

AMENDING SECOND LIBERTY BOND ACT, AS AMENDED

MAY 26 (legislative day, MAY 19), 1939.—Ordered to be printed

Mr. HARRISON, from the Committee on Finance, submitted the following

REPORT

[To accompany H. R. 5748]

The Committee on Finance, to whom was referred the bill (H. R. 5748) to amend the Second Liberty Bond Act, as amended, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

The bill amends section 21 of the Second Liberty Bond Act, as amended (U. S. C., title 31, sec. 757b), by striking out the present limitation of \$30,000,000,000 on the amount of bonds which may be outstanding at any one time.

The purpose of the proposed bill is to provide greater flexibility in the management of the public debt. Under the Second Liberty Bond Act, as amended, the total amount of public-debt obligations which may be outstanding at any one time is \$45,000,000,000, subject to a limitation on the amount of bonds which may be outstanding at any one time to an aggregate of \$30,000,000,000.

The Secretary of the Treasury has pointed out that the present limitation on the face amount of bonds which may be outstanding at any one time may seriously interfere with the efficient and economical financing of Government requirements during the next year unless amended at this time.

Under the Second Liberty Bond Act, as amended, the total additional amount of bonds which may be issued is approximately \$1,700,000,000. There is authority to issue approximately \$5,000,000,000 of additional public-debt obligations; and the Secretary of the Treasury has stated that, while the total authority is sufficient for the present, the division as between bonds and notes, certificates of indebtedness, and Treasury bills should be removed in order to give the Treasury the necessary latitude as to the kind of securities it can issue. During the balance of the calendar year outstanding Treasury notes aggregating more than \$980,000,000 will mature, and in addition it will probably be necessary for the Treasury to raise additional cash to carry on the Government's business during the rest of the year.

The Secretary of the Treasury informed the committee that it may be highly desirable, from the standpoint of the public-debt program and the Government security market, for the Treasury to meet the maturing notes and to raise whatever additional cash is necessary, or a major portion thereof, through the issuance of additional Treasury bonds rather than through the issuance of Treasury notes. The Treasury deems it necessary to reserve approximately \$320,000,000 of the present bond limitation to cover estimated additional issues of United States savings bonds during the balance of the calendar year. This will leave only \$1,400,000,000 available for further bond issues under the present limitation and this might not be sufficient to meet the Treasury's requirements in connection with the maturing notes and the additional financing which will be necessary.

The bill will have no effect on the total of the public debt outstanding, as this amount will depend upon expenditures made in pursuance of law. It does permit the Secretary of the Treasury to issue securities best suited at the time to meet the conditions of the market and the needs of the Government within the limits of the bill.

The Secretary of the Treasury recommends the early enactment of this bill. He has pointed out to the committee that the proposed legislation is essential to enable the Treasury to continue its efforts to finance the needs of the Government in the most economical manner possible.

The following statement shows the amount of public-debt obligations issued under the Second Liberty Bond Act, as amended, and outstanding as of April 30, 1939, and the additional amounts which the Secretary of the Treasury may issue under the authority of that act:

Bonds:

Total amount that may be outstanding at any one time.. \$30,000,000,000

Outstanding as of Apr. 30, 1939:

Treasury bonds.....	\$25,240,228,600
United States savings bonds.....	12,273,913,625
Veterans' adjusted-service bonds ..	788,830,956

28,302,973,181

Total additional amount of bonds which may be issued under present limitation.....

1,697,026,819

Notes, certificates of indebtedness and Treasury bills:

Outstanding as of Apr. 30, 1939:

Treasury notes.....	\$9,089,636,350
Certificates of indebtedness.....	1,196,925,350
Treasury bills (maturity value).....	1,366,994,000

11,653,555,700

Recapitulation:

Total public-debt obligations which may be issued under authority of the Second Liberty Bond Act, as amended, and be outstanding at any one time.....

45,000,000,000

Total outstanding public-debt obligations as of Apr. 30, 1939, which were issued under authority of the Second Liberty Bond Act, as amended.....

39,956,528,881

Total amount which may be issued under present limitation.....

5,043,471,119

¹ Maturity value, approximately; amount outstanding Apr. 30, 1939, according to preliminary statement of the public debt, \$1,781,288,947, current redemption value.