# $595 BILLION DEBT LIMIT

## HEARING

BEFORE THE

## COMMITTEE ON FINANCE
## UNITED STATES SENATE

NINETY-FOURTH CONGRESS

FIRST SESSION

ON

## H.R. 10585

A BILL TO PROVIDE FOR A TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

NOVEMBER 12, 1975

Printed for the use of the Committee on Finance

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# CONTENTS

# HEARING ON THE PUBLIC DEBT

WEDNESDAY, NOVEMBER 12, 1975

U.S. SENATE,
COMMITTEE ON FINANCE,
*Washington, D.C.*

The committee met, pursuant to notice, at 9:35 a.m., in room 2221, Dirksen Senate Office Building, Senator Russell B. Long (chairman of the committee) presiding.

Present: Senators Long, Hartke, Haskell, Curtis, Fannin, Roth, Jr., and Brock.

Senator CURTIS [presiding]. The committee will come to order.

Unless the Congress acts before then, at midnight this Saturday the $577 billion temporary public debt limit will expire and the debt limit will drop to its permanent level of $400 billion. As of November 7, the debt subject to the limit stood at $558.4 billion. The House Ways and Means Committee has reported a bill to increase the temporary debt limit to $595 billion and to extend the period in which the temporary limit applies until March 15, 1976.

Our first witness this morning will be Hon. Stephen S. Gardner, Deputy Secretary of the Treasury.

Mr. Gardner, you may proceed.

## STATEMENT OF HON. STEPHEN S. GARDNER, DEPUTY SECRETARY OF THE TREASURY, ACCOMPANIED BY CAREY PETER MODLIN, DEPUTY ASSISTANT DIRECTOR FOR BUDGET REVIEW, OFFICE OF MANAGEMENT AND BUDGET; SIDNEY L. JONES, ASSISTANT SECRETARY OF THE TREASURY FOR ECONOMIC POLICY; AND RALPH M. FORBES, SPECIAL ASSISTANT TO THE SECRETARY, DEBT MANAGEMENT

Mr. GARDNER. Thank you, Mr. Chairman.

I would like to introduce my associates: Assistant Secretary Sidney L. Jones for Economic Affairs at the Treasury; Special Assistant to the Secretary for Debt Management, Mr. Ralph Forbes; and on the far left, one of our colleagues, Mr. Carey Peter Modlin, Deputy Assistant Director for Budget Review of the Office of Management and Budget.

I am delighted to be here, Mr. Chairman, to help urge the prompt action by the committee to increase the temporary limit on the public debt. First, I want to express the profound regrets of the Secretary of the Treasury whose plan to attend this hearing was preempted by a request of the President that he be available for consultation on other urgent matters before the administration.

As you know, the present temporary debt limit of $577 billion will expire at the end of this week on November 15, and at that time the statutory limit will revert to the $400 billion permanent ceiling. It is absolutely essential for the responsible fiscal management of our Government that the Congress approve an extension and increase in the debt limit, and that your committee again approve our specific requests as you did so well in June: to increase by $10 billion the amount of Treasury bonds that can be issued without regard to the 4¼-percent ceiling; to extend the maximum maturity of Treasury notes to 10 years from the present 7 years; and to remove the statutory ceiling on the savings bond interest rates.

The House is expected to pass today H.R. 10585 to raise the debt limit temporarily to $595 billion through March 15, 1976.

This amount should be sufficient to meet the Treasury's financing requirements in that period. Essential as this legislative process is here today, one cannot help but be concerned by the events that surround enactment of debt limit bills. That concern is that the debt limit has become a barrier to effective fiscal management causing intermittent artificial crises over the Government's ability to pay its bills. Even more important, the debt limit as a part of the Second Liberty Bond Act under the jurisdiction of other committees complicates the important new congressional budgeting process.

As you know, on October 29, the House failed to pass H.R. 10049 to provide a debt limit of $597 billion temporarily through March 31, 1976. The defeat of that bill was the second defeat of a debt limit bill within the last 6 months. Looking at the record, it is not at all clear why the House defeated the debt limit bill reported to it originally by the Ways and Means Committee, or for that matter, whether any debt limit bill would have been enacted, regardless of amount or duration of the temporary limit.

The American people must be confused by the presumption that a vote against the debt limit bill is a vote for lesser Federal spending and debt. The only way effectively to curb spending, as you know so well, is to make the difficult and complex choices among program alternatives in the congressional budget process. In fact, a limit on Federal spending would be the more appropriate action as the President has indicated, and the administration strongly supports the new congressional budget process.

We are encouraged to see that the second concurrent resolution in the fiscal year 1976 budget is nearing completion. While this budget does not have the force of law until next year, the review of the budget this year in the perspective of overall targets has been a useful discipline.

Many Secretaries of the Treasury have appeared before this committee and the Ways and Means Committee on debt limit legislation. Over the years, a consensus has developed that, while the debt limit is useless as a tool to control Federal spending, the debt limit hearings have at times had the positive aspect of providing a forum for discussion of the Federal budget and the management of the Federal debt.

Indeed, the Treasury supports such meaningful dialog on fiscal matters. It is clear, however, that it should be done in a setting that is divorced from the crisis atmosphere of an immediate need to extend the Government's borrowing authority. The only positive note in recent debt limit hearings is this committee's recognition of the need for more flexibility in debt management in the rates and maturities permitted by statute.

With the imminent expiration date for the debt ceiling, it is unrealistic to attempt to modernize section 21 of the Second Liberty Bond Act. However, in the near future, the Congress should debate and review this act. Ideally, section 21 should authorize the Secretary of the Treasury to borrow to meet budget requirements and provide adequate cash operating balances. This would not give the Secretary of the Treasury discretion to conduct the Government's financial affairs irresponsibly. Such a proposal would place the responsibility for setting budget totals and the debt limit, which is an integral part of the totals, with the congressional Budget Committees and the Congress as a whole.

This proposal would provide a sensible framework for the Congress and the public to review Federal spending, debt management and the economic situation. The American public, if our Treasury mail is any indication, is concerned about the forces behind huge deficits and about the impact of Federal financing on the availability of credit in general. We must turn our attention therefore more fully to the basic issues.

Treasury debt management is an area in which this committee has long been expertly involved. In June, you expressed approval of legislative changes to give the Secretary of the Treasury more flexibility to offer longer term marketable debt and to change the interest rate on U.S. savings bonds to keep that rate more consistent with current rates for competitive instruments.

The Treasury, Mr. Chairman, continues to have, as you well know, a tremendous financing task in the second half of fiscal year 1976. Unless we have some leeway to issue long-term securities, we will risk causing extreme congestion in the short and intermediate term maturity areas of the Nation's financial markets. In its refunding this month, the Treasury used the last of the $10 billion current exception to the 4¼-percent interest rate ceiling on bond issues. We now have no authority to issue any marketable Treasury securities maturing in over 7 years. It is even more imperative now than it was in June that legislation be enacted that will enable us to have access to all sectors of the markets to minimize distortions in any one maturity area.

As you know, the House Budget Committee has reported the second concurrent resolution on the budget for fiscal year 1976, which calls for a $72 billion deficit. The second concurrent resolution reported by the Senate Budget Committee includes a $74.3 billion deficit for fiscal year 1976. Off-budget agency financing, mostly through the Federal Financing Bank, raises the Treasury's borrowing requirements by an additional $14 billion above the amount needed to finance the budget deficit in the current fiscal year.

In the first half of fiscal year 1976, Treasury borrowing from the public will total about $47 billion of which all but $7 billion has been done or announced through today. We estimate the budget deficit for the July–December half at about $43 billion, with a further $4.5 billion of off-budget outlays and nearly $11 billion of maturing coupon issues. This implies that about $58.5 billion of new issues, apart from regular weekly bill rollovers, will occur in the July–December period.

In the second half of fiscal year 1976, the Treasury must borrow $40 to $45 billion from the public and refund $15.5 billion of coupon securities, raising total issues—again excluding bill rollovers—to between $55 and $60 billion.

Mr. Chairman, members of the committee, the financial markets are beset by the pressures of heavy Government financing. Continued economic recovery will be hampered by the impact of our massive Federal debt financing. Although some analysts assume that the financial needs of an economic recovery can be automatically filled, the reality is that mortgages, consumer debt, and business spending for fixed investment and inventories must compete against unprecedented Treasury borrowing requirements which will continue through this year and into the foreseeable future.

The future pace of the economic recovery will depend to a large extent upon the availability of credit across a spectrum of economic activity. If specific industries, such as residential construction or the large numbers of businesses which do not have top credit ratings, are unable to obtain necessary financing, both the strength and sustainability of the recovery will be affected. The impact of such large Treasury borrowings must receive greater attention in the preparation of general economic forecasts. This was the basis of our earlier concerns about the financial disturbances of restricted access to funds and rising interest rates that would result when private borrowing needs generated by the recovery have to compete against Treasury borrowing. Unfortunately, financial market developments already indicate that these problems are occurring.

That means, sir, that our strategy must be to minimize the disruptive effects of the Treasury financing job. This requires that we have debt management flexibility.

We have already taken some steps by reducing our emphasis on the short-term bill market—to limit the risk that excessive amounts of short-term Treasury debt will lead to a rise in all short-term interest rates with the accompanying adverse economic and financial consequences that we experienced in 1966, 1969–70, and again dramatically in 1973.

Despite our continuing efforts to provide a degree of relief from pressures on the very short-term portion of the market, the average length of privately held marketable Treasury securities has dropped to 2 years, 6 months, with a consequent compression of Treasury maturities. The charts included in my statement show the concentration of short-term Treasury coupon maturities that have been issued and are projected for the period between December 1974 and December 1975.

We have little room to maneuver within the 7-year area. This might seem tolerable for a time, but the buildup of maturities which have to be refunded will add to the volatility of markets and could be a seriously disturbing matter for other borrowers and for our financial institutions.

Mr. Chairman, I urge your committee and the Congress to provide the Treasury with increased flexibility to offer securities in all maturity areas. Specifically, I request that you again approve the measures which the committee approved in June.

Extension of the maximum maturity of Treasury notes from 7 years to 10 years will arrest the decline in the average maturity of the debt and reduce the concentration of short-term issues. An increase in the Treasury's bond issuing authority is a very logical extension of the proposal to lengthen the maximum maturity of Treasury notes. We have just used the last of the current $10 billion exception to the 4¼ percent ceiling, and we now have no authority to issue any securities maturing in more than 7 years.

In its report on H.R. 10049, the House Ways and Means Committee stated that it had not provided the flexibility requested because—

> The committee believes that there are dangers in encouraging a substantial shift to longer maturities in the public debt structure at the present time. Long-term interest rates have not been as responsive as short-term rates of interest to the decrease in economic activity since the beginning of 1974. While greater Federal participation in the longer maturity market would tend to lengthen the average maturity of the public debt in the hands of the public, it could also mean higher long-term interest rates.

I think this statement overlooks the fact that continued dependence on short-term borrowing also creates serious hazards. The availability of short-term construction financing is as important as permanent financing. Deposit flows to financial institutions, particularly savings and loan associations, are far more sensitive to the competition of short-term Treasury obligations than to the competition of longer-term obligations. This is clearly understood by the thrift institutions themselves.

The weight of practical and experienced market advice is that we should offer securities in all maturity areas to minimize the risk of an adverse impact on any particular sector. Unless we can offer securities in all the maturity ranges to a wide range of investor interests, debt management is made more difficult and the ultimate cost of financing our deficits is likely to be increased. Obviously, this means informed market judgments are called for at the time of any financing, and our choices should not be restricted by inadequate authority to issue the most appropriate range of securities.

Indeed, if we are forced to concentrate entirely in the short areas, then, as economic recovery progresses, the problems of the Federal Reserve will be greatly complicated, as they attempt to moderate the inevitable pressures for rapid growth in the Nation's money supply.

I also want to emphasize that Treasury's offering of long-term 20- to 30-year bonds, as well as our one offering of 15-year bonds, have been successful and constructive for markets. The market has accepted them. It now anticipates them, and they are readily absorbed into the financial structure where they provide a standard of value not only for our own securities, but for agency, corporate, and the municipal markets as well.

The third debt management measure is removal of the 6-percent rate ceiling on savings bonds. The purpose, of course, is to allow the rate on savings bonds to be changed more promptly from time to time in recognition of changing financial circumstances, and to provide greater assurance to the small investor, who is our biggest purchaser and holder of savings bonds, that his Government will give him a fair rate of return on this investment.

Savings bonds account for more than one-fifth of the total privately held Treasury debt, and the average savings bond stays outstanding longer than the average marketable security. Savings bonds are a

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great source of stability in debt management. It is a program that we cannot do without.

There is a huge debt management job before us. We need your help and Congress can help immeasurably by giving us the additional flexibility we need to do the job.

