of the FOIA]
- (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- (b)(9) Release would disclose geological or geophysical information

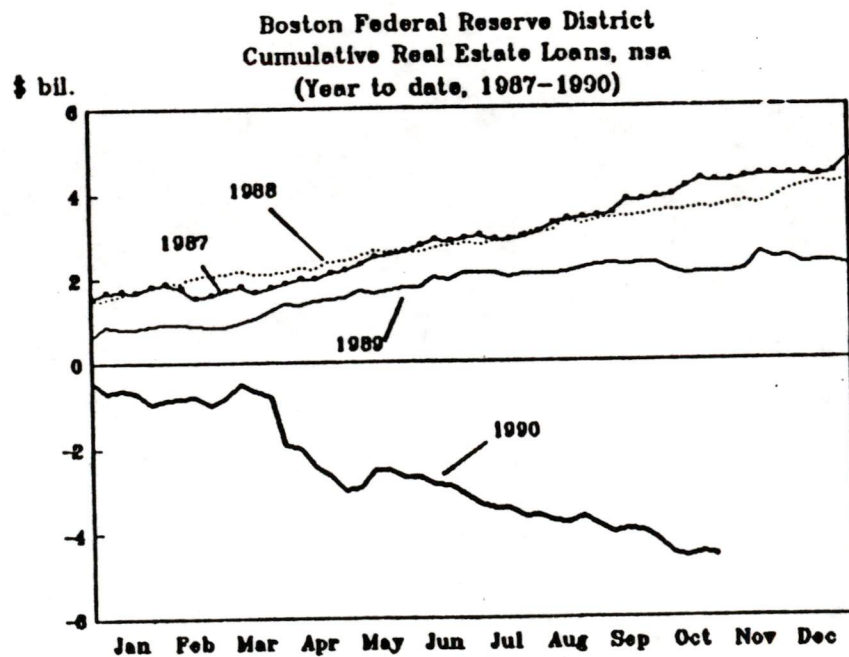
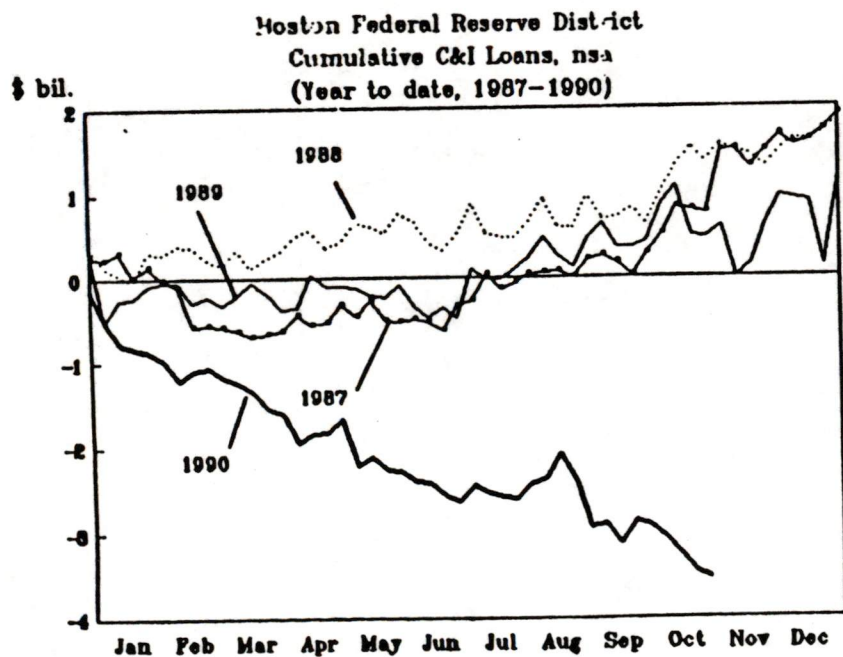
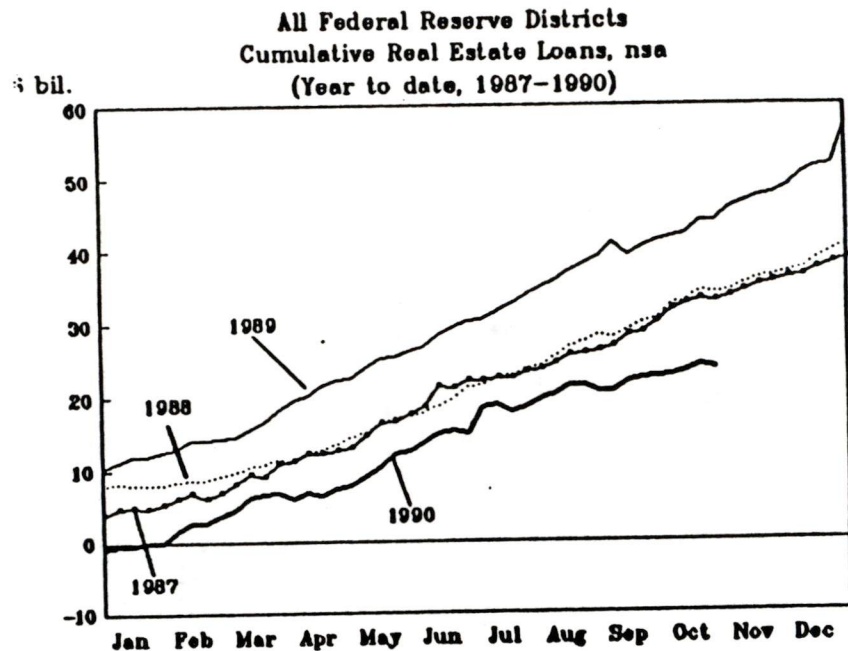
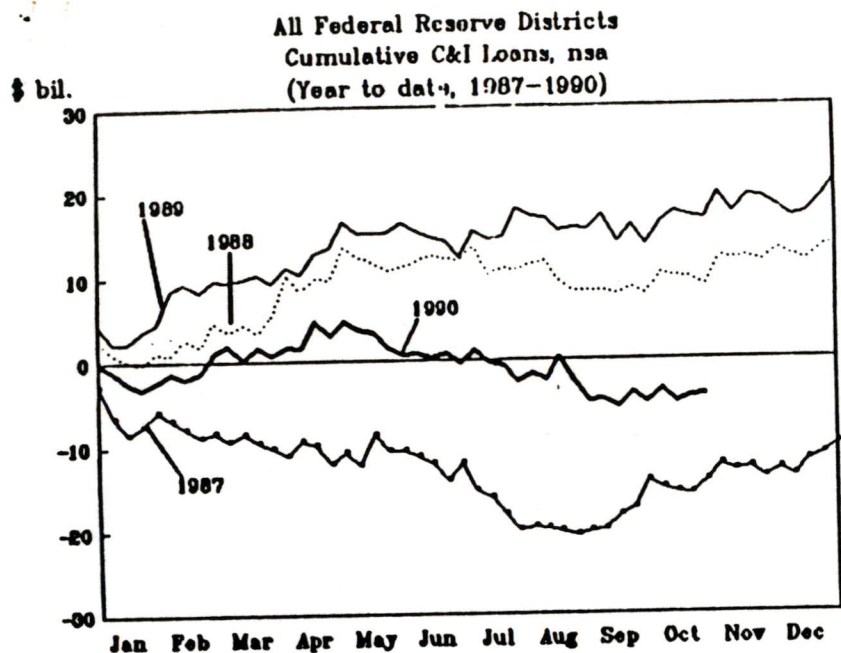
HOW THE BANKING SYSTEM DIFFERS FROM THE S&L'S

1. More capital.
 - o At year-end 1988, the thrift industry's tangible capital to asset ratio was 1.6 percent.
 - o As of June 30, 1990, the commercial banking industry's equity to asset ratio was 6.4 percent.
2. Better supervision.
 - o Thrift regulators were directed, by statute, to promote housing finance, which often resulted in less strict regulation.
 - o Bank regulators were directed to examine and regulate banks.
3. Far more limited ability to engage in highly risky activities.
 - o Banks can not invest directly in real estate, equity securities, or junk bonds.
 - o Thrifts had authority to make direct investments and invest in junk bonds before the passage of FIRREA.
4. Less fraud.

FDIC BANK INSURANCE FUND

Balance as a Percent of Insured Deposits





Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
09a. Memo	From Nicholas Brady to John Sununu Re: Federal Reserve Vacancies (1 pp.)	11/30/90	P-2 , P-5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Brady (Treasury) (1991)

Open on Expiration of PRA
 (Document Follows)
 By *JP* (NLGB) on 10/28/05

Date Closed:	12/30/2004	OA/ID Number:	29186-011
FOIA/SYS Case #:	1998-0004-F[2]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information



THE SECRETARY OF THE TREASURY
WASHINGTON

November 30, 1990

TO: GOVERNOR SUNUNU
FROM: Nicholas F. Brady *NFB*
RE: Federal Reserve Vacancies

Our recommendation for the Vice Chair of the Federal Reserve needs to be decided before Congress returns. If the post is filled by an already sitting Governor, there will still be a Governor's seat to fill from the outside.

Vice Chairman

As we have discussed, my strong recommendation is that we fill the Vice Chair with a known quantity--someone who will support economic growth, and has influence within the Fed.

My first and strong preference is David Mullins who is already a sitting Governor appointed by President Bush. Mullins has already proved his commitment to growth and his intellectual capacity and toughness to operate effectively within the Fed. He is aggressive and action oriented. Since his appointment, the Fed funds rate has declined 75 basis points. He has had a baptism by fire with Congress through two Senate confirmations and his intimate involvement in the S&L legislation (where he was a major factor in getting the strong Bush proposal passed essentially intact), and brings expert knowledge to the Fed's responsibilities of regulating financial institutions. He has had several months of on-the-job familiarization at the Fed and would hit the ground running. Finally, with an already heavy presence of economists on the Fed, Mullins would provide some balance in the leadership (he was a Harvard Business School professor). He is my strong first choice.

Attached is a list of candidates for the open seat.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
09b. Memo	From Nicholas Brady to John Sununu Re: Governor's Vacancy (1 pp.)	n.d.	(b)(6)	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Brady (Treasury) (1991)

Date Closed:	12/30/2004	OA/ID Number:	29186-011
FOIA/SYS Case #:	1998-0004-F[2]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
09c. Resume	Candidate for Federal Reserve Governor's Vacancy (9 pp.)	1/89	(b)(6)	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Brady (Treasury) (1991)

Date Closed:	12/30/2004	OA/ID Number:	29186-011
FOIA/SYS Case #:	1998-0004-F[2]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
09d. Resume	Candidate for Federal Reserve Governor's Vacancy (2 pp.)	5/88	(b)(6)	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Brady (Treasury) (1991)

Date Closed:	12/30/2004	OA/ID Number:	29186-011
FOIA/SYS Case #:	1998-0004-F[2]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
09e. Resume	Candidate for Federal Reserve Governor's Vacancy (1 pp.)	10/23/90	(b)(6)	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Brady (Treasury) (1991)

Date Closed:	12/30/2004	OA/ID Number:	29186-011
FOIA/SYS Case #:	1998-0004-F[2]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
09f. Resume	Candidate for Federal Reserve Governor's Vacancy (1 pp.)	n.d.	(b)(6)	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Brady (Treasury) (1991)

Date Closed:	12/30/2004	OA/ID Number:	29186-011
FOIA/SYS Case #:	1998-0004-F[2]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
09g. Resume	Candidate for Federal Reserve Governor's Vacancy (1 pp.)	n.d.	(b)(6)	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Brady (Treasury) (1991)

Date Closed:	12/30/2004	OA/ID Number:	29186-011
FOIA/SYS Case #:	1998-0004-F[2]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
09h. News Letter	Department of the Treasury News (1 pp.)	6/8/89	P 2 , P 5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Brady (Treasury) (1991)

Open on Expiration of PRA
 (Document Follows)
 By JP (NLGB) on 6/28/05

Date Closed:	12/30/2004	OA/ID Number:	29186-011
FOIA/SYS Case #:	1998-0004-F[2]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-20

June 8, 1989

DAVID W. MULLINS, JR.
Assistant Secretary for Domestic Finance

David W. Mullins, Jr. joined the Treasury Department in October 1988 as Acting Assistant Secretary for Domestic Finance. Dr. Mullins was confirmed by the Senate on March 17, 1989, and sworn-in by Secretary Brady on April 20 as Assistant Secretary for Domestic Finance. Dr. Mullins advises and assists the Secretary, Deputy Secretary and Under Secretary for Finance on matters of Federal finance, financial institutions policy, government securities market regulations, corporate financial policy, and synthetic fuels projects. Domestic Finance at the Treasury Department has played a major role in developing President Bush's plan to resolve the S&L crisis.

Prior to joining the Department, Dr. Mullins was a Professor of Business Administration at the Harvard University Graduate School of Business Administration. He received a B.S. in administrative sciences from Yale University and an S.M. in finance from the Sloan School of Management at the Massachusetts Institute of Technology. After earning a Ph.D. in finance and economics at M.I.T., he joined the faculty of the Harvard Business School where he taught finance in the MBA, executive and doctoral programs.

Dr. Mullins was faculty chairman of Harvard's Corporate Financial Management program, an executive program for senior financial officers of major corporations. In addition, he has served as course head for the first year MBA finance course. He taught the Capital Markets and Corporate Finance courses in the MBA program. Dr. Mullins is the author of several books and numerous articles appearing in publications such as Journal of Finance, Journal of Financial Economics, Journal of Business, and The Harvard Business Review.

Dr. Mullins has been a consultant to a wide variety of firms and governmental agencies and has taught in numerous executive training programs in the U.S. and abroad. He recently served as Associate Director of the Presidential Task Force on Market Mechanisms.

In teaching, research, and consulting, Dr. Mullins specialized in capital markets and corporate finance.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
10. Memo	From Nicholas Brady to POTUS Re: Developments in International Economic Policy (1 pp.)	5/29/91	P5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Brady (Treasury) (1991)

Open on Expiration of PRA
 (Document Follows)
 By JP (NLGB) on 10/28/05

Date Closed:	12/30/2004	OA/ID Number:	29186-011
FOIA/SYS Case #:	1998-0004-F[2]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information



THE SECRETARY OF THE TREASURY

WASHINGTON

May 29, 1991

THE CHIEF of STAFF
has seen

MEMORANDUM FOR THE PRESIDENT

FROM: Nicholas F. Brady *NFB*

SUBJECT: Developments in International Economic Policy

As a follow-up to our recent discussion of U.S. efforts to improve world economic growth, and your discussion with Chancellor Kohl, you may be interested in knowing that an increasing number of countries are reducing interest rates despite press reports following the G-7 Ministerial that the U.S. proposed approach was rejected.

