

Representative CURTIS. What has that got to do with paying social security benefits?

Mr. COHEN. Right.

Representative CURTIS. Inasmuch as we have \$20 billion in this contingent fund.

Mr. COHEN. Yes. I think the problem arises from the technical method of meeting the expenditures. There is roughly, and I will just use round figures now to illustrate it, about \$18 billion invested in U.S. Government bonds out of the total \$20 billion in the OASI fund.

Representative CURTIS. But are those marketable?

Mr. COHEN. Yes, some are marketable.

Representative CURTIS. That is right.

Mr. COHEN. Not all of them are marketable, but some are marketable.

Representative CURTIS. We are talking about liquidity, aren't we?

Mr. COHEN. Yes. But here is where that situation arises. There is about \$2 billion in cash that is not invested at a given moment of time—this is the amount at the end of the month. That is, there is roughly about 1 month's benefit that is not invested at this given moment of time. I think the problem that arises is if you have to redeem one of the special obligations, then the Treasury in effect has to raise the money elsewhere to pay for it.

Representative CURTIS. No, could I stop you there?

Mr. COHEN. Yes.

Representative CURTIS. This is the point. It is true if the Treasury had to do that. But if these are actually marketable bonds—like a company would hold or that an individual might hold—you don't have to go to the Treasury. The trustees of the fund certainly could just go out and say "I have got a perfectly good Government bond," just like anyone else might have, and sell it on the market. That is liquidity.

Now maybe the Secretary of the Treasury is right. We may have to do something about getting this trust fund into a real contingent fund to do this, but from what I understood, Mr. Secretary, there were about \$3 or \$4 billion of Government securities that are of the marketable type in the fund.

Mr. COHEN. That is about correct.

Representative CURTIS. Well then, as I thought, the Secretary of the Treasury is misinformed, and that is what I wanted to be sure of. Any further response you would like to make for the record on this point, I would appreciate. I do think though that when we have our big go around in the next month or so on the whole social security program, we will be wanting to look into the assumptions of the fund, and also this point.

Mr. COHEN. Yes.

Representative CURTIS. This point of liquidity, so that we can reassure the people that this really is a trust fund, that it is set aside for social security benefits, that the rest of the Government financing, whatever it might be, is not going to have an impact on that fund, at least until the fund itself is reduced enough.

Mr. COHEN. Yes. I would say personally that between the cash balances and the marketable funds, there ought to be some method to take care of the benefit payments for at least 1 or 2 months, so that there wouldn't be an immediate crisis.