The Commission's recommendations revising the concept of the budget deficit and the parallel revision of debt concepts have a bearing on the structure of the debt limit. The Commission points out that a debt limit which is parallel in structure to the new concept of Federal securities held by the public will make it possible for the Secretary of the Treasury and the Budget Director to relate their Congressional debt limit testimony to the recommended concept of budget receipts, expenditures, and deficit much more understandably. The administrative budget has traditionally and necessarily dominated debt limit hearings, regardless of which budget concept the President has emphasized in January. This has been one of the more confusing aspects of budget presentation.

In reviewing the debt limit structure, the Commission is hopeful that the definition of the public debt subject to limit can be set up in a manner consistent with recommendations in this chapter and outlined in Table 3, which shows both gross debt outstanding and debt held by the public. There could be an advantage in separating the two basic types of Federal securities for debt limit purposes since they have a different legal basis of issuance and the degree of Treasury control varies. The public debt limit could be confined simply to direct borrowing by the U.S. Treasury, with another limit reflecting Federal agency borrowing. (The Commission has suggested, in Chapter 5, the closer surveillance of the Government guaranteed and insured loan programs, which do not directly affect the debt.)

The Commission notes that the concept of what the Congress has seen fit to include in the debt limit has undergone substantial revision over the years. It has moved from individual issues to classes of securities, from classes of securities to overall public debt, to inclusion of those Federal agency obligations guaranteed by the Government as to principal and interest, and to a redefinition of savings bonds from face to current redemption value. A further revision now seems logical in line with the Commission's recommendations on concepts of the budget and Federal securities held by the public.