

[September 17, 1966]

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THE MANAGEMENT OF THE NATIONAL DEBT AND TAX STRUCTURE

The Senate proceeded to consider the bill (S. 1013) to clarify the components of and to assist in the management of the national debt and the tax structure which had been reported from the Committee on Finance with amendments on page 1, line 8, after the word "liabilities," to insert "and the unfunded liabilities"; and, on page 2, line 8, after the word "probable", to strike out "risk" and insert "risk, and shall also set forth all other assets available to liquidate liabilities of the Government"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury shall, on or before March 31 of each year (beginning with 1966), submit to the Senate and the House of Representatives a report setting forth, as of the close of December 31 of the preceding year, the aggregate and individual amounts of the contingent liabilities and the unfunded liabilities of the Government, and of each department, agency, and instrumentality thereof, including, without limitation, trust fund liabilities, Government-sponsored corporations' liabilities, indirect liabilities not included as a part of the public debt, and liabilities of insurance and annuity programs, including their actuarial status on both a balance sheet and projected source and application of funds basis. The report shall also set forth the collateral pledged, or the assets available (or to be realized), as security for such liabilities (Government securities to be separately noted), and an analysis of their significance in terms of past experience and probable risk, and shall also set forth all other assets available to liquidate liabilities of the Government. The report shall set forth the required data in a concise form, with such explanatory material as the Secretary may determine to be necessary or desirable, and shall include total amounts of each category according to the department, agency, or instrumentality involved.

Mr. DIRKSEN. In the absence of the Senator from Massachusetts [Mr. SALTONSTALL], I think I should say, with respect to this bill, that what he proposes is to set up a complete balance sheet for every activity of government. That has never been done before, and I think it will prove to be one of the most useful documents that the Senate will ever have authorized. I may wish to amplify my remarks on it at some later time.

Mr. SALTONSTALL subsequently said: Mr. President, while I was absent for a few minutes when Senator DIRKSEN spoke on this bill I would like to speak briefly on the need for better reporting of the Federal debt. I am very pleased that the Senate today passed my bill, S. 1013.

We now have a statutory national debt of \$318 billion, and also acknowledge in addition contingent debt and Federal

guarantees of about \$400 billion. Actual payments under guarantees will, of course, be much smaller than that, and many of the accounts are covered by adequate reserves. But, this bill is concerned with a growing area of Federal debt which is reported sporadically or not at all. The amount here may approach a trillion dollars. At present we do not know.

In 1957, I introduced legislation to require the regular reduction of the statutory Federal debt in years when no national emergency existed. Friends have pointed out to me that we have been in a state of continual national emergency and, furthermore, while our statutory debt has been increasing, our unreported Federal liabilities have been increasing even faster and are not even fully known. Realizing the importance of this area, in the next Congress, I included in my debt reduction bill, a requirement for reports on this unreported debt. In the 87th Congress, when the international situation continued to be difficult, I decided that it would be best to concentrate on the better reporting of the Federal debt, for all our debt has had to increase regularly in order to meet the growing liabilities of the Federal Government.

We have many kinds of Federal obligations—salaries, real estate leases—at my suggestion a full report on these and real estate owned is now made each year to the Senate Appropriations Committee, copies are available to those people interested—procurement of goods and services, and others including some of our international obligations. Reports are made on many of these items, while others are less well recognized.

A very important area, however, which, as I say, is reported sporadically or not at all, is that of future payments for past services rendered, such as retirement funds, social security funds, and other types of payments with insurance characteristics. Both on an annual operating basis, and on a capital or balance-sheet basis, the total amount of these Federal Government liabilities is very large.

Some of these obligations are carried under separate trust funds, such as social security or civil service retirement. Others are provided for under annual appropriations. But, in all cases, the payee looks to the Federal Treasury for his security, and this we must guarantee.

I believe strongly that under these circumstances we should know the size of these obligations and, more important, the public is entitled to know what the status of these funds is. If a special fund is assigned to make the payment, will the money be in the fund? If the money is to be appropriated on an annual basis, what will be the effect on the Federal budget? These are two vital questions which many household-