# PUBLIC DEBT LIMIT—1981

# HEARING

BEFORE THE

## SUBCOMMITTEE ON TAXATION AND DEBT MANAGEMENT

OF THE

## COMMITTEE ON FINANCE UNITED STATES SENATE

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**WEDNESDAY, FEBRUARY 4, 1981**

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
SUBCOMMITTEE ON TAXATION AND DEBT MANAGEMENT,
*Washington, D.C.*

The committee met, pursuant to notice, at 10 a.m., in room 2221, Dirksen Senate Office Building, Hon. Robert Packwood (chairman of the subcommittee) presiding.

Present: Senators Packwood (presiding), Dole (chairman of the committee), Roth, Danforth, Chafee, Armstrong, Symms, Long, Byrd, Bradley, and Mitchell.

[The committee press release announcing this hearing follows:]

[Press Release No. 81-104]

**PRESS RELEASE**

For Immediate Release: January 29, 1981. Committee on Finance, United States Senate, Subcommittee on Taxation and Debt Management.

FINANCE SUBCOMMITTEE ON TAXATION AND DEBT MANAGEMENT SETS HEARING ON PUBLIC DEBT

Senator Bob Packwood (R. Oreg.), Chairman of the Subcommittee on Taxation and Debt Management, announced today that a hearing on extension of the temporary limit on the public debt has been scheduled. The Honorable Donald T. Regan, Secretary of the Treasury, will testify on the public debt at 10:00 a.m., Wednesday, February 4, in Room 2221 of the Dirksen Senate Office Building.

*Written Testimony.*—The Subcommittee would be pleased to receive written testimony from those persons or organizations who wish to submit statements for the record. Statements submitted for inclusion in the record should be typewritten, not more than 25 double-spaced pages in length and mailed with five (5) copies by February 4, 1981, to Robert E. Lighthizer, Chief Counsel, Committee on Finance, Room 2227, Dirksen Senate Office Building, Washington, D.C. 20510.

Senator PACKWOOD. Good morning, Mr. Secretary.

Secretary REGAN. Mr. Chairman.

Senator PACKWOOD. The committee will please come to order.

We will start our hearings on the bill to increase the debt ceiling. Secretary Regan is the only witness scheduled today.

Mr. Secretary, all of your statement will be put in the record. We have tried in the past to hold witnesses to 10 minutes, although we have not enforced that on Cabinet Secretaries, and as you are the only witness today, I am not worried about time.

I might say this is a routine bill, and I know people shudder when we approach $1 trillion to refer to something as a routine bill, but we approach this about twice a year in this committee, and it is in essence nothing more than the acknowledgement of the past spending practics of this Congress, and if I could phrase it in a simple way, it is as if we had taxes of $1,000 and expenditures of $1,200, and the Government cannot borrow money except by acquiescence of Congress, so we authorize them to borrow $200. And then we come back the next year with another bill where we have revenues of $1,000 and expenditures of $1,200, and we are now going to be $400 in debt, and the Treasury Secretary says to the Congress, the limit is $200. You authorized us to borrow it last year, and now we cannot meet the budget you have set for this country unless we borrow more money.

And Mr. Secretary, if I phrase it wrong, correct me, but I think in its simplest terms, that is about where we are. We have indicated we are going to do this spending. We have adopted the concurrent resolutions. We have directed the executive branch to spend the money, and you are simply coming to us and saying if you want us to spend it, you have put a limit on what we can borrow, and the only way we can spend it is to borrow more, and the choice is yours. We can say no, you can't borrow any more, in which case you can't borrow any more and we can't spend any more. But if we want to keep the commitments that we have made, not you, that we have made, the money will have to be borrowed.

Bob?

Harry?

Senator BYRD. Thank you, Mr. Chairman. Just a brief statement.

In the past, the massive increases in Federal spending have been the rule rather than the exception. Looking at the budget which the Carter administration recently submitted, spending in fiscal year 1981 will have doubled in 6 years since 1975. The prevailing philosophy in Washington, D.C., has been don't worry about Federal spending and the resulting deficit. We just add it to the Federal debt.

The disastrous consequences of just adding it to the debt are evident. In the budget that Congress is now considering, the interest charges on the national debt total $106 billion. This figure is more than one-half of the total amount that will be spent for all of our national defense programs. The interest costs to the Government translate to $300 million per day.

Federal spending is totally out of control. It is the accelerated and accumulated Federal deficits over a period of years that is the major cause of the inflation that is so damaging to the average American. Inflation hits hardest those on fixed incomes and those in the lower and middle economic groups.

While I cannot support an increase in the debt ceiling, I am impressed with the commitment of President Reagan, Secretary Regan, and the Reagan administration to get spending under control. For the welfare of our Nation, it is vital that this commitment be translated into spending cuts and a reversal of runaway Federal spending.

Senator PACKWOOD. Senator Dole?

Senator DOLE. Mr. Chairman, I have a statement I would like to make a part of the record, but I would just summarize by expressing some regret, Mr. Secretary, that your first recommendation for legislative action is to request an increase in the debt ceiling.

There has been some objection to this, though on the other hand it probably will give all of us an opportunity and particularly yourself, to emphasize some of our economic problems, but as Bob Packwood has indicated, we must pay our bills, and I don't know of any other way to do it at this time. We hope in the next few months, hopefully by next year, we can start in the other direction.

But there has been some expression of surprise I have noted in the press about this increase. I don't know of anybody on this committee who is surprised. We knew last December that we would be in here in February asking for an extension of the debt ceiling. The effort was made by Chairman Long and others to extend it up through March. We failed in that because the House had another idea.

But we have had a lot of practice in extending the debt ceiling. In the 1960's it was increased 13 separate times, 18 times during the 1970's, and worse yet, on 3 occasions in recent years, we have let the debt limit expire without timely legislation to extend it, and as a result, the Treasury Department had to suspend sales of savings bonds and other securities. Of course, as the Secretary indicated yesterday in speaking to our policy luncheon, this does undermine the confidence of many people in this country, investors in particular.

So I just suggest that if someone has a better way to approach this—and I think President Reagan does have—we will be hearing about that in the next couple of weeks. In the meantime, I would hope we could act speedily on this increase. And I would say, as others feel, there has been some speculation going on as to whether Republicans will vote to increase the debt ceiling. Yes, by a substantial majority this time, but if in fact there isn't some new direction by the next time you appear to testify on the debt ceiling, then I think we may have some difficulty on both sides of the aisle.

And I appreciate your being here.

I ask that my statement be included.

Senator PACKWOOD. Without objection.

[The prepared statement of Senator Dole follows:]

STATEMENT OF SENATOR DOLE ON PUBLIC DEBT LIMIT

Mr. Chairman: I regret that the first legislative hearings of the Committee on Finance in this new Congress must be concerned with the perennial problem of raising the Public Debt Limit. The consequences of failing to raise the debt limit, however, are even more painful.

In this particular instance, we have known since we last raised the debt limit in December that we would need to reexamine the matter this month. The Treasury Department estimated in December that the debt ceiling of $935.1 billion would be reached sometime in February, notwithstanding the fact that the limit nominally expires on September 30 of this year. The Finance Committee attempted to secure a longer extension, which would have carried through the end of March, but unfortunately the House was unwilling or unable to accommodate that suggestion. As a result, late in the last session the Senate agreed to accept the House-passed limit of $935.1 billion, and that is where the limit stands today.

Mr. Chairman, I look forward to hearing the testimony of Secretary Regan today, although I regret that his first official testimony before this committee must involve a request for another extension of the debt limit. The fact is that our present debt limit procedure, which derives from the Second Liberty Bond Act of 1917, was intended to minimize the number of occasions on which Congress must act to authorize the issuance of Federal debt. Because of the explosive growth of Federal deficits in recent decades, the debt ceiling has been increased an inordinate number of times. The ceiling was raised on 13 separate occasions in the 1960's, and 18 times during the 1970's. Worse yet, on three occasions in recent years the temporary limit has expired without timely legislative action to extend it. As a result, the Treasury Department had to suspend sales of savings bonds and other securities. Such suspensions only undermine investor confidence, and make it likely that bidders for Government securities will demand a higher interest premium in the future to safeguard them against future disruptions. That means higher costs to the Treasury, when we are trying our best to reduce those costs.

That is why we ought to act promptly on Secretary Regan's request for a debt ceiling of $985 billion through September 30, 1981. I hope that, with the cooperation of the administration and this Congress, we will gain sufficient control over Federal spending and inflation so that the new debt limit will not be reached that soon: that would indeed be a novel situation, and it is certainly a goal worth striving for. But the Treasury Department request is clearly reasonable in light of recent and present economic circumstances, and in view of the obligations the U.S. Government is bound to honor over the coming months.

Mr. Chairman, we will soon have a package of economic proposals from the Reagan Administration that we all hope will enable us to avert such frequent increases in the debt limit in coming years. I know that Secretary Regan has been hard at work on those proposals, and I look forward to working with him and his colleagues in the Administration to make a fresh start on the Federal budget and the problems of managing the Federal debt. But for now our duty is to guarantee that the commitments of this government will be honored. We will do everything we can to ensure that future commitments are within our means, and will not continue to impose a debt burden on our citizens that weighs so heavily on future generations of productive Americans.

Mr. Chairman, as I have said, I will support this request to raise the Public Limit Debt to $985 billion. I would like to tell this Administration and my colleagues, however, that if the Congress does not take dramatic steps toward getting Federal Government spending under control between now and the next time we consider this matter, I will vote against future debt limit increases. In my opinion the people of this country have spoken clearly on the question of excessive spending. If we are not prepared to convincingly demonstrate that we have listened, then perhaps a Federal default will shock us into our senses.

Senator PACKWOOD. Senator Armstrong?

Senator ARMSTRONG. Thank you, Mr. Chairman.

I just wouldn't want to let the moment pass without letting the record be clear that there are those of us who do not share the Chair's feeling that this is basically a ministerial function or a routine function. And I think I would like to follow the Chairman's example in relating this to more understandable, day-to-day transactions such as we are engaged in in our own life.

And I think the example the Chairman has given is not entirely a satisfactory analogy, at least from my point of view. I don't think what we are engaged in here is paying the bills for spending which is already incurred. As a matter of fact, I think it is clear from the statement of the Secretary of Treasury that the reverse is the case. We are talking about borrowing for spending which has been approved but which has not yet taken place.

So I would say a more apt analogy is if a member of our family came to us and said may I go out and buy a fur coat? And we said yes. May I go out and buy a new automobile? And we said yes. May I go out and buy this, that and the other thing, may I contract for an expensive overseas vacation, may I spend money for every project known to man, and some that are unknown? And we said yes.

That is one kind of decision, and that is the kind of decision that the Congress routinely makes when we pass appropriation bills.

The question that is involved in the debt ceiling extension and the increase in the debt ceiling is quite a different issue. The question is whether or not we want to increase the amount that we borrow, whether or not we want to go out into the capital markets to pay for his spending which may or may not have been desirable and well advised in the first place.

So Mr. Chairman, I don't want to labor the point. Certainly I will have some questions for the witness after he has had an opportunity to address this, and I am pleased to join with other members of the committee in welcoming the distinguished Secretary. But I just didn't want the meeting to begin on the note that this is just routine.

And I will say to the distinguished chairman of the Finance Committee that I expect he is right, there will be a substantial number of Republican Senators who will vote to approve the debt ceiling this time, but I dare say it won't be unanimous. There will be at least one Senator who has no intention of voting for it for reasons that I will explain at the right time.

Senator PACKWOOD. Senator Danforth.

Senator DANFORTH. No opening statement.

Senator PACKWOOD. Senator Long.

Senator LONG. Mr. Secretary, we were told that there would be a honeymoon period for the administration. It certainly was a short honeymoon.

I have no statement.

Senator PACKWOOD. Mr. Secretary.

## STATEMENT OF HON. DONALD T. REGAN, SECRETARY OF THE TREASURY

Secretary REGAN. Thank you, Mr. Chairman, gentlemen.

Today I must ask your help in dealing with one of the most disheartening things that I have faced since my coming to office 12 days ago. Unfortunately, it is also one of the most necessary things if the President and this Congress are to honor the full faith and credit of the Government.

I regret to advise you of the need for congressional action early this month to increase the debt limit. This legislation is essential to permit the Treasury to borrow to finance the current deficit in the Federal budget. We have no choice but to increase the debt limit if we are to honor the existing commitments that have already been made by the Government.

The present temporary debt limit is $935.1 billion through September 30, 1981. Current Treasury projections, which are subject to many uncertainties, show the debt exceeding that limit on February 18.

On January 28, the Treasury announced its regularly quarterly refunding operation. The $8.5 billion of new securities announced on that date are being auctioned this week and are scheduled to be issued on the refunding date of February 17. The issuance of these securities will bring us up to the $935.1 billion debt limit at that time, based on current estimates. Thus, we expect to be able to issue these securities without exceeding the debt limit ceiling.

However, on February 6, the Treasury is scheduled to announce the amount of its regular weekly issues of 13 week and 26 week bills to be auctioned February 13 and issued February 19 to refund $7.8 billion of maturing bills and to raise new cash. Without a new debt limit, we

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cannot assure bidders in the February 13 auction that the Treasury will be able to issues its securities on February 19. In other words, as early as this Friday, the existing debt limit will introduce an element of uncertainty into the market and will affect the Treasury's decisions on borrowings. These borrowings are necessary to pay legal obligations incurred by the previous administration pursuant to appropriations enacted earlier by Congress.

Also, if our projections are wrong, consequent borrowing requirements to meet legal obligations of the Government could put us up against the debt ceiling earlier than February 18. In fact, the explosion of Federal expenditures gives us little confidence in these projections. Uncertainties in these projections are exemplified by the fact that just 3 months ago the Treasury announced its new net borrowings in the private market would be an estimated $18 billion to $22 billion in the January–March period. But last week the Treasury revised this estimate upward to $36 billion, $14 billion to $18 billion higher than the estimates made only last November.

