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No. 91-116

PUBLIC DEBT

MARCH 25, 1969.—Ordered to be printed
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Mr. LONG, from the Committee on Finance,
submitted the following

REPORT

with

ADDITIONAL VIEWS

[To accompany H.R. 8508]

The Committee on Finance, to which was referred the bill (H.R. 8508) to increase the public debt limit set forth in section 21 of the Second Liberty Bond Act, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

I. SUMMARY

The committee has accepted the bill as passed by the House without change. H.R. 8508 provides a permanent debt limitation of \$365 billion effective on date of enactment. It also provides, for the period from date of enactment through June 30, 1970, for a temporary additional increase of \$12 billion, providing for this period an overall limit of \$377 billion. After June 30, 1970, the overall debt limitation will revert to \$365 billion. The additional temporary allowance for the fiscal year 1970 is provided in recognition of the seasonal fluctuations in the level of the debt subject to limitation. The debt normally reaches a peak in the late spring and then recedes to a lower yearend level.

Under present law the debt limitation is \$365 billion except that on the last day of each year (June 30) the limitation reverts to \$358 billion. On June 30, 1969, with a \$3 billion leeway for contingencies, the debt is expected to amount to approximately \$358 billion and on June 30, 1970, to nearly \$365 billion. On April 15, 1969, even without any allowance for contingencies, the debt is expected to exceed the present limitation unless the cash balance is reduced to less than \$2 billion.

In the fiscal year 1970, with the \$3 billion allowance for contingencies, the debt is expected to reach the level of \$377 billion.

The actual debt limitations for the years since 1941, together with the proposed limitation under this bill, are shown in table 1, below.

TABLE 1.—STATUTORY DEBT LIMITATIONS, FISCAL YEARS 1941 TO DATE, AND PROPOSED LIMITATION FOR THE PERIOD BEGINNING IN 1969 WITH THE EFFECTIVE DATE OF BILL

Fiscal year	Statutory debt limitation		
	Permanent	Temporary additional	Total
1941 through Feb. 18.....	\$49	-----	\$49
1941: Feb. 19 through June 30.....	65	-----	65
1942 through Mar. 27.....	65	-----	65
1942: Mar. 28 through June 30.....	125	-----	125
1943 through Apr. 10.....	125	-----	125
1943: Apr. 11 through June 30.....	210	-----	210
1944 through June 8.....	210	-----	210
1944: June 9 through June 30.....	260	-----	260
1945 through Apr. 2.....	260	-----	260
1945: Apr. 3 through June 30.....	300	-----	300
1946 through June 25.....	300	-----	300
1946: June 26 through June 30.....	275	-----	275
1947-54.....	275	-----	275
1955 through Aug. 27.....	275	-----	275
1955: Aug. 28 through June 30.....	275	\$6	281
1956.....	275	6	281
1957.....	275	3	278
1958 through Feb. 25.....	275	-----	275
1958: Feb. 26 through June 30.....	275	5	280
1959 through Sept. 1.....	275	5	280
1959: Sept. 2 through June 29.....	283	5	288
1959: June 30.....	285	5	290
1960.....	285	10	295
1961.....	285	8	293
1962 through Mar. 12.....	285	13	298
1962: Mar. 13 through June 30.....	285	15	300
1963 through Mar. 31.....	285	23	308
1963: Apr. 1 through May 28.....	285	20	305
1963: May 29 through June 30.....	285	22	307
1964 through Nov. 30.....	285	24	309
1964: Dec. 1 through June 28.....	285	30	315
1964: June 29 and 30.....	285	39	324
1965.....	285	39	324
1966.....	285	43	328
1967 through Mar. 1.....	285	45	330
1967: Mar. 2 through June 30.....	285	51	336
1968 ¹	358	-----	358
1969 (and later years) through June 29 ¹	358	7	365
1969 (and later years) June 30 ¹	358	-----	358
PROPOSED			
From enactment through June 30, 1970 ¹	365	12	377
After June 30, 1970 ¹	365	-----	365

¹ Includes FNMA participation certificates issued in fiscal 1968.

