
PUBLIC DEBT ACT OF 1959

JUNE 25, 1959.—Ordered to be printed

Mr. BYRD of Virginia, from the Committee on Finance,
submitted the following

R E P O R T

[To accompany H.R. 7749]

The Committee on Finance, to whom was referred the bill (H.R. 7749) to increase the amount of obligations issued under the Second Liberty Bond Act which may be outstanding at any one time, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

SUMMARY

The bill raises the permanent statutory limit on the Federal debt from \$283 billion to \$285 billion, and for fiscal year 1960 it allows an additional \$10 billion temporary increase.

Under provisions of the bill the debt limit will be \$295 billion during fiscal year 1960, the \$10 billion temporary increase will expire June 30, 1960, and the limit thereafter will be \$285 billion.

GENERAL STATEMENT

The administration requested that the permanent limit be raised from \$283 billion to \$288 billion and that an additional increase of \$7 billion be allowed temporarily for fiscal year 1960.

The Committee on Ways and Means of the House of Representatives approved the bill providing that the permanent ceiling be raised to \$285 billion and allowing an additional \$10 billion in temporary increase for fiscal year 1960. The House passed the bill as reported by the Committee on Ways and Means.

The Secretary of the Treasury, in testimony before the Senate Committee on Finance said an increase in the debt limit was essential to proper management of the Federal debt under existing and foreseeable conditions. He testified further that the provisions of the bill as passed by the House were workable in terms of Treasury requirements, and acceptable to the administration.

The Committee on Finance has approved and reported the bill as passed by the House of Representatives, without amendment.

HISTORY OF FEDERAL DEBT LIMITATION

Limitation on public debt is standard and traditional in the United States at all levels of government. It is advocated by the administration, with sufficient leeway for flexibility. It is not new with Congress. Prior to 1917 specific acts of Congress were required to authorize each loan. Since 1917 the maximum limitation on Federal debt has been fixed by statute as shown in the following Treasury Department summary.

Debt limitation under sec. 21 of the 2d Liberty Bond Act, as amended

Act	History of legislation	Amount
	1917	
Sept. 24, 1917.....	Sec. 1 (40 Stat. 288) authorized bonds in the amount of.....	\$ 7,538,945,400
	Sec. 5 (40 Stat. 290) authorized certificates of indebtedness outstanding (revolving authority).....	\$ 4,000,000,000
	1918	
Apr. 4, 1918.....	Amending sec. 1 (40 Stat. 502) increased bond authority to.....	\$ 12,000,000,000
	Amending sec. 5 (40 Stat. 504) increased authority for certificates outstanding to.....	\$ 8,000,000,000
July 9, 1918.....	Amending sec. 1 (40 Stat. 844) increased bond authority to.....	\$ 20,000,000,000
	1919	
Mar. 3, 1919.....	Amending sec. 5 (40 Stat. 1311) increased authority for certificates outstanding to.....	\$ 10,000,000,000
	New sec. 18 added (40 Stat. 1309) authorized notes in the amount of.....	\$ 7,000,000,000
	1921	
Nov. 23, 1921.....	Amending sec. 18 (42 Stat. 321) increased note authority to outstanding (establishing revolving authority).....	\$ 7,500,000,000
	1929	
June 17, 1929.....	Amending sec. 5 (46 Stat. 19) authorized Treasury bills in lieu of certificates of indebtedness, no change in limitation for the outstanding.....	\$ 10,000,000,000
	1931	
Mar. 3, 1931.....	Amending sec. 1 (46 Stat. 1506) increased bond authority to.....	\$ 28,000,000,000
	1934	
Jan. 30, 1934.....	Amending sec. 18 (48 Stat. 343) increased authority for notes outstanding to.....	\$ 10,000,000,000
	1935	
Feb. 4, 1935.....	Amending sec. 1 (49 Stat. 20) limited bonds outstanding (establishing revolving authority to.....	\$ 25,000,000,000
	New sec. 21 added (49 Stat. 21) consolidated authority for certificates and bills (sec. 5) and authority for notes (sec. 18); same aggregate amount outstanding.....	\$ 20,000,000,000
	New section 22 added (49 Stat. 21) authorized U.S. savings bonds within authority of sec. 1.	
	1938	
May 26, 1938.....	Amending secs. 1 and 21 (52 Stat. 447) consolidated 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.....	\$ 45,000,000,000

See footnotes at end of table, p. 4.