The increases in our estimated market borrowing requirements for the current quarter are largely because of the increases in the Federal spending estimated in the January 15 budget submitted by the preceding administration, compared to that administration's estimates 6 months earlier, in the July 1980 budget review. The largest single spending item was the Penn Central court settlement, which required an unexpected outlay of $2.1 billion in January. Also, because of higher than expected market rates of interest, savings bonds outstanding are now expected to decline this quarter by $2.8 billion, compared to Treasury's earlier estimate of an increase of $0.2 billion. This will result in an unexpected net loss of $3 billion for the quarter, which must be financed by increased borrowings in the public market. Similarly, outlays for interest on the public debt are now expected to be $1.9 billion higher than estimated 3 months ago because of higher interest rates.

Finally, I would like to call your attention to one important part of our increased borrowing needs which resulted from poor management rather than increased spending. That is, Treasury's cash balance at the beginning of the quarter, on December 31, 1980, was an unusually low $12.3 billion compared to Treasury's earlier target of $15 billion. Because Treasury was running close to the debt limit in December, and the debt limit was not increased until December 19, Treasury postponed borrowings in December to avoid exceeding the limit, and thus wound up with an inadequate cash balance on December 31. The $2.7 billion shortfall in the balance will have to be made up by additional borrowings in the January–March quarter, which will add to market borrowing requirements which are already at record levels.

Although I have been in office less than 2 weeks, I am committed to improving our cash and debt management procedures, the consequences of which I am now forced to address.

In recent years Congress has generally delayed action on the debt limit legislation until the 11th hour, and on several occasions has actually permitted the debt limit to expire, which has created great confusion and subsequent congestion in financial markets. That type of political brinksmanship adds directly to the costs of Government financing the debt. This is a deplorable state of affairs, that the U.S. Government should so mismanage its finances as to disrupt the market and add to its own borrowing costs. I hope we can avoid these problems in the future.

The estimated annual interest cost on the public debt, according to the budget submitted to Congress last month by the preceding administration, will increase from $74.8 billion in the fiscal year 1980 to $94.1 billion in fiscal 1981, and $106.5 billion in fiscal 1982. That works out to roughly $300 million a day that American taxpayers must pay just for the interest on the public debt. Even before the Reagan administration has had an opportunity to put its first budget together and to submit its proposed spending reductions to Congress, we must start this week to improve the management of our Government finances and reduce the cost of financing the public debt. Prompt congressional action on the debt limit prior to the Washington's Birthday recess would assure the market of the Treasury's ability to deliver its new securities, thus avoiding market uncertainties and higher financing costs to the Government.

Moreover, if the debt limit is not increased by February 17, the Treasury will be required to suspend the sale of U.S. savings bonds, since savings bonds are a part of the Government debt. The savings bonds program has just gone through the worst 2 years in its history because of the relatively low statutory ceiling on the interest rate on savings bonds compared to current market rates of interest during that period. If the program is now disrupted by suspension of savings bonds sales because of the debt limit, this would further undermine confidence in the program.

I would also remind you that as each debt limit crisis develops, Treasury reaches a point where it must consider which of the Government obligations it should pay, social security checks, payroll checks, unemployment checks, defense contracts, and whether for the first time in history it will default on its securities. If we can't borrow, we can't pay our bills.

The present $935.1 billion limit was based on estimates provided by the Congressional Budget Office which was consistent with the first budget resolution for fiscal year 1981, adopted by Congress on June 12, 1980. That resolution contained a recommended debt limit of $935.1 billion through September 30, 1981.

However, the second budget resolution, adopted by Congress on November 20, 1980, contained a recommended debt limit through September 30, 1981, of $978.6 billion, and the budget presented by the preceding administration on January 15, 1981, estimated a debt subject to limit of $987.3 billion at the end of September 1981.

Thus, high spending levels, general economic conditions, inflation levels, and interest rates, among other factors, have had a significant impact on required debt levels. Based on this debt estimate, a debt limit for fiscal year 1981 of $990 billion, which includes the usual $3 billion margin for contingencies, would have been appropriate.

Had the Treasury submitted its debt limit recommendations based on the January 15 budget, along with the normal assumptions of a constant $15 billion monthend cash balance and a $3 billion margin for contingencies, the estimates of the debt subject to limit for the remainder of the fiscal year 1981 would have been as follows:

[Dollar amounts in billions]

| | Estimated debt subject to limit | With $3 billion margin for contingencies |
|---|---|---|
| Feb. 28 | $952 | $955 |
| Mar. 31 | 966 | 969 |
| Apr. 30 | 955 | 958 |
| May 31 | 975 | 978 |
| June 30 | 968 | 971 |
| July 31 | 974 | 977 |
| Aug. 31 | 983 | 986 |
| Sept. 30 | 987 | 990 |

We are presently planning to submit to Congress in mid-February a comprehensive economic program which will exclude major reductions in Federal spending, a revised tax program, and regulatory reform. But even though some elements of the program are imminent, we are not in a position today to recommend a debt limit level based specifically on that program.

Against this background, subject to the timing of implementation and the nature of the economic program, the Department recommends that the present $935.1 billion debt limit be increased to $985 billion, an amount that should be sufficient to finance Government's obligations through fiscal year 1981. This approach will provide time for Congress and this administration to work together to implement the economic program, as well as to develop an appropriate debt limit for fiscal 1982.

We had initially intended to recommend $990 billion, but with the decontrol of oil prices last week, and the increase in revenues from the so-called windfall profits tax, we decided on $985 billion.

I would also urge the Senate to adopt a procedure which would tie future debt limit legislation to the congressional budget process. Separate legislation for a statutory debt limit has not been an effective way for Congress to control the debt. The increase in the debt each year is simply the result of earlier decisions by Congress on the amounts of Federal spending and taxation.

Consequently, the only way to control the debt is through firm control over the Federal budget. In this regard, the Congressional Budget Act of 1974 greatly improved congressional budget procedures and provided a more effective means of controlling the debt. That act requires congressional concurrent resolutions on the appropriate levels of budget outlays, receipts, and public debt. This new budget process thus assures that Congress will face up each year to the public-debt consequences of its decisions on taxes and expenditures.

The Debt Limit Act of September 29, 1979, also amended the Rules of the House of Representatives to tie the establishment of the debt limit to the congressional budget process. Under the new House rules, the Treasury still presents its debt limit requests in testimony before the House Ways and Means Committee, and that committee makes its debt limit recommendations to the House Budget Committee.

Yet, the vote by which the House adopts a budget resolution is deemed to be a vote in favor of a joint resolution changing the statutory debt limit to the amount specified in the budget resolution. The joint resolution on the debt limit is then transmitted to the Senate for further legislative action.

There is no comparable procedure in the Senate. The Senate must still vote twice on the debt limit figure, in the budget resolution and in the separate debt limit bill. Combining the budget and debt limit actions in the Senate would assure an earlier focus on total financing requirements and would provide a more effective means of controlling the public debt.

It is time for us to eliminate the uncertainties normally associated with debt limit crises and to focus our attention on the real solutions to the critical economic problems that we face. I ask your help in this effort.

Thank you, Mr. Chairman.

Senator PACKWOOD. Mr. Secretary, thank you.

We operate on this committee on the first-come first-served rule on the asking of questions. In the order of those here, there is Packwood, Dole, Armstrong, Danforth, Long, now Bradley—excuse me, Senator Mitchell, I didn't see you there—before Bradley.

I will pass. I intend to support the debt ceiling. I still think it is relatively routine. We are going to do it, and we have to do it. And the sooner we get at it, the better.

Senator Byrd.

Senator BYRD. Thank you, Mr. Chairman.

Mr. Secretary, is it your firm view that the statutory debt will indeed reach $985 billion by September 30 of this year?

Secretary REGAN. Assuming, Senator Byrd, that the figures I have have some degree of precision, which is something I cannot assure you, but assuming that, the answer is: Yes, sir.

Senator BYRD. If the debt ceiling is increased to $985 billion, is it your firm view that another increase will not be needed?

Secretary REGAN. In fiscal 1981?

Senator BYRD. Well, I was going beyond fiscal 1981.

Secretary REGAN. Beyond fiscal 1981, I cannot assure the Senator that we won't have to require additional debt limit. As a matter of fact, I think, as a matter of practice we probably will have to come back for an increase sometime as a result of the fiscal 1982 budget process.

Senator BYRD. What is your estimate of the fiscal 1981 deficit, including the off-budget items?

Secretary REGAN. If you include the off-budget items, I think it will be in the neighborhood of about $78–$80 billion.

Senator BYRD. In round figures, then, about $80 billion?

Secretary REGAN. Yes, sir.

Senator BYRD. Now, a New York Times CBS poll of the American people, released yesterday, finds that an overwhelming majority, 70 percent, would favor a balanced budget over a substantial reduction in taxes. What is your view?

Secretary REGAN. I prefer to think of that as a package. Maybe I am in the minority here—which is not an unusual place for me to be—but I would suggest, Senator, that even in the years of the Kennedy tax cuts, when asked in a similar poll, people also said they were in favor of a balanced budget. But yet, when the tax cuts were made in that period, the results were so stimulative to the economy as to prove their worth. And I think we would have the same thing currently.

Senator BYRD. You stated that you are frequently in the minority. I think you and I have a lot in common. I have been in the minority for 15 years on the subject.

What is the estimated total of refunds to taxpayers for overpayment of taxes which the refunds which will take place this year? Is it roughly $22 billion?

Secretary REGAN. It's between $45–$50 billion is the figure that I have in mind, Senator.

Senator BYRD. Thank you, sir.

I don't need to say this again, because I have already said it for the record. But I do want to say it again, that I think the country is very fortunate to have you as Secretary of the Treasury, and I think the President has made an excellent appointment.

I do want to comment on the statement you make on page 5. I realize that you have assumed office only a short time ago, and I assume the statement presented today was probably developed staffwise. But you say this, though, or the statement says this: "The Congressional Budget Act of 1974 provided a more effective means of controlling the debt."

Well, now, facts will show that since 1974 one-half of the toal debt of $985 billion was created. So I take issue with that statement—not with you—but I take issue with the statement prepared by the Treasury Department, because it simply, in my judgment, is not correct.

Thank you.

Thank you, Mr. Chairman.

Senator PACKWOOD. Senator Dole.

Senator DOLE. Was there any thought about going to the trillion right off the bat? I mean——

Secretary REGAN. Yes, Senator, there was. We gave that a great deal of thought. As a matter of fact, the President told me that he personally woke up in the middle of the night thinking about that one——

[Laughter.]

Senator DOLE. Did he go back to sleep?

[Laughter.]

Secretary REGAN [continuing]. As to whether that would be an appropriate thing to do or not.

But laying it straight on the line, we decided to play this one straight and not try for anything political. I was asked, "What figure is your best estimate of what will be needed to carry us through fiscal 1981?" At that time, I said $990 billion, unaware that we were going to go so quickly with the decontrol of oil. As soon as that came in, I revised my figure to $985 billion, and that's what we decided to stick with.

Senator DOLE. I asked the question because I think there are some on the Republican side and maybe on the Democrat side who felt maybe we should have gone to a trillion, because this is still viewed as Carter's legacy. The second time it'll be Reagan—or Regan, depending upon your point of view. But——

[Laughter.]

Senator DOLE. So I thought the record should reflect that you did consider going to the trillion, but it was decided that it might appear to be political, by some, and that you chose to stick with a figure that you could justify when you appeared before this committee.

I understand there has been some suggestion that perhaps we ought to lower this to $982 billion, because of the increased windfall profits tax revenues, but that has already been, as I understand, computed. You would have gone for $990 billion except for the decontrol and the resulting increased windfall profits tax; is that correct?

Secretary REGAN. That's correct, Senator. It was the $1 trillion number, being a psychological barrier, if you will, that made it a very tempting target to go for. But it was decided that, in spite of what some people might say about it—and we probably will have some disagreement on this—that this would be considered more of a ministerial function, that we were trying to get out of the way a housekeeping item, if you will, a condition we inherited, that we need time to turn around.

And as a result, we would ask for the straight amount based upon estimates of the previous administration and go for that number and then see what would happen after our package arrives up here.

Senator DOLE. And then there has been some—at least some—thought that perhaps we shouldn't have gone to the end of the fiscal year, that we should have maybe authorized some lower ceiling to expire on June 30; then if the Congress hasn't responded to some of the budget cutting, we could have added some of the cuts onto the extension at that time.

I assume that was considered and rejected on the theory that you needed to sort of clear the decks until the end of the fiscal year?

Secretary REGAN. Yes, Senator, you are correct in that. It was considered. We did reject it, for the reason that you stated primarily. But there was a secondary reason there: I could not assure those of us who were discussing that strategy, that my figures had any precision in them; and if we're wrong on the low side and we went to, let's say, $965 billion and then came acropper much earlier than we thought, again, as you suggest, this might be considered a Reagan type of call, the second call that we'd have to come up here for.

And we decided that that was too risky.

Senator DOLE. Finally, I don't think there is any dispute about your position on cutting the budget. I think some of the headlines may have indicated that you want to go ahead and cut taxes, not worry about cutting the budget. I share the view expressed by Senator Byrd and I think everyone—most everyone—on this committee, that we probably can't link the two in the same package, but we ought to be pretty certain we're going to have a down payment on budget cutting before we unloose the tax cut.

Secretary REGAN. Somehow or other, I cannot seem to get the headline writers to my point of view.

[Laughter.]

Secretary REGAN. If you read the rest of the stories, usually it comes out right by the time you get to the end of the article. But in the meantime——

Senator DOLE. They're on a tight schedule, though, and they never read the stories.

[Laughter.]

Secretary REGAN. I am afraid that's quite true.