(Material appended to Mr. Gardner's statement follows:)

PUBLIC DEBT, SUBJECT TO LIMITATION—FISCAL YEAR 1976

[Based on: Budget receipts of $298,000,000,000, budget outlays of $370,000,000,000, off-budget outlays of $14,000,000,000]

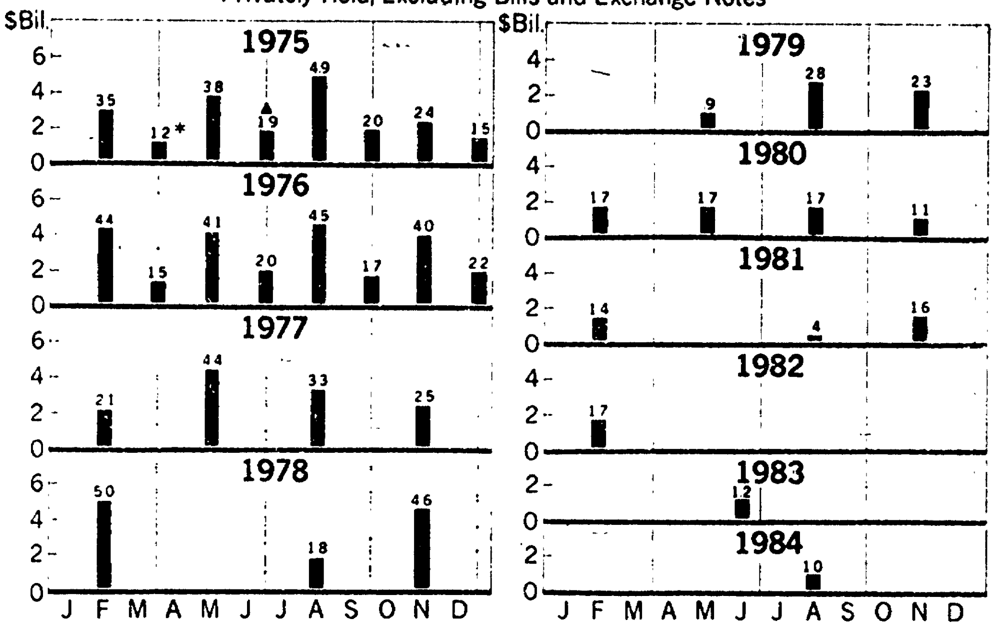
[In billions of dollars]

| | Operating cash balance | Public debt subject to limit | With $3,000,000,000 margin for contingencies |
|---|---|---|---|
| 1975: | | | |
| Actual: | | | |
| June 30 | 7.6 | 534.2 | |
| July 31 | 4.2 | 539.3 | |
| Aug. 31 | 3.6 | 548.7 | |
| Sept. 30 | 10.5 | 554.3 | |
| Oct. 31 | 10.3 | 563.1 | |
| Estimated: | | | |
| Nov. 30 | 6.0 | 565.0 | 568 |
| Dec. 31 | 6.0 | 572.0 | 575 |
| 1976: | | | |
| Jan 31 | 6.0 | 573.0 | 576 |
| Feb. 29 | 6.0 | 585.0 | 588 |
| Mar. 31 | 6.0 | 599.0 | 602 |
| Apr. 15 | 6.0 | 610.0 | 613 |
| Apr. 30 | 6.0 | 599.0 | 602 |
| May 31 | 6.0 | 609.0 | 612 |
| June 15 (peak) | 6.0 | 616.0 | 619 |
| June 30 | 6.0 | 610.0 | 613 |

December 31, 1974

## TREASURY MARKETABLE MATURITIES

Privately Held, Excluding Bills and Exchange Notes

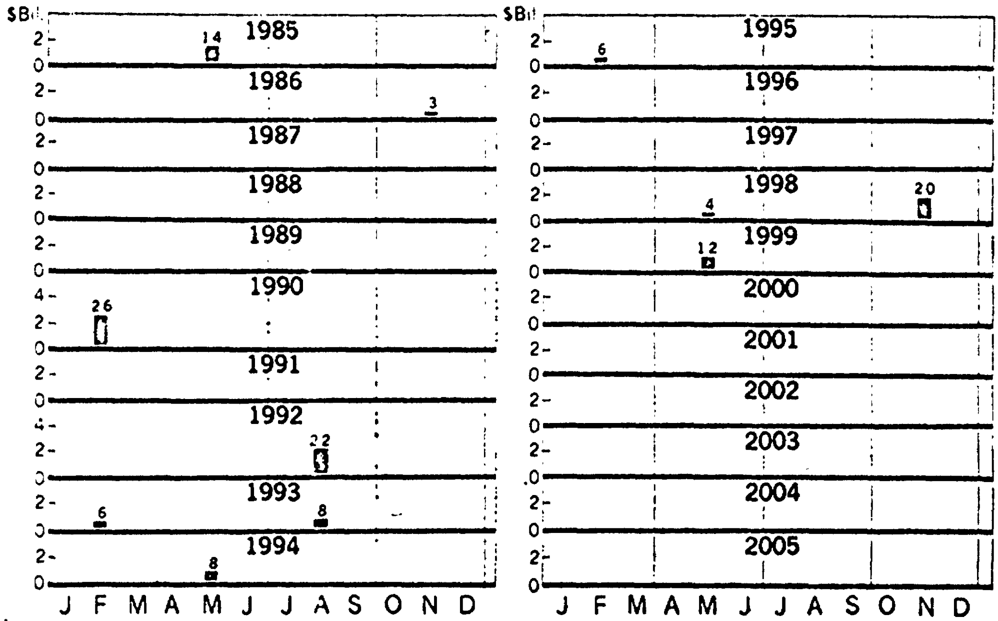



* FFB bills (in 2 year cycle slot).
▲ Treasury bills (in 2 year cycle slot).

December 31, 1974, con't.

## TREASURY MARKETABLE MATURITIES

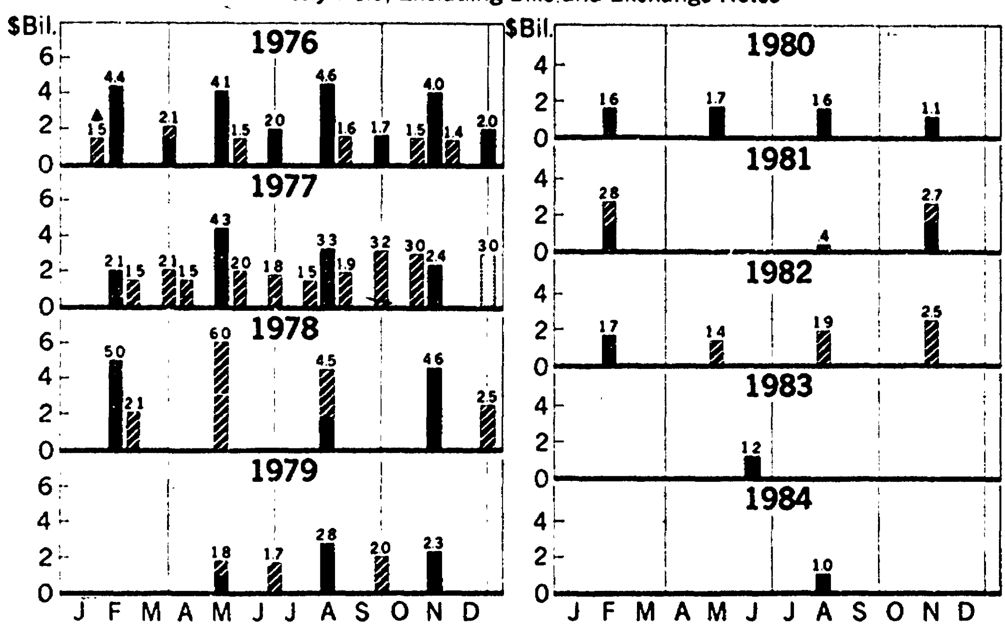
Privately Held, Excluding Bills and Exchange Notes




December 31, 1975 est.

## TREASURY MARKETABLE MATURITIES

Privately Held, Excluding Bills and Exchange Notes




New issues Calendar Year 1975.

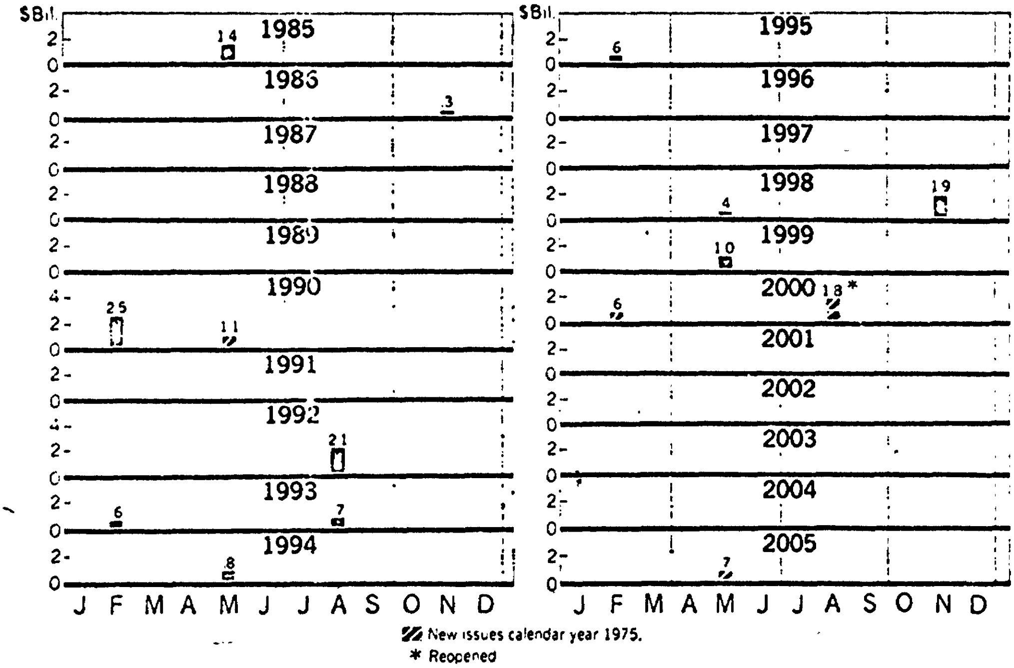
▲ Treasury bills (in 2 year cycle slot).

☐ Refunding of 2 year note maturing December 31, 1975 and $1.5 billion cash.

December 31, 1975, con't.

## TREASURY MARKETABLE MATURITIES

Privately Held, Excluding Bills and Exchange Notes




Mr. GARDNER. I would just like to add, having finished my prepared remarks, Mr. Chairman, that yesterday the U.S. Treasury canceled an auction which was set for today. We were forced to cancel that auction because if there is no action in the Congress, we could not make a legal delivery of the securities of $2.1 million 52-week Treasury bills that we had offered to the public. We rescheduled the auction today and changed the maturity date, so that we can make a legal delivery. But it is a sad state of affairs when the U.S. Government has to cancel a previously normally announced routine Treasury auction.

Thank you very much.

Senator CURTIS. Thank you, Mr. Secretary.

Our chairman has entered the room; but he has just given me consent to hold the floor for a couple of minutes. This is my 37th year in Congress, and this is the closest I have ever been to being a chairman. [General laughter.]

The CHAIRMAN. Go right ahead. You are doing a good job.

Senator CURTIS. It has lasted 18 minutes, and it is a delight.

Mr. Secretary, debts for the United States are caused when we spend money in excess of revenues, is not that true?

Mr. GARDNER. Yes, sir.

Senator CURTIS. When there is no money in the Treasury and none anticipated and the Congress votes for additional programs, additional authorization, additional appropriations, and so on, that adds to the debt, does it not?

Mr. GARDNER. Yes, sir.

Senator CURTIS. And, when the Congress votes to reduce taxes at a time when there is no surplus in the Treasury and the spending has been authorized, that increases debts.

Mr. GARDNER. Yes, sir.

Senator CURTIS. Now, if there are sums owing by the Federal Government, maybe for benefits to people, maybe it is for work performed by a contractor, maybe an obligation or a commitment to a State or whatnot, once those are made, in reality, that is part of the debt of the United States, is it not?

Mr. GARDNER. Yes, sir.

Senator CURTIS. Then, is it true that in a very real sense this legislation we enact, referred to as the debt limit, is a mechanism whereby the Treasury can go out and get the money to pay the bills and pay the debts already created? Is that right?

Mr. GARDNER. Yes, sir.

Senator CURTIS. So, it is not, as you say, an instrument or a weapon to hold down the debt, is that right?

Mr. GARDNER. It is not an effective weapon.

Senator CURTIS. No. It is some restraint because it focuses attention on the Government findings, but the fact that we might owe $x$ billions of dollars on commitments made by the Government, we still owe that whether or not we authorize you to go out and borrow enough money to pay those bills, is not that right?

Mr. GARDNER. That is correct, yes, sir; yes, indeed.

Senator CURTIS. I do not think any Congressman or Senator has ever done this, but it is quite a temptation for Members of Congress to demagog on this issue. It is very easy to vote for every program, every expenditure, every increase, and then, when it comes around to vote on this bill that grants authority of the Treasury to go out and get the money to pay the bills, to vote no. It makes a great speech back home. I do not think any of them have ever done it; but I am aware that the temptation is there, and I hope that it can be removed.

Mr. Secretary, you expressed approval of what this committee did last June. That was rejected by the House and by the conference.

Mr. GARDNER. Yes, sir.

Senator CURTIS. What is the latest cash balance at the Treasury, the latest figure you have? What is the date and what is the amount?

Mr. GARDNER. I am getting it from my experts.

The closing balance was $4.772 billion on November 7, and that is the latest figure we have.

Senator CURTIS. How long will this last to meet obligations if no legislation is passed?