Since April 30, when the Fed lowered the discount rate by 1/2 percentage point to 5.5 percent, the following actions have been taken:

- o Italy reduced its discount rate by 1 percentage point to 11.5 percent;
- o Spain cut by 3/4 percentage point to 12.75 percent;
- o Australia cut by 1 percentage point to 10.5 percent;
- o The U.K. continued to cut its key rate, last week by a further 1/2 percentage point, to 11.5 percent;
- o Denmark cut 1/2 percentage point to 9 percent; and,
- o Japan has eased market rates as a prelude to possibly reducing official rates in the coming weeks.

The French have not yet moved further, but have indicated clearly that they will as soon as the exchange market fully absorbs the Rocard-Cresson transition. Belgian efforts to encourage lower rates may also foreshadow actual cuts in the near future.

I believe that this general movement toward monetary easing reflects a growing endorsement of the concerns we have been raising about the need for stronger global economic growth, as well as a greater willingness on the part of others to adopt a more activist approach.

During the next few weeks we will be using a number of opportunities to follow up on the economic issues you raised in the Kohl meeting, and build a stronger pre-Summit consensus on the need for a broad-based strategy for global growth.

cc: General Scowcroft
Governor Sununu

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
11a. Note	From Nicholas Brady to John Sununu Re: Attached Memo on Earned Income Tax Credit (1 pp.)	n.d.	P 5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Brady (Treasury) (1991)

Open on Expiration of PRA
(Document Follows)
By JP (NLGB) on 10/28/05

Date Closed:	12/30/2004	OA/ID Number:	29186-011
FOIA/SYS Case #:	1998-0004-F[2]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information



The Secretary of the Treasury

John

When the public sees this
new form and complains we
are going to have a further
bunch of explaining to do.

WTS

THE CHIEF of STAFF
has seen

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
11b. Memo	From Fred Goldberg to Kenneth Gideon Re: New Earned Income Tax Credit (3 pp.)	n.d.	P-5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Brady (Treasury) (1991)

Open on Expiration of PRA
 (Document Follows)
 By *JP* (NLGB) on 10/28/05

Date Closed:	12/30/2004	OA/ID Number:	29186-011
FOIA/SYS Case #:	1998-0004-F[2]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information

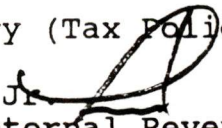


DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

COMMISSIONER

100-6

MEMORANDUM FOR: Kenneth W. Gideon
Assistant Secretary (Tax Policy)

FROM: Fred T. Goldberg, Jr. 
Commissioner of Internal Revenue

SUBJECT: New Earned Income Tax Credit - EITC

During 1990, the earned income tax credit rules were modified to: (1) increase the level of benefits, (2) simplify eligibility rules, and (3) provide supplemental credits for children under age one and for certain health insurance premiums.

The first two changes are certain to benefit many taxpayers. In addition to increased benefits, the Administration and Congress have eliminated burdensome record-keeping requirements and achieved a major simplification of the law as it affects low income taxpayers.

While the intent behind the supplemental credit provisions is clear, we have encountered practical difficulties in their implementation. During the past several months, we have been designing the new earned income tax credit form for 1991, revising our computer programs, and developing procedures for processing taxpayer claims. Based on these efforts, we have become concerned over the ability of the intended beneficiaries to deal with complexities created by the two new credits, particularly the interaction of these credits with other existing provisions such as the dependent care credit.

The new earned income credit is in three parts: (1) a basic credit (based on filing status, income and number of children); (2) a supplemental credit for a child under one (that is available only if neither the dependent child care credit nor the exclusion for employer provided dependent care is claimed); and (3) a supplemental credit for health insurance premiums paid by the taxpayer (which, if claimed, results in adjustments to itemized medical expenses, and deductions by self-employed individuals for health insurance premiums under Code Section 162(1)).

Each credit is determined by looking up two amounts in a table and choosing the lower of those two numbers for use with the appropriate schedule. The basic credit will be taken from one column if there is only one child involved, and from a second column if there is more than one qualifying child. A further comparison is required to determine the correct amount of the

health insurance premium. The three amounts are then added together to determine the full earned income tax credit.

- > If the supplemental young child credit is claimed, the dependent care credit for that child may not be claimed. Taxpayers will have to figure their tax twice in some cases to see if the young child credit or the dependent care credit is more beneficial.
- > If the taxpayer received employer-provided dependent care expense and claims the supplemental young child credit, the exclusion for employer provided dependent care may not be claimed. Taxpayers will have to see if the exclusion of income is worth more than the young child credit. This step will be necessary even before they can determine the amount of wage income to report on their return.
- > If the health insurance credit is claimed and the taxpayer itemizes, medical expenses must be reduced by the amount of the health insurance credit.
- > If the taxpayer is self-employed and is claiming the health insurance deduction, the amount of the premium eligible for that deduction must be reduced by the amount of the health insurance credit.

To put the matter in perspective, during the current filing season taxpayers used an eight-line worksheet that was part of the basic instruction book, and looked up their credit in a two-page table. The amount from the worksheet was carried to the return and no separate schedule was required.

To calculate the three credits under the new rules, taxpayers will have to fill out a two-page form of up to 19 lines which is required to be attached to the return. In order to do this they will need to look up as many as six different amounts from 12 pages of tables and compare these amounts in making their calculations. Drafts of two versions of the new form and tables are attached as Attachment 1. In an effort to facilitate implementation, the form offers an alternative which allows taxpayers to ask the IRS to compute the credit for them. This alternative cannot be made available to taxpayers who claim the child care credit, are self-employed or have excludable child care benefits. Since historically most taxpayers want to know their final liability or refund at the time they file, we are not optimistic that taxpayers will use this option.

In this regard, it is worth noting that while the worksheet under the old rules was simpler and more straight-forward, calculation of the earned income credit accounted for three of the top five taxpayer errors that we corrected during the initial

processing of returns. See Attachment 2. Under the old rules, we issued an appropriate refund to taxpayers who appeared to qualify, but failed to claim the credit. Under the new rules we would be limited in our ability to allow such unclaimed credits during initial processing. At the same time, there is little likelihood that we could recover credits improperly claimed by low income individuals who overstate their claims (whether intentionally or, more likely, because the forms and tables are too cumbersome).

Because of the complexity that will be faced by low income taxpayers for whom the benefit is intended, and the fact that we will not be able to correct errors in initial processing without a substantial amount of additional taxpayer information, we are concerned about our ability to adequately implement the new earned income credit provisions.

While we are moving forward to implement the new law, as enacted, we urge you to consider whether some simplification in this area is feasible. In the meantime, we would be happy to discuss the matter with you in more detail, and would appreciate your suggestions on our implementation plans.

Attachments

Version A

DRAFT**SCHEDULE EIC**
(Form 1040)Department of the Treasury
Internal Revenue Service**Earned Income Credit**

▶ Attach to Form 1040. ▶ See Instructions for Schedule EIC (Form 1040).

OMB No. 1545-XXXX

1991Attachment
Sequence No. **43**

Name(s) shown on Form 1040

Your social security number

Schedule EIC is new for 1991. It replaces the worksheet that was in the Form 1040 instructions in the past. If you can claim the earned income credit (EIC), you must complete Schedule EIC and attach it to your return.

The rules regarding who may claim the EIC have changed. For example, to claim the credit you must have a child who lived with you in the United States and who meets certain age and other requirements (a qualifying child). In addition, the total of your taxable and nontaxable earned income and your adjusted gross income (from Form 1040, line 32) must each be less than \$21,250.

There are also new rules for figuring the amount of the credit. The EIC is made up of the following three credits:

- **Basic EIC.** The amount of this credit depends on how many qualifying children you have.
- **Young Child Credit.** You may claim this credit only if you have a qualifying child who was born in 1991.

- **Health Insurance Credit.** You may claim this credit only if you paid for health insurance in 1991 that covered a qualifying child.

For more details on the new rules, see the Schedule EIC instructions that begin on page xx.

Caution: If your filing status is married filing separately, do not file this schedule. You may **not** claim the EIC.

If You Want the IRS To Figure the Credit For You

In most cases, the IRS can figure the credit for you. If you meet the conditions explained on page 19 of the Form 1040 instructions and you want the IRS to figure the credit, complete **ONLY** Parts I and II, below.

Figuring the Credit Yourself

If you want to figure the credit yourself, or if the IRS cannot figure it for you because you do not meet the conditions explained on page 19 of the Form 1040 instructions, complete Part I, below and Part III on the back.

Part I Information About Your Qualifying Children (To find out who is a qualifying child, see page xx.)

1(a) Child's name (first, initial, and last name)	(b) Child's year of birth	For a child born before 1973, check if child was—		(e) If child was born before 1991, child's social security number	(f) Child's relationship to you	(g) No. of months child lived in your home in 1991
		(c) a student under age 24 at end of 1991	(d) disabled in 1991 (see inst.)			
	19					
	19					
	19					
	19					

- If you are figuring the credit yourself, go to Part III on the back now.
- If you want the IRS to figure the credit for you, go to Part II, below.

Part II Other Information

2 If you received any nontaxable earned income (such as military housing and subsistence allowances), enter the total of that income on line 2. Also list type and amount here ▶	2		
3 If you are claiming the health insurance credit:			
a First, enter the name of the insurance company			
b Then, enter the total amount you paid in 1991 for health insurance that covered at least one of your qualifying children listed on line 1 above. (See instructions.)	3b		

If you want the IRS to figure the credit for you, **STOP HERE**. Attach this schedule to your return and print "EIC" on the dotted line next to line 56 on Form 1040.

Part III Figure Your Earned Income Credit

4	Enter the amount from Form 1040, line 7. If you received a taxable scholarship or fellowship grant, see page xx for the amount to enter	4		
5	If you received any nontaxable earned income (such as military housing and subsistence allowances), enter the total of that income on line 5. Also list type and amount here ▶	5		
6	If you were self-employed or reported income and expenses on Schedule C as a statutory employee, enter the amount from the worksheet on page xx	6		
7	Add lines 4, 5, and 6. Enter the total here ▶	7		
8	Enter the amount from Form 1040, line 32 ▶	8		

Caution: If the amount on line 7 **OR** line 8 is **\$21,250 or more**, STOP HERE. You may **not** claim the earned income credit.

9 If you are claiming the health insurance credit, enter the name of the insurance company
▶

		Figure Your—		
		Column (a) Basic EIC (from TABLE A that begins on page xx)	Column (b) Young child credit (from TABLE B that begins on page xx)	Column (c) Health insurance credit (from TABLE C that begins on page xx)
10	For each column that applies to you, use the amount on line 7 to look up your credit in Earned Income Credit TABLE A, TABLE B, or TABLE C. Then, enter the credit in the column that applies. • If the amount on line 8 is less than \$11,250 , skip line 11 and enter the amount from line 10 on line 12. • If the amount on line 8 is \$11,250 or more , go to line 11			
11	For each column that applies to you, use the amount on line 8 to look up your credit in TABLE A, TABLE B, or TABLE C. Then, enter the credit in the column that applies			
12	Compare the amounts on lines 10 and 11. Enter the smaller of the two amounts here Note: If you are not claiming the health insurance credit, skip lines 13 and 14 and go to line 15.			
13	Enter the total amount you paid in 1991 for health insurance that covered at least one of your qualifying children listed on page 1. (See instructions.)			
14	Compare the amounts in column (c) of lines 12 and 13. Enter the smaller of the two amounts here. This is your health insurance credit			
15	Enter the amount from line 12, column (a). This is your basic EIC			
16	Enter the amount, if any, from line 12, column (b). This is your young child credit Caution: If you claim the young child credit, you may not claim the child and dependent care credit for this child.			
17	Add the amounts on lines 14, 15, and 16. Enter the total here and on Form 1040, line 56. This is your earned income credit ▶			

SCHEDULE EIC
(Form 1040)Department of the Treasury
Internal Revenue Service

Name(s) shown on Form 1040

Earned Income Credit

▶ Attach to Form 1040. ▶ See Instructions for Schedule EIC (Form 1040).

OMB No. 1545-XXXX

1991Attachment
Sequence No. **43**

Your social security number

Schedule EIC is new for 1991. It replaces the worksheet that was in the Form 1040 instructions in the past. If you can claim the earned income credit (EIC), you must complete Schedule EIC and attach it to your return.

The rules regarding who may claim the EIC have changed. For example, to claim the credit you must have a child who lived with you in the United States and who meets certain age and other requirements (a qualifying child). In addition, the total of your taxable and nontaxable earned income and your adjusted gross income (from Form 1040, line 32) must each be less than \$21,250.

There are also new rules for figuring the amount of the credit. The EIC is made up of the following three credits:

- **Basic EIC.** The amount of this credit depends on how many qualifying children you have.
- **Young Child Credit.** You may claim this credit only if you have a qualifying child who was born in 1991.

- **Health Insurance Credit.** You may claim this credit only if you paid for health insurance in 1991 that covered a qualifying child.

For more details on the new rules, see the Schedule EIC instructions that begin on page xx.

Caution: If your filing status is married filing separately, do not file this schedule. You may **not** claim the EIC.

If You Want the IRS To Figure the Credit For You

In most cases, the IRS can figure the credit for you. If you meet the conditions explained on page 19 of the Form 1040 instructions and you want the IRS to figure the credit, complete **ONLY** Parts I and II, below.

Figuring the Credit Yourself

If you want to figure the credit yourself, or if the IRS cannot figure it for you because you do not meet the conditions explained on page 19 of the Form 1040 instructions, complete Part I, below and Part III on the back.

Part I Information About Your Qualifying Children (To find out who is a qualifying child, see page xx.)

1(a) Child's name (first, initial, and last name)	(b) Child's year of birth	For a child born before 1973, check if child was—		(e) If child was born before 1991 , child's social security number	(f) Child's relationship to you	(g) No. of months child lived in your home in 1991
		(c) a student under age 24 at end of 1991	(d) disabled in 1991 (see inst.)			
	19					
	19					
	19					
	19					

- If you are figuring the credit yourself, go to Part III on the back now.
- If you want the IRS to figure the credit for you, go to Part II, below.