[In millions]

	Fiscal year	
	1969	1970
Trust funds surplus.....	+\$9,353	+\$10,262
Federal funds (administrative budget).....	-6,962	-6,848
Budget surplus.....	+2,391	+3,414

II. GENERAL STATEMENT

A. BASIS FOR COMMITTEE ACTION

The committee agreed with the House that it was desirable to follow the customary procedure of estimating the necessary increase in the public debt limit by adding a \$3 billion allowance for contingencies to

the peak debt levels expected throughout the years in question. This course of action appeared desirable because it would again accord an opportunity to review the budget next year after the new administration has had a better opportunity to develop its own budget plans.

A question which naturally arises in considering the debt limit is why an increase in the limit is needed when the budget is in surplus. The budget submitted in the last 2 years has been based on what is called the unified budget concept, including both the transactions of what formerly was called the administrative budget and also the trust funds. As a result, the surplus or deficit shown is the surplus or deficit in transactions with the public. The public debt limitation, however (with the exceptions of certain agency debt), reflects the total debt obligations of the Federal Government, including both those held by the public and those held by the trust funds. On the basis of the administrative budget, or Federal funds account as it is now called, the current budget estimates for the fiscal years 1969 and 1970 show a deficit in each of these years of close to \$7 billion. The composition of the unified budget surplus as between trust funds and Federal funds is as follows:

TABLE 2.—ESTIMATED PUBLIC DEBT SUBJECT TO PRESENT LIMITATION (BASED ON CONSTANT MINIMUM OPERATING CASH BALANCE OF \$4,000,000,000) FISCAL YEARS 1969 AND 1970

(With and without a \$3,000,000,000 contingency allowance)

[In billions]

	Operating cash balance (excluding free gold)	Public debt subject to limitation	Public debt subject to limitation with \$3,000,000,000 contingency allowance
FISCAL YEAR 1969			
Mar. 31	\$4.0	\$362.1	\$365.1
Apr. 15	4.0	367.2	370.2
Apr. 30	4.0	356.9	359.9
May 15	4.0	361.1	364.1
May 31	4.0	361.9	364.9
June 15	4.0	362.7	365.7
June 30	4.0	354.6	357.6
FISCAL YEAR 1970			
July 15	4.0	359.4	362.4
July 31	4.0	358.3	361.3
Aug. 15	4.0	362.8	365.8
Aug. 31	4.0	363.3	366.3
Sept. 15	4.0	367.6	370.6
Sept. 30	4.0	360.6	363.6
Oct. 15	4.0	365.9	368.9
Oct. 31	4.0	366.0	369.0
Nov. 15	4.0	370.7	373.7
Nov. 30	4.0	368.4	371.4
Dec. 15	4.0	373.3	376.3
Dec. 31	4.0	366.6	369.6
Jan. 15	4.0	371.7	374.7
Jan. 31	4.0	367.3	370.3
Feb. 15	4.0	370.2	373.2
Feb. 28	4.0	368.7	371.7
Mar. 15	4.0	374.0	377.0
Mar. 31	4.0	369.5	372.5
Apr. 15	4.0	373.7	376.7
Apr. 30	4.0	365.4	368.4
May 15	4.0	370.6	373.6
May 31	4.0	369.2	372.2
June 15	4.0	368.3	371.3
June 30	4.0	361.4	364.4

Source: Treasury Department.

To arrive at estimates of the necessary increase in the public debt limit, the peak debt levels expected throughout the years in question must be determined. On March 24, in public hearings on the public debt, the Treasury presented a table, shown here as table 2, indicating the minimum debt limitation believed to be required on the 15th day and the last day of each month in the current and coming fiscal years with, and without, a \$3 billion allowance for contingencies. The table is calculated on the basis of the administration's best estimates of budget receipts and expenditures for the fiscal years 1969 and 1970, and it assumes a constant minimum operating cash balance of \$4 billion.

As table 2 indicates, the peak debt for fiscal year 1970 is expected to be \$374 billion on March 15, 1970, and the debt is expected to approach within \$1 billion of that level on December 15, 1969, and April 15, 1970. The addition of \$3 billion for contingencies to the March 15, 1970, peak indicates a prudent need for a limit of \$377 billion during the fiscal year 1970. Adding \$3 billion for contingencies to the June 30, 1970, estimate also indicates the need for an end-of-the-year limit of \$365 billion for the fiscal year 1970.