Mr. GARDNER. Practically no time at all, sir. We have scheduled needs to borrow. We have commitments to fill. We can possibly take some steps. I can get you an expert answer as to how long the $4.772 billion will last, but, I suspect that the number has already changed. That was November 7, and with the amount of obligations that we——

Senator CURTIS. And, of course, it is unrealistic to average and say it would be about 2 days, because that does not take into account existing bonds that might become due.

Mr. GARDNER. Exactly. Exactly right.

Senator CURTIS. Or, existing payments that may become due; or a dip or a rise in revenues on the particular day.

Mr. GARDNER. Absolutely, sir.

Senator CURTIS. Mr. Chairman, I thank you for this privilege, and I turn it back to you.

The CHAIRMAN [presiding.] Senator Haskell?

Senator HASKELL. No, Mr. Chairman, having arrived late, I have no questions at the moment.

The CHAIRMAN. Well I will take the floor for a moment or two and maybe you will have some ideas.

Do you care to ask any questions at this point, Senator Brock, and I will take my turn.

Senator BROCK. I do not have any questions, Mr. Chairman.

The CHAIRMAN. Mr. Secretary, at these hearings I have always requested a series of charts which I am sure your people are familiar with. Can you provide those charts for the record?

Mr. GARDNER. Yes, we will.

[The charts referred to follow:]

TABLE 1.—ESTIMATED GROSS GOVERNMENT AND PRIVATE DEBT, BY MAJOR CATEGORIES

[Dollar amounts in billions]

| Dec. 31 | Private [1] Individual | Private [1] Corporate | Private [1] Total | State and local | Federal [2] Public | Federal [2] Agency | Federal [2] Total | Total gross debt | Percent Federal of total |
|---|---|---|---|---|---|---|---|---|---|
| 1929 | $72.9 | $107.0 | $179.9 | $17.8 | $16.3 | $1.2 | $17.5 | $215.2 | 8.1 |
| 1930 | 71.8 | 107.4 | 179.2 | 18.9 | 16.0 | 1.3 | 17.3 | 215.4 | 8.0 |
| 1931 | 64.9 | 100.3 | 165.2 | 19.5 | 17.8 | 1.3 | 19.1 | 203.8 | 9.4 |
| 1932 | 57.1 | 96.1 | 153.2 | 19.7 | 20.8 | 1.2 | 22.0 | 194.9 | 11.3 |
| 1933 | 51.0 | 92.4 | 143.4 | 19.5 | 23.8 | 1.5 | 25.3 | 188.2 | 13.4 |
| 1934 | 49.8 | 90.6 | 140.4 | 19.2 | 28.5 | 4.8 | 33.3 | 192.9 | 17.3 |
| 1935 | 49.7 | 89.8 | 139.5 | 19.6 | 30.6 | 5.6 | 36.2 | 195.3 | 18.5 |
| 1936 | 50.6 | 90.9 | 141.5 | 19.6 | 34.4 | 5.9 | 40.3 | 201.4 | 20.0 |
| 1937 | 51.1 | 90.2 | 141.3 | 19.6 | 37.3 | 5.8 | 43.1 | 204.0 | 21.1 |
| 1938 | 50.0 | 86.8 | 136.8 | 19.8 | 39.4 | 6.2 | 45.6 | 202.2 | 22.6 |
| 1939 | 50.8 | 86.8 | 137.6 | 20.1 | 41.9 | 6.9 | 48.8 | 206.5 | 23.6 |
| 1940 | 53.0 | 89.0 | 142.0 | 20.2 | 45.0 | 7.2 | 52.2 | 214.4 | 24.3 |
| 1941 | 55.6 | 97.5 | 153.1 | 20.0 | 57.9 | 7.7 | 65.6 | 238.7 | 27.5 |
| 1942 | 49.9 | 106.3 | 156.2 | 19.2 | 108.2 | 5.5 | 113.7 | 289.1 | 39.3 |
| 1943 | 48.8 | 110.3 | 159.1 | 18.1 | 165.9 | 5.1 | 171.0 | 348.2 | 49.1 |
| 1944 | 50.7 | 109.0 | 159.7 | 17.1 | 230.6 | 3.0 | 233.6 | 410.4 | 56.9 |
| 1945 | 54.7 | 99.5 | 154.2 | 16.0 | 278.1 | 1.5 | 279.6 | 449.8 | 62.2 |
| 1946 | 59.9 | 109.3 | 169.2 | 16.1 | 259.1 | 1.6 | 260.7 | 446.0 | 58.5 |
| 1947 | 69.4 | 128.9 | 198.3 | 17.5 | 256.9 | .7 | 257.6 | 473.4 | 54.4 |
| 1948 | 80.6 | 139.4 | 220.0 | 19.6 | 252.8 | 1.0 | 253.8 | 493.4 | 51.4 |
| 1949 | 90.4 | 140.3 | 230.7 | 22.2 | 257.1 | .8 | 257.9 | 510.8 | 50.5 |
| 1950 | 104.3 | 167.7 | 272.0 | 25.3 | 256.7 | 1.1 | 257.8 | 555.1 | 46.4 |
| 1951 | 114.3 | 191.9 | 306.2 | 28.0 | 259.4 | .8 | 260.2 | 594.4 | 43.8 |
| 1952 | 129.4 | 202.9 | 332.3 | 31.0 | 267.4 | .9 | 268.3 | 631.6 | 42.5 |
| 1953 | 143.2 | 212.9 | 356.1 | 35.0 | 275.2 | .8 | 276.0 | 667.1 | 41.4 |
| 1954 | 157.2 | 217.6 | 374.8 | 40.2 | 278.8 | .7 | 279.5 | 694.5 | 40.2 |
| 1955 | 180.1 | 253.9 | 434.0 | 46.3 | 280.8 | 1.4 | 282.2 | 762.5 | 37.0 |
| 1956 | 195.5 | 277.3 | 472.8 | 50.1 | 276.6 | 1.7 | 278.3 | 801.2 | 34.7 |
| 1957 | 207.6 | 295.8 | 503.4 | 54.7 | 274.9 | 3.2 | 278.1 | 836.2 | 33.3 |
| 1958 | 222.9 | 312.0 | 534.9 | 60.4 | 289.9 | 2.4 | 292.3 | 887.6 | 32.9 |
| 1959 | 245.0 | 341.4 | 586.4 | 66.6 | 290.8 | 5.7 | 296.5 | 949.5 | 31.2 |
| 1960 | 263.3 | 365.1 | 628.4 | 72.0 | 290.2 | 6.4 | 296.6 | 997.0 | 29.7 |
| 1961 | 284.8 | 391.5 | 676.3 | 77.6 | 296.2 | 6.8 | 303.0 | 1,056.9 | 28.7 |
| 1962 | 311.9 | 421.5 | 733.4 | 83.4 | 303.5 | 7.8 | 311.3 | 1,128.1 | 27.6 |
| 1963 | 345.8 | 457.1 | 802.9 | 89.5 | 309.3 | 8.1 | 317.4 | 1,209.8 | 26.2 |
| 1964 | 380.1 | 497.3 | 877.4 | 95.5 | 317.9 | 9.1 | 327.0 | 1,299.9 | 25.2 |
| 1965 | 415.7 | 551.9 | 967.6 | 103.1 | 320.9 | 9.8 | 330.7 | 1,401.4 | 23.6 |
| 1966 | 444.2 | 617.3 | 1,061.5 | 109.4 | 329.3 | 14.0 | 343.3 | 1,514.2 | 22.7 |
| 1967 | 476.3 | 672.9 | 1,149.2 | 117.3 | 344.7 | 20.1 | 364.8 | 1,631.3 | 22.4 |
| 1968 | 513.8 | 779.1 | 1,292.9 | 127.2 | 358.0 | 15.1 | 373.1 | 1,793.2 | 20.8 |
| 1969 | 548.6 | 912.7 | 1,461.3 | 137.9 | 368.2 | 13.8 | 382.0 | 1,981.2 | 19.3 |
| 1970 | 586.2 | 997.7 | 1,583.9 | 149.2 | 389.2 | 12.5 | 401.7 | 2,134.8 | 18.8 |
| 1971 | 647.6 | 1,084.7 | 1,732.3 | 167.0 | 424.1 | 11.0 | 435.1 | 2,334.4 | 18.6 |
| 1972 | 734.3 | 1,230.8 | 1,965.1 | 181.2 | 449.3 | 11.8 | 461.1 | 2,607.4 | 17.7 |
| 1973 | 821.9 | 1,413.8 | 2,235.7 | 193.5 | 469.9 | 11.6 | 481.5 | 2,910.7 | 16.5 |
| 1974 | 880.1 | 1,584.2 | 2,464.3 | 209.3 | 492.7 | 11.4 | 504.1 | 3,177.7 | 15.9 |

Footnotes at end of tables.

TABLE 2.—ESTIMATED PER CAPITA GROSS GOVERNMENT AND PRIVATE DEBT [3]

[Amounts in dollars]

| Dec. 31 | Private [1] | | | State and local | Federal [2] | | | Total gross debt |
|---|---|---|---|---|---|---|---|---|
| | Individual | Corporate | Total | | Public | Agency | Total | |
| 1929 | $598 | $878 | $1,477 | $146 | $133 | $9 | $143 | $1,767 |
| 1930 | 583 | 872 | 1,455 | 153 | 129 | 10 | 140 | 1,750 |
| 1931 | 523 | 808 | 1,331 | 157 | 143 | 10 | 153 | 1,643 |
| 1932 | 457 | 769 | 1,227 | 157 | 166 | 9 | 176 | 1,561 |
| 1933 | 406 | 735 | 1,141 | 155 | 189 | 11 | 201 | 1,498 |
| 1934 | 394 | 716 | 1,110 | 151 | 225 | 37 | 263 | 1,526 |
| 1935 | 390 | 705 | 1,096 | 154 | 240 | 44 | 284 | 1,534 |
| 1936 | 395 | 709 | 1,105 | 153 | 268 | 46 | 314 | 1,572 |
| 1937 | 396 | 700 | 1,096 | 152 | 289 | 45 | 334 | 1,583 |
| 1938 | 385 | 668 | 1,053 | 152 | 303 | 47 | 351 | 1,557 |
| 1939 | 388 | 663 | 1,051 | 153 | 320 | 52 | 372 | 1,577 |
| 1940 | 399 | 671 | 1,070 | 152 | 339 | 54 | 393 | 1,616 |
| 1941 | 415 | 728 | 1,143 | 149 | 432 | 57 | 489 | 1,782 |
| 1942 | 368 | 785 | 1,153 | 141 | 799 | 40 | 839 | 2,135 |
| 1943 | 355 | 803 | 1,159 | 131 | 1,208 | 37 | 1,245 | 2,536 |
| 1944 | 364 | 784 | 1,149 | 123 | 1,659 | 21 | 1,681 | 2,954 |
| 1945 | 389 | 708 | 1,097 | 113 | 1,979 | 10 | 1,990 | 3,202 |
| 1946 | 422 | 770 | 1,192 | 113 | 1,825 | 11 | 1,836 | 3,142 |
| 1947 | 479 | 890 | 1,370 | 120 | 1,775 | 4 | 1,780 | 3,271 |
| 1948 | 547 | 946 | 1,494 | 133 | 1,717 | 6 | 1,724 | 3,351 |
| 1949 | 603 | 936 | 1,540 | 148 | 1,716 | 5 | 1,722 | 3,410 |
| 1950 | 684 | 1,101 | 1,786 | 166 | 1,685 | 7 | 1,693 | 3,645 |
| 1951 | 738 | 1,239 | 1,977 | 180 | 1,674 | 5 | 1,680 | 3,837 |
| 1952 | 821 | 1,287 | 2,109 | 196 | 1,697 | 5 | 1,702 | 4,008 |
| 1953 | 893 | 1,329 | 2,223 | 218 | 1,718 | 4 | 1,723 | 4,164 |
| 1954 | 964 | 1,334 | 2,299 | 246 | 1,710 | 4 | 1,714 | 4,260 |
| 1955 | 1,085 | 1,530 | 2,615 | 279 | 1,692 | 8 | 1,700 | 4,595 |
| 1956 | 1,157 | 1,641 | 2,799 | 296 | 1,637 | 10 | 1,647 | 4,743 |
| 1957 | 1,207 | 1,719 | 2,927 | 318 | 1,598 | 18 | 1,617 | 4,862 |
| 1958 | 1,274 | 1,784 | 3,058 | 345 | 1,657 | 13 | 1,671 | 5,074 |
| 1959 | 1,377 | 1,919 | 3,297 | 374 | 1,635 | 32 | 1,667 | 5,339 |
| 1960 | 1,457 | 2,020 | 3,478 | 398 | 1,606 | 35 | 1,641 | 5,518 |
| 1961 | 1,550 | 2,131 | 3,681 | 422 | 1,612 | 37 | 1,649 | 5,753 |
| 1962 | 1,672 | 2,259 | 3,931 | 447 | 1,627 | 41 | 1,668 | 6,047 |
| 1963 | 1,827 | 2,415 | 4,242 | 472 | 1,634 | 42 | 1,677 | 6,392 |
| 1964 | 1,980 | 2,591 | 4,572 | 497 | 1,656 | 47 | 1,704 | 6,774 |
| 1965 | 2,139 | 2,840 | 4,979 | 530 | 1,651 | 50 | 1,701 | 7,212 |
| 1966 | 2,259 | 3,140 | 5,400 | 556 | 1,675 | 71 | 1,746 | 7,703 |
| 1967 | 2,396 | 3,386 | 5,783 | 590 | 1,734 | 101 | 1,835 | 8,209 |
| 1968 | 2,559 | 3,881 | 6,441 | 633 | 1,783 | 75 | 1,858 | 8,934 |
| 1969 | 2,706 | 4,503 | 7,209 | 680 | 1,816 | 68 | 1,884 | 9,775 |
| 1970 | 2,861 | 4,869 | 7,731 | 728 | 1,899 | 61 | 1,960 | 10,420 |
| 1971 | 3,127 | 5,238 | 8,366 | 806 | 2,048 | 53 | 2,101 | 11,274 |
| 1972 | 3,516 | 5,893 | 9,409 | 867 | 2,151 | 56 | 2,207 | 12,485 |
| 1973 | 3,906 | 6,719 | 10,626 | 919 | 2,233 | 55 | 2,288 | 13,834 |
| 1974 | 4,153 | 7,475 | 11,629 | 987 | 2,325 | 53 | 2,378 | 14,995 |