Part II Other Information

2 If you received any nontaxable earned income (such as military housing and subsistence allowances), enter the total of that income on line 2. Also list type and amount here ▶		
3 If you are claiming the health insurance credit:		
a First, enter the name of the insurance company ▶		
b Then, enter the total amount you paid in 1991 for health insurance that covered at least one of your qualifying children listed on line 1 above. (See the instructions.)		

If you want the IRS to figure the credit for you, STOP HERE. Attach this schedule to your return and print "EIC" on the dotted line next to line 56 on Form 1040.

Part III Figure Your Earned Income Credit

- 4 Enter the amount from Form 1040, line 7. If you received a taxable scholarship or fellowship grant, see page xx for the amount to enter
- 5 If you received any **nontaxable earned income** (such as military housing and subsistence allowances), enter the total of that income on line 5. Also list type and amount here ▶
- 6 If you were self-employed or reported income and expenses on Schedule C as a statutory employee, enter the amount from the worksheet on page xx
- 7 Add lines 4, 5, and 6. Enter the total here ▶
- 8 Enter the amount from Form 1040, line 32 ▶

Caution: If the amount on line 7 **OR** line 8 is **\$21,250 or more**, **STOP HERE**. You may **not** claim the EIC.

Figure Your Basic EIC

- 9 Use the amount on line 7 to look up your credit in Earned Income Credit **TABLE A** that begins on page xx. Enter that amount here
- If the amount on line 8 is **less than \$11,250**, skip line 10 and enter the amount from line 9 on line 11.
 - If the amount on line 8 is **\$11,250 or more**, go to line 10.
- 10 Use the amount on line 8 to look up your credit in **TABLE A**. Enter that amount here
- 11 Compare the amounts on lines 9 and 10. Enter the **smaller** of the two amounts here. This is your **basic EIC** ▶
- Caution:** If **all** of your qualifying children were born **before 1991 OR** if you claimed the child and dependent care credit for your only qualifying child who was born in 1991, skip lines 12 through 14.

Figure Your Young Child Credit

- 12 Use the amount on line 7 to look up your credit in Earned Income Credit **TABLE B** that begins on page xx. Enter that amount here
- If the amount on line 8 is **less than \$11,250**, skip line 13 and enter the amount from line 12 on line 14.
 - If the amount on line 8 is **\$11,250 or more**, go to line 13.
- 13 Use the amount on line 8 to look up your credit in **TABLE B**. Enter that amount here
- 14 Compare the amounts on lines 12 and 13. Enter the **smaller** of the two amounts here. This is your **young child credit** ▶
- Note:** If you are not claiming the health insurance credit, skip lines 15a through 18 and go to line 19.

Figure Your Health Insurance Credit

- 15a Enter the name of the insurance company ▶

- b Enter the total amount you paid in 1991 for health insurance that covered at least one of your qualifying children listed on page 1. (See the instructions.)
- 16 Use the amount on line 7 to look up your credit in Earned Income Credit **TABLE C** that begins on page xx. Enter that amount here, **but do not enter more than the amount on line 15b**
- If the amount on line 8 is **less than \$11,250**, skip line 17 and enter the amount from line 16 on line 18.
 - If the amount on line 8 is **\$11,250 or more**, go to line 17.
- 17 Use the amount on line 8 to look up your credit in **TABLE C**. Enter that amount here
- 18 Compare the amounts on lines 16 and 17. Enter the **smaller** of the two amounts here. This is your **health insurance credit** ▶

Figure Your Total EIC

- 19 Add the amounts on lines 11, 14, and 18. Enter the total here and on Form 1040, line 56. This is your **total EIC** ▶

If the amount on Schedule EIC, line 7 or line 7, is --		And you have--		If the amount on Schedule EIC, line 7 or line 7, is --		And you have--		If the amount on Schedule EIC, line 7 or line 7, is --		And you have--	
At Least	But less Than	One Qualifying Child	Two or more Qualifying Children	At Least	But less Than	One Qualifying Child	Two or more Qualifying Children	At Least	But less Than	One Qualifying Child	Two or more Qualifying Children
		Then Enter on Schedule EIC, Line 7--	Then Enter on Schedule EIC, Line 7--			Then Enter on Schedule EIC, Line 7--	Then Enter on Schedule EIC, Line 7--			Then Enter on Schedule EIC, Line 7--	Then Enter on Schedule EIC, Line 7--
1	25	2	2	1,500	1,525	253	262	3,000	3,025	503	
25	50	6	6	1,525	1,550	257	266	3,025	3,050	507	
50	75	10	11	1,550	1,575	261	270	3,050	3,075	511	
75	100	15	15	1,575	1,600	265	275	3,075	3,100	516	
100	125	19	19	1,600	1,625	269	279	3,100	3,125	520	
125	150	23	24	1,625	1,650	273	283	3,125	3,150	524	
150	175	27	28	1,650	1,675	278	288	3,150	3,175	528	
175	200	31	32	1,675	1,700	282	292	3,175	3,200	532	
200	225	35	37	1,700	1,725	286	296	3,200	3,225	536	
225	250	40	41	1,725	1,750	290	301	3,225	3,250	541	
250	275	44	45	1,750	1,775	294	305	3,250	3,275	545	
275	300	48	50	1,775	1,800	299	309	3,275	3,300	549	
300	325	52	54	1,800	1,825	303	314	3,300	3,325	553	
325	350	56	58	1,825	1,850	307	318	3,325	3,350	557	
350	375	61	63	1,850	1,875	311	322	3,350	3,375	562	
375	400	65	67	1,875	1,900	315	327	3,375	3,400	566	
400	425	69	71	1,900	1,925	319	331	3,400	3,425	570	
425	450	73	76	1,925	1,950	324	335	3,425	3,450	574	
450	475	77	80	1,950	1,975	328	340	3,450	3,475	578	
475	500	81	84	1,975	2,000	332	344	3,475	3,500	582	
500	525	86	89	2,000	2,025	336	348	3,500	3,525	587	
525	550	90	93	2,025	2,050	340	352	3,525	3,550	591	
550	575	94	97	2,050	2,075	344	357	3,550	3,575	595	
575	600	98	102	2,075	2,100	349	361	3,575	3,600	599	
600	625	102	106	2,100	2,125	353	365	3,600	3,625	603	
625	650	106	110	2,125	2,150	357	370	3,625	3,650	607	
650	675	111	115	2,150	2,175	361	374	3,650	3,675	612	
675	700	115	119	2,175	2,200	365	378	3,675	3,700	616	
700	725	119	123	2,200	2,225	369	383	3,700	3,725	620	
725	750	123	128	2,225	2,250	374	387	3,725	3,750	624	
750	775	127	132	2,250	2,275	378	391	3,750	3,775	628	
775	800	132	136	2,275	2,300	382	396	3,775	3,800	633	
800	825	136	141	2,300	2,325	386	400	3,800	3,825	637	
825	850	140	145	2,325	2,350	390	404	3,825	3,850	641	
850	875	144	149	2,350	2,375	395	409	3,850	3,875	645	
875	900	148	154	2,375	2,400	399	413	3,875	3,900	649	
900	925	152	158	2,400	2,425	403	417	3,900	3,925	653	
925	950	157	162	2,425	2,450	407	422	3,925	3,950	658	
950	975	161	167	2,450	2,475	411	426	3,950	3,975	662	
975	1,000	165	171	2,475	2,500	415	430	3,975	4,000	666	
1,000	1,025	169	175	2,500	2,525	420	435	4,000	4,025	670	
1,025	1,050	173	179	2,525	2,550	424	439	4,025	4,050	674	
1,050	1,075	177	184	2,550	2,575	428	443	4,050	4,075	678	
1,075	1,100	182	188	2,575	2,600	432	448	4,075	4,100	683	
1,100	1,125	186	192	2,600	2,625	436	452	4,100	4,125	687	
1,125	1,150	190	197	2,625	2,650	440	456	4,125	4,150	691	
1,150	1,175	194	201	2,650	2,675	445	461	4,150	4,175	695	
1,175	1,200	198	205	2,675	2,700	449	465	4,175	4,200	699	
1,200	1,225	202	210	2,700	2,725	453	469	4,200	4,225	703	
1,225	1,250	207	214	2,725	2,750	457	474	4,225	4,250	708	
1,250	1,275	211	218	2,750	2,775	461	478	4,250	4,275	712	
1,275	1,300	215	223	2,775	2,800	466	482	4,275	4,300	716	
1,300	1,325	219	227	2,800	2,825	470	487	4,300	4,325	720	
1,325	1,350	223	231	2,825	2,850	474	491	4,325	4,350	724	
1,350	1,375	228	236	2,850	2,875	478	495	4,350	4,375	729	
1,375	1,400	232	240	2,875	2,900	482	500	4,375	4,400	733	
1,400	1,425	236	244	2,900	2,925	486	504	4,400	4,425	737	
1,425	1,450	240	249	2,925	2,950	491	508	4,425	4,450	741	
1,450	1,475	244	253	2,950	2,975	495	513	4,450	4,475	745	
1,475	1,500	248	257	2,975	3,000	499	517	4,475	4,500	749	

If the amount on Schedule EIC, line 7 or line 7, is --		And you have--		If the amount on Schedule EIC, line 7 or line 7, is --		And you have--		If the amount on Schedule EIC, line 7 or line 7, is --		And you have--	
		One Qualifying Child	Two or more Qualifying Children			One Qualifying Child	Two or more Qualifying Children			One Qualifying Child	Two or more Qualifying Children
At Least	But less Than	Then Enter on Schedule EIC, Line 7--		At Least	But less Than	Then Enter on Schedule EIC, Line 7--		At Least	But less Than	Then Enter on Schedule EIC, Line	
4,500	4,525	754	781	6,000	6,025	1,004	1,040	11,600	11,625	1,149	1,
4,525	4,550	758	785	6,025	6,050	1,008	1,044	11,625	11,650	1,146	1,
4,550	4,575	762	789	6,050	6,075	1,012	1,049	11,650	11,675	1,143	1,
4,575	4,600	766	794	6,075	6,100	1,017	1,053	11,675	11,700	1,140	1,
4,600	4,625	770	798	6,100	6,125	1,021	1,057	11,700	11,725	1,137	1,
4,625	4,650	774	802	6,125	6,150	1,025	1,062	11,725	11,750	1,134	1,
4,650	4,675	779	807	6,150	6,175	1,029	1,066	11,750	11,775	1,131	1,
4,675	4,700	783	811	6,175	6,200	1,033	1,070	11,775	11,800	1,128	1,
4,700	4,725	787	815	6,200	6,225	1,037	1,075	11,800	11,825	1,125	1,
4,725	4,750	791	820	6,225	6,250	1,042	1,079	11,825	11,850	1,122	1,
4,750	4,775	795	824	6,250	6,275	1,046	1,083	11,850	11,875	1,119	1,
4,775	4,800	800	828	6,275	6,300	1,050	1,088	11,875	11,900	1,116	1,
4,800	4,825	804	833	6,300	6,325	1,054	1,092	11,900	11,925	1,113	1,
4,825	4,850	808	837	6,325	6,350	1,058	1,096	11,925	11,950	1,110	1,
4,850	4,875	812	841	6,350	6,375	1,063	1,101	11,950	11,975	1,107	1,
4,875	4,900	816	846	6,375	6,400	1,067	1,105	11,975	12,000	1,104	1,
4,900	4,925	820	850	6,400	6,425	1,071	1,109	12,000	12,025	1,101	1,
4,925	4,950	825	854	6,425	6,450	1,075	1,114	12,025	12,050	1,098	1,
4,950	4,975	829	859	6,450	6,475	1,079	1,118	12,050	12,075	1,095	1,
4,975	5,000	833	863	6,475	6,500	1,083	1,122	12,075	12,100	1,092	1,
5,000	5,025	837	867	6,500	6,525	1,088	1,127	12,100	12,125	1,089	1,
5,025	5,050	841	871	6,525	6,550	1,092	1,131	12,125	12,150	1,087	1,
5,050	5,075	845	876	6,550	6,575	1,096	1,135	12,150	12,175	1,084	1,
5,075	5,100	850	880	6,575	6,600	1,100	1,140	12,175	12,200	1,081	1,
5,100	5,125	854	884	6,600	6,625	1,104	1,144	12,200	12,225	1,078	1,
5,125	5,150	858	889	6,625	6,650	1,108	1,148	12,225	12,250	1,075	1,
5,150	5,175	862	893	6,650	6,675	1,113	1,153	12,250	12,275	1,072	1,
5,175	5,200	866	897	6,675	6,700	1,117	1,157	12,275	12,300	1,069	1,
5,200	5,225	870	902	6,700	6,725	1,121	1,161	12,300	12,325	1,066	1,
5,225	5,250	875	906	6,725	6,750	1,125	1,166	12,325	12,350	1,063	1,
5,250	5,275	879	910	6,750	6,775	1,129	1,170	12,350	12,375	1,060	1,
5,275	5,300	883	915	6,775	6,800	1,134	1,174	12,375	12,400	1,057	1,
5,300	5,325	887	919	6,800	6,825	1,138	1,179	12,400	12,425	1,054	1,
5,325	5,350	891	923	6,825	6,850	1,142	1,183	12,425	12,450	1,051	1,
5,350	5,375	896	928	6,850	6,875	1,146	1,187	12,450	12,475	1,048	1,
5,375	5,400	900	932	6,875	6,900	1,150	1,192	12,475	12,500	1,045	1,
5,400	5,425	904	936	6,900	6,925	1,154	1,196	12,500	12,525	1,042	1,
5,425	5,450	908	941	6,925	6,950	1,159	1,200	12,525	12,550	1,039	1,
5,450	5,475	912	945	6,950	6,975	1,163	1,205	12,550	12,575	1,036	1,
5,475	5,500	916	949	6,975	7,000	1,167	1,209	12,575	12,600	1,033	1,
5,500	5,525	921	954	7,000	7,025	1,171	1,213	12,600	12,625	1,030	1,
5,525	5,550	925	958	7,025	7,050	1,175	1,217	12,625	12,650	1,027	1,
5,550	5,575	929	962	7,050	7,075	1,179	1,222	12,650	12,675	1,024	1,
5,575	5,600	933	967	7,075	7,100	1,184	1,226	12,675	12,700	1,021	1,
5,600	5,625	937	971	7,100	7,125	1,188	1,230	12,700	12,725	1,018	1,
5,625	5,650	941	975	7,125	11,250	1,192	1,235	12,725	12,750	1,015	1,
5,650	5,675	946	980	11,250	11,275	1,191	1,234	12,750	12,775	1,012	1,
5,675	5,700	950	984	11,275	11,300	1,188	1,231	12,775	12,800	1,009	1,
5,700	5,725	954	988	11,300	11,325	1,185	1,227	12,800	12,825	1,006	1,
5,725	5,750	958	993	11,325	11,350	1,182	1,224	12,825	12,850	1,003	1,
5,750	5,775	962	997	11,350	11,375	1,179	1,221	12,850	12,875	1,000	1,
5,775	5,800	967	1,001	11,375	11,400	1,176	1,218	12,875	12,900	997	1,
5,800	5,825	971	1,006	11,400	11,425	1,173	1,215	12,900	12,925	994	1,
5,825	5,850	975	1,010	11,425	11,450	1,170	1,212	12,925	12,950	991	1,
5,850	5,875	979	1,014	11,450	11,475	1,167	1,209	12,950	12,975	988	1,
5,875	5,900	983	1,019	11,475	11,500	1,164	1,206	12,975	13,000	985	1,
5,900	5,925	987	1,023	11,500	11,525	1,161	1,203	13,000	13,025	982	1,
5,925	5,950	992	1,027	11,525	11,550	1,158	1,200	13,025	13,050	979	1,
5,950	5,975	996	1,032	11,550	11,575	1,155	1,197	13,050	13,075	976	1,
5,975	6,000	1,000	1,036	11,575	11,600	1,152	1,194	13,075	13,100	973	1,

