fore to exclude intragovernmental transactions such as changes in investments—in no way breaches the integrity or financial structure of individual trust funds or agencies. Each fund or agency would continue to show its full array of income and outgo, investments (including Federal securities held), other assets, and liabilities.

The Commission's recommendations lead to figures on Federal Government and Federal agency securities held by the public (the Commission prefers shortening this term to *Federal securities held by the public*), as shown in Table 3, totaling $262.7 billion at the end of the fiscal year 1966, compared with the present total of public debt and guaranteed obligations as of that same date of $320.4 billion. Federal securities held by the public would grow to $275.6 billion as of June 30, 1968, under the budget estimates made in January 1967.

The budget summary should show a statement of Federal securities outstanding in the hands of the public at the end of each year. It would be useful if this information could be shown separately in the budget document for (1) public debt and (2) Federal agency borrowing (including participation certificates). This should be helpful to both the Congress and the public in their interpretation of the financing implications of the budget.

The Commission's definition of debt excludes Federal loan insurance and guarantee programs. As outlined in Chapter 5, the extension of private credit, even though backed by a guarantee or insurance program, cannot be treated as either an expenditure or a borrowing by the Federal Government or its agencies. These are therefore outside the recommended concepts of the Federal budget and the Federal debt.

Data on guaranteed and insured loans outstanding are now spelled out in some detail in Special Analysis E released with the budget. These loans are now three times the volume of direct Federal loans outstanding in the loan account recommended by the Commission, and should be recognized in any comprehensive statement of Federal Government financial activities. The Commission recommends that the budget summary include figures on total outstanding guaranteed and insured loans, in addition to the figures on total direct loans, and on Federal securities held by the public.

THE PUBLIC DEBT LIMIT

Since the statutory public debt limit is likely to continue to be used by the Congress, the Commission suggests that the executive branch may wish to ask that consideration be given to changes that will make the debt limit consistent with the Federal budget concepts herein recommended.[1]

[1] While they do not, of course, have any objection to the Commission's suggestion that the executive branch may wish to recommend that the structure of the statutory public debt limit be re-examined in the light of the Commission's proposed new budget and debt concepts, the congressional members of the Commission would not want to be understood as now subscribing to the thought of any change in the overall debt limit in advance of careful study by the appropriate committees of the Congress.

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