The need for a \$3 billion contingency allowance, as demonstrated by experience in past years, is needed because both receipts and expenditures can vary appreciably from budget estimates in part at least as a result of changes in economic levels. Moreover, it has proved difficult in the past to forecast military expenditures accurately. In addition, the Budget Director has recently listed various expenditure items which could well cause increases in the 1970 Federal funds deficit. The expenditure items he listed which are dependent on congressional action not yet taken are:

	<i>In billions</i>
(1) Net increase in postal service costs, if rate increase is not enacted.....	\$0.5
(2) Farmers Home Administration outlays rise if direct farm operating loans are not shifted to insured loans.....	.3
(3) Increased outlays for school assistance in areas affected by Federal activities.....	.3
(4) Increases in veterans benefits and services.....	.1

He also stated that interest costs may be higher than shown in the budget. In addition, there are \$0.4 billion of user charges in the budget which will cause receipts to decrease below the budget level if not enacted.

B. DEBT LIMITATION PROVIDED BY COMMITTEE

A permanent limitation of \$365 billion.—Both the committee and the House have provided that the limitation of \$365 billion, the present limitation except on June 30 of each year, is to become the permanent limitation for the remainder of this year (from date of enactment) and throughout each entire year thereafter. Such a limitation is wholly consistent with provision for a \$3 billion contingency allowance. As is indicated in table 3, the debt on June 30, 1970, is expected to be nearly \$365 billion after an allowance of \$3 billion for contingencies.

Tight control of expenditures is just as essential today as it has been in the past 2 years. The permanent limitation does not make allowances for increases in expenditures in fiscal year 1970 above the budget

submission. Tight control of expenditures must remain a matter of high priority by both Congress and the Executive for the entire fiscal year 1970 for this limitation to be adequate.

A supplementary \$12 billion debt limit through fiscal year 1970.— Both the committee and the House have also provided a supplementary increase of \$12 billion which will be available during fiscal year 1970 (and the remainder of this year) for debt management purposes only. To give assurance that this supplemental amount is used only on a temporary basis and that the debt for the year as a whole is not allowed to exceed the \$365 billion level, the \$12 billion will not be available for the public debt limit after June 30, 1970, when the public debt limit will again be \$365 billion.

This supplementary allowance is provided in recognition of the need to give the Secretary of the Treasury sufficient leeway during the course of the fiscal year to manage the seasonal fluctuations in the Government's fiscal affairs. Revenues flow into the Treasury with periodic peaks but expenditures are made in a much more balanced monthly pattern. The leeway required for debt management purposes reaches several high points during the last 6 months of the fiscal year. The highest of these points is expected to be reached on March 15, 1970, when the debt with the contingency allowance is expected to reach \$377 billion. Another of these high points occurs as late as June 15, but after that date, individual and corporation income tax payments substantially increase the Treasury's cash balance and reduce the requirements for a higher debt limit. Based on the average experience of prior years, an allowance of \$12 billion should be adequate for this purpose in fiscal year 1970.

It is the intention of the committee in providing that the permanent debt limitation return to \$365 billion on June 30, 1970, that the aggregate debt subject to limitation be brought down to this level on that date.

C. NEED FOR ACTION NOW

An immediate rise in the \$365 billion debt ceiling of present law is needed for the remainder of the fiscal year 1969 because such a ceiling would require the Secretary of the Treasury to operate too close to the limit for sound debt management purposes. As the estimates in table 2 show, the debt can be maintained at \$365 billion on April 15 only if the operating cash balance is reduced below the \$4 billion level that is the usual minimum. On April 15, the cash balance on this basis would fall as low as \$1.8 billion. The Secretary of the Treasury also stated during his testimony that the situation may be even more perilous during the 2 or 3 working days before April 15 when the debt tends to be higher than on the monthly midpoint. In the event that receipts fall below estimates, or flow to the Treasury at a slower pace than is normal, or expenditures are made earlier than expected, the present debt limitations will not be adequate. The Secretary of the Treasury then would be forced into taking such actions as slowing the payment of tax refunds or delaying payment on other Federal obligations.

It was thought at the time of the passage of the Revenue and Expenditure Control Act of 1968 that the \$6 billion expenditure reduction required by that act would make any further adjustment

unnecessary for the fiscal year 1969. While it still might be possible to avoid adjustment during this year, the limit is now too close to avoid adjustment if good debt management practices are to be followed. It should be made clear, however, that there was more than the full \$6 billion expenditure reduction in the areas where it was applicable. In fact, in these areas the reductions amounted to \$8.3 billion. The offsetting increases occurred in categories exempted from the expenditure limitation—primarily in support for Vietnam operations, interest, Commodity Credit price-support programs, and State public assistance grants. These expenditure increases are largely, if not wholly, beyond shortrun control and therefore could have been expected even in the absence of the \$8.3 billion reduction. The details of this analysis are shown in table 3, taken from the budget.