But you are again correct, Senator, that what this administration is proposing is a package, and the things will wind concurrently through the Congress on parallel tracks. This will be a concurrent type of proposal, tax cuts and budget cuts. And you simply cannot have one without the other; you must have both.

Senator DOLE. Thank you. My time has expired.

Senator PACKWOOD. I might say to the members we are operating under a 5-minute rule in the first round. In talking with Senator Dole, it would be our hope, if we finish, we might act on this this morning and not have to meet at 2 o'clock this afternoon.

Senator Armstrong.

Senator ARMSTRONG. Mr. Chairman, although fate has put me somewhat at odds with the Secretary on the final resolution of this matter, I would like to congratulate him on the way he is presenting it. He has got a horrible task of presenting an idea which has very limited appeal, even as a housekeeping measure, and this morning and on many occasions in the last several days he has really distinguished himself by his handling of a very, very difficult issue.

Secretary REGAN. Thank you, Senator.

Senator ARMSTRONG. I would also like to note, and then I want to ask several questions, not to argue the issue.

I would also like to point out so that there isn't any misunderstanding, that while I disagree on the handling of this particular issue, there is no disagreement that I know of between the Secretary and myself on the ultimate solution and the need to get the spending under control and to cut taxes and to restore productivity.

Secretary REGAN. I understand that, Senator.

Senator ARMSTRONG. Now, whether or not——

Secretary REGAN. This isn't exactly the baptism I would have selected, had I a choice.

Senator ARMSTRONG. I understand. And I will say to the Secretary that whether or not you think this is a housekeeping measure, after all is said and done, I think you will have a better idea of whether it is just housekeeping later on. I think ultimately you will come to the conclusion that I have, that it is far from housekeeping.

When I got here, it was $435 billion. And everytime it's been raised, they've told me, "It's housekeeping, it's ministerial, it really doesn't count, it doesn't mean anything." But in a brief period of time, we've gone to a trillion.

I wasn't clear, Mr. Secretary, on your answer about the $1 trillion. Is it the hope of the administration somehow to avoid breaching $1 trillion?

Secretary REGAN. It is our hope. But I am a pragmatist, Senator, and I think at this point I have to say that the hope is a very dim hope at the moment. I don't see how we can avoid that during fiscal 1982.

Senator ARMSTRONG. May I ask—you are suggesting a $50 billion increase in the debt, and I listened, but I did not hear you mention—whether or not you were proposing that the committee increase the permanent debt or temporary?

Secretary REGAN. The temporary debt, Senator.

Senator ARMSTRONG. I am somewhat surprised at that, Mr. Secretary, because in materials submitted to us previously by the Treasury, there is an indication that short maturities greatly complicate the management of the debt.

I would have thought, under the circumstances and particularly under the impression I have that financing short maturities is much more expensive than longer maturities and more disruptive to the market, it surprises me that you would want to add to the temporary debt which, as I understand it, is now the larger fraction of the debt, in any case.

Secretary REGAN. Senator, I think that for us to say that this is a permanent ceiling is sort of throwing in the towel before we even get into the fight. I do not want to concede that yet until such time as we have had our chance to come up with our budget cuts and to see what we can do toward balancing this budget and indeed getting it into a surplus position.

Senator ARMSTRONG. Well, Mr. Secretary, if I understand it correctly, were we to add the proposed increase, which I have already made plain I do not favor an increase of this amount at this time, but if we were to add the proposed increase to the permanent portion of the debt, it seems to me that it would permit handling and management of this debt, if it is approved, more efficiently, and there would still leave over $500 billion in so-called "temporary" debt to expire on September 30, which if there were surpluses to pay it back—I think an unlikely prospect—could be done.

I wonder if that is something that your technicians might look at, because I am under the impression, at least, that these very short and shortening maturities have been a serious problem in Treasury financing.

Secretary REGAN. That has been a problem. I will draw now on my Wall Street experience, rather than my experience of 12 days as Secretary of the Treasury, for an answer, if I may.

It would seem to me that if we go for too much in the long end of the Government bond market, then we are going to raise the "crowding-out" issue. There is competition with Treasury bills in the short end of the market. There is also an awful lot of competition in the long end of the market. And where we do extend this range of maturities beyond 15 years, going out in the 20- and 30-year area, there we would really be running into competition from the municipalities and also with the private, the corporate sector.

Senator ARMSTRONG. But so far as the additional debt, you are saying that it would be better to issue securities whose maturity was not beyond September 30 of this year?

Secretary REGAN. Oh, no, no, no. What I am saying——

Senator ARMSTRONG. Isn't that the effect of adding this to the temporary debt?

Secretary REGAN. What I am saying is that even though we are adding this, we can still handle it in the short area much better than if we went and tried to handle the entire amount in the long side of the area. I don't think the market would take it in the long end of the market at this particular time.

Senator ARMSTRONG. Mr. Chairman, I want to ask do we have—Mr. Chairman, as a new member of the committee, I am not clear what the light means. Does that mean my time has expired?

Senator DOLE. Well, you're on the last leg.

Senator PACKWOOD. You've got a minute. Although we will go round and round until everybody gets to ask everything they want.

Senator ARMSTRONG. Fine. I will observe—when the next light lights. I will quit and save whatever else I have until the second round.

Mr. Secretary, you have stressed on one occasion or another the desire of the administration to have a clean bill. Some of us had some designs to use this as a vehicle for certain reforms that we think are very necessary.

Could you state just for the record why the administration or why you feel so strongly that this ought to be a clean bill as opposed to some other kind of "dirty" bill?

Secretary REGAN. I am not sure if the distinction is betewen "clean" and "dirty." I think it is between "simple" and "complex."

And I would suggest that the reason that we have come down on this—and this was the President's decision—that his thoughts were that, to come up here, ask for it, get the time to turn around, was much better than to try to get into a political argument as to what should be done with various types of things and run the risk—which I was assuring him I had as Secretary of the Treasury—that before the debate could cease, that we would run out of cash.

There was that danger in his mind. He bought that argument, I believe, mostly from me, that if we can get it through, then we will come back to some of these other things that might be desirable, but will require a lot of debate on the Hill among those interested.

Senator PACKWOOD. Senator Danforth?

Senator DANFORTH. Mr. Secretary, I would like for you to answer a couple of questions for public consumption.

Next week I am going to be traveling around the State of Missouri, and if you were traveling in my stead and you were in, say, Hannibal, and someone were to ask you, well, what would happen if Congress just allowed the debt ceiling not to be raised, what would happen if it did nothing, what would happen if it adopted Senator Armstrong's point of view, what would be your answer?

Secretary REGAN. Well, depending upon how much time I had to talk to that audience, I could write quite a doomsday scenario, Senator.

Let me briefly tick off a few of the more important points. First of all, on February 6, Friday of this week, I would have to tell those who are going to bid in the auction on February 13, and who are due to pick up their bonds on the 19th that we might not be able to issue the expected amount of bonds.

Second, we would have to tell anyone who had a payroll deduction plan for U.S. savings bonds to cease sometime around February 17 because we could not add to the debt ceiling after February 17 because we would be over the limit.

The third thing that would happen—and this almost did actually happen in April of 1979, the Treasury ran out of cash and the Congress hadn't voted, and as a result, checks previously issued, social security checks, to be precise were in danger of not being cashed because they would not be honored by the Treasury if presented by a bank. You can imagine the consternation of a social security recipient having a check that he or she couldn't cash.

We would have to choose among the checks that we would cash. Should we cash payroll checks or should we default on payroll? Should we cash defense contractors', pay those bills, that type of thing? And I am afraid that—of course, I have a personal selfish interest in this, you know. I found out after my hearings for confirmation as Secretary of the Treasury that if that debt ceiling is pierced and the Federal Government spends money over the debt ceiling, that the Secretary of the Treasury is personally liable for this. [General laughter.]

And I would have to say that I would have to clamp a very tight grip on the issuance of any checks if we were anywhere near the debt ceiling.

Senator DANFORTH. Well, would you say that it would be tantamount, if we went over the debt ceiling, would it be tantamount to bankruptcy?

Secretary REGAN. We would be in default, yes, and that would be tantamount, although precisely I don't think the Federal Government could go bankrupt, but it would be the equivalent of it in the private sector.

Senator DANFORTH. Now, let me ask you another question that I might be asked by the people of Hannibal.

Well, we just went through an election and we voted for a new administration and a whole new way of doing things in Washington, and what we want is a balanced budget and an end to inflation, and here the new administration is coming in and asking for an increase in Federal debt. We don't understand it. Why can't we have a balanced budget now and why can't we end inflation now?

How would you answer that?

Secretary REGAN. Well, although the Reagan administration, as reported in the press, was to, depending upon how you saw it, hit the beach running or any expression of that nature, the administration is not that fast that they could balance the budget in 2 weeks, particularly as the commitments had already been made to the effect that this administration must spend for certain things that have been appropriated by the previous Congress. This was a situation that the Reagan administration inherited. It is not something of its own doing. It is something it intends to do something about, but within time construction of 2 weeks, it is an impossibility that this could happen.

Senator DANFORTH. Well, how long will it take?

Secretary REGAN. I wish again I could give you a very precise answer. We are aiming to balance the budget in fiscal 1983.

Senator, I might add here one thing that is a little-known fact. It came as a piece of startling evidence to me, that even if we presented a balanced budget, we would still have to increase the debt ceiling because the Treasury issues securities to the trust funds such as social security, and in the issuance of those, securities, add additional debt limit authority is needed. So even though we had balanced the budget, we would still have to increase the debt ceiling.

Senator DANFORTH. Now, does the Treasury have any estimates as to what the debt ceiling will be, say, in 1983?

Secretary REGAN. No; it does not because a lot will depend upon how effectively this Congress acts in cutting the budget, and second, on what will be the flow-through effect of any tax cuts that this Congress enables.

Senator PACKWOOD. Senator Long.

Senator LONG. Mr. Secretary, I have every intention of voting for the bill that you are recommending, and I think we will pass it just the way you are asking.

I asked the Treasury to provide me some information, that is all I am asking, just some information on the debt both on a gross basis and a net basis, related to various factors. I think this information is very useful for scorekeeping, and when your tenure is over, those figures will tend to either make you look good or look bad, depending on whether you have done a good job of running the economy or a poor job. The figures I am asking for would more or less fix the reference point as to where we stand at the start of your tenure, and I hope very much that they will look better at the end.

These figures have been produced by the Treasury on previous occasions, and I think the time we printed them in a hearing was in 1978. If you haven't seen these figures, I would invite you to look at them, because they put the public debt in prospective in relation to the private debt. I think most people could find whatever they want to find in order to make whatever comparisons they want. A lot of comparisons you make with these figures are very favorable.

For example, they show that after you discount for inflation, and take a look at the income of the American people, or the gross national product, that in relative terms we are a great better off when we were back in 1946, about three times better off, in relative terms.

But I think the figures ought to be updated. When they are brought up to date, they tend to show how well we are doing. They sort of answer the question that President Reagan asked in that television debate that has been so widely discussed: Are you any better off than you were 4 years ago? Well, I think that these figures will give the answer, if provided—and I have known of no Secretary to refuse to provide them. I just think that your bureaucracy has got a little work to do, and you ought to be able to get it done before the day is out, to provide us the information to show us where we stand.

Are you familiar with these figures that I have asked about?

Secretary REGAN. I understand the figures in general, and I understand that they have not been supplied in recent years. But I will do my best to find out why they haven't been produced, and if it doesn't cost too much money and throw our budget out of whack, I will be more than happy to supply them to the Senator.

Senator LONG. Mr. Secretary, my guess is that just one competent man over there in your department could do the whole thing before the day is out, and I would appreciate it if you would have him do it.

Secretary REGAN. If I can find a competent man there to do it, Senator, I assure you I will. [General laughter.]

Senator LONG. Thank you very much, Mr. Secretary.[1]

[1] See appendix D.

Senator PACKWOOD. Senator Mitchell?

Senator MITCHELL. Mr. Secretary, I was not able to be present at your confirmation hearing. I wanted to come here today and to meet you and to tell you that I did read the transcript and reviewed your background and was very impressed by it, as I was this morning.

There is one aspect of your testimony that I would like to inquire about. You stated that you had initially intended to recommend a limit of $990 billion, but with the decontrol of oil prices last week and the increase in revenues from the so-called windfall profits tax, you decided on $985 billion.

Would you tell us, please, how you arrived at that figure?

Secretary REGAN. Yes. The previous administration had a figure in its January 15 message to the Congress on its fiscal 1982 budget in which it said that at the end of fiscal 1981, the debt limit would be $987.6 billion. Rounding that out we came to $990 billion, not knowing the precision of the figures, again.

When the so-called windfall profits tax would go into effect earlier on the amount of oil that was decontrolled on February 1 rather than waiting until October, it was estimated that the revenue gain to the Federal Government would be somewhere in the neighborhood of around $3 billion. So subtracting the $3 billion from the $987 billion brought us into the $985 billion, rounded out, area.

Senator MITCHELL. Now, how did you arrive at the estimate of $3 billion increase from the windfall profits tax?

Secretary REGAN. That was taking the amount of oil that was still left to be decontrolled, figuring the difference between its current market price and its—or its then current market price and what the new price of that oil would be, and the amount—I believe it is 60 percent, that the Federal Government would collect on that increase in price.

Senator MITCHELL. Sixty percent. So if you arrived at a tax figure of $3 billion, do I understand, then, that you estimate that the increase will be in the order of $5 billion?

Secretary REGAN. That would be correct, sir.

Senator MITCHELL. All right.

So just so I understand, then, you are estimating that the cost of those products that were subject to the decontrol order last week to the American people will increase as a result of that order by approximately $5 billion.

Secretary REGAN. Depending upon how the oil is sold and depending upon what the price is charged at the pump, whether this is passed through in toto or whether it is passed through in part. We don't know what the market effects will be of this decontrol.