If the amount on Schedule EIC, line 7 or line 7, is --		And you have--		If the amount on Schedule EIC, line 7 or line 7, is --		And you have--		If the amount on Schedule EIC, line 7 or line 7, is --		And you have--	
		One Qualifying Child	Two or more Qualifying Children			One Qualifying Child	Two or more Qualifying Children			One Qualifying Child	Two or more Qualifying Children
At Least	But Less Than	Then Enter on Schedule EIC, Line 7--		At Least	But Less Than	Then Enter on Schedule EIC, Line 7--		At Least	But Less Than	Then Enter on Schedule EIC, Line	
13,100	13,125	970	1,005	14,600	14,625	791	820	16,100	16,125	612	6
13,125	13,150	967	1,002	14,625	14,650	788	817	16,125	16,150	609	6
13,150	13,175	964	999	14,650	14,675	785	813	16,150	16,175	606	6
13,175	13,200	961	996	14,675	14,700	782	810	16,175	16,200	603	6
13,200	13,225	958	993	14,700	14,725	779	807	16,200	16,225	600	6
13,225	13,250	955	990	14,725	14,750	776	804	16,225	16,250	597	6
13,250	13,275	952	986	14,750	14,775	773	801	16,250	16,275	594	6
13,275	13,300	949	983	14,775	14,800	770	798	16,275	16,300	591	6
13,300	13,325	946	980	14,800	14,825	767	795	16,300	16,325	588	6
13,325	13,350	943	977	14,825	14,850	764	792	16,325	16,350	585	6
13,350	13,375	940	974	14,850	14,875	761	789	16,350	16,375	582	6
13,375	13,400	937	971	14,875	14,900	758	786	16,375	16,400	579	6
13,400	13,425	934	968	14,900	14,925	755	783	16,400	16,425	576	5
13,425	13,450	931	965	14,925	14,950	752	779	16,425	16,450	574	5
13,450	13,475	928	962	14,950	14,975	749	776	16,450	16,475	571	5
13,475	13,500	925	959	14,975	15,000	746	773	16,475	16,500	568	5
13,500	13,525	922	956	15,000	15,025	744	770	16,500	16,525	565	5
13,525	13,550	919	952	15,025	15,050	741	767	16,525	16,550	562	5
13,550	13,575	916	949	15,050	15,075	738	764	16,550	16,575	559	5
13,575	13,600	914	946	15,075	15,100	735	761	16,575	16,600	556	5
13,600	13,625	911	943	15,100	15,125	732	758	16,600	16,625	553	5
13,625	13,650	908	940	15,125	15,150	729	755	16,625	16,650	550	5
13,650	13,675	905	937	15,150	15,175	726	752	16,650	16,675	547	5
13,675	13,700	902	934	15,175	15,200	723	749	16,675	16,700	544	5
13,700	13,725	899	931	15,200	15,225	720	745	16,700	16,725	541	5
13,725	13,750	896	928	15,225	15,250	717	742	16,725	16,750	538	5
13,750	13,775	893	925	15,250	15,275	714	739	16,750	16,775	535	5
13,775	13,800	890	922	15,275	15,300	711	736	16,775	16,800	532	5
13,800	13,825	887	918	15,300	15,325	708	733	16,800	16,825	529	5
13,825	13,850	884	915	15,325	15,350	705	730	16,825	16,850	526	5
13,850	13,875	881	912	15,350	15,375	702	727	16,850	16,875	523	5
13,875	13,900	878	909	15,375	15,400	699	724	16,875	16,900	520	5
13,900	13,925	875	906	15,400	15,425	696	721	16,900	16,925	517	5
13,925	13,950	872	903	15,425	15,450	693	718	16,925	16,950	514	5
13,950	13,975	869	900	15,450	15,475	690	715	16,950	16,975	511	5
13,975	14,000	866	897	15,475	15,500	687	711	16,975	17,000	508	5
14,000	14,025	863	894	15,500	15,525	684	708	17,000	17,025	505	5
14,025	14,050	860	891	15,525	15,550	681	705	17,025	17,050	502	5
14,050	14,075	857	888	15,550	15,575	678	702	17,050	17,075	499	5
14,075	14,100	854	885	15,575	15,600	675	699	17,075	17,100	496	5
14,100	14,125	851	881	15,600	15,625	672	696	17,100	17,125	493	5
14,125	14,150	848	878	15,625	15,650	669	693	17,125	17,150	490	5
14,150	14,175	845	875	15,650	15,675	666	690	17,150	17,175	487	5
14,175	14,200	842	872	15,675	15,700	663	687	17,175	17,200	484	5
14,200	14,225	839	869	15,700	15,725	660	684	17,200	17,225	481	5
14,225	14,250	836	866	15,725	15,750	657	681	17,225	17,250	478	5
14,250	14,275	833	863	15,750	15,775	654	677	17,250	17,275	475	5
14,275	14,300	830	860	15,775	15,800	651	674	17,275	17,300	472	5
14,300	14,325	827	857	15,800	15,825	648	671	17,300	17,325	469	5
14,325	14,350	824	854	15,825	15,850	645	668	17,325	17,350	466	5
14,350	14,375	821	851	15,850	15,875	642	665	17,350	17,375	463	5
14,375	14,400	818	847	15,875	15,900	639	662	17,375	17,400	460	5
14,400	14,425	815	844	15,900	15,925	636	659	17,400	17,425	457	5
14,425	14,450	812	841	15,925	15,950	633	656	17,425	17,450	454	5
14,450	14,475	809	838	15,950	15,975	630	653	17,450	17,475	451	5
14,475	14,500	806	835	15,975	16,000	627	650	17,475	17,500	448	5
14,500	14,525	803	832	16,000	16,025	624	647	17,500	17,525	445	5
14,525	14,550	800	829	16,025	16,050	621	643	17,525	17,550	442	5
14,550	14,575	797	826	16,050	16,075	618	640	17,550	17,575	439	5
14,575	14,600	794	823	16,075	16,100	615	637	17,575	17,600	436	5

If the amount on Schedule EIC, line 7 or line 7, is --		And you have--		If the amount on Schedule EIC, line 7 or line 7, is --		And you have--		If the amount on Schedule EIC, line 7 or line 7, is --		And you have--	
		One Qualifying Child	Two or more Qualifying Children			One Qualifying Child	Two or more Qualifying Children			One Qualifying Child	Two or more Qualifying Children
At Least	But less Than	Then Enter on Schedule EIC, Line 7--		At Least	But less Than	Then Enter on Schedule EIC, Line 7--		At Least	But less Than	Then Enter on Schedule EIC, Line 7--	
17,600	17,625	433	449	19,100	19,125	254	263	20,600	20,625	75	
17,625	17,650	430	446	19,125	19,150	251	260	20,625	20,650	72	
17,650	17,675	427	443	19,150	19,175	248	257	20,650	20,675	69	
17,675	17,700	424	440	19,175	19,200	245	254	20,675	20,700	66	
17,700	17,725	421	436	19,200	19,225	242	251	20,700	20,725	64	
17,725	17,750	418	433	19,225	19,250	239	248	20,725	20,750	61	
17,750	17,775	415	430	19,250	19,275	236	245	20,750	20,775	58	
17,775	17,800	412	427	19,275	19,300	234	242	20,775	20,800	55	
17,800	17,825	409	424	19,300	19,325	231	239	20,800	20,825	52	
17,825	17,850	406	421	19,325	19,350	228	236	20,825	20,850	49	
17,850	17,875	404	418	19,350	19,375	225	233	20,850	20,875	46	
17,875	17,900	401	415	19,375	19,400	222	229	20,875	20,900	43	
17,900	17,925	398	412	19,400	19,425	219	226	20,900	20,925	40	
17,925	17,950	395	409	19,425	19,450	216	223	20,925	20,950	37	
17,950	17,975	392	406	19,450	19,475	213	220	20,950	20,975	34	
17,975	18,000	389	402	19,475	19,500	210	217	20,975	21,000	31	
18,000	18,025	386	399	19,500	19,525	207	214	21,000	21,025	28	
18,025	18,050	383	396	19,525	19,550	204	211	21,025	21,050	25	
18,050	18,075	380	393	19,550	19,575	201	208	21,050	21,075	22	
18,075	18,100	377	390	19,575	19,600	198	205	21,075	21,100	19	
18,100	18,125	374	387	19,600	19,625	195	202	21,100	21,125	16	
18,125	18,150	371	384	19,625	19,650	192	199	21,125	21,150	13	
18,150	18,175	368	381	19,650	19,675	189	196	21,150	21,175	10	
18,175	18,200	365	378	19,675	19,700	186	192	21,175	21,200	7	
18,200	18,225	362	375	19,700	19,725	183	189	21,200	21,225	4	
18,225	18,250	359	372	19,725	19,750	180	186	21,225	21,250	1	
18,250	18,275	356	368	19,750	19,775	177	183				
18,275	18,300	353	365	19,775	19,800	174	180				
18,300	18,325	350	362	19,800	19,825	171	177				
18,325	18,350	347	359	19,825	19,850	168	174				
18,350	18,375	344	356	19,850	19,875	165	171				
18,375	18,400	341	353	19,875	19,900	162	168				
18,400	18,425	338	350	19,900	19,925	159	165				
18,425	18,450	335	347	19,925	19,950	156	161				
18,450	18,475	332	344	19,950	19,975	153	158				
18,475	18,500	329	341	19,975	20,000	150	155				
18,500	18,525	326	338	20,000	20,025	147	152				
18,525	18,550	323	334	20,025	20,050	144	149				
18,550	18,575	320	331	20,050	20,075	141	146				
18,575	18,600	317	328	20,075	20,100	138	143				
18,600	18,625	314	325	20,100	20,125	135	140				
18,625	18,650	311	322	20,125	20,150	132	137				
18,650	18,675	308	319	20,150	20,175	129	134				
18,675	18,700	305	316	20,175	20,200	126	131				
18,700	18,725	302	313	20,200	20,225	123	127				
18,725	18,750	299	310	20,225	20,250	120	124				
18,750	18,775	296	307	20,250	20,275	117	121				
18,775	18,800	293	304	20,275	20,300	114	118				
18,800	18,825	290	300	20,300	20,325	111	115				
18,825	18,850	287	297	20,325	20,350	108	112				
18,850	18,875	284	294	20,350	20,375	105	109				
18,875	18,900	281	291	20,375	20,400	102	106				
18,900	18,925	278	288	20,400	20,425	99	103				
18,925	18,950	275	285	20,425	20,450	96	100				
18,950	18,975	272	282	20,450	20,475	93	97				
18,975	19,000	269	279	20,475	20,500	90	93				
19,000	19,025	266	276	20,500	20,525	87	90				
19,025	19,050	263	273	20,525	20,550	84	87				
19,050	19,075	260	270	20,550	20,575	81	84				
19,075	19,100	257	267	20,575	20,600	78	81				

1991 Earned Income Credit Table B. Supplemental Young Child Credit 3/25/91

If the amount on Schedule EIC, line ?? or line ??, is --			If the amount on Schedule EIC, line ?? or line ??, is --			If the amount on Schedule EIC, line ?? or line ??, is --		
At Least	But less Than	Your Young Child Credit is--	At Least	But less Than	Your Young Child Credit is--	At Least	But less Than	Your Young Child Credit is--
1	25	1	1,500	1,525	76	3,000	3,025	151
25	50	2	1,525	1,550	77	3,025	3,050	152
50	75	3	1,550	1,575	78	3,050	3,075	153
75	100	4	1,575	1,600	79	3,075	3,100	154
100	125	6	1,600	1,625	81	3,100	3,125	156
125	150	7	1,625	1,650	82	3,125	3,150	157
150	175	8	1,650	1,675	83	3,150	3,175	158
175	200	9	1,675	1,700	84	3,175	3,200	159
200	225	11	1,700	1,725	86	3,200	3,225	161
225	250	12	1,725	1,750	87	3,225	3,250	162
250	275	13	1,750	1,775	88	3,250	3,275	163
275	300	14	1,775	1,800	89	3,275	3,300	164
300	325	16	1,800	1,825	91	3,300	3,325	166
325	350	17	1,825	1,850	92	3,325	3,350	167
350	375	18	1,850	1,875	93	3,350	3,375	168
375	400	19	1,875	1,900	94	3,375	3,400	169
400	425	21	1,900	1,925	96	3,400	3,425	171
425	450	22	1,925	1,950	97	3,425	3,450	172
450	475	23	1,950	1,975	98	3,450	3,475	173
475	500	24	1,975	2,000	99	3,475	3,500	174
500	525	26	2,000	2,025	101	3,500	3,525	176
525	550	27	2,025	2,050	102	3,525	3,550	177
550	575	28	2,050	2,075	103	3,550	3,575	178
575	600	29	2,075	2,100	104	3,575	3,600	179
600	625	31	2,100	2,125	106	3,600	3,625	181
625	650	32	2,125	2,150	107	3,625	3,650	182
650	675	33	2,150	2,175	108	3,650	3,675	183
675	700	34	2,175	2,200	109	3,675	3,700	184
700	725	36	2,200	2,225	111	3,700	3,725	186
725	750	37	2,225	2,250	112	3,725	3,750	187
750	775	38	2,250	2,275	113	3,750	3,775	188
775	800	39	2,275	2,300	114	3,775	3,800	189
800	825	41	2,300	2,325	116	3,800	3,825	191
825	850	42	2,325	2,350	117	3,825	3,850	192
850	875	43	2,350	2,375	118	3,850	3,875	193
875	900	44	2,375	2,400	119	3,875	3,900	194
900	925	46	2,400	2,425	121	3,900	3,925	196
925	950	47	2,425	2,450	122	3,925	3,950	197
950	975	48	2,450	2,475	123	3,950	3,975	198
975	1,000	49	2,475	2,500	124	3,975	4,000	199
1,000	1,025	51	2,500	2,525	126	4,000	4,025	201
1,025	1,050	52	2,525	2,550	127	4,025	4,050	202
1,050	1,075	53	2,550	2,575	128	4,050	4,075	203
1,075	1,100	54	2,575	2,600	129	4,075	4,100	204
1,100	1,125	56	2,600	2,625	131	4,100	4,125	206
1,125	1,150	57	2,625	2,650	132	4,125	4,150	207
1,150	1,175	58	2,650	2,675	133	4,150	4,175	208
1,175	1,200	59	2,675	2,700	134	4,175	4,200	209
1,200	1,225	61	2,700	2,725	136	4,200	4,225	211
1,225	1,250	62	2,725	2,750	137	4,225	4,250	212
1,250	1,275	63	2,750	2,775	138	4,250	4,275	213
1,275	1,300	64	2,775	2,800	139	4,275	4,300	214
1,300	1,325	66	2,800	2,825	141	4,300	4,325	216
1,325	1,350	67	2,825	2,850	142	4,325	4,350	217
1,350	1,375	68	2,850	2,875	143	4,350	4,375	218
1,375	1,400	69	2,875	2,900	144	4,375	4,400	219
1,400	1,425	71	2,900	2,925	146	4,400	4,425	221
1,425	1,450	72	2,925	2,950	147	4,425	4,450	222
1,450	1,475	73	2,950	2,975	148	4,450	4,475	223
1,475	1,500	74	2,975	3,000	149	4,475	4,500	224