TABLE 3.—BUDGET OUTLAYS IN FISCAL YEAR 1969—RELATIONSHIP TO PUBLIC LAW 90-364

[In billions]

Description	January 1968 estimate	January 1969 estimate	Change
Programs excepted from Public Law 90-364 limitation:			
Special support of Vietnam operations.....	\$26.3	\$29.2	+\$2.9
Interest.....	14.4	15.2	+.8
Veterans benefits and services.....	7.3	7.7	+.4
Social Security Act trust funds.....	36.0	36.4	+.4
Old-age and survivors insurance.....	(24.6)	(24.6)	(+.1)
Disability insurance.....	(2.6)	(2.6)	(0)
Health insurance.....	(5.8)	(6.2)	(+.5)
Unemployment insurance.....	(3.1)	(3.0)	(-.1)
Tennessee Valley Authority (portion financed from power proceeds and borrowing).....	.1	.1	(0)
Commodity Credit Corporation (price-support and related programs).....	2.8	3.6	² +.8
Public assistance grants to States (including medicaid).....	5.7	6.2	² +.5
Aid to schools in federally impacted areas (special 1968 supplemental payments made in 1969).....		.1	+.1
Subtotal of excepted programs.....	92.6	98.6	+6.0
Remainder—covered by Public Law 90-364 limitation.....	93.5	85.1	-8.3
Total.....	186.1	183.7	-2.4

¹ Less than \$50,000,000.² Outlays exceeding the January 1968 estimates by more than \$907,000,000 for farm price supports and \$560,000,000 for public assistance grants are not excepted from the Public Law 90-364 limitation.

Source: The Budget of the United States Government for fiscal year 1970, p. 22.

III. APPENDIX

TABLE I.—*Debt limitation under sec. 21 of the Second Liberty Bond Act, as amended—History of legislation*

Sept. 24, 1917:	
40 Stat. 288, sec. 1, authorized bonds in the amount of.....	¹ \$7, 538, 945, 400
40 Stat. 290, sec. 5, authorized certificates of indebtedness outstanding revolving authority.....	² 4, 000, 000, 000
Apr. 4, 1918:	
40 Stat. 502, amending sec. 1, increased bond authority to.....	¹ 12, 000, 000, 000
40 Stat. 504, amending sec. 5, increased authority for certificates outstanding to.....	² 8, 000, 000, 000
July 9, 1918: 40 Stat. 844, amending sec. 1, increased bond authority to.....	¹ 20, 000, 000, 000
Mar. 3, 1919:	
40 Stat. 13, amending sec. 5, increased authority for certificates outstanding to.....	² 10, 000, 000, 000
40 Stat. 1309, new sec. 18 added, authorizing notes in the amount of.....	¹ 7, 000, 000, 000

See footnotes at end of table, p. 8.