Senator MITCHELL. But you are still estimating. You don't know but you are making an estimate, is that correct?

Secretary REGAN. That is our estimate.

Senator MITCHELL. And your estimate is $5 billion.

No further questions.

Senator PACKWOOD. Senator Bradley.

Senator BRADLEY. Thank you very much, Mr. Chairman.

Mr. Secretary, on page 3 of your statement you say that on several occasions, in recent years Congress has delayed action on debt limit legislation until the 11th hour. That is not unusual. On several occasions it has actually permitted the debt limit to expire, which created great confusion and congestion in financial markets.

When were the last several times that debt limit legislation actually expired, and what kinds of congestion and confusion in the financial markets were created?

Secretary REGAN. The one that comes most quickly to my mind, Senator, was the one at the end of March 1979, lasting into the first week of April 1979. At that particular time, the Congress did not vote the debt ceiling in time. As a result—I was then on Wall Street, and I can tell you as a Government bond dealer that we were very concerned as to what the effect would be on the marketplace, and we certainly took that into our judgment the next time we made a bid on Government bonds, and I assume you, the Treasury paid a little extra in interest for the risk that we were taking that we would bid on something and then not have it delivered.

Senator BRADLEY. Was there an earlier time than 1979?

Secretary REGAN. I believe so.

Senator BRADLEY. Was there ever a vote taken by which an act of Congress, instead of failure to act, precipitated this crisis?

Secretary REGAN. Yes. This was in 1976, June 1976, there was a failure by the Congress to act in time, and finally the debt ceiling was increased, I guess it was several reasons after that had actually occurred.

Senator BRADLEY. Was there any time between 1976 and 1979 in which an act of Congress created this confusion in the financial markets?

Secretary REGAN. I am asking for advice here of my staff, Senator, because obviously I wasn't present at those times and I don't have that in my memory. [Pause.]

In 1977, Senator, the debt limit expired on the 30th of September. It was not increased by the Congress until October 4. This happened again in 1978 when the debt limit expired on July 31 and it was finally raised on August 3.

Senator BRADLEY. So in 1976, 1977, and 1978——

Secretary REGAN. And 1979.

Senator BRADLEY. These crises were precipitated because debt limit legislation was either not acted upon or was not acted upon favorably in time.

Secretary REGAN. That is correct.

Senator BRADLEY. You have requested an increase of roughly $50 billion in the debt. I am curious as to what you have assumed about budget cuts and tax cuts.

Can you assess a number for the budget cut and for the tax cut?

Secretary REGAN. I have not made any assumptions on behalf of the current administration. As I suggested in my opening remarks, what we did was a simple thing, we did it quickly because of the time limit. We took the previous administration's debt ceiling that it has suggested on January 15 and had to assume the same assumptions. We did not change those. And this is for fiscal 1981 now. It has nothing to do with the budget they were suggesting for fiscal 1982. This is strictly for fiscal 1981. And on January 15, the Treasury was saying for the previous administration that the debt ceiling on September 30, 1981 would have to be $987.6 billion.

Senator BRADLEY. If you act to cut the budget much deeper than the previous administration had assumed, would that change the validity of those assumptions?

Secretary REGAN. It could, if all else held steady, that is, there is no change from their assumptions of what the economy was going to do, no change in their assumptions of what interest rates were going to do.

Senator BRADLEY. Would the same apply to the assumptions on tax cut legislation?

Secretary REGAN. Yes, again, all things holding steady.

Senator BRADLEY. Coming to Senator Mitchell's question about decontrol and the revenues that are generated from the windfall profits tax, and the assumption that allowed you to arrive at roughly $3 billion to $5 billion in excess revenues, what did that assume about the price of oil per barrel?

Secretary REGAN. The world price, which is what, $36 a barrel.

Senator BRADLEY. It assumed that the price of $36 a barrel would stay steady throughout the next year?

Secretary REGAN. During the next 6 months, Senator, because this is——

Senator BRADLEY. During the next 6 months.

Secretary REGAN. This request is for fiscal 1981.

Senator BRADLEY. What does that then assume about the continuation of the war between Iraq and Iran?

Secretary REGAN. There was no assumption on that.

Senator BRADLEY. Well, the chairman has called me down. I would suggest that the price of oil is unlikely to be $36 for the next year. The revenue estimate could therefore be low.

Senator PACKWOOD. Senator Chafee.

Senator CHAFEE. Now, Mr. Secretary, next week we are going to be home, as was mentioned, making speeches, and when I appear in Chepachet, R.I., before a packed crowd of 22 Republicans——

[General laughter.]

Senator CHAFEE. I doubt if there will be much interest in the debt ceiling. I think they are inured to that. They are used to debt ceilings going up. But what they are interested in is inflation and interest rates, and I would like a little help on what I can tell them.

Can I tell them that if the inflation is reduced, that interest rates will come down?

Secretary Regan. You most certainly can, and you can say that with a lot of assuredness.

Senator CHAFEE. Now, can I further tell them that the principal cause of inflation is our Government deficits?

Secretary REGAN. In my opinion that is correct, Senator.

Senator CHAFEE. Now, suppose they say, well, we have been reading that we can end the deficits by a lot of tax cuts, what is my answer to that?

Secretary REGAN. That what the President of the United States is going to suggest, and in the meantime he will have said this to them in his own words, that he is going to propose a package to this Congress, the package consisting of budget cuts and tax cuts simultaneously.

Senator CHAFEE. But the tax cuts alone cannot do it.

Secretary REGAN. No; you can't have one without the other.

Senator CHAFEE. Now, therefore, to reach their central problem, which is high interest rates, I don't know what the others find, but I find although no one likes inflation, they dislike high interest rates even more. That affects their ability to buy a home, an automobile, and a host of things. So to bring the inflation down, interest rates down, we have got to bring the inflation down. To do that we have got to have some cuts in the budget, in the spending, is that correct?

Secretary REGAN. That's correct. And also you must have the stimulative effects of a tax cut.

Senator CHAFEE. Now, in order to have the cuts in the spending, they are probably going to have to start right here in this committee in the entitlement programs, and that we will have to be doing pretty soon.

Is the Treasury and you in particular prepared to, when you come forward with this program, are you prepared to stick to it and conduct a steady course?

Secretary REGAN. Very definitely, Senator. These tax cuts will be proposed by this administration, will be fought for by this administration and will continue to be fought for by this administration. It will not back off.

Senator CHAFEE. Because, Mr. Secretary, if we support your program, and particularly here where we are dealing with the entitlements, that puts us out on the end of a long, long limb, and if that program is changed in the House, or you consent to a change in the House, I may not be invited back to Chepachet next year, and I may not—the year after I might not even be in the present capacity I am in.

So I have an intense, like you, have an intense personal interest in this measure you are going to offer. I have an intense personal interest in the steady course that this administration conducts. So you tell me that you are not going to swerve.

Secretary REGAN. I can assure you that the President of the United States was elected on these grounds. He intends to carry out his electoral promises, and my judgment of the man is that he is not one that gives up easily. His past record indicates that he is a fighter and he will stick to that which he deems necessary, which are budget cuts.

Senator CHAFEE. Thank you.

Senator PACKWOOD. Senator Symms.

Senator SYMMS. Thank you, Mr. Chairman.

Mr. Secretary, nice to have you here this morning, and I am sorry it is such unpleasant news that you had to bring to the committee and to the Congress, that we are spending money faster than our revenues allow us.

Over the years that I have been here, I never have voted for raising the public debt, and I know there are other members here on this committee that have the same record.

But the question that I always come back to is if Congress 10 or 15 years ago just would have refused to raise the debt, don't you think they would have been able to correct the situation and get their spending priorities in line?

Secretary REGAN. I think that is an interesting conclusion, Senator.

Senator SYMMS. Well, why is it that it is any different today? It seems to me that sooner or later the Members of the House and the Senate are going to have to be honest with themselves and the American people and admit that they are spending what they don't have and running up a debt.

Secretary REGAN. Well, that is what we are hopeful that the Congress will now do, in the future, having given us this debt increase, will say enough is enough, and get to work to cut this budget and to get their arms around it so that it will remain under control rather than run uncontrolled as it is now.

Senator SYMMS. Have your lawyers advised you of any kind of emergency powers that the President of the United States could invoke if the Congress would refuse to go along with this debt increase and just say that enough has already been spent and we are now going to live within our means, starting next month when this debt runs out?

Secretary REGAN. I haven't focused on that, Senator.

Senator SYMMS. And just have a reduction in all expenditures at a certain percentage rate. Whatever the Government writes a check for, they would have to decrease it to an amount that wouldn't put the budget out of balance.

Secretary REGAN. I have not focused on that, but I will be very happy to take a look at it to see what might happen under such a scenario. But I would hope that you wouldn't do that prior to February 17.

Senator SYMMS. I recognize that, Mr. Chairman, but my argument is I have heard this argument around this place for years. We say, "Well, next year we will balance the budget." Well, next year becomes the next year.

Now, I have to admit when we're talking about $50 billion that it is a much bigger problem than it was when it was $10 billion. And I suppose if we continue on with that course, sometime a future Secretary of Treasury will be coming in here asking for a $1 trillion increase in the debt ceiling.

Secretary REGAN. It might even be the current one.

Senator SYMMS. We are almost trillionaires right now, and I hope that this Congress will stop this onslaught of debt before they make trillionaires out of the American people, literally, by continuing to devalue our currency and debase our currency with printing-press money.

Secretary REGAN. Well, that is why I think it is so imperative that when this package comes to the Hill, that it be focused on immediately, and those cuts that can be made quickly be made quickly, and the ones that might take a little longer be dealt with very expeditiously.

I would hope that both Houses of the Congress would work fast on the President's program.

Senator SYMMS. Thank you, Mr. Chairman.

Thank you, Mr. Secretary.

Senator PACKWOOD. Mr. Secretary, in your exchange with both Senator Mitchell and Senator Bradley about the windfall profits tax, I sensed you presumed in your answer that the tax is indeed a profits tax. It is not a profit tax, is it?

Secretary REGAN. Pardon, Senator?

Senator PACKWOOD. The so-called windfall profits tax is an excise tax, is it not?

Secretary REGAN. It is closer to that than it—that is why I keep saying "the so-called windfall profits tax."

Senator PACKWOOD. Right. And the key is not if you presume $3 billion in additional revenue, that presumes $5 billion in additional oil company profits. It presumes an increase in price, and the tax is based upon the price. It does not necessarily presume any particular increase in profits.

Secretary REGAN. That is a tax on gross; it is not a tax on net.

Senator PACKWOOD. I have no other questions.

We will go into our second round, Senator Byrd.

Senator BYRD. Yes; thank you, Mr. Chairman.

Mr. Secretary, I want to applaud your forthright reply to Senator Chafee when he asked you whether, in your judgment, the principal cause of inflation is the accumulated deficits of the Federal Government, and you replied in the affirmative. And I certainly concur in that.

Senator Chafee mentioned interest rates. That brings to mind the tremendous Federal debt and the fact that the Federal Treasury has to go into the money market for such huge sums that, in itself, is a significant factor, is it not, in pushing up interest rates?

Secretary REGAN. Oh, yes. It is not exactly crowding out, but pushing up is the way I would characterize it, where the Treasury now coming into the market as often and as large as it is. Witness the fact that we had to announce that Treasury would have to borrow $36 billion in this quarter, which was, you know, some $15 billion higher than was estimated just in November.

This has to come as a shock to the market, and it certainly isn't going to help to reduce rates to have the Treasury coming in this often and in these amounts.

Senator BYRD. In your statement, you project the interest on the national debt, the gross interest to be paid by the taxpayers on the debt, to be $106 billion for fiscal 1982.

Secretary REGAN. That is correct, Senator.

Senator BYRD. That is really an astonishing figure. It is more than one-half of the total amount that we spend on all of our national defense programs.

Now, I want to comment again, because I did not at that point have the figures, but I do have the figures now. In the statement prepared by the Treasury, which you presented to the committee today, it states that the Congressional Budget Act of 1974 provided a more effective means of controlling the debt.

Now, at the end of 1974 the gross Federal debt was $486 billion, which means that from the beginning of our Republic through 1974 a debt of $486 billion was accumulated. Now, in the 7 years since then, taking us through fiscal 1981, which is this fiscal year, of course, it will then go up to $985 billion, an increase of $499 billion. Thus, in the 7-year period since the Budget Act of 1974 has been in effect, 50 percent of our total debt has been created.

So, I think the figures do not justify the assertion that the Budget Act of 1974 provided a more effective means of controlling the debt.

Secretary REGAN. I will stand corrected on that, Senator. I agree with you.

Senator BYRD. The earlier part of your statement, I think, is excellent—that the way to control the debt is to control the spending.

Thank you, sir.

Thank you.

Senator PACKWOOD. Senator Armstrong.

Senator ARMSTRONG. Mr. Chairman, I have two matters I want to pursue with the Secretary. First—and I think there is no need to go into it now, but could you furnish us or ask your staff to furnish us this morning or later in the day or whenever it is convenient, some kind of monthly cash flow statement? I have reviewed the materials which have been presented to me, and perhaps I have overlooked it. But what I am interested in is some kind of, in simple format, just a month by month the ending cash balance, the——

Secretary REGAN. You do not want the debt limit; you want the cash balances?

Senator ARMSTRONG. Well, I was coming to that. What I was going to ask for was projected ending cash balance ending payables, the expected income, the expected receipts, the amount of the deficit. And then if you were laying it out in a column form—but whatever form you have it in is fine—then also the amount of the borrowing.

What I was trying to get at is, rather than trying to deal with it as a gross figure of how much it is going to be by September 30, how much the debt will be and how much the income and receipts will be month by month.

