

State and local governments have also enlarged their activities in these business fields. Liquor stores and utility revenues of State and local government, for example, totaled \$6 billion in 1965 against barely \$1 billion in the late thirties. Both dollar amounts account for 8 percent of total self-generated revenue.

Among the utility enterprises, run in the main by local governments, are water supply, electric power, gas supply, and transit systems.

We go on to enumerate some of the problems at this area. State-run lotteries are beginning to appear. The competition here is with under-world private enterprise. Rather than curtailment of State and local activity in commercial areas, such activity may well increase as tax sources at the State and local level become fewer and more cost-pricing come into effect with regard to utilities.

The closing part of my statement is devoted to the emergence of government as a money lender and guarantor under various Federal credit programs.

Representative CURTIS. This subject now, that would not tend to get into the statistics that you have been giving us before, would it, or at least a lot of it would not? Let me put it this way: I have seen figures, you probably have, too, of what the contingent liabilities of the Federal Government are. They run up to around \$1 trillion. Of course this is to a large degree money lender and guarantor.

We in the Ways and Means Committee beginning Monday are going to be getting into this participation activity problem, where we are dealing with actual certificates that the Government's various lending agencies issue. But the immediate question I am asking is whether or not the extent to which the Government has moved as a money lender and a guarantor would show up in these previous statistics given.

Mr. GAINSBROUGH. In none. This is another new development of modern-day capitalism; you have a congressional ceiling that controls the Federal debt.

Representative CURTIS. Yes.

Mr. GAINSBROUGH. But there is no statutory limit to Federal guarantees of loans or the amounts quasi-public Agencies can borrow for their operations. This is a way of coming in the back door if you cannot go through the front. Neither the guarantee nor insurance activities are reflected in any one of our administrative cash and national income budgets.

Representative CURTIS. You have answered the very question I asked.

Mr. GAINSBROUGH. Then I offer a quote from The Brookings Institution:

Comparisons over time are misleading if there is a shift from direct loan programs which are included with net amounts in the budget to guaranteed programs which are not included.

Some bulk very large. Federally guaranteed insured loans amount to nearly \$100 billion in just this one instance.

The closing sections, too, are highly pertinent to these discussions; use of government subsidy is another form of intervention, as is the increased degree of government regulatory activities. The latter is difficult to measure, but the only quantification—and I have been accused of professional bias—I could find would be the employment of lawyers as an indication of regulatory activities.