the Federal Housing Administration insured loans and the Veterans Administration guaranteed housing loans; these two alone account for more than 75 percent of total guaranteed and insured loans. Urban renewal, the public housing program, and the Farmers Home Administration are also involved in important guarantee and insurance programs in the housing field. Apart from housing, the most significant guarantee and insurance programs are agricultural credit, export loans, ship mortgages, and small business loans.

It is not hard to visualize even more rapid expansion of loan guarantee and insurance programs in the years ahead as the Government seeks to urge the extension of private credit to finance the rebuilding of the Nation's cities, mass transportation, water and air pollution control, and a myriad of yet undefined areas where policymakers may decide that some element of Federal encouragement is required even though the basic financing is done privately. The Commission is particularly understanding of the Treasury's concern about proliferation of Federal guarantees of tax-exempt obligations, which involve subsidies by the government through reduction of tax receipts rather than by increasing expenditures. It is also concerned about expansion of loans which are 100% insured or guaranteed. Nevertheless, there are large areas of activity where it may be more appropriate to have partial Federal guarantees and insurance—in effect coinsurance with private creditors—than to have direct Federal loans.

Continued inclusion of direct loans in the budget means that there will continue to be close budget control over almost all direct loans. The Commission believes further study should be made of the need for greater coordination of guaranteed and insured loan programs. The executive branch and the Congress may wish to consider the desirability of establishing new procedures for reviewing the authorizations and ceilings on insured and guaranteed loan programs, in view of the growing importance of this type of program.

The Commission has not examined this phase of the loan problem in sufficient depth to make a specific recommendation, but it does wish to register its concern about the need for coordinated surveillance and direction of all Federal lending activity—direct and guaranteed. As a minimum, the budget summary should set forth the amounts of guaranteed and insured loans outstanding as well as direct loans outstanding.

APPROPRIATE DEFINITION OF LOAN ACCOUNT IN THE BUDGET

In determining the apppropriate separation of loans from other expenditures in the budget, there are instances of loans which in the Commission's judgment should be reflected in the expenditure rather than the loan account of the budget, at least for the time being. Certain foreign loans are