And the reason for that is—to go back to the question that Senator Symms has asked and has also been on my mind—the issue of what steps would be necessary were we not to approve this. My hunch is—in fact, I have some horseback estimates that really we are not talking about a very great gap between expected income and receipts during the next 2 and 3 months, but actually it's a small part of the projected $50 billion increases in the next couple of months.

Secretary REGAN. I will try to get those figures for you, with one caveat, Senator. This will be sensitive material, inasmuch as there are a lot of Government bond dealers would like to know the same thing to try to forecast how much we would be asking for in the public marketplace and to sort of guess how they might bid or position themselves in the market.

Senator ARMSTRONG. Well, then, let me ask that you leave off the column that would relate to that, unless—my interest is more on the question of cash balances, receipts, and outlays, and I am only interested in a casual way on the question of what your offerings of bonds, notes, and so on might be. And I don't care to have that information if it is that sensitive.

Secretary REGAN. I will try to get it for you, Senator, just as quickly as possible.[1]

Senator ARMSTRONG. It is the income and outgo side that I am concerned about.

[1] The information was subsequently supplied to Senator Armstrong.

To nail down one specific, were we to decide as a matter of policy that we only wanted to extend this to, say, an amount that would cause the issue to be joined again, say, on or before June 30, how high would we have to raise this, the debt ceiling, in order to accommodate the needs of the Treasury to, say, June 30?

Secretary REGAN. With the $3 billion margin for contingencies, our forecasts at the end of May, it would have to be at 978. So, accordingly, rounding that out, we probably would come to 978 to 980.

Senator PACKWOOD. Mr. Secretary, Bill, let me break in on your time just a moment, and we'll go right back to you without going to anybody else.

Senator ARMSTRONG. All right.

Senator PACKWOOD. But I want to turn it over to Bob just a second. Senator Dole.

Senator DOLE. We have a quorum present now; we have 11 members. And rather than come back at 2 o'clock, I would move that we report an original bill to raise the temporary debt limit to $585 billion through September 30, 1981.

Senator CHAFEE. I will second that.

Senator DANFORTH. What?

Senator DOLE. 585, that's the temporary limit. Is there any objection to that?

Senator PACKWOOD. You wanted a rollcall?

Senator ARMSTRONG. I don't care whether there is a rollcall. I would like to have it be known that I am opposed to it.

Senator DOLE. I think you wanted to oppose it, don't you, or withhold, don't you, Bill?

Senator BRADLEY. How do we report the thing out of the committee if a vote is withheld?

Senator DOLE. Well, you can withhold yours and poll the others.

Senator BRADLEY. Why don't you call the roll?

Mr. LIGHTHIZER. Mr. Packwood.

Senator PACKWOOD. Aye.

Mr. LIGHTHIZER. Mr. Roth.

Senator ROTH. Aye.

Mr. LIGHTHIZER. Mr. Danforth.

Senator DANFORTH. Aye.

Mr. LIGHTHIZER. Mr. Chafee.

Senator CHAFEE. Aye.

Mr. LIGHTHIZER. Mr. Heinz.

[No response.]

Mr. LIGHTHIZER. Mr. Wallop.

[No response.]

Mr. LIGHTHIZER. Mr. Durenberger.

[No response.]

Mr. LIGHTHIZER. Mr. Armstrong.

Senator ARMSTRONG. No.

Mr. LIGHTHIZER. Mr. Symms.

Senator SYMMS. No.

Mr. LIGHTHIZER. Mr. Grassley.

[No response.]

Mr. LIGHTHIZER. Mr. Long.

Senator LONG. Aye.
Mr. LIGHTHIZER. Mr. Byrd.
Senator BYRD. No.
Mr. LIGHTHIZER. Mr. Benson.
[No response.]
Mr. LIGHTHIZER. Mr. Matsunaga.
[No response.]
Mr. LIGHTHIZER. Mr. Moynihan.
[No response.]
Mr. LIGHTHIZER. Mr. Baucus.
[No response.]
Mr. LIGHTHIZER. Mr. Bohren.
[No response.]
Mr. LIGHTHIZER. Mr. Bradley.
Senator BRADLEY. Present.
Mr. LIGHTHIZER. Mr. Mitchell.
Senator MITCHELL. Present.
Mr. LIGHTHIZER. Mr. Chairman.
Senator DOLE. Aye.

Senator PACKWOOD. Six ayes, three nos, two present. And we will poll the rest of the members.

And, Bill, we are back on your question.

Senator ARMSTRONG. Mr. Chairman, before we return to the questions I was asking, may I inquire is it the chairman's intention to submit a report on the vote we have just taken and to report the bill?

Senator DOLE. Yes.

Senator ARMSTRONG. May I submit a minority view with the report?

Senator DOLE. If we can work it out with you so we cannot take the full 3 days. You have that right, in any event.

Senator PACKWOOD. If we make the report, we are subject to somebody objecting on the 3-day layover.

Senator ARMSTRONG. The point is well taken, and it is precisely why I raised the issue. I do wish to submit minority views. It is not my desire to throw a monkeywrench into the procedure—this time around.

But my point is I do not regard this as a routine matter. I think in the future I would hope that the Chair would be disposed to schedule this in a way that would permit the normal course to be taken on a bill of this importance: A report submitted with minority views, allowing the normal time for submission for such views, and then for the full running of the 3 days on the floor.

Obviously, this does not come as a surprise to me. I knew this bill was coming. But then, let me say, so did the Treasury Department and so did the committee. So let me just say my purpose is not in this case to insist on my rights under the 3-day rule. But if it is the chairman's intention to submit the written report, I would like to attach my own views, and I will be happy to do it today if that is when you are going to submit the report.

Senator LONG. Mr. Chairman, might I suggest, if you are hoping to resolve this matter before the recess, that we simply report the bill and let each person put his statement of views in the Congressional Record.

If you do it that way, it would not require a unanimous consent order to bring the matter up. Otherwise, you are going to have to have unanimous consent to get past the 3-day rule.

I think there is going to be plenty of debate to express discordant views about the matter, and so this is not going to be a completely non-controversial bill. But I would think most Senators would want to get on with it and get a decision one way or the other and do it before the recess. And if you do, then I think we ought to try to accommodate the folks.

Senator ARMSTRONG. Well, I thought that is what I said. Let me just clarify that. It is my desire to accommodate all Senators, not to delay the consideration. The point I am making here is that the practice of putting things into the Congressional Record in order to avoid the protection afforded by the 3-day rule is a practice which, in general, I think we should avoid.

And so while I am perfectly willing to accommodate in this case, I am just suggesting and requesting of the Chair that in the future that we not follow that practice, that the 3-day rule is there for a very good reason: to protect the rights of members who want notice and an opportunity to present their views.

Senator DOLE. The chairman has no quarrel. I know of your sustained interest in this procedure. I would hope we don't have another occasion to bypass the 3-day rule.

Senator ARMSTRONG. I think in the light of what has been said, it is unlikely we will be asked to raise the debt ceiling——

Senator DOLE. We have a couple of options when we get to the floor. One is to take up the House-passed rule and bypass some of the rules.

Senator PACKWOOD. I think Bill's point is well taken. We will be approaching this limit around mid-September, we have an August recess, we come back after Labor Day. And if we don't have the hearings or do something before Labor Day, we will be up against the same identical situation in mid-September.

Senator ARMSTRONG. You know, it is my recollection, Mr. Chairman, that we always do this on or after the last day. It is hard for me to remember when we ever did it 1 month ahead. But let's do it that way this time. That is the orderly course of business, sound management.

I have just one more matter.

Senator PACKWOOD. Go on. You still have time. I interrupted you.

Senator ARMSTRONG. Well, Mr. Chairman, no one has yet addressed the Secretary's remarks in his written statement on page 5, in which he recommends that in the future we adopt a different procedure for establishing the statutory debt limit.

I think there is much in that proposal which is extraordinarily controversial. And I think his statement does not address itself to a number of issues which I would like to take up.

My thought would be not to do that at this time unless it is the intention of the committee to act on this proposal, if I could just have assurances that if, as, and when we ever decide to seriously take this up that we could have another hearing and go into it in detail, I would defer my——

Senator PACKWOOD. Bill, I think I can assure you of this. We have approached that issue several times on the Finance Committee in the past and have deliberately decided not to tie it to the budget process. It is a controversial issue in terms of turf jurisdiction, even within the Senate, and you do not need to worry. It is not going to be in this bill. And if we ever approach this subject, it will not be accidentally or covertly.

Senator ARMSTRONG. I am well aware of the prior action of the Finance Committee in that respect, and I think it has acted wisely, the committee has acted wisely in the past. And I regret that the administration has chosen to recommend this, and I would think, upon reflection, that we could lay that issue aside and hopefully never come back.

Thank you, Mr. Chairman.

Senator PACKWOOD. Senator Danforth, Senator Long is gone. Senator Mitchell.

Senator MITCHELL. Mr. Secretary, I would like to follow up a little bit on the line of questioning I pursued a little earlier. I am advised that the Congressional Budget Office estimates that the increased revenues on the decontrol of oil by the President last week will be an estimated $5.8 billion, which is nearly double your estimate of $3 billion. And I would like to explore, if I could perhaps, some reasons why that is so.

If I understood your answer to Senator Bradley's questions, you said that you assume in arriving at that figure that with decontrol the domestic price, the effect of those products that were decontrolled, will rise to the world level of $36 a barrel. Is that correct?

Secretary REGAN. Yes, sir.

Senator MITCHELL. Yes; and the world level, which you estimate at $36, you assumed would continue at the same rate for the rest of this fiscal year. Is that correct?

Senator REGAN. That is correct, Senator.

Senator MITCHELL. All right. It is my understanding that the world price has increased substantially in the last few months and, of course, as we all know, substantially over the past several years.

Do you think it a reasonable assumption that, considering the circumstances in the Middle East, to assume that there will be no increase in the world price during the remainder of this fiscal year? And if you do, what is the basis for that assumption?

Senator REGAN. Well, the OPEC increases were put into effect just recently. We would see no reason that the OPEC nations would be asking for another increase within the 6-month period. And that is why we went on that assumption.

Senator MITCHELL. Well, of course, wouldn't you agree that there hasn't been much reason for some of the increases in the past?

Secretary REGAN. Well, the OPEC nations have been making these decisions more or less—they used to do it annually; more recently, they have been doing it twice a year. And having made their most recent increase—and then they, of course, look at worldwide inflation, things of that nature, the dollar and the effect of the dollar, which in the recent past have been salutary. So from that point of view, there is good reason to suspect that maybe there should be a halt in the increasing of the rates by the OPEC nations at this moment.

Senator MITCHELL. Is there a lag between the receipts of income of those subject to the tax and receipts by the Treasury of the amounts that represent the tax itself?

Secretary REGAN. I have tasked my staff on that one. I haven't been around long enough to know the answer to that one. Hold it a minute, Senator, if you please.

I am sorry, but Treasury doesn't have an answer to that at this moment. I will try to find an answer for you to see whether there is a lag between the imposition and the receipt.

Senator MITCHELL. Well, the only reason for asking the question was if there is a lag, then of course the $3 billion as 60 percent of $5 billion, you could still have the $3 billion figure and the receipts. So the increase in price to the companies could actually be higher than $5 billion during this period of time, if there is a lag at the onset.

Secretary REGAN. Or lower, depending upon sales. This is a tax on gross. So there would have to be sales take place at this price.

Senator MITCHELL. That is correct. Yes.

All right, thank you very much, Mr. Secretary.

Senator PACKWOOD. Mr. Secretary, I can assure you you would be out in time to get the care and get down to the meeting. I just received notice about it.

Senator Symms.

Senator SYMMS. Thank you, Mr. Chairman.

Mr. Secretary, I will be very brief. I just have one question I would like to ask you to pursue. You may have the answer to it right now, and it may be something that you would like to help me find an answer to. But I have often wondered when we look at the escalation of the price of paying the interest on the national debt—what did Senator Byrd say—it's $160 billion or something?

Secretary REGAN. $106 billion is the correct amount.

Senator SYMMS. 106.

Secretary REGAN. The forecast for fiscal 1982.

Senator SYMMS. Is there any possibility that some of that debt could be financed on a long-term basis with tax-free bonds and reduce the burden to the Treasury? Or would that have any benefit to the Treasury?

Secretary REGAN. No, that would not be possible that the U.S. Government could use tax-free bonds, I don't believe. Hold it 1 minute, Senator.

Under the Public Debt Act of 1941 the Treasury could not issue tax-free bonds.

Senator SYMMS. Would it be possible for one of your experts down there to try to run a brief analysis of what it might be in terms of savings if the law were changed, plus what impact it might have on local municipal bond markets, whether it might be more negative than the benefits which would be achieved.

But it appears to me that we keep rolling this temporary debt, but there is a great deal of cost in just going through the problem of refinancing it all the time.

Secretary REGAN. Well, you would have to look at your trade-offs here, as to who are the buyers of the current debt. And to the extent that they are tax-free institutions, you pick up nothing in this.

And then also you would have to see what your trade-offs are if the Federal Government were to go into the tax-free market, what would happen to the securities of cities, States, and countries?

Senator SYMMS. Yes.

Secretary REGAN. The Treasury experts behind me say they believe that the tax exemption would cost the Government more in lost revenues than the taxable issuance bonds.

Senator SYMMS. Well, I hope we could pursue that matter.

Secretary REGAN. I will have a study done and make sure that you see it, Senator.

Senator SYMMS. Thank you very much.

Secretary REGAN. Thank you.

Senator PACKWOOD. Bob, any other questions?

Senator DOLE. No.

Senator PACKWOOD. Mr. Secretary, thank you very much.

Secretary REGAN. Thank you, sir. Thank you very much.

[Whereupon, at 11:25 a.m., the committee was adjourned.]