Nov. 23, 1921: 42 Stat. 321, amending sec. 18, increased note authority outstanding (established revolving authority) to	2 7, 500, 000, 000
June 17, 1929: 46 Stat. 19, amending sec. 5, authorized bills in lieu of certificates of indebtedness; no change in limitation for the outstanding	2 10, 000, 000, 000
Mar. 3, 1931: 46 Stat. 1506, amending sec. 1, increased bond authority to	1 28, 000, 000, 000
Jan. 30, 1934: 48 Stat. 343, amending sec. 18, increased authority for notes outstanding to	2 10, 000, 000, 000
Feb. 4, 1935:	
49 Stat. 20, amending sec. 1, limited bonds outstanding (establishing revolving authority) to	2 25, 000, 000, 000
49 Stat. 21, new sec. 21 added, consolidating authority for certificates and bills (sec. 5) and authority for notes (sec. 18); same aggregate amount outstanding	2 20, 000, 000, 000
49 Stat. 21, new sec. 22 added, authorizing U.S. savings bonds within authority of sec. 1.	
May 26, 1938: 52 Stat. 447, amending secs. 1 and 21, consolidating in sec. 21 authority for bonds, certificates of indebtedness, Treasury bills, and notes (outstanding bonds limited to \$30,000,000,000). Same aggregate total outstanding	2 45, 000, 000, 000
July 20, 1939: 53 Stat. 1071, amending sec. 21, removed limitation on bonds without changing total authorized outstanding of bonds, certificates of indebtedness, bills, and notes	2 45, 000, 000, 000
June 25, 1940: 54 Stat. 526, amending sec. 21, adding new paragraph:	
“(b) In addition to the amount authorized by the preceding paragraph of this section, any obligations authorized by secs. 5 and 18 of this Act, as amended, not to exceed in the aggregate \$4,000,000,000 outstanding at any one time, less any retirements made from the special fund made available under sec. 301 of the Revenue Act of 1940, may be issued under said sections to provide the Treasury with funds to meet any expenditures made, after June 30, 1940, for the national defense, or to reimburse the general fund of the Treasury therefor. Any such obligations so issued shall be designated ‘National Defense Series’ ”	2 49, 000, 000, 000
Feb. 19, 1941: 55 Stat. 7, amending sec. 21, limiting face amount of obligations issued under authority of act outstanding at any one time to	2 65, 000, 000, 000
Eliminated separate authority for \$4,000,000,000 of National Defense Series obligations.	
Mar. 28, 1942: 56 Stat. 189, amending sec. 21, increased limitation to	2 125, 000, 000, 000
Apr. 11, 1943: 57 Stat. 63, amending sec. 21, increased limitation to	2 210, 000, 000, 000
June 9, 1944: 58 Stat. 272, amending sec. 21, increased limitation to	2 260, 000, 000, 000
Apr. 3, 1945: 59 Stat. 47, amending sec. 21 to read: “The face amount of obligations issued under authority of this act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), shall not exceed in the aggregate \$300,000,000,000 outstanding at any one time”	2 300, 000, 000, 000
June 26, 1946: 60 Stat. 316, amending sec. 21, adding: “The current redemption value of any obligation issued on a discount basis which is redeemable prior to maturity at the option of the holder thereof shall be considered, for the purposes of this section, to be the face amount of such obligation,” and decreasing limitation to	2 275, 000, 000, 000
Aug. 28, 1954: 68 Stat. 895, amending sec. 21, effective Aug. 28, 1954, and ending June 30, 1955, temporarily increasing limitation by \$6,000,000,000 to	2 281, 000, 000, 000

See footnotes at end of table, p. 8.

