
SECOND LIBERTY BOND ACT

FEBRUARY 17 (calendar day, MARCH 2), 1931.—Ordered to be printed

Mr. SMOOT, from the Committee on Finance, submitted the following

REPORT

[To accompany H. R. 16111]

The Committee on Finance, to whom was referred the bill (H. R. 16111) to amend sections 1 and 7 of the second Liberty bond act, as amended, having considered the same, report favorably thereon with the recommendation that the bill do pass with the following amendment:

Strike out all of section 2.

The purpose of the proposed legislation is to make provision for refunding of the public debt in connection with early callable or maturing issues of Liberty bonds, through an increase of \$8,000,000,000 in the authorization for the issuance of bonds provided in the second Liberty bond act as amended (U. S. C., title 31, sec. 752). Out of a total of \$20,000,000,000 authorized in said act, \$18,107,942,750 face amount have been issued, leaving an unissued balance of \$1,892,057,250 available to meet the needs of other refunding operations.

First Liberty loan bonds outstanding, callable in 1932, aggregate \$1,933,545,750 face amount, and fourth Liberty loan 4¼ per cent bonds, callable in 1933, aggregate \$6,268,241,150 face amount. While it can not be foreseen what conditions will be when the refunding operations are undertaken, it is expected that the net result will be a net decrease in interest costs.

It is obvious that the orderly and economical management of the public debt requires that the Treasury Department should have complete freedom in determining the character of securities to be issued and should not be confronted with any arbitrary limitation. In fixing what at the time was a very ample limit, the Congress recognized this principle, but many years have passed, a huge volume of bonds has been issued, to a very great extent for refunding purposes, and the time has now come when the limit should be increased.

Since the committee has stricken section 2 from the bill (which section amended sec. 7 of the act), the title of the bill is amended to read as follows:

To amend section 1 of the second Liberty bond act, as amended.