[By direction of the chairman the following communication was made a part of the hearing record:]

STATEMENT OF ARTHUR J. KALITA, EXECUTIVE DIRECTOR PUBLIC SECURITIES ASSOCIATION

Mr. Chairman and Members of the Committee: The Public Securities Association supports timely Congressional action to increase the public debt limit as requested by Secretary of the Treasury Regan. PSA is the national association which represents dealers in U.S. Government securities. PSA's membership includes 32 of the 34 so-called "primary" dealers in Government securities, which report their daily transactions in these securities to the Federal Reserve. The Association's Government and Federal Agencies Securities Committee also advises the Secretary of the Treasury and his staff regularly in connection with Treasury financing operations.

PSA has appeared before the Congressional tax-writing committees on prior occasions supporting an increase in the public debt limit to enable the Treasury to continue to conduct its debt management activities in an orderly manner. We have consistently urged this Committee and the Congress to eschew political posturing with respect to debt limit legislation. Our concern has been that the failure of Congress to provide timely increases in the debt limit to finance earlier spending decisions will impair the Treasury's debt management operations and can cause disruptions in the market for Government securities.

The market for Government securities is extremely efficient and quickly reflects the attitudes and perceptions of investors worldwide. Any loss of investor confidence in U.S. Government securities will be quickly translated into higher borrowing costs for the Treasury. As this Committee knows, the General Accounting Office prepared a study of the costs incurred by the Treasury—and the Federal taxpayer—as a result of the impairment of routine Government cash and debt management operations when debt limit legislation was delayed in March 1979. We believe that any disruption of the unusually heavy financing requirements of the Treasury in the January–March quarter of 1981 could prove to be very costly.

PSA supported the procedure developed by the Committee on Ways and Means and adopted by the House of Representatives in September 1979 to provide for the establishment of the debt limit in connection with the adoption of the Congressional budget resolution. Unfortunately, the Senate has not yet adopted a comparable procedure.

We believe the present statutory debt limit is not an effective means for controlling the size of the Federal debt. The only realistic way to do that is to control the Federal budget and the size of the deficit.

PSA requests timely action on the current debt limit increase. More importantly, we urge the Senate to adopt a procedure similar to that established by the House to eliminate future concerns over the debt limit of the Treasury, Government securities dealers and the investing public.

APPENDIX A

# BACKGROUND AND ISSUES RELATING TO THE PUBLIC DEBT LIMIT

## INTRODUCTION

This pamphlet was prepared by the staff of the Joint Committee on Taxation for the use of the House Committee on Ways and Means and the Senate Committee on Finance in their consideration of the Administration's requested increase in the public debt limit.

Part one contains a summary of the present public debt limit situation. The second part of the pamphlet is a discussion of present law, the budgetary situation, and the Administration's request for an increase in the debt limit. The third part presents background on the legislative procedures regarding changes in the public debt limit. The fourth part discusses characteristics of the Federal debt, including relationship of the debt limit and the budget and data on the ownership of the Federal debt. Finally, an Appendix presents historical data on prior debt limit increases.

# I. SUMMARY

## Present law

### *Statutory debt limit*

The public debt limit is $935.1 billion through September 30, 1981. The limit consists of a permanent limit of $400 billion and a temporary increase of $535.1 billion. This temporary increase was enacted in December 1980, and it is consistent with the budgetary and economic objectives of the first concurrent resolution on the budget for fiscal year 1981. That resolution was passed by Congress on June 12, 1981.

### *Budget situation*

Both the second budget resolution for fiscal year 1981 and the revised budget estimates for 1981 recently submitted by the Carter Administration project higher levels of outlays and a much larger deficit. The budget revisions reflect increased spending associated with higher unemployment, interest rates, and inflation, as well as additional appropriations for both civilian and military spending.

## Administration's requested increase in debt limit

Treasury has requested an increase of $49.9 billion in the debt limit to $985 billion. This would increase the temporary debt limit to $585 billion through September 30, 1981.

Although the present temporary limit does not expire before the end of the fiscal year, the limit will not meet the Federal Government's financial requirements past mid-February. Once the debt ceiling is reached and the operating cash balance is exhausted, no funds will be available to make payments under any authorized program or contractual obligation. The United States Government would have to default on its obligations.

## II. PRESENT LAW AND ADMINISTRATION REQUEST

### A. Statutory debt limit

#### *Overview*

Present law contains a statutory limit on the amount of debt the Federal Government may issue. This limit applies not only to debt issued to finance the unified budget deficit, but also debt sold to trust funds and debt issued to finance the deficit of off-budget federal entities.[1] Thus, it is usually necessary to increase the debt ceiling by more than the unified budget deficit. For example, in fiscal year 1980, the unified budget deficit was $59.6 billion, but the debt subject to limit grew $81.1 billion. Of this difference, about $14 billion related to the deficit of off-budget entities and about $8 billion to the surplus of the trust funds.

Once the debt ceiling is reached, no new debt may be issued, although existing debt may be refinanced. If the debt subject to limit exceeds the statutory debt limit, no new debt may be issued for any purpose. Under these circumstances, once the Treasury has used up its cash balance, it must default on its obligations, which include such things as payments to government contractors, social security payments, interest payments, and civilian and military payrolls. If this were ever to occur, it would probably lead to permanently higher costs of government. For example, investors would demand higher interest rates to compensate them for the increased risks associated with owning U.S. government securities. Even if no default actually occurs, there are costs associated with inadequate debt ceiling because it prevents the Treasury from managing the public debt so as to minimize interest costs.

#### *Permanent and temporary debt limits*

Currently the limit on public debt consists of a permanent limit that has no expiration date and a temporary limit that expires on a specific date. Temporary limits have been enacted since 1955 when their need was assumed to be temporary. The permanent limit was $275 billion at that time. This limit has been raised 7 times since then, and the present $400 billion permanent limit was enacted in March 1971.

#### *Current debt limit*

The current debt limit is $935.1 billion. This consists of a permanent limit of $400 billion and a temporary limit of $535.1 billion. The temporary limit expires on September 30, 1981, the end of the fiscal year.

[1] The unified budget deficit equals the excess of outlays of on-budget federal agencies over budget receipts during the fiscal year. Thus, a surplus in (say) the social security trust fund reduces the unified budget deficit. However, the debt sold by the Treasury to the trust fund for investment of its reserves is subject to the statutory debt limit.

### B. Budget prospects

The $935.1 billion limit originated in the first budget resolution for fiscal year 1981. (See part II below for a description of the House procedure for coordinating debt ceiling legislation with the budget process.) This resolution provided for a $500 million unified budget surplus (revenues of $613.8 billion and outlays of $613.3 billion), and the $935.1 billion debt limit was expected to be adequate through September 30, 1981.

Since then, budget prospects have changed significantly. The second budget resolution added almost $20 billion in outlays and provided for a tax reduction. It projected a deficit of $27.4 billion (revenues of $605.0 billion and outlays of $632.4 billion). A debt limit of $978.6 billion through fiscal year 1981 would have been consistent with these budget estimates.

The latest official estimates of the 1981 budget, which are included in the Carter Administration's budget for fiscal year 1982, show revenues of $607.5 billion, outlays of $662.7 billion and a deficit of $55.2 billion. Even these estimates may prove too optimistic because they are based on a policy which includes net tax increases of $2.5 billion in fiscal year 1981; the new Administration and members of both Houses of Congress have said they intend to enact tax cuts. Moreover, the Congressional Budget Office has recently estimated that the Carter Administration's budget involves $600 million more spending and $1.6 billion less revenue than the Carter Administration's own estimates. Neither of these estimates, however, takes account of the $2.8 billion of additional windfall profit tax revenue expected to result from President Reagan's decision to deregulate oil prices in January instead of allowing the present phaseout of price controls to be completed in September.

A rough breakdown of the causes of the increase in spending since the first resolution is as follows: spending resulting from higher unemployment than originally expected ($6 billion), spending resulting from higher interest rates than expected ($12 billion), additional defense spending ($8 billion), spending resulting from higher inflation than expected ($10 billion), and additional nondefense spending unrelated to changing economic conditions ($11 billion).

Under these circumstances, the $935.1 billion debt limit is likely to be reached in mid-February, instead of at the end of fiscal year 1981.

### C. Administration request

The Reagan Administration has requested an increase in the debt limit to $985 billion through fiscal year 1981. The Treasury stated that this amount is based upon the revised budget estimates for this fiscal year that were submitted by the Carter Administration, not upon the Reagan Administration's economic program. An increase to $985 billion through the remainder of this fiscal year is requested to allow time for the President to submit his proposed revisions in outlays and receipts and enable Congress to pass the bills it believes are consistent with the proposals.

# III. LEGISLATIVE PROCEDURES FOR THE PUBLIC DEBT

## A. Normal procedure

Increases in the public debt may be enacted in accordance with the normal pattern for revenue bills. Such legislation must originate in the Ways and Means Committee and be reported to the House floor. After approval by the House, with or without amendment, the bill is transmitted to the Senate and then normally is referred to the Finance Committee. After the Finance Committee has reviewed the bill, it is sent to the Senate floor, as amended, for Senate approval. If the two bodies disagree, a conference and approval of a conference report, are necessary before the bill is forwarded to the President for his approval.

## B. Nongermane amendments

Because enactment of a debt limit increase generally cannot be avoided without immediate, major changes in the budget, a bill providing for such an increase has often been a vehicle for amendments. In the 1960's, the most important amendments often were increases in social security benefit payments and other adjustments in the social security programs. Adoption of the automatic cost-of-living adjustments for social security beneficiaries in 1972, however, effectively removed this subject from the range of potential amendments to debt limit bills.

Many nongermane amendments to debt limit bills have involved changes in debt management. Such amendments have included exceptions to the statutory interest rate ceilings on long-term bonds issued by the Treasury, increases in the maturity definition of Treasury notes, and increases in the statutory interest rates on U.S. savings bonds. In addition, an amendment in 1971 eliminated the use of future issues of Treasury bonds as "flower bonds." Flower bonds are redeemed at face value before maturity in payment of estate taxes, even though the market value of the bonds is below the face value.

In September 1972, a spending limitation on the budget for fiscal year 1973 was added to a debt limit bill, when it was under consideration by the Ways and Means Committee, at President Nixon's request. (The spending limitation was deleted by the Conference Committee.) At the same session of the Ways and Means Committee, an additional amendment was approved—to establish a joint study committee to recommend a congressional budget process.

In 1979, an amendment was included in a debt ceiling bill which required the Administration and the budget committees to propose an alternative balanced budget when their regular budgets were in deficit.

In 1980, Congress added a resolution to a debt ceiling bill disapproving President Carter's proposed oil import fee. Enactment of the bill was delayed until Congress overrode President Carter's veto of that bill. Later in the year, an effort to increase the debt limit to $956 billion through March 31, 1981, was abandoned because of a nongermane amendment relating to imported passenger automobiles.

**C. Relation of debt ceiling to budget process**

In 1974, legislation establishing a congressional budget procedure was enacted. Under the new procedure, each of the two budget resolutions required for a fiscal year would prescribe a debt limit for each fiscal year covered in the budget resolution that would be appropriate in view of the budget and economic assumptions that were implicit in the budget resolution. Although debt limit bills continued to be enacted separately from the budget resolutions, the debt limits that were enacted were generally consistent with the budget in the budget resolutions.

**D. Revised House procedure**

The House, in 1979, took another step to integrate the process of enacting increases in the public debt limit with the congressional budget process. The House approved a procedure through which a public debt limit specified in a concurrent budget resolution would automatically initiate a joint resolution to increase the public debt limit. The Senate did not change its rules. The procedure was incorporated into the House rules and included the addition of House Rule XLIX. A summary of the rule follows.

1. House Rule XLIX concerns the consideration by the House of the statutory limit on the public debt.

   a. When a budget resolution on adoption of its conference report specifies a public debt limit for a fiscal year which differs from the statutory limit in effect, the Enrolling Clerk of the House shall prepare a joint resolution which appropriately changes the current statutory public debt limit.

   The vote by which the House agreed to the conference report on the budget resolution shall be deemed to have been a vote in favor of the joint resolution upon final passage in the House. If there is no conference report, the House vote to adopt the budget resolution shall apply.

   The joint resolution shall be signed by the Clerk of the House and sent to the Senate for legislative action. After final passage by both Houses, the joint resolution shall be transmitted to the President for his signature.

   b. The report by the House Budget Committee accompanying the budget resolution shall state clearly how the statutory public debt limit is amended by the budget resolution. It will not be in order in the House to consider or adopt a budget resolution if the report does not contain this explanation.

   c. The new procedure does not preclude changing the public debt limit by passing a public debt limit bill that originates in the Ways and Means Committee.

2. Clause 4(g) of House Rule X was amended to state that the Ways and Means Committee shall submit in its report to the House Budget Committee a specific recommendation for the appropriate public debt limit to be included in the budget resolution.

3. Clause (8) of the House Rule XXIII was amended to state that the appropriate level of the public debt limit in a budget resolution may be changed only by an amendment by the House Budget Committee, or at its direction, which is needed to achieve mathematical consistency in the budget totals.

4. The Second Liberty Bond Act was amended to state that the public debt limit may be amended through the congressional budget process.

## IV. CHARACTERISTICS OF THE FEDERAL DEBT

### A. Relationship of the debt limit and budget

The debt subject to the statutory debt limit essentially consists of debt issued to finance the unified budget deficit, debt sold to trust funds whose surpluses are invested in U.S. government debt, and debt issued by the Federal Financing Bank. Thus, the increase in the debt subject to limit generally exceeds the unified budget deficit.

The unified budget covers outlays and receipts of on-budget federal entities, which are accounted for on a cash-flow basis. The congressional budget process is based on the unified budget, as is most public discussion of the budget.

Before the unified budget was adopted in 1968, most public attention was paid to the federal funds budget, which consists of the unified budget minus outlays and revenues of trust funds. These trust funds consist of the social security trust funds, the highway trust fund, the unemployment trust fund, the federal employee trust fund, and various others. Trust fund revenues come from sources that are dedicated to meet benefit and other payments specified by law. Surplus trust funds must be invested in U.S. Government debt issues.