Debt limitation under sec. 21 of the 2d Liberty Bond Act, as amended—Continued

Act	History of legislation	Amount
	1939	
July 20, 1939 (53 Stat. 1071) -----	Amending sec. 21 removed limitation on bonds without change total authorized outstanding of bonds, certificates of indebtedness, Treasury bills and notes.-----	\$45,000,000,000
	1940	
June 25, 1940 (54 Stat. 526)-----	"Sec. 302, section 21 of the Second Liberty Bond Act, as amended, is hereby further amended by inserting '(a)' after '21', and by adding at the end of such section a new paragraph as follows: "(b) In addition to the amount authorized by the preceding paragraph of this section, any obligations authorized by sections 5 and 13 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 section 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"'.-----	\$4,000,000,000
	1941	
Feb. 19, 1941 (55 Stat. 7)-----	Amending sec. 21 to read: "Provided, That the face amount of obligations issued under the authority of this Act shall not exceed in the aggregate \$65,000,000,000 outstanding at any one time." Eliminates separate authority for \$4,000,000,000 of National Defense Series obligations.-----	\$65,000,000,000
	1942	
Mar. 28, 1942 (56 Stat. 189)-----	Amending sec. 21, increasing limitation to \$125,000,000,000.-----	\$125,000,000,000
	1943	
Apr. 10, 1943 (57 Stat. 63)-----	Amending sec. 21, increasing limitation to \$210,000,000,000.-----	\$210,000,000,000
	1944	
June 9, 1944 (58 Stat. 272)-----	Amending sec. 21, increasing limitation to \$260,000,000,000.-----	\$260,000,000,000
	1945	
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."-----	\$300,000,000,000
	1946	
June 26, 1946 (60 Stat. 316)-----	Amending sec. 21, decreasing limitation to \$275,000,000,000 and 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"-----	\$275,000,000,000
	1954	
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-----	\$281,000,000,000
	1955	
June 30, 1955 (69 Stat. 241)-----	Amending Aug. 28, 1954, act, by extending until June 30, 1956, increase in limitation to-----	\$281,000,000,000

See footnotes at end of table, p. 4.

Debt limitation under sec. 21 of the 2d Liberty Bond Act, as amended—Continued

Act	History of legislation	Amount
	1956	
July 9, 1956 (70 Stat. 519).....	Amending act of Aug. 28, 1954, temporarily increasing limitation by \$3,000,000,000, for period beginning on July 1, 1956, and ending on June 30, 1957, to.	¹ \$278, 000, 000, 000
	1957	
Feb. 26, 1958 (72 Stat. 27).....	Effective July 1, 1957; temporary increase terminates and limitation reverts, under act of June 26, 1948, to.	¹ 278, 000, 000, 000
	1958	
	Amending sec. 21, effective January 1958, and ending June 30, 1959, temporarily increasing limitation by \$5,000,000,000 to.....	¹ 280, 000, 000, 000
	1959	
Sept. 2, 1958 (72 Stat 1758).....	Amending sec. 21 to raise permanent ceiling to.....	¹ 283, 000, 000, 000
	1958-59	
	Continuing \$5,000,000,000 temporary addition from act of Feb. 26, 1958, providing a limitation through June 30, 1959, of.....	¹ 288, 000, 000, 000

¹ Limitation on issue.² Limitation on outstanding.³ Limitation on issues less retirements.

Source: Treasury Department.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill 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, AS AMENDED (31 U.S.C., SEC. 757b)

SEC. 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 **[\$283,000,000,000]** *\$285,000,000,000* 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.