1991 Earned Income Credit Table B. Supplemental Young Child Credit 3/25/91

If the amount on Schedule EIC, line ?? or line ??, is --			If the amount on Schedule EIC, line ?? or line ??, is --			If the amount on Schedule EIC, line ?? or line ??, is --		
At Least	But less Than	Your Young Child Credit is--	At Least	But less Than	Your Young Child Credit is--	At Least	But less Than	Your Young Child Credit is--
4,500	4,525	226	6,000	6,025	301	11,600	11,625	344
4,525	4,550	227	6,025	6,050	302	11,625	11,650	343
4,550	4,575	228	6,050	6,075	303	11,650	11,675	342
4,575	4,600	229	6,075	6,100	304	11,675	11,700	341
4,600	4,625	231	6,100	6,125	306	11,700	11,725	340
4,625	4,650	232	6,125	6,150	307	11,725	11,750	340
4,650	4,675	233	6,150	6,175	308	11,750	11,775	339
4,675	4,700	234	6,175	6,200	309	11,775	11,800	338
4,700	4,725	236	6,200	6,225	311	11,800	11,825	337
4,725	4,750	237	6,225	6,250	312	11,825	11,850	336
4,750	4,775	238	6,250	6,275	313	11,850	11,875	335
4,775	4,800	239	6,275	6,300	314	11,875	11,900	334
4,800	4,825	241	6,300	6,325	316	11,900	11,925	333
4,825	4,850	242	6,325	6,350	317	11,925	11,950	332
4,850	4,875	243	6,350	6,375	318	11,950	11,975	332
4,875	4,900	244	6,375	6,400	319	11,975	12,000	331
4,900	4,925	246	6,400	6,425	321	12,000	12,025	330
4,925	4,950	247	6,425	6,450	322	12,025	12,050	329
4,950	4,975	248	6,450	6,475	323	12,050	12,075	328
4,975	5,000	249	6,475	6,500	324	12,075	12,100	327
5,000	5,025	251	6,500	6,525	326	12,100	12,125	326
5,025	5,050	252	6,525	6,550	327	12,125	12,150	325
5,050	5,075	253	6,550	6,575	328	12,150	12,175	324
5,075	5,100	254	6,575	6,600	329	12,175	12,200	324
5,100	5,125	256	6,600	6,625	331	12,200	12,225	323
5,125	5,150	257	6,625	6,650	332	12,225	12,250	322
5,150	5,175	258	6,650	6,675	333	12,250	12,275	321
5,175	5,200	259	6,675	6,700	334	12,275	12,300	320
5,200	5,225	261	6,700	6,725	336	12,300	12,325	319
5,225	5,250	262	6,725	6,750	337	12,325	12,350	318
5,250	5,275	263	6,750	6,775	338	12,350	12,375	317
5,275	5,300	264	6,775	6,800	339	12,375	12,400	316
5,300	5,325	266	6,800	6,825	341	12,400	12,425	315
5,325	5,350	267	6,825	6,850	342	12,425	12,450	315
5,350	5,375	268	6,850	6,875	343	12,450	12,475	314
5,375	5,400	269	6,875	6,900	344	12,475	12,500	313
5,400	5,425	271	6,900	6,925	346	12,500	12,525	312
5,425	5,450	272	6,925	6,950	347	12,525	12,550	311
5,450	5,475	273	6,950	6,975	348	12,550	12,575	310
5,475	5,500	274	6,975	7,000	349	12,575	12,600	309
5,500	5,525	276	7,000	7,025	351	12,600	12,625	308
5,525	5,550	277	7,025	7,050	352	12,625	12,650	307
5,550	5,575	278	7,050	7,075	353	12,650	12,675	307
5,575	5,600	279	7,075	7,100	354	12,675	12,700	306
5,600	5,625	281	7,100	7,125	356	12,700	12,725	305
5,625	5,650	282	7,125	11,250	357	12,725	12,750	304
5,650	5,675	283	11,250	11,275	357	12,750	12,775	303
5,675	5,700	284	11,275	11,300	356	12,775	12,800	302
5,700	5,725	286	11,300	11,325	355	12,800	12,825	301
5,725	5,750	287	11,325	11,350	354	12,825	12,850	300
5,750	5,775	288	11,350	11,375	353	12,850	12,875	299
5,775	5,800	289	11,375	11,400	352	12,875	12,900	299
5,800	5,825	291	11,400	11,425	351	12,900	12,925	298
5,825	5,850	292	11,425	11,450	350	12,925	12,950	297
5,850	5,875	293	11,450	11,475	349	12,950	12,975	296
5,875	5,900	294	11,475	11,500	349	12,975	13,000	295
5,900	5,925	296	11,500	11,525	348	13,000	13,025	294
5,925	5,950	297	11,525	11,550	347	13,025	13,050	293
5,950	5,975	298	11,550	11,575	346	13,050	13,075	292
5,975	6,000	299	11,575	11,600	345	13,075	13,100	291

1991 Earned Income Credit Table B. Supplemental Young Child Credit 3/25/91

If the amount on Schedule EIC, line ?? or line ??, is --			If the amount on Schedule EIC, line ?? or line ??, is --			If the amount on Schedule EIC, line ?? or line ??, is --		
At Least	But less Than	Your Young Child Credit is--	At Least	But less Than	Your Young Child Credit is--	At Least	But less Than	Your Young Child Credit is--
13,100	13,125	291	14,600	14,625	237	16,100	16,125	183
13,125	13,150	290	14,625	14,650	236	16,125	16,150	183
13,150	13,175	289	14,650	14,675	235	16,150	16,175	182
13,175	13,200	288	14,675	14,700	234	16,175	16,200	181
13,200	13,225	287	14,700	14,725	233	16,200	16,225	180
13,225	13,250	286	14,725	14,750	232	16,225	16,250	179
13,250	13,275	285	14,750	14,775	232	16,250	16,275	178
13,275	13,300	284	14,775	14,800	231	16,275	16,300	177
13,300	13,325	283	14,800	14,825	230	16,300	16,325	176
13,325	13,350	282	14,825	14,850	229	16,325	16,350	175
13,350	13,375	282	14,850	14,875	228	16,350	16,375	174
13,375	13,400	281	14,875	14,900	227	16,375	16,400	174
13,400	13,425	280	14,900	14,925	226	16,400	16,425	173
13,425	13,450	279	14,925	14,950	225	16,425	16,450	172
13,450	13,475	278	14,950	14,975	224	16,450	16,475	171
13,475	13,500	277	14,975	15,000	224	16,475	16,500	170
13,500	13,525	276	15,000	15,025	223	16,500	16,525	169
13,525	13,550	275	15,025	15,050	222	16,525	16,550	168
13,550	13,575	274	15,050	15,075	221	16,550	16,575	167
13,575	13,600	274	15,075	15,100	220	16,575	16,600	166
13,600	13,625	273	15,100	15,125	219	16,600	16,625	166
13,625	13,650	272	15,125	15,150	218	16,625	16,650	165
13,650	13,675	271	15,150	15,175	217	16,650	16,675	164
13,675	13,700	270	15,175	15,200	216	16,675	16,700	163
13,700	13,725	269	15,200	15,225	216	16,700	16,725	162
13,725	13,750	268	15,225	15,250	215	16,725	16,750	161
13,750	13,775	267	15,250	15,275	214	16,750	16,775	160
13,775	13,800	266	15,275	15,300	213	16,775	16,800	159
13,800	13,825	266	15,300	15,325	212	16,800	16,825	158
13,825	13,850	265	15,325	15,350	211	16,825	16,850	158
13,850	13,875	264	15,350	15,375	210	16,850	16,875	157
13,875	13,900	263	15,375	15,400	209	16,875	16,900	156
13,900	13,925	262	15,400	15,425	208	16,900	16,925	155
13,925	13,950	261	15,425	15,450	208	16,925	16,950	154
13,950	13,975	260	15,450	15,475	207	16,950	16,975	153
13,975	14,000	259	15,475	15,500	206	16,975	17,000	152
14,000	14,025	258	15,500	15,525	205	17,000	17,025	151
14,025	14,050	257	15,525	15,550	204	17,025	17,050	150
14,050	14,075	257	15,550	15,575	203	17,050	17,075	149
14,075	14,100	256	15,575	15,600	202	17,075	17,100	149
14,100	14,125	255	15,600	15,625	201	17,100	17,125	148
14,125	14,150	254	15,625	15,650	200	17,125	17,150	147
14,150	14,175	253	15,650	15,675	199	17,150	17,175	146
14,175	14,200	252	15,675	15,700	199	17,175	17,200	145
14,200	14,225	251	15,700	15,725	198	17,200	17,225	144
14,225	14,250	250	15,725	15,750	197	17,225	17,250	143
14,250	14,275	249	15,750	15,775	196	17,250	17,275	142
14,275	14,300	249	15,775	15,800	195	17,275	17,300	141
14,300	14,325	248	15,800	15,825	194	17,300	17,325	141
14,325	14,350	247	15,825	15,850	193	17,325	17,350	140
14,350	14,375	246	15,850	15,875	192	17,350	17,375	139
14,375	14,400	245	15,875	15,900	191	17,375	17,400	138
14,400	14,425	244	15,900	15,925	191	17,400	17,425	137
14,425	14,450	243	15,925	15,950	190	17,425	17,450	136
14,450	14,475	242	15,950	15,975	189	17,450	17,475	135
14,475	14,500	241	15,975	16,000	188	17,475	17,500	134
14,500	14,525	241	16,000	16,025	187	17,500	17,525	133
14,525	14,550	240	16,025	16,050	186	17,525	17,550	133
14,550	14,575	239	16,050	16,075	185	17,550	17,575	132
14,575	14,600	238	16,075	16,100	184	17,575	17,600	131

1991 Earned Income Credit Table B. Supplemental Young Child Credit 3/25/91

If the amount on Schedule EIC, line ?? or line ??, is --			If the amount on Schedule EIC, line ?? or line ??, is --			If the amount on Schedule EIC, line ?? or line ??, is --		
At Least	But less Than	Your Young Child Credit is--	At Least	But less Than	Your Young Child Credit is--	At Least	But less Than	Your Young Child Credit is--
17,600	17,625	130	19,100	19,125	76	20,600	20,625	23
17,625	17,650	129	19,125	19,150	75	20,625	20,650	22
17,650	17,675	128	19,150	19,175	75	20,650	20,675	21
17,675	17,700	127	19,175	19,200	74	20,675	20,700	20
17,700	17,725	126	19,200	19,225	73	20,700	20,725	19
17,725	17,750	125	19,225	19,250	72	20,725	20,750	18
17,750	17,775	125	19,250	19,275	71	20,750	20,775	17
17,775	17,800	124	19,275	19,300	70	20,775	20,800	17
17,800	17,825	123	19,300	19,325	69	20,800	20,825	16
17,825	17,850	122	19,325	19,350	68	20,825	20,850	15
17,850	17,875	121	19,350	19,375	67	20,850	20,875	14
17,875	17,900	120	19,375	19,400	66	20,875	20,900	13
17,900	17,925	119	19,400	19,425	66	20,900	20,925	12
17,925	17,950	118	19,425	19,450	65	20,925	20,950	11
17,950	17,975	117	19,450	19,475	64	20,950	20,975	10
17,975	18,000	116	19,475	19,500	63	20,975	21,000	9
18,000	18,025	116	19,500	19,525	62	21,000	21,025	8
18,025	18,050	115	19,525	19,550	61	21,025	21,050	8
18,050	18,075	114	19,550	19,575	60	21,050	21,075	7
18,075	18,100	113	19,575	19,600	59	21,075	21,100	6
18,100	18,125	112	19,600	19,625	58	21,100	21,125	5
18,125	18,150	111	19,625	19,650	58	21,125	21,150	4
18,150	18,175	110	19,650	19,675	57	21,150	21,175	3
18,175	18,200	109	19,675	19,700	56	21,175	21,200	2
18,200	18,225	108	19,700	19,725	55	21,200	21,225	1
18,225	18,250	108	19,725	19,750	54	21,225	21,250	1
18,250	18,275	107	19,750	19,775	53			
18,275	18,300	106	19,775	19,800	52			
18,300	18,325	105	19,800	19,825	51			
18,325	18,350	104	19,825	19,850	50			
18,350	18,375	103	19,850	19,875	50			
18,375	18,400	102	19,875	19,900	49			
18,400	18,425	101	19,900	19,925	48			
18,425	18,450	100	19,925	19,950	47			
18,450	18,475	100	19,950	19,975	46			
18,475	18,500	99	19,975	20,000	45			
18,500	18,525	98	20,000	20,025	44			
18,525	18,550	97	20,025	20,050	43			
18,550	18,575	96	20,050	20,075	42			
18,575	18,600	95	20,075	20,100	42			
18,600	18,625	94	20,100	20,125	41			
18,625	18,650	93	20,125	20,150	40			
18,650	18,675	92	20,150	20,175	39			
18,675	18,700	91	20,175	20,200	38			
18,700	18,725	91	20,200	20,225	37			
18,725	18,750	90	20,225	20,250	36			
18,750	18,775	89	20,250	20,275	35			
18,775	18,800	88	20,275	20,300	34			
18,800	18,825	87	20,300	20,325	33			
18,825	18,850	86	20,325	20,350	33			
18,850	18,875	85	20,350	20,375	32			
18,875	18,900	84	20,375	20,400	31			
18,900	18,925	83	20,400	20,425	30			
18,925	18,950	83	20,425	20,450	29			
18,950	18,975	82	20,450	20,475	28			
18,975	19,000	81	20,475	20,500	27			
19,000	19,025	80	20,500	20,525	26			
19,025	19,050	79	20,525	20,550	25			
19,050	19,075	78	20,550	20,575	25			
19,075	19,100	77	20,575	20,600	24			