Footnotes at end of tables

TABLE 3.—GROSS GOVERNMENT AND PRIVATE DEBT RELATED TO GROSS NATIONAL PRODUCT

| Dec. 31 | Gross[4] national product (billions) | Ratios of debt to gross national product (percent) | | | | | | | Total gross debt (percent) |
|---|---|---|---|---|---|---|---|---|---|
| | | Private[1] | | | State and local | Federal[3] | | | |
| | | Individual | Corporate | Total | | Public | Agency | Total | |
| 1929 | $96.7 | 75.4 | 110.7 | 186.0 | 18.4 | 16.9 | 1.2 | 18.1 | 222.5 |
| 1930 | 83.1 | 86.4 | 129.2 | 215.6 | 22.7 | 19.3 | 1.6 | 20.8 | 259.2 |
| 1931 | 66.9 | 97.0 | 149.9 | 246.9 | 29.1 | 26.6 | 1.9 | 28.6 | 304.6 |
| 1932 | 56.8 | 100.5 | 169.2 | 269.7 | 34.7 | 36.6 | 2.1 | 38.7 | 343.1 |
| 1933 | 60.3 | 84.6 | 153.2 | 237.8 | 32.3 | 39.5 | 2.5 | 42.0 | 312.1 |
| 1934 | 68.6 | 72.6 | 132.1 | 204.7 | 28.0 | 41.5 | 7.0 | 48.5 | 281.2 |
| 1935 | 77.4 | 64.2 | 116.0 | 180.2 | 25.3 | 39.5 | 7.2 | 46.8 | 252.3 |
| 1936 | 86.5 | 58.5 | 105.1 | 163.6 | 22.7 | 39.8 | 6.8 | 46.6 | 232.8 |
| 1937 | 87.6 | 58.3 | 103.0 | 161.3 | 22.4 | 42.6 | 6.6 | 49.2 | 232.9 |
| 1938 | 87.6 | 57.1 | 99.1 | 156.2 | 22.6 | 45.0 | 7.1 | 52.1 | 230.8 |
| 1939 | 94.8 | 53.6 | 91.6 | 145.1 | 21.2 | 44.2 | 7.3 | 51.5 | 217.8 |
| 1940 | 107.6 | 49.3 | 82.7 | 132.0 | 18.8 | 41.8 | 6.7 | 48.5 | 199.3 |
| 1941 | 138.8 | 40.1 | 70.2 | 110.3 | 14.4 | 41.7 | 5.5 | 47.3 | 172.0 |
| 1942 | 179.0 | 27.9 | 59.4 | 87.3 | 10.7 | 60.4 | 3.1 | 63.5 | 161.5 |
| 1943 | 202.4 | 24.1 | 54.5 | 78.6 | 8.9 | 82.0 | 2.5 | 84.5 | 172.0 |
| 1944 | 217.4 | 23.3 | 50.1 | 73.5 | 7.9 | 106.1 | 1.4 | 107.5 | 188.8 |
| 1945 | 196.0 | 27.9 | 50.8 | 78.7 | 8.2 | 141.9 | .8 | 142.7 | 229.5 |
| 1946 | 221.4 | 27.1 | 49.4 | 76.4 | 7.3 | 117.0 | .7 | 117.8 | 201.4 |
| 1947 | 245.0 | 28.3 | 52.6 | 80.9 | 7.1 | 104.9 | .3 | 105.1 | 193.2 |
| 1948 | 261.2 | 30.9 | 53.4 | 84.2 | 7.5 | 96.8 | .4 | 97.2 | 188.9 |
| 1949 | 260.5 | 34.7 | 53.9 | 88.6 | 8.5 | 98.7 | .3 | 99.0 | 196.1 |
| 1950 | 311.3 | 33.5 | 53.9 | 87.4 | 8.1 | 82.5 | .4 | 82.8 | 178.3 |
| 1951 | 338.2 | 33.8 | 56.7 | 90.5 | 8.3 | 76.7 | .2 | 76.9 | 175.8 |
| 1952 | 361.0 | 35.8 | 56.2 | 92.1 | 8.6 | 74.1 | .2 | 74.3 | 175.0 |
| 1953 | 360.8 | 39.7 | 59.0 | 98.7 | 9.7 | 76.3 | .2 | 76.5 | 184.9 |
| 1954 | 379.8 | 41.4 | 57.3 | 98.7 | 10.6 | 73.4 | .2 | 73.6 | 182.9 |
| 1955 | 409.7 | 44.0 | 62.0 | 105.9 | 11.3 | 68.5 | .3 | 68.9 | 186.1 |
| 1956 | 433.2 | 45.1 | 64.0 | 109.1 | 11.6 | 63.9 | .4 | 64.2 | 184.9 |
| 1957 | 438.1 | 47.4 | 67.5 | 114.9 | 12.5 | 62.7 | .7 | 63.5 | 190.9 |
| 1958 | 469.2 | 47.5 | 66.5 | 114.0 | 12.9 | 61.8 | .5 | 62.3 | 189.2 |
| 1959 | 496.8 | 49.3 | 68.7 | 118.0 | 13.4 | 58.5 | 1.1 | 59.7 | 191.1 |
| 1960 | 503.5 | 52.3 | 72.5 | 124.8 | 14.3 | 57.6 | 1.3 | 58.9 | 198.0 |
| 1961 | 542.8 | 52.5 | 72.1 | 124.6 | 14.3 | 54.6 | 1.3 | 55.8 | 194.7 |
| 1962 | 574.7 | 54.3 | 73.3 | 127.6 | 14.5 | 52.8 | 1.4 | 54.2 | 196.3 |
| 1963 | 611.8 | 56.5 | 74.7 | 131.2 | 14.6 | 50.6 | 1.3 | 51.9 | 197.8 |
| 1964 | 654.0 | 58.1 | 76.0 | 134.2 | 14.6 | 48.6 | 1.4 | 50.0 | 198.8 |
| 1965 | 719.8 | 57.8 | 76.7 | 134.4 | 14.3 | 44.6 | 1.4 | 45.9 | 194.7 |
| 1966 | 772.6 | 57.5 | 79.9 | 137.4 | 14.2 | 42.6 | 1.8 | 44.4 | 196.0 |
| 1967 | 825.0 | 57.7 | 81.6 | 139.3 | 14.2 | 41.8 | 2.4 | 44.2 | 197.7 |
| 1968 | 898.6 | 57.2 | 86.7 | 143.9 | 14.2 | 39.8 | 1.7 | 41.5 | 199.6 |
| 1969 | 953.7 | 57.5 | 95.7 | 153.2 | 14.5 | 38.6 | 1.4 | 40.1 | 207.7 |
| 1970 | 1,009.8 | 58.1 | 98.8 | 156.9 | 14.8 | 38.5 | 1.2 | 39.8 | 211.4 |
| 1971 | 1,099.1 | 58.9 | 98.7 | 157.6 | 15.2 | 38.6 | 1.0 | 39.6 | 212.4 |
| 1972 | 1,226.8 | 59.9 | 100.3 | 160.2 | 14.8 | 36.6 | 1.0 | 37.6 | 212.5 |
| 1973 | 1,351.4 | 60.8 | 104.6 | 165.4 | 14.3 | 34.8 | .9 | 35.6 | 215.4 |
| 1974 | 1,424.0 | 61.8 | 111.3 | 173.1 | 14.7 | 34.6 | .8 | 35.4 | 223.2 |

Footnotes at end of tables.

TABLE 4.—ESTIMATED NET GOVERNMENT AND PRIVATE DEBT BY MAJOR CATEGORIES

| Dec. 31 | Private [1] Individual | Private [1] Corporate | Private [1] Total | State and local | Federal [5] | Total net debt | Percent Federal of total |
|---|---|---|---|---|---|---|---|
| 1916 | $36.3 | $40.2 | $76.5 | $4.5 | $1.2 | $82.2 | 1.5 |
| 1917 | 38.7 | 43.7 | 82.4 | 4.8 | 7.3 | 94.5 | 7.7 |
| 1918 | 44.5 | 47.0 | 91.5 | 5.1 | 20.9 | 117.5 | 17.8 |
| 1919 | 43.9 | 53.3 | 97.2 | 5.5 | 25.6 | 128.3 | 20.0 |
| 1920 | 48.1 | 57.7 | 105.8 | 6.2 | 23.7 | 135.7 | 17.5 |
| 1921 | 49.2 | 57.0 | 106.2 | 7.0 | 23.1 | 136.3 | 16.9 |
| 1922 | 50.9 | 58.6 | 109.5 | 7.9 | 22.8 | 140.2 | 16.3 |
| 1923 | 53.7 | 62.6 | 116.3 | 8.6 | 21.8 | 146.7 | 14.9 |
| 1924 | 55.8 | 67.2 | 123.0 | 9.4 | 21.0 | 153.4 | 13.7 |
| 1925 | 59.6 | 72.7 | 132.3 | 10.3 | 20.3 | 162.9 | 12.5 |
| 1926 | 62.7 | 76.2 | 138.9 | 11.1 | 19.2 | 169.2 | 11.3 |
| 1927 | 66.4 | 81.2 | 147.6 | 12.1 | 18.2 | 177.9 | 10.2 |
| 1928 | 70.0 | 86.1 | 156.1 | 12.7 | 17.5 | 186.3 | 9.4 |
| 1929 | 72.9 | 88.9 | 161.8 | 13.6 | 16.5 | 191.9 | 8.6 |
| 1930 | 71.8 | 89.3 | 161.1 | 14.7 | 16.5 | 192.3 | 8.6 |
| 1931 | 64.9 | 83.5 | 148.4 | 16.0 | 18.5 | 182.9 | 10.1 |
| 1932 | 57.1 | 80.0 | 137.1 | 16.6 | 21.3 | 175.0 | 12.2 |
| 1933 | 51.0 | 76.9 | 127.9 | 16.3 | 24.3 | 168.5 | 14.4 |
| 1934 | 49.8 | 75.5 | 125.3 | 15.9 | 30.4 | 171.6 | 17.7 |
| 1935 | 49.7 | 74.8 | 124.5 | 16.1 | 34.4 | 175.0 | 19.7 |
| 1936 | 50.6 | 76.1 | 126.7 | 16.2 | 37.7 | 180.6 | 20.9 |
| 1937 | 51.1 | 75.8 | 126.9 | 16.1 | 39.2 | 182.2 | 21.5 |
| 1938 | 50.0 | 73.3 | 123.3 | 16.1 | 40.5 | 179.9 | 22.5 |
| 1939 | 50.8 | 73.5 | 124.3 | 16.4 | 42.6 | 183.3 | 23.2 |
| 1940 | 53.0 | 75.6 | 128.6 | 16.4 | 44.8 | 189.8 | 23.6 |
| 1941 | 55.6 | 83.4 | 139.0 | 16.1 | 56.3 | 211.4 | 26.6 |
| 1942 | 49.9 | 91.6 | 141.5 | 15.4 | 101.7 | 258.6 | 39.3 |
| 1943 | 48.8 | 95.5 | 144.3 | 14.5 | 154.4 | 313.2 | 49.3 |
| 1944 | 50.7 | 94.1 | 144.8 | 13.9 | 211.9 | 370.6 | 57.2 |
| 1945 | 54.7 | 85.3 | 140.0 | 13.4 | 252.5 | 405.9 | 62.2 |
| 1946 | 59.9 | 93.5 | 153.4 | 13.7 | 229.5 | 396.6 | 57.9 |
| 1947 | 69.4 | 109.6 | 179.0 | 15.0 | 221.7 | 415.7 | 53.3 |
| 1948 | 80.6 | 118.4 | 199.0 | 17.0 | 215.3 | 431.3 | 49.9 |
| 1949 | 90.4 | 118.7 | 209.1 | 19.1 | 217.6 | 445.8 | 48.8 |
| 1950 | 104.3 | 142.8 | 247.1 | 21.7 | 217.4 | 486.2 | 44.7 |
| 1951 | 114.3 | 163.8 | 278.1 | 24.2 | 216.9 | 519.2 | 41.8 |
| 1952 | 129.4 | 172.3 | 301.7 | 27.0 | 221.5 | 550.2 | 40.3 |
| 1953 | 143.2 | 180.9 | 324.1 | 30.7 | 226.8 | 581.6 | 39.0 |
| 1954 | 157.2 | 184.1 | 341.3 | 35.5 | 229.1 | 605.9 | 37.8 |
| 1955 | 180.1 | 215.0 | 395.1 | 41.1 | 229.6 | 665.8 | 34.5 |
| 1956 | 195.5 | 234.1 | 429.6 | 44.5 | 224.3 | 698.4 | 32.1 |
| 1957 | 207.6 | 249.1 | 456.7 | 48.6 | 223.0 | 728.3 | 30.6 |
| 1958 | 222.9 | 262.0 | 484.9 | 53.7 | 231.0 | 769.0 | 30.0 |
| 1959 | 245.0 | 287.0 | 532.0 | 59.6 | 241.4 | 833.0 | 29.0 |
| 1960 | 263.3 | 306.3 | 569.6 | 64.9 | 239.8 | 874.3 | 27.4 |
| 1961 | 284.8 | 328.3 | 613.1 | 70.5 | 246.7 | 930.3 | 26.5 |
| 1962 | 311.9 | 353.5 | 665.4 | 77.0 | 253.6 | 996.0 | 25.5 |
| 1963 | 345.8 | 383.6 | 729.4 | 83.9 | 257.5 | 1,078.8 | 24.0 |
| 1964 | 380.1 | 417.1 | 797.2 | 90.4 | 264.0 | 1,151.6 | 22.9 |
| 1965 | 415.7 | 463.2 | 878.9 | 98.3 | 266.4 | 1,243.6 | 21.4 |
| 1966 | 444.2 | 517.8 | 962.0 | 104.8 | 271.8 | 1,338.6 | 20.3 |
| 1967 | 476.3 | 562.6 | 1,038.9 | 112.8 | 286.4 | 1,438.1 | 19.9 |
| 1968 | 513.8 | 653.0 | 1,166.8 | 122.7 | 291.9 | 1,581.4 | 18.5 |
| 1969 | 548.6 | 764.8 | 1,313.4 | 133.3 | 289.3 | 1,736.0 | 16.7 |
| 1970 | 586.2 | 836.4 | 1,422.6 | 144.8 | 301.1 | 1,868.5 | 16.1 |
| 1971 | 647.6 | 909.1 | 1,556.7 | 162.8 | 325.9 | 2,045.4 | 15.9 |
| 1972 | 734.3 | 1,030.8 | 1,765.1 | 176.9 | 341.2 | 2,283.2 | 14.9 |
| 1973 | 821.9 | 1,185.7 | 2,007.6 | 189.5 | 349.1 | 2,546.2 | 13.7 |
| 1974 | 880.1 | 1,330.6 | 2,210.7 | 205.6 | 360.8 | 2,777.1 | 13.0 |