The debt subject to limit also includes debt issued to finance various federal credit programs which are not included in the unified budget. For the most part, these credit programs finance their activities by selling debt to the Federal Financing Bank. The Bank was enacted on December 31, 1973. It was enacted to coordinate borrowing by the various federal credit programs in order to reduce the costs of federal and federally assisted borrowing from the public and to assure that the credit programs are financed efficiently and with minimum disruption of the money market. The Federal Financing Bank in turn sells the agency debt to the Treasury Department, which acquires the funds it needs for these programs by selling debt that is included within the debt limit. Continuation of these programs can require an increase in the public debt limit even when the unified budget or the federal funds budget would require no net additions to the outstanding public debt. In the budget resolutions for fiscal year 1981, ceilings were placed on the amounts of credit raised by federal agencies outside of the budget.

In fiscal year 1980, the debt subject to limit increased by $81.1 billion. This conststed of $59.6 billion to finance the unified budget deficit, $8.8 billion of debt issued in connection with the surplus of the trust funds, and $14.2 billion to finance off-budget agencies, reduced by $1.5 billion of incidental reductions in the debt. The Carter Adminnistration's revised budget estimates for fiscal year 1981 recommend an increase in the debt subject to limit of $78.5 billion in fiscal year 1981. This consists of $55.2 billion to finance the unified budget deficit, a trust fund surplus of $4.5 billion, and incidental reductions in the debt (mainly through lower cash balances) of $4.3 billion.

**B. Ownership of the Federal debt**

At the end of fiscal year 1980, the gross Federal debt was $914.3 billion. Almost $200 billion, more than 20 percent, was held in Federal Government accounts which chiefly are accounts of trust funds. An additional 13 percent was held by the Federal Reserve System. Approximately the same amount was held by foreign persons, primarily governments, which, mainly because of U.S. balance of payments deficits, has increased from about 4 percent in 1965. The rest of the debt is 1. The debt held by the public, including the Federal Reserve System, was 27.9 percent of the gross national product. This is a decline from the 61.7 percent level in 1954, but an increase from a lower percentage of 25.0 in 1974.

**TABLE 1.—COMPARISON OF TRENDS IN FEDERAL DEBT AND GROSS NATIONAL PRODUCT**

[Dollar amount in billions]

| Fiscal year | Debt outstanding, end of year | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Held by— | | | | | | | |
| | | | The public | | | | | | |
| | Gross Federal debt [6] | Federal Government accounts | Total | Federal Reserve System | Foreign | Other [7] | GNP | Debt held by public as percent of GNP |
| 1954 | 270.8 | 46.3 | 224.5 | 25.0 | ([8]) | 199.5 | 364.1 | 61.7 |
| 1955 | 274.4 | 47.8 | 226.6 | 23.6 | ([8]) | 203.0 | 381.7 | 59.4 |
| 1956 | 272.8 | 50.5 | 222.2 | 23.8 | ([8]) | 198.5 | 411.7 | 54.0 |
| 1957 | 272.4 | 52.9 | 219.4 | 23.0 | ([8]) | 196.4 | 434.5 | 50.5 |
| 1958 | 279.7 | 53.3 | 226.4 | 25.4 | ([8]) | 200.9 | 442.7 | 51.1 |
| 1959 | 287.8 | 52.8 | 235.0 | 26.0 | ([8]) | 209.0 | 472.1 | 49.8 |
| 1960 | 290.9 | 53.7 | 237.2 | 26.5 | ([8]) | 210.7 | 499.3 | 4[illegible].5 |
| 1961 | 292.9 | 54.3 | 238.6 | 27.3 | ([8]) | 211.4 | 510.1 | 46.8 |
| 1962 | 303.3 | 54.9 | 248.4 | 29.7 | ([8]) | 218.7 | 546.9 | 45.4 |
| 1963 | 310.8 | 56.3 | 254.5 | 32.0 | ([8]) | 222.4 | 579.0 | 43.9 |
| 1964 | 316.8 | 59.2 | 257.6 | 34.8 | ([8]) | 222.8 | 618.4 | 41.6 |
| 1965 | 323.2 | 61.5 | 261.6 | 39.1 | 12.3 | 210.2 | 660.5 | 39.6 |
| 1966 | 329.5 | 64.8 | 264.7 | 42.2 | 11.6 | 210.9 | 725.5 | 36.5 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1967 | 341.3 | 73.8 | 267.5 | 46.7 | 11.4 | 209.4 | 776.2 | 34.5 |
| 1968 | 369.8 | 79.1 | 290.6 | 52.2 | 10.7 | 227.7 | 834.4 | 34.8 |
| 1969 [1] | 367.1 | 87.7 | 279.5 | 54.1 | 10.3 | 215.1 | 911.0 | 30.7 |
| 1970 [2] | 382.6 | 97.7 | 284.9 | 57.7 | 14.0 | 213.2 | 968.9 | 29.4 |
| 1971 | 409.5 | 105.1 | 304.3 | 65.5 | 31.8 | 207.0 | 1,032.7 | 29.5 |
| 1972 | 437.3 | 113.6 | 323.8 | 71.4 | 49.2 | 220.5 | 1,126.6 | 28.7 |
| 1973 [3] | 468.4 | 125.4 | 343.0 | 75.2 | 59.4 | 208.5 | 1,255.2 | 27.3 |
| 1974 | 486.2 | 140.2 | 346.1 | 80.6 | 56.8 | 208.6 | 1,381.5 | 25.0 |
| 1975 | 544.1 | 147.2 | 396.9 | 85.0 | 66.0 | 245.9 | 1,480.5 | 26.8 |
| 1976 [4] | 631.9 | 151.6 | 480.3 | 94.7 | 68.9 | 315.8 | 1,642.7 | 29.2 |
| Transition quarter | 646.4 | 148.1 | 498.3 | 96.7 | 74.6 | 327.0 | 1,729.0 | 28.8 |
| 1977 | 709.1 | 157.3 | 551.8 | 105.0 | 95.5 | 351.3 | 1,864.0 | 29.6 |
| 1978 | 780.4 | 169.5 | 610.9 | 115.5 | 120.9 | 374.6 | 2,085.3 | 29.3 |
| 1979 | 833.8 | 189.2 | 644.6 | 115.6 | 125.2 | 403.8 | 2,357.8 | 27.3 |
| 1980 | 914.3 | 199.2 | 715.1 | 120.8 | 126.0 | 468.3 | 2,567.5 | 27.9 |

[1] During 1969, 3 Government-sponsored enterprises became completely privately owned, and their debt was removed from the totals for the Federal Government. At the dates of their conversion, gross Federal debt was reduced $10.7 billion, debt held by Government accounts was reduced $0.6 billion, and debt held by the public was reduced $10.1 billion.

[2] Gross Federal debt and debt held by the public increased $1.6 billion due to a reclassification of the Commodity Credit Corporation certificates of interest from loan assets to debt.

Source: Tables E3 and 5, Special Analyses of the Budge to fthe United States Government, Fiscal Year 1982, pp. 113 and 118.

[3] A procedural change in the recording of trust fund holdings of Treasury debt at the end of the month increased gross Federal debt and debt held in Government accounts by about $4.5 billion.

[4] Gross Federal debt and debt held by the public increased $0.5 billion due to a retroactive reclassification of the Export-Import Bank certificates of beneficial interest from loan assets to debt.

[5] Not available.

[6] Gross federal debt exceeds debt subject to limitation by the amount of certain securities issued by agencies, which amounted to $6.6 billion at the end of fiscal year 1980.

[7] Banks and other financial institutions, pension funds, individuals and others.

### C. Maturity distribution and average interest rate on outstanding debt

A continuing concern of Treasury Department officials, private money market specialists and the Committees on Finance and Ways and Means is the maturity distribution of the federal debt held by the general public. Congress has passed legislation influencing the ability of Treasury to issue various maturities of debt as separate titles of public debt limit bills or as separate bills.

The immediate source of this difficult debt management is a provision in the Second Liberty Bond Act which limits the interest rate on bonds to 4¼ percent per year. Interest rates on notes and bills, debt with shorter maturities than bonds, are not limited. The limitation was enacted when both prices and interest rates were lower and stable. Inflation and its effect in raising interest rates have made it impossible to issue bonds at this interest rate. For a while, an effort was made to circumvent the limitation by issuing at discount bonds that would pay between 4 and 4¼ percent at par, but Congress eliminated this way of avoiding the interest ceiling.

In recent years, Congress has made several changes designed to lengthen the maturity of the debt despite the interest rate limit. The definition of a Treasury note was increased in a series of steps from 5 years to the 10-year limit in present law. These steps made it possible for the Treasury to participate in the market for the intermediate maturities. The second step has involved providing exceptions from the interest rate ceiling for specified amounts of bonds held by the general public, that is, outside of Federal Government accounts. At present, the exception is $70 billion. Recently, the Treasury has sold about $15 billion a year of bonds with maturities longer than 10 years.

Maturities that are too short increase the vulnerability of Treasury debt management to short-lived events that increase the difficulty in marketing an issue. In addition, when the average maturity is longer, the Federal Government borrows less money for any one issue and places fewer demands on the market, there are fewer federally caused problems that could disrupt financing of private business activity. Some observers of the money market believe, however, that the Treasury should adjust its participation in the various maturity sectors of the money market according to the economic situation. For example, immediately following a credit crunch, the Treasury should issue relatively fewer bonds, or none at all, while businesses are refinancing short-term debt into longer maturities. If Treasury would forebear according to this prescription, the interest rate payable on business refinancings would be lower, but the average debt maturity would become shorter.

Table 2, which follows, shows the maturity distribution and average length of federal debt held by private investors. The table covers fiscal years 1971–1980 and each month from October 1979 through 1980. At the end of fiscal year 1976, the average maturity was 2 years and 7 months. Since then, the average has been increased to 3 years and 9 months. In that time span, debt that matures in less than one year has been decreased from 54 percent to 47½ percent.

Table 3 shows the interest charges on the interest-bearing public debt from 1972 through November 1980. In that period, the average rate has increased from about 5.1 percent to 9.4 percent on all interest bearing public debt. The highest rates, at the end of November, are being paid on Treasury bills, i.e., debt with maturities of one year or shorter.

TABLE 2.—MATURITY DISTRIBUTION AND AVERAGE LENGTH OF MARKETABLE INTEREST-BEARING PUBLIC DEBT HELD BY PRIVATE INVESTORS

[In millions of dollars]

| End of fiscal year or month | Amount outstanding privately held | Maturity Classes | | | | | Average length [1] | |
|---|---|---|---|---|---|---|---|---|
| | | Within 1 year | 1–5 years | 5–10 years | 10–20 years | 20 years and over | Years | Months |
| 1971 | 161, 863 | 74, 803 | 58, 557 | 14, 503 | 6, 357 | 7, 645 | 3 | 6 |
| 1972 | 165, 978 | 79, 509 | 57, 157 | 16, 033 | 6, 358 | 6, 922 | 3 | 3 |
| 1973 | 167, 869 | 84, 041 | 54, 139 | 16, 385 | 8, 741 | 4, 564 | 3 | 1 |
| 1974 | 164, 862 | 87, 150 | 50, 103 | 14, 197 | 9, 930 | 3, 481 | 2 | 11 |
| 1975 | 210, 382 | 115, 677 | 65, 852 | 15, 385 | 8, 857 | 4, 611 | 2 | 8 |
| 1976 | 279, 782 | 151, 723 | 89, 151 | 24, 169 | 8, 087 | 6, 652 | 2 | 7 |
| Transition quarter | 294, 595 | 153, 203 | 94, 845 | 31, 247 | 7, 939 | 7, 262 | 2 | 9 |
| 1977 | 326, 674 | 161, 329 | 113, 319 | 33, 067 | 8, 428 | 10, 531 | 2 | 11 |
| 1978 | 356, 501 | 163, 819 | 132, 993 | 33, 500 | 11, 383 | 14, 805 | 3 | 3 |
| 1979 | 380, 530 | 181, 883 | 127, 574 | 32, 279 | 18, 489 | 20, 304 | 3 | 7 |
| 1980 | 463, 717 | 220, 084 | 156, 244 | 38, 809 | 25, 901 | 22, 679 | 3 | 9 |

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| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1979: | | | | | | | | |
| October | 389, 074 | 182, 297 | 134, 205 | 32, 325 | 19, 938 | 20, 309 | 3 | 8 |
| November | 390, 439 | 180, 676 | 133, 276 | 34, 319 | 19, 866 | 22, 302 | 3 | 10 |
| December | 402, 226 | 190, 403 | 133, 173 | 36, 592 | 19, 796 | 22, 262 | 3 | 9 |
| 1980: | | | | | | | | |
| January | 408, 300 | 192, 829 | 135, 132 | 36, 793 | 21, 247 | 22, 299 | 3 | 9 |
| February | 414, 647 | 195, 694 | 137, 442 | 37, 593 | 21, 794 | 22, 124 | 3 | 10 |
| March | 430, 036 | 208, 542 | 137, 514 | 40, 151 | 21, 725 | 22, 104 | 3 | 8 |
| April | 435, 283 | 207, 942 | 141, 992 | 40, 111 | 23, 140 | 22, 079 | 3 | 8 |
| May | 433, 175 | 209, 899 | 140, 835 | 36, 317 | 22, 270 | 23, 854 | 3 | 10 |
| June | 431, 893 | 198, 365 | 147, 756 | 39, 715 | 22, 229 | 23, 828 | 3 | 10 |
| July | 446, 255 | 210, 106 | 149, 215 | 39, 426 | 23, 682 | 23, 826 | 3 | 9 |
| August | 454, 063 | 218, 977 | 150, 764 | 35, 652 | 25, 948 | 22, 722 | 3 | 10 |
| September | 463, 717 | 220, 084 | 156, 244 | 38, 809 | 25, 901 | 22, 679 | 3 | 9 |
| October | 467, 845 | 222, 346 | 156, 712 | 38, 747 | 27, 338 | 22, 702 | 3 | 9 |

[1] Beginning with the September 1976 Treasury Bulletin the average length of the interest-bearing marketable public debt is computed on that part of the outstanding public debt privately held.

