

D. MISCELLANEOUS PROVISIONS

1. Treasury notes payable in foreign currency (sec. 401 of the act)

Bonds or certificates of indebtedness may be issued by the Secretary of the Treasury payable both as to principal and interest in any foreign currency. However, under prior law there was no authorization for the Secretary of the Treasury to issue notes in foreign currency (31 U.S.C. 766).

The act contains an amendment to the Second Liberty Bond Act authorizing the Secretary of the Treasury to issue notes as well as bonds and certificates of indebtedness in foreign currencies. Notes are evidences of indebtedness issued by the Treasury Department with a maturity of from 1 to 5 years from date of issue.

2. Reports on Government contingent liabilities and assets (sec. 402 of the act)

This amendment requires the Secretary of the Treasury to submit, on the first day of each regular session of the Congress, a report to the Congress showing the amount (both on an aggregate and on an individual basis) of the contingent liabilities and the unfunded liabilities of the Federal Government, determined as of the close of the preceding June 30.

The contingent liabilities referred to by the amendment include (1) liability of the Government under its various trust funds (such as the old age and survivors insurance trust fund and the highway trust fund); (2) liabilities of Government-sponsored corporations (for example, the Commodity Credit Corporation); (3) indirect liabilities of the Federal Government not included as part of the public debt, such as Federal Housing Administration debentures; and (4) liabilities of Federal insurance and annuity programs.

Data with respect to these insurance and annuity programs (which include the civil service retirement system, veterans' pension, and war risk insurance programs) are to include information regarding their actuarial status.

The report is also to indicate the collateral pledged, or the assets available (or to be realized) as security for the specified liabilities. Thus, for example, in the case of federally insured home mortgages the assets available on foreclosures may, under favorable circumstances, offset the potential Federal liability. But the reporting of assets is not to stop with a recording of assets related to the liabilities. Under the amendment the Secretary of the Treasury is to set forth all other assets which would be available to liquidate liabilities of the Federal Government.

In order to provide flexibility and to prevent data included in the report from being misconstrued or misleading, the amendment provides that the Secretary of the Treasury may set forth such explanatory material (including such analysis of the significance of the liabilities in terms of past experience and probable risk) as he determines to be necessary or desirable. Under this provision, if he believes particular data are likely to lead to improper conclusions he may qualify these data sufficiently to negate such conclusions.