Footnotes at end of tables

TABLE 5.—ESTIMATED PER CAPITA NET GOVERNMENT AND PRIVATE DEBT [3]

| Dec. 31 | Private [1] | | | State and local | Federal [5] | Total net debt |
|---|---|---|---|---|---|---|
| | Individual | Corporate | Total | | | |
| 1916 | $356 | $394 | $750 | $44 | $11 | $806 |
| 1917 | 374 | 423 | 797 | 46 | 70 | 915 |
| 1918 | 431 | 455 | 886 | 49 | 202 | 1,138 |
| 1919 | 420 | 509 | 930 | 52 | 244 | 1,227 |
| 1960 | 451 | 541 | 993 | 58 | 222 | 1,274 |
| 1921 | 453 | 525 | 978 | 64 | 212 | 1,255 |
| 1922 | 462 | 532 | 994 | 71 | 207 | 1,273 |
| 1923 | 479 | 559 | 1,038 | 76 | 194 | 1,310 |
| 1924 | 488 | 588 | 1,077 | 82 | 184 | 1,344 |
| 1925 | 514 | 627 | 1,142 | 88 | 175 | 1,406 |
| 1926 | 534 | 649 | 1,183 | 94 | 163 | 1,441 |
| 1927 | 557 | 682 | 1,239 | 101 | 152 | 1,494 |
| 1928 | 580 | 714 | 1,295 | 105 | 145 | 1,546 |
| 1929 | 598 | 730 | 1,328 | 111 | 135 | 1,575 |
| 1930 | 583 | 725 | 1,308 | 119 | 134 | 1,562 |
| 1931 | 523 | 673 | 1,196 | 128 | 149 | 1,474 |
| 1932 | 457 | 640 | 1,098 | 132 | 170 | 1,401 |
| 1933 | 406 | 612 | 1,018 | 129 | 193 | 1,341 |
| 1934 | 394 | 597 | 991 | 125 | 240 | 1,357 |
| 1935 | 390 | 587 | 978 | 126 | 270 | 1,375 |
| 1936 | 395 | 594 | 989 | 126 | 294 | 1,410 |
| 1937 | 396 | 588 | 985 | 124 | 304 | 1,414 |
| 1938 | 385 | 564 | 949 | 124 | 311 | 1,385 |
| 1939 | 388 | 561 | 949 | 125 | 325 | 1,400 |
| 1940 | 399 | 570 | 969 | 123 | 337 | 1,431 |
| 1941 | 415 | 622 | 1,038 | 120 | 420 | 1,578 |
| 1942 | 368 | 676 | 1,045 | 113 | 751 | 1,910 |
| 1943 | 355 | 695 | 1,051 | 105 | 1,124 | 2,281 |
| 1944 | 364 | 677 | 1,042 | 100 | 1,525 | 2,667 |
| 1945 | 389 | 607 | 996 | 95 | 1,797 | 2,889 |
| 1946 | 422 | 658 | 1,080 | 96 | 1,616 | 2,794 |
| 1947 | 479 | 757 | 1,237 | 103 | 1,532 | 2,872 |
| 1948 | 547 | 804 | 1,351 | 115 | 1,462 | 2,929 |
| 1949 | 603 | 792 | 1,396 | 127 | 1,452 | 2,976 |
| 1950 | 684 | 937 | 1,622 | 142 | 1,427 | 3,192 |
| 1951 | 738 | 1,057 | 1,795 | 156 | 1,400 | 3,352 |
| 1952 | 821 | 1,093 | 1,914 | 171 | 1,405 | 3,492 |
| 1953 | 893 | 1,129 | 2,023 | 191 | 1,415 | 3,630 |
| 1954 | 964 | 1,129 | 2,093 | 217 | 1,405 | 3,716 |
| 1955 | 1,085 | 1,295 | 2,381 | 247 | 1,383 | 4,012 |
| 1956 | 1,157 | 1,386 | 2,543 | 263 | 1,327 | 4,134 |
| 1957 | 1,207 | 1,448 | 2,655 | 282 | 1,296 | 4,234 |
| 1958 | 1,274 | 1,498 | 2,772 | 307 | 1,320 | 4,400 |
| 1959 | 1,377 | 1,613 | 2,991 | 335 | 1,357 | 4,684 |
| 1960 | 1,457 | 1,695 | 3,152 | 359 | 1,327 | 4,839 |
| 1961 | 1,550 | 1,787 | 3,337 | 383 | 1,343 | 5,064 |
| 1962 | 1,672 | 1,895 | 3,567 | 412 | 1,359 | 5,339 |
| 1963 | 1,827 | 2,027 | 3,854 | 443 | 1,360 | 5,658 |
| 1964 | 1,980 | 2,173 | 4,154 | 471 | 1,375 | 6,001 |
| 1965 | 2,139 | 2,383 | 4,523 | 505 | 1,371 | 6,400 |
| 1966 | 2,259 | 2,634 | 4,894 | 533 | 1,382 | 6,810 |
| 1967 | 2,396 | 2,831 | 5,228 | 567 | 1,441 | 7,237 |
| 1968 | 2,559 | 3,253 | 5,813 | 611 | 1,454 | 7,879 |
| 1969 | 2,706 | 3,773 | 6,480 | 657 | 1,427 | 8,565 |
| 1970 | 2,861 | 4,082 | 6,943 | 706 | 1,469 | 9,120 |
| 1971 | 3,127 | 4,390 | 7,518 | 786 | 1,574 | 9,879 |
| 1972 | 3,516 | 4,935 | 8,451 | 847 | 1,633 | 10,932 |
| 1973 | 3,906 | 5,635 | 9,542 | 900 | 1,659 | 12,101 |
| 1974 | 4,153 | 6,279 | 10,432 | 970 | 1,702 | 13,105 |

Footnotes at end of tables.

TABLE 6.—ESTIMATED NET GOVERNMENT AND PRIVATE DEBT RELATED TO GROSS NATIONAL PRODUCT

| Dec. 31 | Gross [4] national product (billions) | Ratio of debt to gross national product (percent): Private [1]: Individual | Private [1]: Corporate | Private [1]: Total | State and local | Federal [3] | Total net debt (percent) |
|---|---|---|---|---|---|---|---|
| 1929 | $96.7 | 75.4 | 91.9 | 167.3 | 14.1 | 17.1 | 198.4 |
| 1930 | 83.1 | 86.4 | 107.5 | 193.9 | 17.7 | 19.9 | 231.4 |
| 1931 | 66.9 | 97.0 | 124.8 | 221.8 | 23.9 | 27.7 | 273.4 |
| 1932 | 56.8 | 100.5 | 140.8 | 241.4 | 29.2 | 37.5 | 308.1 |
| 1933 | 60.3 | 84.6 | 127.5 | 212.1 | 27.0 | 40.3 | 279.4 |
| 1934 | 68.6 | 72.6 | 110.1 | 182.7 | 23.2 | 44.3 | 250.1 |
| 1935 | 77.4 | 64.2 | 96.6 | 160.9 | 20.8 | 44.4 | 226.1 |
| 1936 | 86.5 | 58.5 | 88.0 | 146.5 | 18.7 | 43.6 | 208.8 |
| 1937 | 87.6 | 58.3 | 86.5 | 144.9 | 18.4 | 44.7 | 208.0 |
| 1938 | 87.6 | 57.1 | 83.7 | 140.8 | 18.4 | 46.2 | 205.4 |
| 1939 | 94.8 | 53.6 | 77.5 | 131.1 | 17.3 | 44.9 | 193.4 |
| 1940 | 107.6 | 49.3 | 70.3 | 119.5 | 15.2 | 41.6 | 176.4 |
| 1941 | 138.8 | 40.1 | 60.1 | 100.1 | 11.6 | 40.6 | 152.3 |
| 1942 | 179.0 | 27.9 | 51.2 | 79.1 | 8.6 | 56.8 | 144.5 |
| 1943 | 202.4 | 24.1 | 47.2 | 71.3 | 7.2 | 76.3 | 154.7 |
| 1944 | 217.4 | 23.3 | 43.3 | 66.6 | 6.4 | 97.5 | 170.5 |
| 1945 | 196.0 | 27.9 | 43.5 | 71.4 | 6.8 | 128.8 | 207.1 |
| 1946 | 221.4 | 27.1 | 42.2 | 69.3 | 6.2 | 103.7 | 179.1 |
| 1947 | 245.0 | 28.3 | 44.7 | 73.1 | 6.1 | 90.5 | 169.7 |
| 1948 | 261.2 | 30.9 | 45.3 | 76.2 | 6.5 | 82.4 | 165.1 |
| 1949 | 260.5 | 34.7 | 45.6 | 80.3 | 7.3 | 83.5 | 171.1 |
| 1950 | 311.3 | 33.5 | 45.9 | 79.4 | 7.0 | 69.8 | 156.2 |
| 1951 | 338.2 | 33.8 | 48.4 | 82.2 | 7.2 | 64.1 | 153.5 |
| 1952 | 361.0 | 35.8 | 47.7 | 83.6 | 7.5 | 61.4 | 152.4 |
| 1953 | 360.8 | 39.7 | 50.1 | 89.8 | 8.5 | 62.9 | 161.2 |
| 1954 | 379.8 | 41.4 | 48.5 | 89.9 | 9.3 | 60.3 | 159.5 |
| 1955 | 409.7 | 44.0 | 52.5 | 96.4 | 10.0 | 56.0 | 162.5 |
| 1956 | 433.2 | 45.1 | 54.0 | 99.2 | 10.3 | 51.8 | 161.2 |
| 1957 | 438.1 | 47.4 | 56.9 | 104.2 | 11.1 | 50.9 | 166.2 |
| 1958 | 469.2 | 47.5 | 55.8 | 103.3 | 11.4 | 49.2 | 164.0 |
| 1959 | 496.8 | 49.3 | 57.8 | 107.1 | 12.0 | 48.6 | 167.7 |
| 1960 | 503.5 | 52.3 | 60.8 | 113.1 | 12.9 | 47.6 | 173.7 |
| 1961 | 542.8 | 52.5 | 60.5 | 113.0 | 13.0 | 45.5 | 171.4 |
| 1962 | 574.7 | 54.3 | 61.5 | 115.8 | 13.4 | 44.1 | 173.3 |
| 1963 | 611.8 | 56.5 | 62.7 | 119.2 | 13.7 | 42.1 | 175.0 |
| 1964 | 654.0 | 58.1 | 63.8 | 121.9 | 13.8 | 40.4 | 176.1 |
| 1965 | 719.8 | 57.8 | 64.4 | 122.1 | 13.7 | 37.0 | 172.8 |
| 1966 | 772.6 | 57.5 | 67.0 | 124.5 | 13.6 | 35.2 | 173.3 |
| 1967 | 825.0 | 57.7 | 68.2 | 125.9 | 13.7 | 34.7 | 174.3 |
| 1968 | 898.6 | 57.2 | 72.7 | 129.8 | 13.7 | 32.5 | 176.0 |
| 1969 | 953.7 | 57.5 | 80.2 | 137.7 | 14.0 | 30.3 | 182.0 |
| 1970 | 1,009.8 | 58.1 | 82.8 | 140.9 | 14.3 | 29.8 | 185.0 |
| 1971 | 1,099.1 | 58.9 | 82.7 | 141.6 | 14.8 | 29.7 | 186.1 |
| 1972 | 1,226.8 | 59.9 | 84.0 | 143.9 | 14.4 | 27.8 | 186.1 |
| 1973 | 1,351.4 | 68.8 | 87.7 | 148.6 | 14.0 | 25.8 | 188.4 |
| 1974 | 1,424.0 | 61.8 | 93.4 | 155.2 | 14.4 | 25.3 | 195.0 |

Footnotes at end of tables.