June 30, 1955: 69 Stat. 241, amending Aug. 28, 1954, act by extending until June 30, 1956, increase in limitation to----	² 281, 000, 000, 000
July 9, 1956: 70 Stat. 519, amending act of Aug. 28, 1954, temporarily increasing limitation by \$3,000,000,000 for period beginning July 1, 1956, and ending June 30, 1957, to-----	² 278, 000, 000, 000
Effective July 1, 1957, temporary increase terminates and limitation reverts, under act of June 26, 1946, to-----	² 275, 000, 000, 000
Feb. 26, 1958: 72 Stat. 27, amending sec. 21, effective Feb. 26, 1958, and ending June 30, 1959, temporarily increasing limitation by \$5,000,000,000-----	² 280, 000, 000, 000
Sept. 2, 1958: 72 Stat. 1758, amending sec. 21, increasing limitation to \$283,000,000,000, which, with temporary increase of Feb. 26, 1958, makes limitation-----	² 288, 000, 000, 000
June 30, 1959: 73 Stat. 156, amending sec. 21, effective June 30, 1959, increasing limitation to \$285,000,000,000, which, with temporary increase of Feb. 26, 1958, makes limitation on June 30, 1959-----	² 290, 000, 000, 000
Amending sec. 21, temporarily increasing limitation by \$10,000,000,000 for period beginning July 1, 1959, and ending June 30, 1960, which makes limitation beginning July 1, 1959-----	² 295, 000, 000, 000
June 30, 1960: 74 Stat. 290, amending sec. 21 for period beginning on July 1, 1960, and ending June 30, 1961, temporarily increasing limitation by \$8,000,000, 000-----	² 293, 000, 000, 000
June 30, 1961: 75 Stat. 148, amending sec. 21, for period beginning on July 1, 1961, and ending June 30, 1962, temporarily increasing limitation by \$13,000,000,000 to-----	² 298, 000, 000, 000
Mar. 13, 1962: 76 Stat. 23, amending sec. 21; for period beginning on Mar. 13, 1962, and ending June 30, 1962, temporarily further increasing limitation by \$2,000,000,000----	² 300, 000, 000, 000
July 1, 1962: 76 Stat. 124 as amended by 77 Stat. 50, amending sec. 21, for period—	
1. Beginning July 1, 1962, and ending Mar. 31, 1963----	² 308, 000, 000, 000
2. Beginning Apr. 1, 1963, and ending June 24, 1963----	² 305, 000, 000, 000
3. Beginning June 25, 1963, and ending June 30, 1963----	² 300, 000, 000, 000
May 29, 1963: 77 Stat. 50, amending sec. 21, for period—	
1. Beginning May 29, 1963, and ending June 30, 1963----	² 307, 000, 000, 000
2. Beginning July 1, 1963, and ending Aug. 31, 1963----	² 309, 000, 000, 000
Aug. 27, 1963: 77 Stat. 131, amending sec. 21, for the period beginning on Sept. 1, 1963, and ending on Nov. 30, 1963----	² 309, 000, 000, 000
Nov. 26, 1963: 77 Stat. 342, amending sec. 21, for the period—	
1. Beginning on Dec. 1, 1963, and ending June 29, 1964----	² 315, 000, 000, 000
2. On June 30, 1964-----	² 309, 000, 000, 000
June 29, 1964: 78 Stat. 225, amending sec. 21, for the period beginning June 29, 1964, and ending June 30, 1965, temporarily increasing the debt limit to-----	² 324, 000, 000, 000
June 24, 1965: 79 Stat. 172, amending sec. 21, for the period beginning July 1, 1965, and ending on June 30, 1966, temporarily increasing the debt limit to-----	² 328, 000, 000, 000
June 24, 1966: 80 Stat. 221, amending sec. 21, for the period beginning July 1, 1966, and ending on June 30, 1967, temporarily increasing the debt limit to-----	² 330, 000, 000, 000
Mar. 2, 1967: 81 Stat. 4, amending sec. 21, for the period beginning Mar. 2, 1967, and ending on June 30, 1967, temporarily increasing the debt limit to-----	² 336, 000, 000, 000
June 30, 1967: 81 Stat. 99—	
1. Amending sec. 21, effective June 30, 1967, increasing limitation to-----	² 358, 000, 000, 000
2. Temporarily increasing the debt limit by \$7,000,000,000 for the period from July 1 to June 29 of each year, to make the limit for such period-----	² 365, 000, 000, 000

¹ Limitation on issue.² Limitation on outstanding.

TABLE II.—SUMMARY OF PUBLIC DEBT AND GUARANTEED DEBT OUTSTANDING, FEB. 28, 1969, AND COMPARATIVE FIGURES FOR FEB. 29, 1968

[On the basis of daily Treasury statements]