1991 Earned Income Credit Table C. (Health Insurance Premium Credit) 2/28/91

If the amount on Schedule EIC, line 12 or line 13, is --			If the amount on Schedule EIC, line 12 or line 13, is --			If the amount on Schedule EIC, line 12 or line 13, is --		
At Least	But less Than	Your Health Insurance Credit is--	At Least	But less Than	Your Health Insurance Credit is--	At Least	But less Than	Your Health Insurance Credit is--
1	25	1	1,500	1,525	91	3,000	3,025	181
25	50	2	1,525	1,550	92	3,025	3,050	182
50	75	4	1,550	1,575	94	3,050	3,075	184
75	100	5	1,575	1,600	95	3,075	3,100	185
100	125	7	1,600	1,625	97	3,100	3,125	187
125	150	8	1,625	1,650	98	3,125	3,150	188
150	175	10	1,650	1,675	100	3,150	3,175	190
175	200	11	1,675	1,700	101	3,175	3,200	191
200	225	13	1,700	1,725	103	3,200	3,225	193
225	250	14	1,725	1,750	104	3,225	3,250	194
250	275	16	1,750	1,775	106	3,250	3,275	196
275	300	17	1,775	1,800	107	3,275	3,300	197
300	325	19	1,800	1,825	109	3,300	3,325	199
325	350	20	1,825	1,850	110	3,325	3,350	200
350	375	22	1,850	1,875	112	3,350	3,375	202
375	400	23	1,875	1,900	113	3,375	3,400	203
400	425	25	1,900	1,925	115	3,400	3,425	205
425	450	26	1,925	1,950	116	3,425	3,450	206
450	475	28	1,950	1,975	118	3,450	3,475	208
475	500	29	1,975	2,000	119	3,475	3,500	209
500	525	31	2,000	2,025	121	3,500	3,525	211
525	550	32	2,025	2,050	122	3,525	3,550	212
550	575	34	2,050	2,075	124	3,550	3,575	214
575	600	35	2,075	2,100	125	3,575	3,600	215
600	625	37	2,100	2,125	127	3,600	3,625	217
625	650	38	2,125	2,150	128	3,625	3,650	218
650	675	40	2,150	2,175	130	3,650	3,675	220
675	700	41	2,175	2,200	131	3,675	3,700	221
700	725	43	2,200	2,225	133	3,700	3,725	223
725	750	44	2,225	2,250	134	3,725	3,750	224
750	775	46	2,250	2,275	136	3,750	3,775	226
775	800	47	2,275	2,300	137	3,775	3,800	227
800	825	49	2,300	2,325	139	3,800	3,825	229
825	850	50	2,325	2,350	140	3,825	3,850	230
850	875	52	2,350	2,375	142	3,850	3,875	232
875	900	53	2,375	2,400	143	3,875	3,900	233
900	925	55	2,400	2,425	145	3,900	3,925	235
925	950	56	2,425	2,450	146	3,925	3,950	236
950	975	58	2,450	2,475	148	3,950	3,975	238
975	1,000	59	2,475	2,500	149	3,975	4,000	239
1,000	1,025	61	2,500	2,525	151	4,000	4,025	241
1,025	1,050	62	2,525	2,550	152	4,025	4,050	242
1,050	1,075	64	2,550	2,575	154	4,050	4,075	244
1,075	1,100	65	2,575	2,600	155	4,075	4,100	245
1,100	1,125	67	2,600	2,625	157	4,100	4,125	247
1,125	1,150	68	2,625	2,650	158	4,125	4,150	248
1,150	1,175	70	2,650	2,675	160	4,150	4,175	250
1,175	1,200	71	2,675	2,700	161	4,175	4,200	251
1,200	1,225	73	2,700	2,725	163	4,200	4,225	253
1,225	1,250	74	2,725	2,750	164	4,225	4,250	254
1,250	1,275	76	2,750	2,775	166	4,250	4,275	256
1,275	1,300	77	2,775	2,800	167	4,275	4,300	257
1,300	1,325	79	2,800	2,825	169	4,300	4,325	259
1,325	1,350	80	2,825	2,850	170	4,325	4,350	260
1,350	1,375	82	2,850	2,875	172	4,350	4,375	262
1,375	1,400	83	2,875	2,900	173	4,375	4,400	263
1,400	1,425	85	2,900	2,925	175	4,400	4,425	265
1,425	1,450	86	2,925	2,950	176	4,425	4,450	266
1,450	1,475	88	2,950	2,975	178	4,450	4,475	268
1,475	1,500	89	2,975	3,000	179	4,475	4,500	269

1991 Earned Income Credit Table C. (Health Insurance Premium Credit) 2/28/91

If the amount on Schedule EIC, line 12 or line 13, is --			If the amount on Schedule EIC, line 12 or line 13, is --			If the amount on Schedule EIC, line 12 or line 13, is --		
At Least	But less Than	Your Health Insurance Credit is--	At Least	But less Than	Your Health Insurance Credit is--	At Least	But less Than	Your Health Insurance Credit is--
4,500	4,525	271	6,000	6,025	361	11,600	11,625	413
4,525	4,550	272	6,025	6,050	362	11,625	11,650	412
4,550	4,575	274	6,050	6,075	364	11,650	11,675	411
4,575	4,600	275	6,075	6,100	365	11,675	11,700	410
4,600	4,625	277	6,100	6,125	367	11,700	11,725	409
4,625	4,650	278	6,125	6,150	368	11,725	11,750	408
4,650	4,675	280	6,150	6,175	370	11,750	11,775	406
4,675	4,700	281	6,175	6,200	371	11,775	11,800	405
4,700	4,725	283	6,200	6,225	373	11,800	11,825	404
4,725	4,750	284	6,225	6,250	374	11,825	11,850	403
4,750	4,775	286	6,250	6,275	376	11,850	11,875	402
4,775	4,800	287	6,275	6,300	377	11,875	11,900	401
4,800	4,825	289	6,300	6,325	379	11,900	11,925	400
4,825	4,850	290	6,325	6,350	380	11,925	11,950	399
4,850	4,875	292	6,350	6,375	382	11,950	11,975	398
4,875	4,900	293	6,375	6,400	383	11,975	12,000	397
4,900	4,925	295	6,400	6,425	385	12,000	12,025	396
4,925	4,950	296	6,425	6,450	386	12,025	12,050	395
4,950	4,975	298	6,450	6,475	388	12,050	12,075	394
4,975	5,000	299	6,475	6,500	389	12,075	12,100	393
5,000	5,025	301	6,500	6,525	391	12,100	12,125	391
5,025	5,050	302	6,525	6,550	392	12,125	12,150	390
5,050	5,075	304	6,550	6,575	394	12,150	12,175	389
5,075	5,100	305	6,575	6,600	395	12,175	12,200	388
5,100	5,125	307	6,600	6,625	397	12,200	12,225	387
5,125	5,150	308	6,625	6,650	398	12,225	12,250	386
5,150	5,175	310	6,650	6,675	400	12,250	12,275	385
5,175	5,200	311	6,675	6,700	401	12,275	12,300	384
5,200	5,225	313	6,700	6,725	403	12,300	12,325	383
5,225	5,250	314	6,725	6,750	404	12,325	12,350	382
5,250	5,275	316	6,750	6,775	406	12,350	12,375	381
5,275	5,300	317	6,775	6,800	407	12,375	12,400	380
5,300	5,325	319	6,800	6,825	409	12,400	12,425	379
5,325	5,350	320	6,825	6,850	410	12,425	12,450	378
5,350	5,375	322	6,850	6,875	412	12,450	12,475	376
5,375	5,400	323	6,875	6,900	413	12,475	12,500	375
5,400	5,425	325	6,900	6,925	415	12,500	12,525	374
5,425	5,450	326	6,925	6,950	416	12,525	12,550	373
5,450	5,475	328	6,950	6,975	418	12,550	12,575	372
5,475	5,500	329	6,975	7,000	419	12,575	12,600	371
5,500	5,525	331	7,000	7,025	421	12,600	12,625	370
5,525	5,550	332	7,025	7,050	422	12,625	12,650	369
5,550	5,575	334	7,050	7,075	424	12,650	12,675	368
5,575	5,600	335	7,075	7,100	425	12,675	12,700	367
5,600	5,625	337	7,100	7,125	427	12,700	12,725	366
5,625	5,650	338	7,125	7,150	428	12,725	12,750	365
5,650	5,675	340	11,250	11,275	428	12,750	12,775	364
5,675	5,700	341	11,275	11,300	427	12,775	12,800	363
5,700	5,725	343	11,300	11,325	426	12,800	12,825	361
5,725	5,750	344	11,325	11,350	425	12,825	12,850	360
5,750	5,775	346	11,350	11,375	424	12,850	12,875	359
5,775	5,800	347	11,375	11,400	423	12,875	12,900	358
5,800	5,825	349	11,400	11,425	421	12,900	12,925	357
5,825	5,850	350	11,425	11,450	420	12,925	12,950	356
5,850	5,875	352	11,450	11,475	419	12,950	12,975	355
5,875	5,900	353	11,475	11,500	418	12,975	13,000	354
5,900	5,925	355	11,500	11,525	417	13,000	13,025	353
5,925	5,950	356	11,525	11,550	416	13,025	13,050	352
5,950	5,975	358	11,550	11,575	415	13,050	13,075	351
5,975	6,000	359	11,575	11,600	414	13,075	13,100	350

1991 Earned Income Credit Table C. (Health Insurance Premium Credit) 2/28/91

If the amount on Schedule EIC, line 12 or line 13, is --			If the amount on Schedule EIC, line 12 or line 13, is --			If the amount on Schedule EIC, line 12 or line 13, is --		
At Least	But less Than	Your Health Insurance Credit is--	At Least	But less Than	Your Health Insurance Credit is--	At Least	But less Than	Your Health Insurance Credit is--
13,100	13,125	349	14,600	14,625	284	16,100	16,125	220
13,125	13,150	348	14,625	14,650	283	16,125	16,150	219
13,150	13,175	346	14,650	14,675	282	16,150	16,175	218
13,175	13,200	345	14,675	14,700	281	16,175	16,200	217
13,200	13,225	344	14,700	14,725	280	16,200	16,225	216
13,225	13,250	343	14,725	14,750	279	16,225	16,250	215
13,250	13,275	342	14,750	14,775	278	16,250	16,275	214
13,275	13,300	341	14,775	14,800	277	16,275	16,300	213
13,300	13,325	340	14,800	14,825	276	16,300	16,325	211
13,325	13,350	339	14,825	14,850	275	16,325	16,350	210
13,350	13,375	338	14,850	14,875	274	16,350	16,375	209
13,375	13,400	337	14,875	14,900	273	16,375	16,400	208
13,400	13,425	336	14,900	14,925	271	16,400	16,425	207
13,425	13,450	335	14,925	14,950	270	16,425	16,450	206
13,450	13,475	334	14,950	14,975	269	16,450	16,475	205
13,475	13,500	333	14,975	15,000	268	16,475	16,500	204
13,500	13,525	331	15,000	15,025	267	16,500	16,525	203
13,525	13,550	330	15,025	15,050	266	16,525	16,550	202
13,550	13,575	329	15,050	15,075	265	16,550	16,575	201
13,575	13,600	328	15,075	15,100	264	16,575	16,600	200
13,600	13,625	327	15,100	15,125	263	16,600	16,625	199
13,625	13,650	326	15,125	15,150	262	16,625	16,650	198
13,650	13,675	325	15,150	15,175	261	16,650	16,675	196
13,675	13,700	324	15,175	15,200	260	16,675	16,700	195
13,700	13,725	323	15,200	15,225	259	16,700	16,725	194
13,725	13,750	322	15,225	15,250	258	16,725	16,750	193
13,750	13,775	321	15,250	15,275	256	16,750	16,775	192
13,775	13,800	320	15,275	15,300	255	16,775	16,800	191
13,800	13,825	319	15,300	15,325	254	16,800	16,825	190
13,825	13,850	318	15,325	15,350	253	16,825	16,850	189
13,850	13,875	316	15,350	15,375	252	16,850	16,875	188
13,875	13,900	315	15,375	15,400	251	16,875	16,900	187
13,900	13,925	314	15,400	15,425	250	16,900	16,925	186
13,925	13,950	313	15,425	15,450	249	16,925	16,950	185
13,950	13,975	312	15,450	15,475	248	16,950	16,975	184
13,975	14,000	311	15,475	15,500	247	16,975	17,000	183
14,000	14,025	310	15,500	15,525	246	17,000	17,025	181
14,025	14,050	309	15,525	15,550	245	17,025	17,050	180
14,050	14,075	308	15,550	15,575	244	17,050	17,075	179
14,075	14,100	307	15,575	15,600	243	17,075	17,100	178
14,100	14,125	306	15,600	15,625	241	17,100	17,125	177
14,125	14,150	305	15,625	15,650	240	17,125	17,150	176
14,150	14,175	304	15,650	15,675	239	17,150	17,175	175
14,175	14,200	303	15,675	15,700	238	17,175	17,200	174
14,200	14,225	301	15,700	15,725	237	17,200	17,225	173
14,225	14,250	300	15,725	15,750	236	17,225	17,250	172
14,250	14,275	299	15,750	15,775	235	17,250	17,275	171
14,275	14,300	298	15,775	15,800	234	17,275	17,300	170
14,300	14,325	297	15,800	15,825	233	17,300	17,325	169
14,325	14,350	296	15,825	15,850	232	17,325	17,350	168
14,350	14,375	295	15,850	15,875	231	17,350	17,375	166
14,375	14,400	294	15,875	15,900	230	17,375	17,400	165
14,400	14,425	293	15,900	15,925	229	17,400	17,425	164
14,425	14,450	292	15,925	15,950	228	17,425	17,450	163
14,450	14,475	291	15,950	15,975	226	17,450	17,475	162
14,475	14,500	290	15,975	16,000	225	17,475	17,500	161
14,500	14,525	289	16,000	16,025	224	17,500	17,525	160
14,525	14,550	288	16,025	16,050	223	17,525	17,550	159
14,550	14,575	286	16,050	16,075	222	17,550	17,575	158
14,575	14,600	285	16,075	16,100	221	17,575	17,600	157