TABLE 7.—ESTIMATED FEDERAL DEBT RELATED TO POPULATION AND PRICES

| Dec. 31 | Outstanding Federal debt: Gross [3] | Outstanding Federal debt: Net [5] | Outstanding Federal debt: Privately held net [6] | Per capita Federal debt [3]: Gross [3] | Per capita Federal debt [3]: Net [5] | Per capita Federal debt [3]: Privately held net [6] | Real per capita Federal debt [8]: Gross [3] | Real per capita Federal debt [8]: Net [5] | Real per capita Federal debt [8]: Privately held net [6] |
|---|---|---|---|---|---|---|---|---|---|
| 1929 | $17.4 | $16.5 | $16.0 | $143 | $135 | $131 | $434 | $409 | $397 |
| 1930 | 17.3 | 16.5 | 15.8 | 140 | 134 | 128 | 452 | 431 | 413 |
| 1931 | 19.1 | 18.5 | 17.7 | 154 | 149 | 142 | 547 | 530 | 507 |
| 1932 | 22.0 | 21.3 | 19.4 | 176 | 170 | 155 | 698 | 676 | 616 |
| 1933 | 25.3 | 24.3 | 21.9 | 201 | 193 | 174 | 794 | 763 | 687 |
| 1934 | 33.3 | 30.4 | 28.0 | 263 | 240 | 221 | 1,018 | 929 | 856 |
| 1935 | 36.2 | 34.4 | 32.0 | 284 | 270 | 251 | 1,067 | 1,014 | 943 |
| 1936 | 40.3 | 37.7 | 35.3 | 314 | 294 | 275 | 1,167 | 1,091 | 1,022 |
| 1937 | 43.1 | 39.2 | 36.6 | 334 | 304 | 284 | 1,203 | 1,094 | 1,022 |
| 1938 | 45.6 | 40.5 | 37.9 | 351 | 312 | 291 | 1,299 | 1,154 | 1,080 |
| 1939 | 48.8 | 42.6 | 40.1 | 372 | 325 | 306 | 1,386 | 1,210 | 1,139 |
| 1940 | 52.2 | 44.8 | 42.6 | 393 | 337 | 321 | 1,449 | 1,244 | 1,183 |
| 1941 | 65.6 | 56.3 | 54.0 | 489 | 420 | 403 | 1,644 | 1,411 | 1,353 |
| 1942 | 113.7 | 101.7 | 95.5 | 840 | 751 | 705 | 2,579 | 2,307 | 2,166 |
| 1943 | 171.0 | 154.4 | 142.9 | 1,245 | 1,125 | 1,041 | 3,709 | 3,349 | 3,099 |
| 1944 | 233.6 | 211.9 | 193.1 | 1,681 | 1,525 | 1,390 | 4,902 | 4,447 | 4,052 |
| 1945 | 279.6 | 252.5 | 228.2 | 1,990 | 1,797 | 1,624 | 5,675 | 5,125 | 4,632 |
| 1946 | 260.7 | 229.5 | 206.1 | 1,836 | 1,616 | 1,452 | 4,418 | 3,889 | 3,493 |
| 1947 | 257.6 | 221.7 | 199.1 | 1,780 | 1,532 | 1,376 | 3,940 | 3,391 | 3,045 |
| 1948 | 253.8 | 215.3 | 192.0 | 1,724 | 1,462 | 1,304 | 3,721 | 3,156 | 2,815 |
| 1949 | 257.9 | 217.6 | 197.7 | 1,722 | 1,452 | 1,320 | 3,785 | 3,193 | 2,901 |
| 1950 | 257.8 | 217.4 | 196.6 | 1,693 | 1,427 | 1,291 | 3,515 | 2,965 | 2,681 |
| 1951 | 260.2 | 216.9 | 193.1 | 1,680 | 1,400 | 1,246 | 3,293 | 2,745 | 2,443 |
| 1952 | 268.3 | 221.5 | 196.8 | 1,702 | 1,405 | 1,249 | 3,308 | 2,731 | 2,427 |
| 1953 | 276.0 | 226.8 | 200.9 | 1,723 | 1,415 | 1,254 | 3,325 | 2,732 | 2,420 |
| 1954 | 279.5 | 229.1 | 204.2 | 1,714 | 1,405 | 1,252 | 3,324 | 2,724 | 2,428 |
| 1955 | 282.2 | 229.6 | 204.8 | 1,700 | 1,383 | 1,234 | 3,284 | 2,672 | 2,383 |
| 1956 | 278.3 | 224.3 | 199.4 | 1,647 | 1,328 | 1,180 | 3,093 | 2,493 | 2,216 |
| 1957 | 278.1 | 223.0 | 198.8 | 1,617 | 1,296 | 1,156 | 2,946 | 2,363 | 2,106 |
| 1958 | 292.3 | 231.0 | 204.7 | 1,671 | 1,320 | 1,170 | 2,993 | 2,365 | 2,096 |
| 1959 | 296.5 | 241.4 | 214.8 | 1,667 | 1,357 | 1,207 | 2,942 | 2,395 | 2,131 |
| 1960 | 296.6 | 239.8 | 212.4 | 1,641 | 1,327 | 1,175 | 2,855 | 2,308 | 2,044 |
| 1961 | 303.0 | 246.7 | 217.8 | 1,649 | 1,343 | 1,185 | 2,851 | 2,321 | 2,049 |
| 1962 | 311.3 | 253.6 | 222.8 | 1,668 | 1,359 | 1,194 | 2,849 | 2,321 | 2,039 |
| 1963 | 317.4 | 257.5 | 223.9 | 1,677 | 1,360 | 1,183 | 2,817 | 2,286 | 1,987 |
| 1964 | 327.0 | 264.0 | 227.0 | 1,704 | 1,375 | 1,183 | 2,829 | 2,284 | 1,964 |
| 1965 | 330.7 | 266.4 | 225.6 | 1,702 | 1,371 | 1,161 | 2,772 | 2,233 | 1,891 |
| 1966 | 343.3 | 271.8 | 227.5 | 1,746 | 1,382 | 1,157 | 2,752 | 2,179 | 1,824 |
| 1967 | 364.8 | 286.4 | 237.3 | 1,835 | 1,441 | 1,194 | 2,808 | 2,204 | 1,826 |
| 1968 | 373.1 | 291.9 | 238.9 | 1,858 | 1,454 | 1,190 | 2,715 | 2,124 | 1,738 |
| 1969 | 382.0 | 289.3 | 232.1 | 1,884 | 1,427 | 1,145 | 2,594 | 1,964 | 1,576 |
| 1970 | 401.7 | 301.1 | 239.0 | 1,960 | 1,469 | 1,166 | 2,558 | 1,917 | 1,522 |
| 1971 | 435.1 | 325.9 | 255.1 | 2,101 | 1,574 | 1,232 | 2,652 | 1,987 | 1,555 |
| 1972 | 461.1 | 341.2 | 269.9 | 2,207 | 1,633 | 1,292 | 2,695 | 1,994 | 1,577 |
| 1973 | 481.5 | 349.1 | 268.6 | 2,288 | 1,659 | 1,276 | 2,567 | 1,861 | 1,432 |
| 1974 | 504.1 | 360.8 | 280.1 | 2,378 | 1,702 | 1,321 | 2,378 | 1,702 | 1,321 |

Footnotes at end of tables.

TABLE 8.—PRIVATELY HELD FEDERAL DEBT RELATED TO GNP

[Dollar amounts in billions]

| Dec. 31 | Gross national product [4] | Privately held debt [6] | Ratio of debt to GNP | Year-to-year price changes [7] |
|---|---|---|---|---|
| 1929 | $96.7 | $16.0 | 16.5 | |
| 1930 | 83.1 | 15.8 | 19.0 | −6.0 |
| 1931 | 66.9 | 17.7 | 26.5 | −9.5 |
| 1932 | 56.8 | 19.4 | 34.2 | −10.3 |
| 1933 | 60.3 | 21.9 | 36.3 | .5 |
| 1934 | 68.6 | 28.0 | 40.8 | 2.0 |
| 1935 | 77.4 | 32.0 | 41.3 | 3.0 |
| 1936 | 86.5 | 35.3 | 40.8 | 1.2 |
| 1937 | 87.6 | 36.6 | 41.8 | 3.1 |
| 1938 | 87.6 | 37.9 | 43.3 | −2.8 |
| 1939 | 94.8 | 40.1 | 42.3 | −.5 |
| 1940 | 107.6 | 42.6 | 39.6 | 1.0 |
| 1941 | 138.8 | 54.0 | 38.9 | 9.7 |
| 1942 | 179.0 | 95.5 | 53.4 | 9.3 |
| 1943 | 202.4 | 142.9 | 70.6 | 3.2 |
| 1944 | 217.4 | 193.1 | 88.8 | 2.1 |
| 1945 | 196.0 | 228.2 | 116.4 | 2.3 |
| 1946 | 221.4 | 206.1 | 93.1 | 18.5 |
| 1947 | 245.0 | 199.1 | 81.3 | 8.7 |
| 1948 | 261.2 | 192.0 | 73.5 | 2.6 |
| 1949 | 260.5 | 197.7 | 75.9 | −1.8 |
| 1950 | 311.3 | 196.6 | 63.2 | 5.8 |
| 1951 | 338.2 | 193.1 | 57.1 | 5.9 |
| 1952 | 361.0 | 196.8 | 54.5 | .9 |
| 1953 | 360.8 | 200.9 | 55.7 | .7 |
| 1954 | 379.8 | 204.2 | 53.8 | −.4 |
| 1955 | 409.7 | 204.8 | 50.0 | .4 |
| 1956 | 433.2 | 199.4 | 46.0 | 2.9 |
| 1957 | 438.1 | 198.8 | 45.4 | 3.0 |
| 1958 | 469.2 | 204.7 | 43.6 | 1.7 |
| 1959 | 496.8 | 214.8 | 3.2 | 1.5 |
| 1960 | 503.5 | 212.4 | 42.2 | 1.5 |
| 1961 | 542.8 | 217.8 | 40.1 | .6 |
| 1962 | 574.7 | 222.8 | 38.8 | 1.2 |
| 1963 | 611.8 | 223.9 | 36.6 | 1.6 |
| 1964 | 654.0 | 227.0 | 34.7 | 1.2 |
| 1965 | 719.8 | 225.6 | 31.3 | 1.9 |
| 1966 | 772.6 | 227.5 | 29.4 | 3.3 |
| 1967 | 825.0 | 237.3 | 28.8 | 3.0 |
| 1968 | 898.6 | 238.9 | 26.6 | 4.7 |
| 1969 | 953.7 | 232.1 | 24.3 | 6.1 |
| 1970 | 1,009.8 | 239.0 | 23.7 | 5.5 |
| 1971 | 1,099.1 | 255.1 | 23.2 | 3.4 |
| 1972 | 1,226.8 | 269.9 | 22.0 | 3.4 |
| 1973 | 1,351.4 | 268.6 | 19.9 | 8.8 |
| 1974 | 1,424.0 | 280.1 | 19.7 | 12.2 |

Footnotes at end of tables.