Title	Feb. 28, 1969		Feb. 29, 1968	
	Average interest rate ¹ (percent)	Amount outstanding	Average interest rate ¹ (percent)	Amount outstanding
Public debt:				
Interest-bearing debt:				
Public issues—marketable:				
Treasury bills (regular series).....	2 6.149	\$65,979,232,000.00	2 5.338	\$61,860,925,000.00
Treasury bills (tax anticipation series)...	2 5.722	10,789,291,000.00	2 5.241	11,044,167,000.00
Treasury notes.....	5.612	78,248,674,000.00	5.141	66,718,754,000.00
Treasury bonds.....	3.683	81,517,377,150.00	3.687	93,649,387,250.00
Total, public issues—marketable.....	5.093	236,534,574,150.00	4.609	233,273,233,250.00
Public issues—nonmarketable:				
Certificates of indebtedness:				
Foreign series.....	6.138	564,000,000.00	5.038	1,688,500,000.00
Foreign currency series.....	5.424	390,134,776.69	4.128	217,489,654.29
Treasury notes:				
Foreign series.....	5.804	1,608,365,386.84	4.720	193,057,092.98
Foreign currency series.....	5.634	1,863,566,336.46	5.162	1,172,143,907.25
Treasury bonds: Foreign series.....	4.250	83,929,534.25	4.250	113,929,534.25
Treasury certificates.....	3.749	5,633,802.64	4.362	30,758,762.77
U.S. savings bonds.....	3.877	51,875,612,289.44	3.807	51,629,475,033.04
U.S. savings notes.....	4.871	408,069,355.96	4.740	119,821,489.75
U.S. retirement plan bonds.....	3.955	32,383,379.50	3.902	25,846,058.85
Depository bonds.....	2.000	28,917,500.00	2.000	31,281,500.00
Treasury bonds—REA series.....	2.000	22,182,000.00	2.000	24,780,000.00
Treasury bonds, investment series.....	2.750	2,471,115,000.00	2.750	2,551,785,000.00
Total, public issues—nonmarketable.....	3.974	59,353,909,361.78	3.830	57,798,868,033.18
Total, public issues.....	4.866	295,888,483,511.78	4.453	291,072,101,283.18
Special issues:				
Civil service retirement fund.....	4.180	16,237,958,000.00	3.891	15,817,278,000.00
Exchange stabilization fund.....			4.620	921,821,376.26
Federal Deposit Insurance Corporation.....	5.950	150,664,000.00	2.000	147,568,000.00
Federal disability insurance trust fund.....	4.816	2,464,074,000.00	4.013	1,409,340,000.00
Federal home loan banks.....	5.950	53,000,000.00	4.600	52,000,000.00
Federal hospital insurance trust fund.....	5.479	1,816,213,000.00	5.023	1,111,235,000.00
Federal old-age and survivors insurance trust fund.....	4.076	19,420,642,000.00	3.891	18,283,948,000.00
Federal Savings and Loan Insurance Corporation.....	5.950	20,782,000.00	2.000	18,151,000.00
Federal supplementary medical insurance trust fund.....	5.576	361,089,000.00	4.783	359,423,000.00
Foreign service retirement fund.....	3.988	45,602,000.00	3.973	40,986,000.00
Government life insurance fund.....	3.777	836,888,000.00	3.701	867,507,000.00
Highway trust fund.....	4.851	1,100,079,000.00	4.500	730,000,000.00
National service life insurance fund.....	3.561	5,599,933,000.00	3.443	5,716,265,000.00
Railroad retirement account.....	4.461	2,893,099,000.00	4.233	2,913,778,000.00
Railroad retirement holding account.....	5.916	2,784,000.00	5.542	1,612,000.00
Railroad retirement supplemental account.....	6.007	8,322,000.00	5.473	14,638,000.00
Unemployment trust fund.....	4.422	9,571,343,000.00	4.043	8,560,028,000.00
Veterans' special term insurance fund.....	4.009	228,489,000.00	3.629	202,575,000.00
Veterans' reopened insurance fund.....	5.619	106,788,000.00	4.919	73,555,000.00
Total, special issues.....	4.229	50,917,749,000.00	3.930	57,241,708,376.26
Total, interest-bearing debt.....	4.757	356,806,232,511.78	4.366	343,313,809,659.44
Matured debt on which interest has ceased.....		431,909,680.26		267,243,324.76
Debt bearing no interest:				
International Monetary Fund.....		825,000,000.00		2,658,000,000.00
Other.....		700,801,094.01		316,634,844.12
Total, gross public debt.....		358,763,943,286.05		351,555,687,828.32

See footnotes p. 10.

TABLE II.—SUMMARY OF PUBLIC DEBT AND GUARANTEED DEBT OUTSTANDING, FEB. 28, 1969, AND COMPARATIVE FIGURES FOR FEB. 29, 1968—Continued

[On the basis of daily Treasury statements]

Title	Feb. 28, 1969		Feb. 29, 1968	
	Average interest rate ¹ (percent)	Amount outstanding	Average interest rate ¹ (percent)	Amount outstanding
Guaranteed debt of U.S. Government agencies:				
Interest-bearing debt.....	3.834	605,602,900.00	3.795	551,215,450.00
Matured debt on which interest has ceased.....		363,925.00		379,100.00
Total, guaranteed debt of U.S. Government agencies.....		605,966,825.00		551,594,550.00
Total gross public debt and guaranteed debt.....		359,369,910,111.05		352,107,282,378.32
Deduct debt not subject to statutory limitation.....		637,628,225.10		260,195,606.47
Add participation certificates subject to limitation.....		3,250,000,000.00		2,250,000,000.00
Total subject to limitation ³		361,982,281,885.95		354,097,086,771.85

¹ Beginning with the statement for Dec. 31, 1958, the computed average interest rate on the public debt is based upon the rate of effective yield for issues sold at premiums or discounts. Prior to Dec. 31, 1958, the computed average rate was based upon the coupon rates of the securities. This rate did not materially differ from the rate computed on the basis of effective yield. The Treasury, however, announced on Nov. 18, 1958, that there may be more frequent issues of securities sold with premiums or discounts whenever appropriate. This "effective yield" method of computing the average interest rate on the public debt will more accurately reflect the interest cost to the Treasury, and is felt to be in accord with the intent of Congress where legislation has required the use of such rate for various purposes.