1991 Earned Income Credit Table C. (Health Insurance Premium Credit) 2/28/91

If the amount on Schedule EIC, line 12 or line 13, is --			If the amount on Schedule EIC, line 12 or line 13, is --			If the amount on Schedule EIC, line 12 or line 13, is --		
At Least	But less Than	Your Health Insurance Credit is--	At Least	But less Than	Your Health Insurance Credit is--	At Least	But less Than	Your Health Insurance Credit is--
17,600	17,625	156	19,100	19,125	91	20,600	20,625	27
17,625	17,650	155	19,125	19,150	90	20,625	20,650	26
17,650	17,675	154	19,150	19,175	89	20,650	20,675	25
17,675	17,700	153	19,175	19,200	88	20,675	20,700	24
17,700	17,725	151	19,200	19,225	87	20,700	20,725	23
17,725	17,750	150	19,225	19,250	86	20,725	20,750	22
17,750	17,775	149	19,250	19,275	85	20,750	20,775	21
17,775	17,800	148	19,275	19,300	84	20,775	20,800	20
17,800	17,825	147	19,300	19,325	83	20,800	20,825	19
17,825	17,850	146	19,325	19,350	82	20,825	20,850	18
17,850	17,875	145	19,350	19,375	81	20,850	20,875	17
17,875	17,900	144	19,375	19,400	80	20,875	20,900	15
17,900	17,925	143	19,400	19,425	79	20,900	20,925	14
17,925	17,950	142	19,425	19,450	78	20,925	20,950	13
17,950	17,975	141	19,450	19,475	76	20,950	20,975	12
17,975	18,000	140	19,475	19,500	75	20,975	21,000	11
18,000	18,025	139	19,500	19,525	74	21,000	21,025	10
18,025	18,050	138	19,525	19,550	73	21,025	21,050	9
18,050	18,075	136	19,550	19,575	72	21,050	21,075	8
18,075	18,100	135	19,575	19,600	71	21,075	21,100	7
18,100	18,125	134	19,600	19,625	70	21,100	21,125	6
18,125	18,150	133	19,625	19,650	69	21,125	21,150	5
18,150	18,175	132	19,650	19,675	68	21,150	21,175	4
18,175	18,200	131	19,675	19,700	67	21,175	21,200	3
18,200	18,225	130	19,700	19,725	66	21,200	21,225	2
18,225	18,250	129	19,725	19,750	65	21,225	21,250	1
18,250	18,275	128	19,750	19,775	64			
18,275	18,300	127	19,775	19,800	63			
18,300	18,325	126	19,800	19,825	61			
18,325	18,350	125	19,825	19,850	60			
18,350	18,375	124	19,850	19,875	59			
18,375	18,400	123	19,875	19,900	58			
18,400	18,425	121	19,900	19,925	57			
18,425	18,450	120	19,925	19,950	56			
18,450	18,475	119	19,950	19,975	55			
18,475	18,500	118	19,975	20,000	54			
18,500	18,525	117	20,000	20,025	53			
18,525	18,550	116	20,025	20,050	52			
18,550	18,575	115	20,050	20,075	51			
18,575	18,600	114	20,075	20,100	50			
18,600	18,625	113	20,100	20,125	49			
18,625	18,650	112	20,125	20,150	48			
18,650	18,675	111	20,150	20,175	46			
18,675	18,700	110	20,175	20,200	45			
18,700	18,725	109	20,200	20,225	44			
18,725	18,750	108	20,225	20,250	43			
18,750	18,775	106	20,250	20,275	42			
18,775	18,800	105	20,275	20,300	41			
18,800	18,825	104	20,300	20,325	40			
18,825	18,850	103	20,325	20,350	39			
18,850	18,875	102	20,350	20,375	38			
18,875	18,900	101	20,375	20,400	37			
18,900	18,925	100	20,400	20,425	36			
18,925	18,950	99	20,425	20,450	35			
18,950	18,975	98	20,450	20,475	34			
18,975	19,000	97	20,475	20,500	33			
19,000	19,025	96	20,500	20,525	32			
19,025	19,050	95	20,525	20,550	30			
19,050	19,075	94	20,550	20,575	29			
19,075	19,100	93	20,575	20,600	28			

Top Taxpayer Errors - 1991

Approximate Number of Returns in Error
Cumulative through April 10, 1991

Used Incorrect Income when figuring earned Income credit	241,962
Incorrect standard deduction	234,157
Failed to claim earned Income credit when entitled	226,351
Math error when figuring refund amount	171,715
Claimed earned Income credit when not entitled	140,494

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
12. List	Candidates for Capital Gains Technical Study Group (1 pp.)	3/21/91	(b)(6)	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Cabinet Agencies Files
WHORM Cat.:
File Location: Brady (Treasury) (1991)

Date Closed:	12/30/2004	OA/ID Number:	29186-011
FOIA/SYS Case #:	1998-0004-F[2]	Appeal Case #:	
Re-review Case #:	2005-0426-S	Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

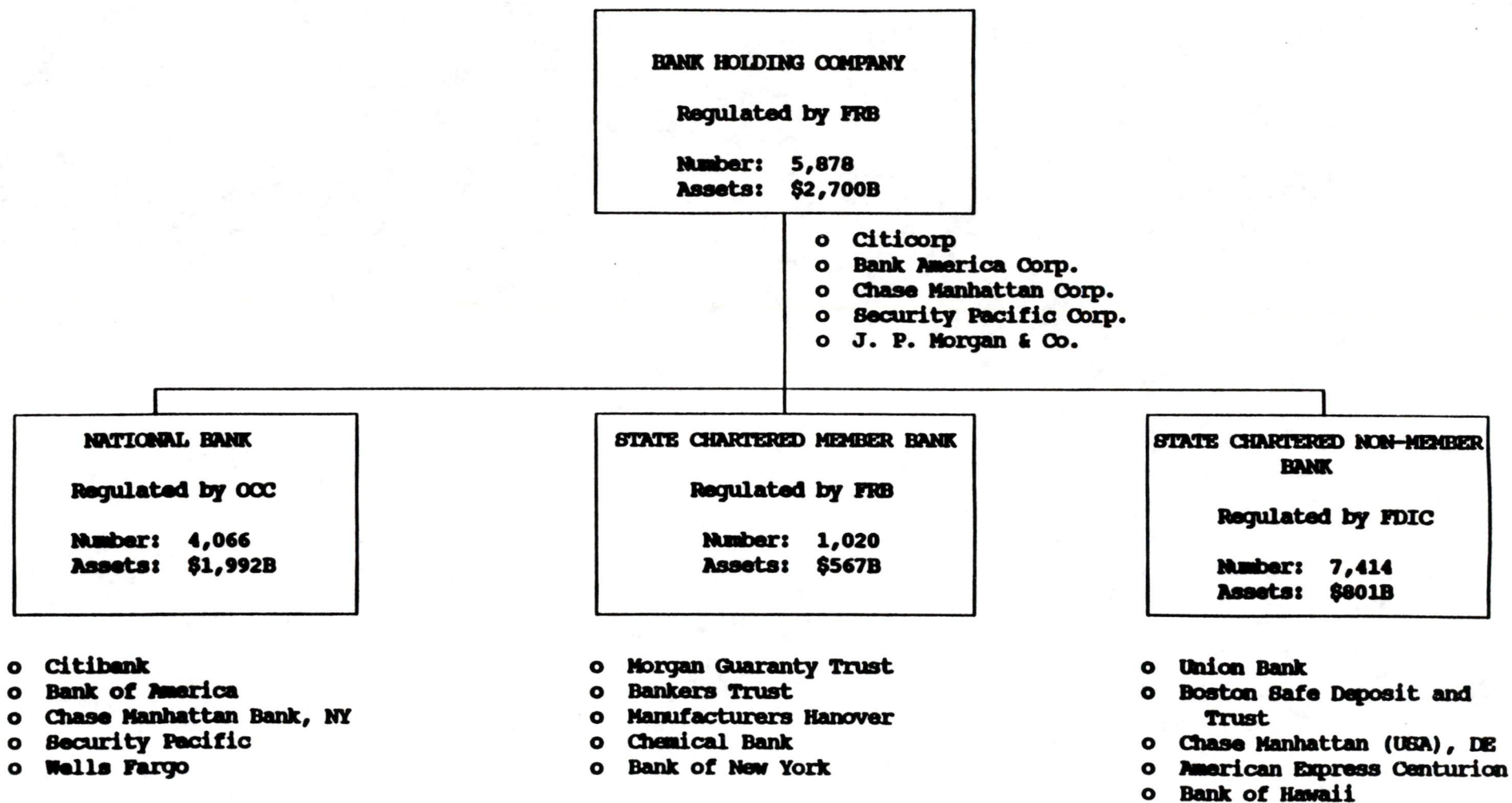
C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information

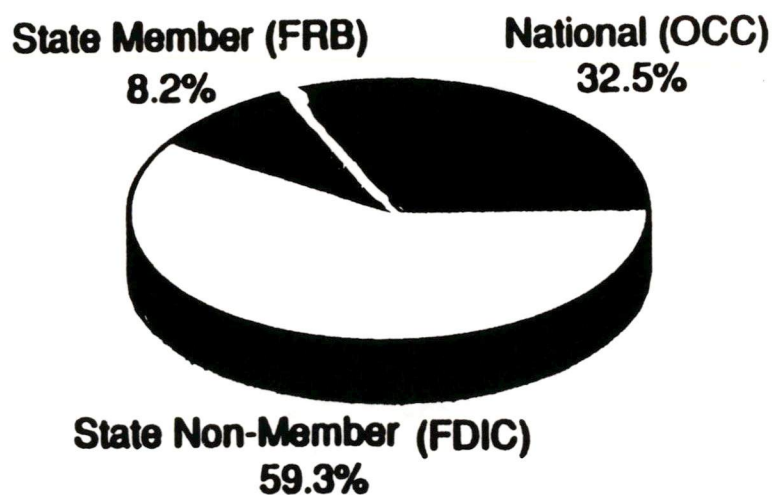
FEDERAL REGULATION OF COMMERCIAL BANKS (Selected Examples)



Note: Number and assets of BHCs as of year-end 1989 (FRB); number and assets of banks as of June 30, 1990 (FDIC); data on savings banks not included.

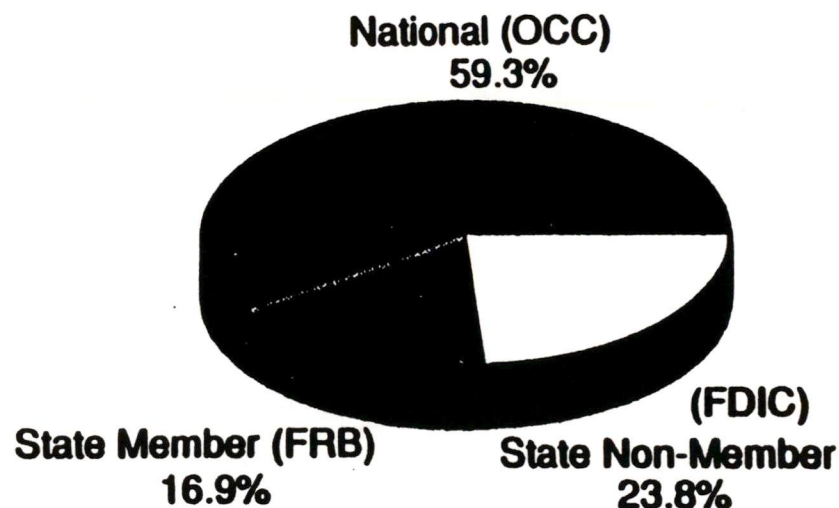
Insured Commercial Banks By Charter Type

Number of Banks



12,500 Banks

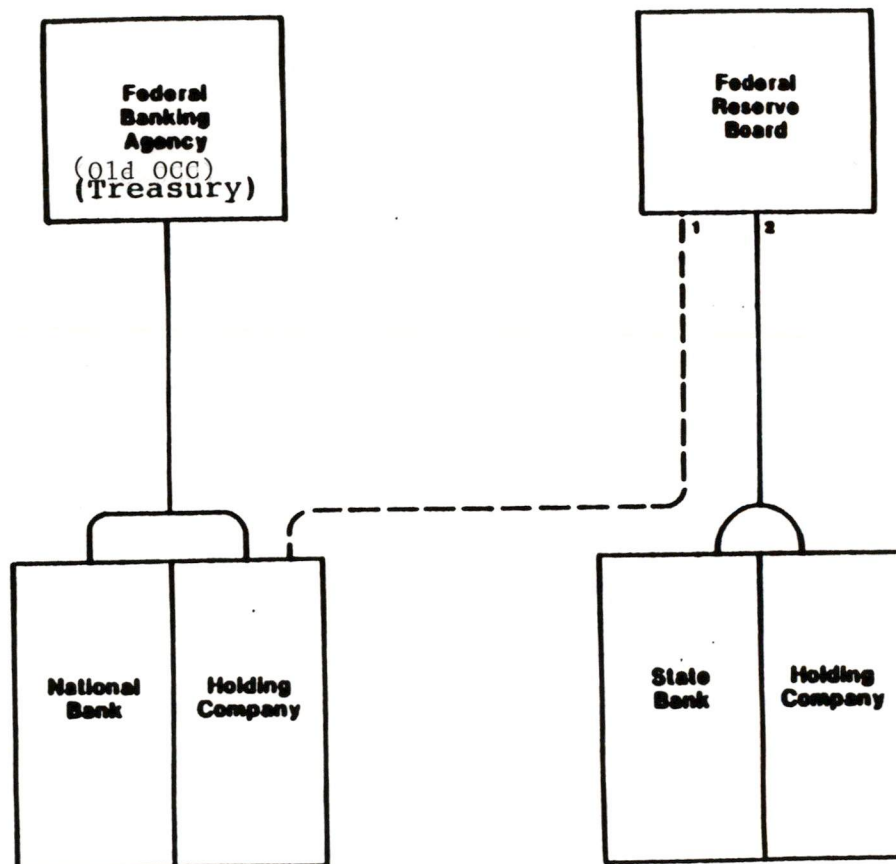
Assets



\$3.4 Trillion

Source: FDIC, Data as of June, 1990.