TABLE 9.—CHANGES IN PER CAPITA REAL GROSS NATIONAL PRODUCT

| Dec. 31 | GNP in billions of 1958 dollars | GNP per capita constant 1958 dollars[3] | GNP per capita, change from year ago | |
|---|---|---|---|---|
| | | | Constant 1958 dollars | Percent |
| 1929 | $203.6 | $1,672 | | |
| 1930 | 183.5 | 1,491 | −$181 | −10.8 |
| 1931 | 169.3 | 1,365 | −126 | −8.5 |
| 1932 | 144.2 | 1,155 | −210 | −15.4 |
| 1933 | 141.5 | 1,127 | −28 | −2.4 |
| 1934 | 154.3 | 1,221 | 94 | 8.4 |
| 1935 | 169.5 | 1,332 | 111 | 9.1 |
| 1936 | 193.0 | 1,507 | 175 | 13.2 |
| 1937 | 203.2 | 1,577 | 70 | 4.7 |
| 1938 | 192.9 | 1,486 | −91 | −5.8 |
| 1939 | 209.4 | 1,600 | 114 | 7.7 |
| 1940 | 227.2 | 1,714 | 114 | 7.1 |
| 1941 | 263.7 | 1,969 | 255 | 14.9 |
| 1942 | 297.8 | 2,200 | 231 | 11.7 |
| 1943 | 337.1 | 2,456 | 256 | 11.6 |
| 1944 | 361.3 | 2,601 | 145 | 5.9 |
| 1945 | 355.2 | 2,529 | −72 | −2.8 |
| 1946 | 312.6 | 2,202 | −327 | −12.9 |
| 1947 | 309.9 | 2,142 | −60 | −2.8 |
| 1948 | 323.7 | 2,199 | 57 | 2.7 |
| 1949 | 324.1 | 2,164 | −35 | −1.6 |
| 1950 | 355.3 | 2,333 | 169 | 7.8 |
| 1951 | 383.4 | 2,475 | 142 | 6.1 |
| 1952 | 395.1 | 2,508 | 33 | 1.3 |
| 1953 | 412.8 | 2,577 | 69 | 2.8 |
| 1954 | 407.0 | 2,497 | −80 | −3.1 |
| 1955 | 438.0 | 2,640 | 143 | 5.7 |
| 1956 | 446.1 | 2,641 | 1 | .1 |
| 1957 | 452.5 | 2,631 | −10 | −.4 |
| 1958 | 447.3 | 2,558 | −73 | −2.8 |
| 1959 | 474.9 | 2,671 | 113 | 4.4 |
| 1960 | 487.7 | 2,699 | 28 | 1.1 |
| 1961 | 497.2 | 2,707 | 8 | .3 |
| 1962 | 529.8 | 2,840 | 133 | 4.9 |
| 1963 | 551.0 | 2,912 | 72 | 2.5 |
| 1964 | 581.3 | 3,028 | 116 | 4.0 |
| 1965 | 617.8 | 3,180 | 152 | 5.0 |
| 1966 | 658.1 | 3,348 | 168 | 5.3 |
| 1967 | 675.2 | 3,398 | 50 | 1.5 |
| 1968 | 706.6 | 3,521 | 123 | 3.6 |
| 1969 | 725.6 | 3,580 | 59 | 1.7 |
| 1970 | 722.5 | 3,527 | −53 | −1.5 |
| 1971 | 746.3 | 3,605 | 78 | 2.2 |
| 1972 | 792.5 | 3,795 | 190 | 5.3 |
| 1973 | 839.2 | 3,989 | 194 | 5.1 |
| 1974 | 821.2 | 3,875 | −114 | −2.8 |

[1] Private corporate debt includes the debt of certain federally sponsored agencies in which there is no longer any Federal proprietary interest. The debt of the following agencies are included beginning these years: FLB's in 1949; FHLB's in 1951; FNMA-secondary market operations, FICB's and BCOOP's in 1968. The total debt for these agencies amount to $700,000,000 on Dec. 31, 1947, $3,500,000,000 on Dec. 31, 1960, $38,800,000,000 on Dec. 31, 1970, $59,800,000,000 on Dec. 31, 1973, and $76,400,000,000 on Dec. 31, 1974.

[2] Total Federal securities includes public debt securities and budget agency securities.

[3] Per capita debt is calculated by dividing debt figures by population of conterminous United States. Beginning 1949, population includes Armed Forces overseas, Hawaii and Alaska.

[4] Implied level of GNP for end of year. Calculated as an average of the 4th and 1st calendar quarters at seasonally adjusted annual rates for the years 1939 through present. Prior to 1939, averages of 2 calendar year figures are used as the best approximation of Dec. 31 levels.

[5] Borrowing from the public equals gross Federal debt less securities held in Government accounts (a unified budget concept).

[6] Borrowing from the public less Federal Reserve holdings.

[7] Measured by all item consumer price index, December to December basis.

[8] Per capita debt expressed in December 1974 prices (consumer price index for all items).

Note: Detail may not add to totals because of rounding.

Source: Federal debt, Treasury Department; other data, Bureau of Economic Analysis, Commerce Department.

The CHAIRMAN. Now, I am familiar with the argument that perhaps we should not have a debt ceiling. And frankly, I do not favor the concept by which we parsimoniously issue the authority to borrow enough money to live for 3 months and then proceed to do the same thing 3 months later. That to me is pretty ridiculous, and I favor providing enough authority for Treasury to borrow for a full year running at a minimum.

But do you favor dispensing with the debt limit, just giving the executive a complete carte blanche to go out and borrow as much money as it wants to, without at least a review of where we stand with the Congress?

Mr. GARDNER. I favor some change in the present arrangement. This could be done in a variety of ways. The Congress does indeed control the appropriations and outlays.

Some synergistic link is necessary to give us authority to finance the budget which is enacted by the Congress. The limit would then be established in a more meaningful way.

The CHAIRMAN. Well, I personally think, Mr. Secretary, that a great deal of your headaches in this regard have been part of that which is inescapable when you have a long period of time with the executive branch of one party and the Congress of another party.

I am not one of those who would create much of a problem in that regard, at least I do not think so. A lot of us on this committee are Democrats who have cooperated with you with regard to the problems we are facing in that respect. I would just submit that under our form of government, you are going to have some headaches because of partisanship, especially in election years, when you have one party controlling the executive branch and the other party controlling the legislative branch. To me that is just part of the price we pay for the freedoms we enjoy in this country and for the right of everybody to be represented on more bases than one.

A voter elects himself one man on a district basis to represent him and another man on a State basis and another man on a Federal basis. That is our system. We have some things we have to put up with about democracy to get the benefits of it and I think that is the good part of it. It is just one of the headaches that cannot be avoided if you are going to have a democracy where the people elect a legislative body and they also elect an executive, which need not be of the same party.

Now, I very much do favor the concept that we should annually or even semiannually review where we stand before we go any more deeply in debt. And even if we do not have to ask for an increase in the debt limit, I think it is a very good idea that periodically we review what our debts and our obligations are, and what the bright points and the gloomy points might be.

Would you tell me what there is about this debt structure that bothers you the most?

Mr. GARDNER. In addition to the problem of the debt limit being temporary, what bothers me the most is the most dramatic chart we have—and I hope I have it here to submit for the record—that shows the enormous decline in average maturity of the Federal debt—enormous shortening of the maturities, reflects a lack of debt management flexibility.

We are dealing with $244 billion worth of privately held marketable Treasury debt. The average maturity of that debt is 2 years and 6 months. We have no remaining authority to issue any securities maturing in more than 7 years. Additional authority to issue long-term

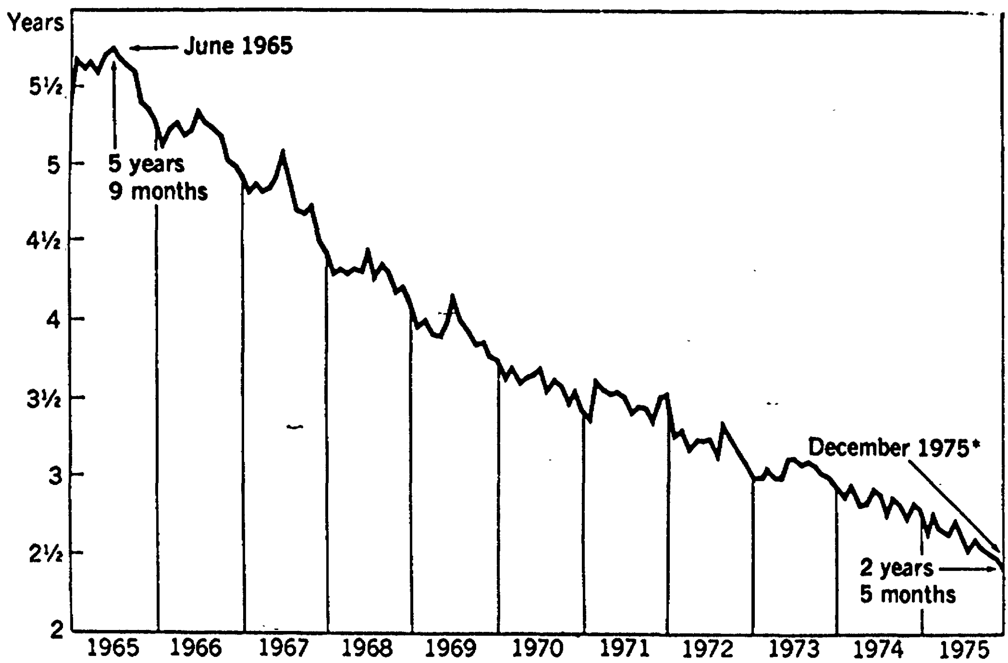
Treasury bonds is absolutely key to effective Federal debt management. In addition, long-term Treasury bonds set a standard of value for bonds of other issuers.

I will hold this chart up and put it in the record, Mr. Chairman. This chart which begins in 1965 and ends in 1975 shows that we have gone from a 5½ year average maturity of privately held marketable Treasury debt to a 2 year and 5 months average maturity estimated for December 1975. That is ridiculous for a nation as large and a financial complex as great as the United States. The chart also provides a measure of the inflationary aspect of the debt. If all of our debt becomes so short it is readily convertible into money, and gets away from us, it will have a very serious impact on growth of the money supply and inflation.

[The chart referred to by Mr. Gardner follows:]

AVERAGE LENGTH OF THE MARKETABLE DEBT

Privately Held




*Estimated

The CHAIRMAN. Mr. Secretary, do you favor a spending ceiling limitation to be added to this debt limit bill.

Mr. GARDNER. I beg your pardon, sir. I have suggested in my prepared remarks that that would be a more thoughtful process.

The CHAIRMAN. Do you think that ought to be done?

Mr. GARDNER. I do think it ought to be done, yes, sir.

The CHAIRMAN. Well, I think, Mr. Secretary, it would be a mistake to try it and a mistake to do it. If the President is seeking explicit power to have an item veto as a part of his budget cut proposal on the debt limit bill, in my judgment he is engaging in a waste of time.

I know that I, for one, have been through that fight before and I am satisfied that there is not the slightest possibility that this Congress would vote an item veto for the President, knowing what it is voting for.

We had this budget ceiling exercise when the debt limit was $100 billion less than it is now, and that was 2 years ago. At the time, it sounded like good politics to vote for a budget ceiling. But when you look behind it, the Congress would be setting more than a ceiling. If it would be like it was last time, it would be giving the President the power to cut out any program that the President wants to cut.

Senator Len Jordan of Idaho, a former member of this committee, was concerned about the power that this would give the President. He put an amendment on the bill in the Senate which would have required that any cuts be uniform across the budget.

The administration opposed his amendment in Congress against my advice. It seemed to me that they should have recognized that if you were going to have this sort of thing that you had no choice but to accept the Jordan amendment. But it was dropped by the conferees. That is one of the few times that the Senate ever turned down a conference report.

I think it happened to us twice since I have been a Senator and that was one of the two times.

Senator Packwood made a speech on the floor that reminded us of the Battle of Runnymede and the ancient freedom for which men have fought so hard and related that in a very meaningful way to the fight that was going on over this particular item. And the conference report was defeated.

Looking back on it, I think it is right that it should have been defeated. I did not want to bring it back to begin with. I did not think the Senate would agree to it. I suffered that defeat along with the administration and with the House-Senate conferees, and I do not like to get beaten, Mr. Secretary. But what I dislike even more than that is to find myself forced to lead an army which I think is going in the wrong direction anyway. And that should have been a lesson to all of us that the Congress is not going to do that.

I want to tell you right now that is the last time I will ever ask the Senate to vote for something like that. I do not like to get beaten, trying to help the administration with their problems, especially when the administration is wrong and the Congress is right.

We have two budget committees that have been created since that time, and we have a Congressional Budget Office that has far more employees than we have on our committee staff.

The debt limit bill is not the vehicle for playing around with some kind of a useless meaningless budget ceiling. Perhaps we might consider these other amendments that you have in mind. I am not necessarily opposed to them. But I do not think that we ought to get involved in the kind of politics that was so much in evidence the last time that we went through all of that exercise on a spending ceiling.

Mr. GARDNER. Mr. Chairman, on Wednesday, November 12, I will bow to the wisdom and judgment of this committee, when the debt limit expires on Saturday, November 15.

The CHAIRMAN. Well, I think you can find a way to stay alive for a few more days, if you have to.

The ingenuity of your Department has been fully tested in this area. I think it is a silly, ridiculous thing for the Congress to put you in a position that you are kiting checks and doing one thing and another trying to keep the Government going while the Congress engages in a charade and an utter and complete fraud. I really cannot think of anything sillier than Congress having voted these appropriations, voted authorizations, and then raved on that the President did not want to spend that money, impounded it; and then proceed to stop paying for the bills when he does try to do what the law requires.

That to me is very ridiculous, and it would make us look completely silly in the eyes of the whole world. I think we would do better to maintain the position of being a responsible leader of the free world and not totally irresponsible.

We have inconsistant thinkers who vote to spend money, authorize it, require it, and then proceed to refuse to allow the bills to be paid.

That I think is very silly, do you not agree with that?

Mr. GARDNER. Yes, sir.

The CHAIRMAN. Well, I hope the House passes a debt limit bill and sends it to us. And I believe that in order for us to move as expeditiously as possible, it might be well for this committee to stop that bill at the desk and simply offer whatever amendments we want to offer as amendments on the floor. It is a subtle distinction without a difference, but we might move a little more expeditiously that way.

When did you say the time runs out, officially, on you?