² Computed on true discount basis.

³ By act of June 30, 1967, the statutory debt limit was established at \$358,000,000,000 and effective July 1, 1968, and each July 1 thereafter temporarily increased by \$7,000,000,000 during the period beginning on such July 1 and ending on June 29 of the succeeding calendar year.

⁴ Dollar equivalent of certificates issued and payable in the amount of 660,000,000 Swiss francs, and 237,000,000 Netherlands guilders.

⁵ Dollar equivalent of Treasury notes issued and payable in the amount of 912,000,000 Swiss francs, 2,900,000,000 deutsche marks, 1,300,000,000 Austrian schillings, 3,000,000,000 Belgian francs, and 78,000,000,000 Italian lire.

⁶ Dollar equivalent of certificates issued and payable in the amount of 1,685,000,000 Swiss francs.

⁷ Dollar equivalent of Treasury notes issued and payable in the amount of 1,457,000,000 Swiss francs, 5,000,000,000 deutsche marks, 1,300,000,000 Austrian schillings, and 140,500,000,000 Italian lire.

TABLE III.—PUBLIC DEBT SUBJECT TO LIMITATION AT END OF FISCAL YEARS 1938-67

[In millions of dollars]

Fiscal year	Public debt subject to limitation at end of year	Fiscal year	Public debt subject to limitation at end of year
1938.....	36,882	1954.....	270,790
1939.....	40,317	1955.....	273,915
1940.....	43,219	1956.....	272,361
1941.....	49,494	1957.....	270,188
1942.....	74,154	1958.....	276,013
1943.....	140,469	1959.....	284,398
1944.....	208,077	1960.....	286,065
1945.....	268,671	1961.....	288,862
1946.....	268,932	1962.....	298,212
1947.....	257,491	1963.....	306,099
1948.....	251,542	1964.....	312,164
1949.....	252,028	1965.....	317,581
1950.....	256,652	1966.....	320,102
1951.....	254,567	1967 ¹	326,471
1952.....	258,507	1968.....	350,698
1953.....	265,522	1969 ¹	361,982

¹ Debt subject to limitation Feb. 28, 1969.

Source: Table I, Annual Report of the Secretary of the Treasury on the State of the Finances, 1967, p. 439, through 1967, table 9, The Budget of the United States Government for Fiscal Year 1970, p. 494, for 1968 and Daily Treasury Statement; Feb. 28, 1969, for 1969.

IV. CHANGES IN EXISTING LAW MADE BY THE BILL AS REPORTED

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 21 OF THE SECOND LIBERTY BOND ACT (31 U.S.C. 757b)

SEC. 21. The face amount of obligations issued under authority of this Act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), shall not exceed in the aggregate **[\$358,000,000,000]** *\$365,000,000,000* outstanding at any one time. The current redemption value of any obligation issued on a discount basis which is redeemable prior to maturity at the option of the holder thereof shall be considered, for the purposes of this section, to be the face amount of such obligation.

SECTION 3 OF THE ACT OF JUNE 30, 1967 (Public Law 90-39; 81 Stat. 99)

[SEC. 3. Effective July 1, 1968, and each July 1 thereafter, the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act (31 U.S.C. 757b) shall be temporarily increased by \$7,000,000,000 during the period beginning on such July 1 and ending on June 29 of the succeeding calendar year.]

V. ADDITIONAL VIEWS OF MR. MILLER

The bill does not adopt the revised method of showing the public debt in terms of the amount of debt *held* by the public—as originally recommended by the Secretary of the Treasury. Although I recognize that this proposed revised method would be *one* way of presenting the concept of the national debt to the public mind, it is only fair to point out that the traditional method of showing the public debt, which will be continued under the bill, presents the concept of the national debt in terms of the amount *owed* and to be paid in taxes by the general public. If we are, indeed, seeking to achieve enlightenment of the taxpayers with respect to their obligations, it would seem preferable to follow the traditional approach.

JACK MILLER.