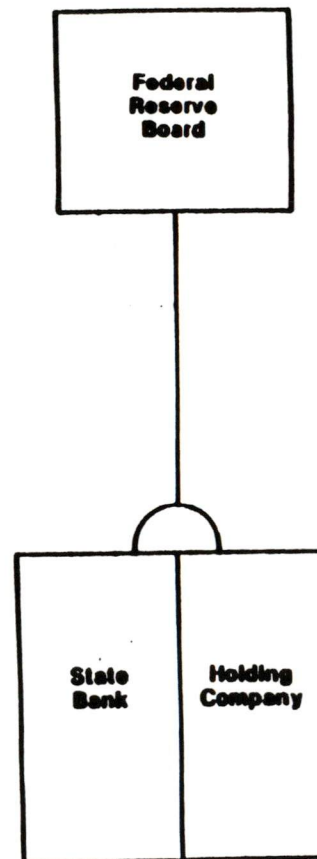
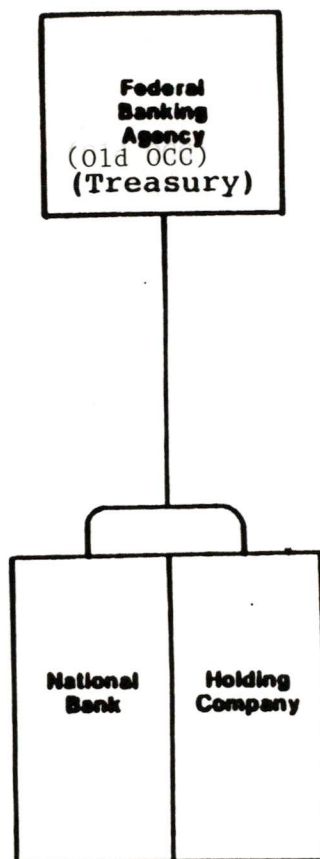
VICE PRESIDENT'S TASK FORCE
**PROPOSED FEDERAL REGULATION OF
 COMMERCIAL BANKS AND THEIR HOLDING COMPANIES**
 (Excludes Purely Insurance Functions of the FDIC)



1. Only for those holding companies of national banks (35) which qualify as an "international class" holding company.
2. To the extent responsibilities are not transferred to the states.

PROPOSED FEDERAL REGULATION OF COMMERCIAL BANKS AND THEIR HOLDING COMPANIES

(Excludes Purely Insurance Functions of the FDIC)



THE WHITE HOUSE

WASHINGTON

February 4, 1991

MEMORANDUM FOR GOVERNOR SUNUNU
DICK DARMAN
MICHAEL BOSKIN
ROGER PORTER
DAVID DEMAREST

THE CHIEF of STAFF
has seen

FROM: EDE HOLIDAY 
SUBJECT: Draft Fact Sheet for Treasury's Banking Reform
Announcement

Attached is a copy of the draft fact sheet for Treasury's press conference tomorrow to announce the banking reform study.

Attachment

11 pm 2/3/91

DRAFT FACT SHEET

The Need for Reform

It is time to modernize our financial system to make banks safer and more competitive:

- o We must modernize our banking system, updating archaic rules dating back to the 1930s.
- o Banks must be safe and sound to protect depositors and taxpayers.
- o A strong, internationally competitive banking system is essential to a growing economy and rising living standards for all Americans.

The Banking System is Under Stress

- o Technology is changing the way financial institutions do business, but our banks are hampered by out-of-date rules.
- o Bank failures are draining the bank-financed insurance fund.
- o Our banks are falling behind international competitors: Only one of the 30 largest banks in the world is American, compared to nine of 30, including the top three, just 20 years ago.

The Benefits of Reform

A modern, safe and internationally competitive banking industry will protect depositors and taxpayers, serve consumers, benefit workers and businesses, and strengthen our nation.

Protect depositors and taxpayers:

Depositor confidence and taxpayer protection will result from:

- A safe, well-capitalized banking system;

- limitations on taxpayer exposure to losses from bank failures;
- and a strong, well-capitalized insurance fund.

Serve consumers:

An efficient, integrated financial services system will mean:

- Consumers will have access to a wider range of services at the least possible cost.
- Consumers also will enjoy the convenience of nationwide access to services.

Benefit workers and businesses:

A healthy banking system with strong, competitive banks will ensure:

- Jobs are preserved because loans are not called at the first sign of economic downturn.
- Businesses, especially small businesses, can count on banks in bad times as well as good.

Strengthen the nation:

A world-class financial services system provides a foundation for a world-class economy:

- International economic leadership in the 21st century will require an internationally competitive financial services system.

The Principles Governing Reform

The recommendations for reform are based on several fundamental principles, each of which is important to ensuring a safe, sound and competitive banking system that protects taxpayers, benefits businesses, serves consumers and keeps our country number one in the world economy. Here are the principles:

First, we will protect taxpayers by reducing the overextended deposit insurance system, which now covers the funds of wealthy, sophisticated investors, not the small savers for whom deposit insurance was created. This reform will restore market discipline over risky activities that have increased the possibility of taxpayer exposure to losses in the banking system.

Second, we will make banks stronger and safer by strengthening the role of capital -- not by raising capital standards, but with a plan to attract capital to the banking industry. This will include rewarding well-capitalized banks with new activities that will attract still further capital, and taking prompt corrective action to address under-capitalized banks.

Third, we will make banks more competitive by modernizing archaic rules. Technological advances and other innovations in financial markets have put banks at a competitive disadvantage -- at home and abroad -- that has weakened the system and hurt taxpayers, consumers and businesses. Changes will allow banks to engage in a broader range of financial services and to operate nationwide.

Fourth, we will strengthen the banking system by making the regulatory structure more efficient. Currently, overlapping regulatory responsibilities lead to confusion and uneven results.

Finally, we will protect taxpayers by recapitalizing the Bank Insurance Fund with industry funds.

RECOMMENDATIONS

PART ONE: DEPOSIT INSURANCE AND BANKING REFORM

The Administration's deposit insurance recommendations go well beyond the narrow issue of deposit insurance and encompass the entire range of safety, soundness and competitiveness issues facing the banking system. They form a balanced, integrated package that must be considered as a whole. No single recommendation will be effective by itself, and indeed, could be counterproductive if adopted in isolation.

I. Strengthen the Role of Capital

The single most powerful tool to make banks safer is capital. Capital standards need not be raised, but the role of capital can be strengthened. This will discourage excessive risk-taking, reduce the likelihood of bank failure, and provide a cushion to absorb losses ahead of the insurance fund and, ultimately, the taxpayer.

Well-capitalized banks are better able to keep lending, rather than shrinking loans to build capital ratios, during economic declines. And they are better able to meet competitive challenges and to take advantage of new opportunities.

Specific Recommendations:

Capital-based supervision, capital-based deposit insurance premiums and capital-based expanded activities (each described further in other sections of the report) will provide incentives for banks to build and maintain strong capital bases and make bank franchises more attractive. In addition, interest rate risk will be added to credit risk as a criterion for risk-based capital standards.

II. Reduce the Overextended Scope of Deposit Insurance

Deposit insurance, originally intended to protect small depositors who could not protect themselves, has been expanded so that wealthier and sophisticated investors receive unneeded protection. This has increased the exposure of taxpayers to possible losses and decreased market discipline on risky banks.

By returning deposit insurance to its original purpose, we can reduce the likelihood that taxpayer funds will be needed to cover depositor losses, while simultaneously reintroducing market

discipline that is the most effective way to curb excessive risk.

Specific Recommendations:

Insured deposits:

"Pass-through" coverage of many types will be eliminated, preventing large, sophisticated institutional investors from benefitting from insurance protection that was intended for individuals.

Brokered insured deposits will be eliminated, ending a practice that has given banks access to large pools of below-market-rate funds that are deposited without concern on the part of the depositor about the safety of the investment.

Individual insurance coverage will be limited to \$100,000 per institution after a two-year phase-in period, plus another \$100,000 per institution for a retirement account. This change will reduce taxpayer exposure to losses from coverage for wealthier individuals with multiple accounts, including individual, joint and revocable trusts, in a single failed institution.

The FDIC will be required to undertake an 18-month study of the costs and benefits of moving toward a systemwide \$100,000 per person insurance limitation. This would more effectively limit taxpayer exposure to losses resulting from coverage of multiple accounts, but should not be implemented until it can be shown that the benefits would outweigh the potentially large administrative costs.

Uninsured deposits:

The government must preserve its ability to protect the banking system and the economy in genuine systemic risk circumstances. But protection of uninsured deposits as a matter of course both expands taxpayer exposure and encourages excessive risk-taking by banks. To limit coverage of uninsured depositors, FDIC will be permitted to cover uninsured deposits only if that would be the least costly approach. To protect the system in rare instances of systemic risk, the Treasury and Federal Reserve could step in and order that uninsured deposits be covered. This policy would be implemented after three years to allow for an appropriate transition.

Deposits in foreign branches of U.S. banks would be neither insured nor assessed for deposit insurance.

Non-deposit creditors:

While protecting uninsured deposits should be the rare

exception, coverage of non-deposit creditors should be eliminated.

III. Risk-Based Deposit Insurance

Flat-rate premiums subsidize high-risk, poorly run institutions at the expense of well-run institutions and the taxpayer. There is a perverse incentive to take risks because there is no cost to offset the upside potential.

Specific Recommendations:

First, in the short-term, premiums based on capital levels will reward institutions that build capital to act as a buffer ahead of the insurance fund. In the longer term, a demonstration project may lead to premiums set by private insurance.

IV. Improved Supervision

Even with deposit insurance limits, the insurance fund and the taxpayer remain exposed to possible bank losses. Effective bank supervision can help. Capital standards need not be increased. But because well-capitalized institutions are the safest, regulation should be reoriented towards a system of capital-based supervision that provides rewards and penalties that encourage banks to hold adequate capital.

The rewards of capital-based supervision would be much greater regulatory freedom for well-capitalized banks to expand and engage in new financial activities. The sanctions of capital-based supervision would involve "prompt corrective action" to address problems as capital levels decline, well in advance of insolvency.

Specific Recommendations:

Capital-based supervision would establish five zones for banks based on their capital levels. Those with capital in excess of minimum requirements will be eligible to engage in a broad range of new financial services as described in Section VII. Those with less than minimum capital would be subject to increasingly stringent corrective action -- including dividend cuts or even forced sale of the bank -- aimed at preventing failure.

V. Restrictions on Risky Activities

State-chartered banks with federal deposit insurance may be

authorized by charter to engage in risky activities that are precluded for national banks. It is important to protect federal taxpayers from such excessive risks while maintaining state regulatory responsibilities under the dual banking system.

Specific Recommendations:

Federal deposit insurance qualifications would prohibit direct investment activities by state banks and limit activities not permitted for national banks.

VI. Nationwide Banking and Branching

The U.S. is the only major industrialized country without a truly national banking system. After 1992, members of the European Community will permit international banking throughout the EC. Not only do we put our banks at an international competitive disadvantage, but we also forego significant safety, efficiency and consumer benefits. Nationwide banking and branching would lead to safer, more efficient and more competitive banks, decreasing taxpayer exposure to losses.

Already, 33 states permit nationwide banking and another 13 permit regional banking. Only four prohibit all interstate banking. So the trend is clearly toward interstate banking. Yet there is almost no authority for interstate branching. Given the cost savings and efficiency arguments for interstate branching, the advantages to consumers and taxpayers of interstate branching is clear.

Specific Recommendations:

Full nationwide banking would be authorized for bank holding companies following a three-year delay. Interstate branching would be authorized for national banks in any state in which the bank's holding company could acquire a bank. Thus, after the three-year delay, full nationwide branching would be permitted.

VII. Modernized Financial Services Regulation

Banks are no longer the protected and steadily profitable businesses they once were. Technological advances and innovations by competing financial services providers have ended their monopoly on transaction accounts and certain types of business credit. They no longer enjoy protected access to low-cost funds from interest rate controls. And old laws that once protected them from competition have become barriers that impede banks from responding to changing market conditions. The result has been declining profitability and increasing bank failures. The losers are not just banks, but also depositors, taxpayers and the overall strength of the economy.

Archaic laws must be adapted to permit well-capitalized banks to reclaim the competitive opportunities they have lost to changing markets. Banks with expertise in other financial services should be allowed to provide them for consumers, and other financial services companies with natural synergies with banking should be allowed to invest in banks. This will provide new sources of capital for the banking system and help promote safe, strong, well-capitalized banks.

The proposed changes will be accompanied by safeguards to prevent an exposure of the federal deposit insurance fund to these new activities.

Specific Recommendations:

In order to strengthen the banking system, new rules would permit financial affiliates for well-capitalized banks. A new financial services holding company structure would permit a single company to own affiliates engaging in banking, securities, mutual funds and insurance. The new rules would allow commercial firms to own financial services holding companies.

To protect the deposit insurance fund and the taxpayer, only well-capitalized banks would be permitted to engage in new financial activities. Only the bank will have access to deposit insurance, strict regulation will be focused on the bank, and the new financial activities will be in separately capitalized affiliates.

VIII. Credit Union Reforms

The law required a study of adequacy of capital in the credit union industry and insurance fund and of the regulatory structure governing the credit union industry.

Specific Recommendations:

To ensure adequate capitalization of the credit union insurance fund, the double counting of fund assets will be eliminated. To provide Administration accountability for credit union regulation, the federal banking regulator will serve on the National Credit Union Administration Board.

PART TWO -- REGULATORY RESTRUCTURING

The current regulatory structure is complicated, overlapping and confusing. Individual institutions often are supervised by several regulators, and bank holding companies rarely have the same regulator as their subsidiary banks.