Mr. GARDNER. Midnight Saturday.

The CHAIRMAN. I think we ought to meet that date, if we can. Senator Brock, did you want to ask a question?

Senator BROCK. Just a couple.

I am a little concerned, I wanted to ask first about the term of the debt. You are down to 2½ years, approximately, is that right?

Mr. GARDNER. That is the average maturity, sir.

Senator BROCK. I do not know how we can honestly justify that, under any rationale; I do not think any economist would think it was logical; I cannot imagine any Member of Congress would, but I do not think it has been a conscious policy of the Congress. I think the effect of some of our actions has led to this, but essentially, what you are going to have to have is an authorization to remove your ceiling on interest and to remove the ceiling on the term, are you not?

Mr. GARDNER. Yes.

Senator BROCK. That is about what you have proposed.

Mr. GARDNER. We are proposing that we get another $10 billion of long-term bond authority, which means authority to issue bonds that are not subject to the 4¼-percent interest rate ceiling that was originally established in 1918 and change the maturity of Treasury notes to 10 years, from 7 years.

Senator BROCK. Would we not be better off just to remove the ceiling?

Mr. GARDNER. Yes, indeed.

Senator BROCK. Would that not be a lot more honest and give you a great deal more fiscal flexibility?

Mr. GARDNER. Yes; it would indeed. We perhaps should get together to discuss how the Treasury would finance. Of course, we have been subject to these constraints for so many years that we are simply asking at this time that the traditional maturity authority be lengthened.

Senator BROCK. Well, do you—I do not imagine it is fair to ask you now, but I wonder if you could give me some sort of estimate as to how much the borrowing costs have increased, how much of the cost has been imposed on the American people by the 4.25-percent ceiling, which is supposed to save money and in fact has cost us a great deal.

Mr. GARDNER. We would be hard pressed—it has been with us for so long—we would be hard pressed to construct a model that would precisely answer your question.

Senator BROCK. I am not suggesting a precise answer, but I am suggesting there are ways of mechanically devising some sort of a payment schedule which is more rational than that which we now have if you had full flexibility. You can take your current market yields and run your debt out on those yields and give us a figure as to how much reduced interest we would be paying as a society, had the Congress the political integrity to remove that 4.25-percent ceiling, which is, I think, an absolute fraud on the American people.

Mr. GARDNER. Yes, sir. We could submit our estimate of that, Senator.

Senator BROCK. Would you do that, at least for my purposes. I do not know if the committee would be interested or not, but I certainly would.

Mr. GARDNER. This will be a little bit of an economic project, but we will do it.

Senator BROCK. I am not asking you to undertake a major project. You have got enough to do. I think you can give us a fairly general estimate without trying—you obviously are thinking now of what you would like to do with your maturity schedule. You have to be thinking in those terms. Well, it is not difficult to quantify that sort of thing. The market is there. It is established.

Mr. GARDNER. Right, the history is clear.

Senator BROCK. Pardon.

Mr. GARDNER. The history of the market is clear where the rates have been.

Senator BROCK. That is my point. I do not think I am asking you to undertake a major study. I hope I am not. If you do that, I think it would be an exercise in excessive use of time. It is like saying we do not do the census but once every 10 years, we do not ask our census takers to go out every year. The rest of the time we estimate.

Mr. GARDNER. Your point is very key. If we had flexibility, you would like to know how we would use it and what that effect would be.

Senator BROCK. That is right. I would like to know how you would use it and I would like to know how much money we would save the American people on an estimated basis given current market circumstances. And obviously those change, but it will never change to disadvantage the American people over the long term.

And I think that is a statement that you can make as a matter of record. And I would like to have you make it and I would like you to document it if you can.

[The following was subsequently received for the record:]

Unfortunately, it is impossible to know exactly how much the 4¼ percent ceiling has cost the Treasury over the years because there is no way of knowing precisely what interest rates would have been in the absence of the ceiling. We can, however, show how an effective ceiling—one that prevents the Treasury from issuing any long-term debt—increases the Treasury's overall borrowing costs.

If the 4¼ percent ceiling forces the Treasury to issue a large portion of its debt in short-term maturities, increased pressure is placed on short-term interest rates. Obviously, if the Treasury places its new debt, and refunds its maturing debt in short maturities while short-term rates are high, the Government's borrowing costs rise. The cost of business borrowing, which competes with Treasury borrowing for available funds also rises and disintermediation pressures mount, reflecting the sensitivity of savings flows to short-term interest rates. Furthermore, jamming an increased share of the Treasury's debt money makes our economy more liquid, complicates monetary policy and creates serious inflationary pressures.

As the average length of the Government's debt declines, the Treasury is faced with the difficult task of rolling over a larger and larger portion of the debt at more frequent intervals.

In summary, over the long run, a well balance debt structure, that avoids excessive concentration in short maturities tends to produce lower interest rates for the Treasury and for other borrowers in the credit markets.

Senator BROCK. All right, on the size of the debt ceiling itself, I am sort of with the chairman, I think we are on an exercise here which I regret. I have been worn out with this for 12 or 13 years in the Congress. We do it about 6 months these days, or more.

The CHAIRMAN. Three.

Senator BROCK. Three sometimes, and it has become a charade. But I do not know how to change it, give the current mood. And I simply think that probably the best we can do is to give you a high enough ceiling to let you run off for some time with some assurance.

The question I have then is whether $595 billion is adequate. Is it really prudent given our economic circumstance to hold it to $595 billion?

Mr. GARDNER. I think $595 billion would get us into the spring of next year, as indicated.

Senator BROCK. That is all it does, though.

Mr. GARDNER. That is true.

Senator BROCK. Again, it limits your flexibility, your ability to manage and it calls into question the fact that next spring we are going to go through another exercise like this.

I thought you were asking for well over $600 billion some time ago.

Mr. GARDNER. We are going to need $600 billion.

Senator BROCK. Within a year you are going to need about $650 billion, are you not?

Mr. GARDNER. I go through our peak on June 15 of some $619 billion.

Senator BROCK. $619 billion?

Mr. GARDNER. Yes, sir.

Senator BROCK. And you start adding on the known deficit, which would be at least $45 billion or $50 billion next year, given a lot of luck, you add almost $670 billion on 18 month projection, which would be a more honest way to handle this thing if we gave you a real figure.

Mr. GARDNER. I agree, Senator, but I think we ought to go back over our estimates; they will probably be imprecise on revenues and so forth because economic activity could change.

Senator BROCK. Well, plus or minus $10 billion or $15 billion, that is a lot of money.

Mr. GARDNER. That is true.

Senator BROCK. But on a percentage basis, it is not a whole lot in in terms of the total debt.

Now, I think we nickel and dime ourselves into a lot of wasted time and emotion around here, and that is what I am really reaching for.

I wonder if you could just lastly give me a quick justification of your high and low estimates on the deficit. What is the reason for the spread?

Mr. GARDNER. I would like to ask the Assistant Secretary for Economic Affairs, if I may, to comment on that.

Mr. JONES. On the deficit, Senator?

Senator BROCK. Yes; on the deficit.

Mr. JONES. On the revenue figures or on the deficit?

Senator BROCK. The deficit, half of which is revenue; the other half is receipts.

Mr. JONES. Well, we have estimated a range, and we use a range because we are still uncertain about the amount of the outlays, whether or not the expenditure ceiling will be exercised. Extension of the Tax Reduction Act is uncertain. There are several different proposals in the energy policy assumptions.

On the revenue side we have estimated a central figure of perhaps $298 billion of revenues with a range stretching from about $295 to $306 billion, depending on what assumptions you make on energy policy, on tax policy.

Senator BROCK. Is the $2 surcharge in there?

Mr. JONES. Yes; the $2 import fee on crude oil.

Senator BROCK. That would be in the $306 billion?

Mr. JONES. Yes; the 60 cent fee on the product.

Senator BROCK. OK.

That is all I have, Mr. Chairman. I appreciate it.

The CHAIRMAN. Senator Haskell.

Senator HASKELL. Just as a matter of curiosity, Mr. Secretary, it seems to me—I was looking at the paper the other day, and long-term maturities command a far higher yield than short-term government securities. At least that is my recollection of it.

I wondered, if I am correct, why is that so, in your opinion?

Mr. GARDNER. Well, one of the concerns of the marketplace, of course, is the prospect of recurring inflation. Investors are not willing to put their money out on a longer term instrument without some protection from what they perceive to be the inflationary forces that are still with us in the economy. Long-term rates traditionally should be higher than short-term rates, although we have had inverted rate structures in the past from time to time in unusual economic periods.

Senator HASKELL. Is that historically accurate? Traditionally, do long-term debts command a higher yield?

Mr. GARDNER. Yes, sir. Yes, sir.

Senator HASKELL. Are we now within the norm of differential between short term and long term?

Mr. GARDNER. Let me ask my colleague who is an expert, Ralph Forbes.

Is it your opinion that we have what you could call a normal spread?

Mr. FORBES. We have, Senator, a normal yield curve in terms of the relationship between short-term rates and long-term rates.

The only thing I might add in regard to the normal curve is that the absolute level of the rate structure does go up and down. A long-term bond judiciously marked from time to time could, over a long span of time, constitute not only a very stabilizing fact in terms of debt management—and therefore less volatility in the marketplace—

but it could also turn out as a consequence to have a lower cost over an extended period of time.

Senator HASKELL. Say that again. I am sorry, Mr. Forbes.

Mr. FORBES. Over an extended period of time, it could also turn out that the interest cost of having placed long-term bonds in the market would be lower, in fact, than the interest cost of concentrating debt in short-term markets.

Senator HASKELL. I do not follow you, but I guess that is my fault.

Senator BROCK. Could I interject something?

Senator HASKELL. Yes.

Senator BROCK. I think the thing that troubles me about a very short-term issue, average yield or average maturity of 22 years, as it is today, is that it tends to exacerbate the adverse swings of the market when you are in short term, if the Federal Government is rolling.

In other words, 40 percent on an annual basis of its debt every year. So you are talking $160 or $200 billion a year, or close to it. When you are doing that, and the market tightens up and interest rates go up, then that very rolling of the debt forces up the price of borrowing to everybody, not just the Federal Government. It has an enormously adverse effect in a tight market situation.

I think what the gentleman is suggesting is that if we had a long-term spread over, say, 20 or 30 years with an average range running out each of those 30 years, then you have a pronounced market effect, and the Federal Government is not, in effect, forcing its own prices up by being required to roll at a particular point in time a sizable portion of the debt. That is the point I was making with regard to our current ceiling on interest and on maturity.

Mr. GARDNER. I agree.

Senator BROCK. I am sorry, I did not hear you.

Mr. GARDNER. I agree completely.

Senator HASKELL. Well, I have got here these Government securities rates. I notice it ranges from 5 percent on those almost immediately due to an 8.2 percent on long-range securities.

I do not know—I am no expert on this—it just occurs to me this may not be the best time in the world to sell long-term debt. It might peg interest rates at pretty high levels. But I am not expert in that.

Let me ask you one more question.

What do you expect, Mr. Secretary, your cash balance to be as of midnight Saturday?

Mr. GARDNER. The cash balance at midnight Saturday?

About $4 billion.

Senator HASKELL. $4 billion?

Mr. GARDNER. Yes.

Senator HASKELL. And how long would that keep the show on the road?

Mr. GARDNER. Practically no time at all, because we will be forced to do some of the things—hopefully not the kiting of checks that the chairman suggested—but we will have to do a lot of things.

Senator HASKELL. In other words, you would be flat out.

Mr. GARDNER. Yes.

The fact is, we would be doing things that are abnormal and unseemly for the U.S. Government in order to simply have enough cash to meet our demands.

Senator HASKELL. In other words, it really will not last you through Monday, is the point I am getting at.

Mr. GARDNER. That is correct.

Senator HASKELL. Thank you.

The CHAIRMAN. Let us just talk about for a moment, about some of these things that could be done. Would those things—would they not increase the cost of government, the cost of borrowing, to do the kind of thing that you might be able to do in order to keep the Government going a while longer?

Mr. GARDNER. They might, indeed.

Mr. Chairman, when you came in, I concluded my remarks by saying we have already had to cancel an auction of bills that was scheduled for today because we cannot issue bills on November 18 if we do not have any borrowing authority. In addition, we cannot issue bills with a maturity beyond 52 weeks. So we canceled the auction and substituted a new auction for tomorrow and shortened the maturity, in effect. We shortened the maturity by a few days just so we could make a good legal delivery of $2.1 billion of bills. That is the kind of thing we must do.

In this marketplace, with grave concerns which affect all municipalities and their borrowing—and the abysmal situation in New York—to have the Federal Government forced into this kind of an activity, I think, is very distressing. There is enough lack of confidence in the financial market today without having the Federal Government have to be doing this. We are the standard of value for all marketplaces.

The CHAIRMAN. In other words, this would just add to the chaos and confusion being brought on by the situation in New York City.

Mr. GARDNER. Precisely.

The CHAIRMAN. Well, thank you very much, Mr. Secretary. I hope next time when we are considering a measure of this sort, which I think is a very important matter—it has tremendous consequences for this country—that Secretary Simon can be here. I understand what his problem is on this occasion.

Mr. GARDNER. Thank you, Mr. Chairman. We appreciate it.

[Whereupon, at 10:30 a.m., the committee recessed subject to the call of the Chair.]

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