Source: Office of Government Financing in the Office of the Secretary of the Treasury.

## TABLE 3.—COMPUTED INTEREST CHARGE AND COMPUTED INTEREST RATE ON INTEREST-BEARING PUBLIC DEBT

[Dollar amounts in millions]

| End of fiscal year or month | Total interest-bearing public debt [1] | Computed annual interest charge [2] | Computed annual interest rate | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Total interest-bearing public debt [1] | Marketable issues | | | | Nonmarkable | |
| | | | | Total | Treasury bills [3] | Notes | Treasury bonds | Other [4] | Government account series [5] |
| 1972 | 425,360 | 21,545 | 5.093 | 5.099 | 4.188 | 6.312 | 4.018 | 4.636 | 5.475 |
| 1973 | 456,353 | 26,591 | 5.872 | 6.129 | 6.591 | 6.412 | 4.393 | 5.138 | 5.880 |
| 1974 | 473,238 | 30,741 | 6.560 | 7.030 | 8.416 | 6.529 | 4.755 | 5.374 | 6.430 |
| 1975 | 532,122 | 33,509 | 6.352 | 6.533 | 6.253 | 7.058 | 5.339 | 5.387 | 6.614 |
| 1976 | 619,254 | 39,494 | 6.436 | 6.559 | 5.819 | 7.352 | 5.654 | 3.452 | 6.789 |
| Transition quarter | 633,560 | 40,683 | 6.478 | 6.591 | 5.784 | 7.356 | 5.811 | 5.487 | 6.871 |
| 1977 | 697,629 | 44,481 | 6.424 | 6.481 | 5.656 | 7.066 | 6.120 | 5.603 | 6.921 |
| 1978 | 766,971 | 53,885 | 7.126 | 7.388 | 7.668 | 7.397 | 6.587 | 5.726 | 7.491 |
| 1979 | 819,007 | 64,946 | 8.057 | 8.592 | 10.110 | 8.130 | 7.153 | 5.968 | 8.167 |
| 1980 | 906,402 | 80,437 | 9.032 | 9.608 | 10.436 | 9.443 | 8.466 | 6.221 | 9.081 |
| 1979: | | | | | | | | | |
| November | 832,730 | 69,228 | 8.456 | 9.089 | 11.183 | 8.459 | 7.138 | 6.063 | 8.485 |
| December | 843,960 | 71,367 | 8.606 | 9.312 | 11.648 | 8.562 | 7.139 | 6.090 | 8.476 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 1980: | | | | | | | | | |
| January | 846, 517 | 72, 584 | 8. 731 | 9. 471 | 11. 998 | 8. 633 | 7. 210 | 6. 148 | 8. 533 |
| February | 854, 591 | 74, 975 | 8. 951 | 9. 744 | 12. 396 | 8. 838 | 7. 469 | 6. 157 | 8. 715 |
| March | 862, 211 | 79, 386 | 9. 390 | 10. 340 | 13. 391 | 9. 056 | 8. 193 | 6. 046 | 8. 903 |
| April | 868, 866 | 81, 889 | 9. 617 | 10. 590 | 13. 996 | 9. 109 | 8. 285 | 6. 233 | 8. 988 |
| May | 873, 529 | 80, 527 | 9. 401 | 10. 323 | 13. 077 | 9. 179 | 8. 358 | 6. 234 | 8. 750 |
| June | 876, 275 | 78, 252 | 9. 097 | 9. 867 | 11. 795 | 9. 199 | 8. 360 | 6. 209 | 8. 717 |
| July | 880, 395 | 77, 065 | 8. 913 | 9. 567 | 10. 748 | 9. 204 | 8. 402 | 6. 237 | 8. 721 |
| August | 888, 733 | 77, 876 | 8. 921 | 9. 544 | 10. 486 | 9. 287 | 8. 461 | 6. 225 | 8. 796 |
| September | 906, 402 | 80, 437 | 9. 032 | 9. 608 | 10. 436 | 9. 443 | 8. 466 | 6. 221 | 9. 081 |
| October | 906, 948 | 81, 361 | 9. 134 | 9. 720 | 10. 689 | 9. 487 | 8. 525 | 6. 235 | 9. 191 |
| November | 909, 371 | 84, 014 | 9. 415 | 10. 124 | 11. 581 | 9. 606 | 8. 741 | 6. 228 | 9. 244 |

[1] As of July 1974, includes Federal Financing Bank.

[2] Excludes Federal Financing Bank.

[3] Included in debt outstanding at face amount, but discount value is used in computing annual interest charge and annual interest rate.

[4] On United States savings bonds the rate to maturity is applied against the amount outstanding.

[5] As of July 31, 1974, Monthly Statement of the Public Debt of the United States, the column heading was changed to "Government account series" which includes Treasury deposit funds in addition to those accounts previously shown as special issues.

NOTE.—The computed annual interest charge represents the amount of interest that would be paid if each interest-bearing issue outstanding at the end of each month or year should remain outstanding for a year at the appliable annual rate of interest. The charge is computed for each issue by applying the appropriate annual interest rate to the amount outstanding on that date (the amount actually borrowed in the case of securities sold at a premium or discount, beginning with May 1960). The aggregate charge for all interest-bearing issues constitutes the total computed annual interest charged. The average annual rate is computed by dividing the computed annual interest charge for the total, or for any group of issues, by the corresponding principal amount. Beginning with data for December 31, 1958, the computation is based on the rate of effective yield for issues sold at premium or discount. Prior to that date it was based on the coupon rate for all issues.

Source: Bureau of Government Financial Operations, Treasury Dept.

# APPENDIX

There are three tables in this appendix.

Table A1 lists the statutory changes in the public debt limitation for fiscal years 1947 through 1981. The permanent, temporary and total limits are shown for each adjustment.

Table A2 presents the history of public debt limit legislation from enactment of the Second Liberty Bond Act in 1917 through the last increase in the debt limit in December 1980. Dates of enactment, amounts involved and statutory citations are shown.

Table A3 presents the amounts of outstanding public debt subject to limitation at the end of each fiscal year from 1916 through 1980 and on the most recent date for which data are available. Debt subject to limit does not include certain agency securities, which amounted to $6.6 billion at the end of fiscal year 1980.

TABLE A1.—STATUTORY DEBT LIMITATIONS, FISCAL YEARS 1947 THROUGH 1981

[In billions of dollars]

| Fiscal year | Statutory debt limitation | | |
|---|---|---|---|
| | Permanent | Temporary additional | Total |
| 1947–54 | 275 | | 275 |
| 1955 through Aug. 27 | 275 | | 275 |
| 1955: Aug. 28 through June 30 | 275 | 6 | 281 |
| 1956 | 275 | 6 | 281 |
| 1957 | 275 | 3 | 278 |
| 1958 through Feb. 25 | 275 | | 275 |
| 1958: Feb. 26 through June 30 | 275 | 5 | 280 |
| 1959 through Sept. 1 | 275 | 5 | 280 |
| 1959: Sept. 2 through June 29 | 283 | 5 | 288 |
| 1959: June 30 | 288 | 5 | 290 |
| 1960 | 285 | 10 | 295 |
| 1961 | 285 | 8 | 293 |
| 1962 through Mar. 12 | 285 | 13 | 298 |
| 1962: Mar. 13 through June 30 | 285 | 15 | 300 |
| 1963 through Mar. 31 | 285 | 23 | 308 |
| 1963: Apr. 1 through May 28 | 285 | 20 | 305 |
| 1963: May 29 through June 30 | 285 | 22 | 307 |
| 1964 through Nov. 30 | 285 | 24 | 309 |
| 1964: Dec. 1 through June 28 | 285 | 30 | 315 |
| 1964: June 29 and 30 | 285 | 39 | 324 |
| 1965 | 285 | 39 | 324 |
| 1966 | 285 | 43 | 328 |
| 1967 through Mar. 1 | 285 | 45 | 330 |
| 1967: Mar. 2 through June 30 | 285 | 51 | 336 |
| 1968 [1] | 358 | | 358 |
| 1969 through Apr. 6 [1] | 358 | 7 | 365 |
| 1969 after Apr. 6 [1] | 358 | | 358 |
| 1970 through June 30 [1] | 365 | 12 | 377 |
| 1971 through June 30 [1] | 380 | 15 | 395 |
| 1972 through June 30 [1] | 400 | 50 | 450 |
| 1973 through Oct. 31 [1] | 400 | 50 | 450 |
| 1973 through June 30 [1] | 400 | 65 | 465 |
| 1974 through Nov. 30 [1] | 400 | 65 | 465 |
| 1974: Dec. 3 through June 30 [1] | 400 | 75.7 | 475.7 |
| 1975 through Feb. 18 [1] | 400 | 95 | 495 |
| 1975: Feb. 19 through June 30 [1] | 400 | 131 | 531 |
| 1976 through Nov. 15 [1] | 400 | 177 | 577 |
| 1976 through Mar. 15 [1] | 400 | 195 | 595 |
| 1976 through June 30 [1] | 400 | 227 | 627 |
| TQ: from enactment through Sept. 30, 1971 [1] | 400 | 236 | 636 |
| 1977: from Oct. 1, 1976 through Mar. 31, 1977 [1] | 400 | 282 | 682 |
| 1977: from Apr. 1 through Sept. 30 1977 [1] | 400 | 300 | 700 |
| 1978: from Oct. 1, 1977, through July 31, 1978 [1] | 400 | 352 | 752 |
| 1978: from Aug. 3, 1978, through Mar. 31, 1979 [1] | 400 | 398 | 798 |
| 1979: from Apr. 2 through Sept. 30, 1979 [1] | 400 | 430 | 830 |
| 1980: through June 30, 1980 [1] | 400 | 479 | 879 |
| 1981: through Feb. 28, 1981 [1] | 400 | 525 | 925 |
| 1981: through Sept. 30, 1981 [1] | 400 | 535.1 | 935.1 |

[1] Includes FNMA participation certificates issued in fiscal year 1968.

**Table A2.—Debt Limitation Under Sec. 21 of the Second Liberty Bond Act as Amended—History of Legislation**

| | *In billions* |
|---|---|
| Sept. 24, 1917: | |
| 40 Stat. 288, sec. 1, authorized bonds in the amount of | [1] $7.5 |
| 40 Stat. 290, sec. 5, authorized certificates of indebtedness outstanding revolving authority | [2] 4.0 |
| Apr. 4, 1918: | |
| 40 Stat. 502, amending sec. 1, increased bond authority to | [1] 12.0 |
| 40 Stat. 504, amending sec. 5, increased authority for certificates outstanding to | [2] 8.0 |
| July 9, 1918: 40 Stat. 844, amending sec. 1, increased bond authority to | [2] 20.0 |
| Mar. 3, 1919: | |
| 40 Stat. 13, amending sec. 5, increased authority for certificates outstanding to | [2] 10.0 |
| 40 Stat. 1309, new sec. 18 added, authorizing note in the amount of | [1] 7.0 |
| Nov. 23, 1921: 42 Stat. 321 amending sec. 18, increased note authority outstanding (established revolving authority) to | [2] 7.5 |
| June 17, 1929: 46 Stat. 19 amending sec. 5, authorized bills in lieu of certificates of indebtedness; no change in limitation for the outstanding | [2] 10.0 |
| Mar. 3, 1931: 46 Stat. 1506 amending sec. 1, increased bond authority to | [1] 28.0 |
| Jan. 30, 1934: 49 Stat. 343 amending sec. 18, increased authority for notes outstanding to | [1] 10.0 |
| Feb. 4, 1935: | |
| 49 Stat. 20, amending sec. 1, limited bonds outstanding (establishing revolving authority) to | [2] 25.0 |
| 49 Stat. 21, new sec. 21 added, consolidating authority for certificates and bills (sec. 5) and authority for notes (sec. 18); same aggregate amount outstanding | [2] 20.0 |
| 49 Stat. 21, new sec, 22 added, authorizing U.S. savings bonds within authority of sec. 1 | |
| May 26, 1938: 52 Stat. 447, amending sec. 1 and 21, consolidating in sec. 21 authority for bonds, certificates of indebtedness, Treasury bills, and notes (outstanding bonds limited to $30,000,000,000). Same aggregate total outstanding | [2] 45.0 |
| July 20, 1939: 53 Stat. 1071, amending sec. 21, removed limitation on bonds without changing total authorized outstanding of bond, certificates of indebtedness, bills and notes | [2] 45.0 |
| June 25, 1940: 54 Stat. 526, amending sec. 31, adding new paragraph: "(b) In addition to the amount authorized by the preceding paragraph of this section, any obligation authorized by secs. 5 and 18 of this Act, as amended, not to exceed in the aggregate $4,000,000,000 outstanding at any one time, less any retirements made from the special fund made available under sec. 301 of the Revenue Act of 1940, may be issued under said sections to provide the Treasury with funds to meet any expenditures made, after June 30, 1940, for the national defense, or to reimburse the general fund of the Treasury therefor. Any such obligations so issued shall be designated 'National Defense Series' " | [2] 49.0 |
| Feb. 19, 1941: 55 Stat. 7, amending sec. 21, limiting face amount of obligations issued under authority of act outstanding at any one time to | [2] 65.0 |
| Eliminated separated authority for $4,000,000,000 of national defense series obligations | [2] 65.0 |
| Mar. 28, 1942: 56 Stat. 189, amending sec. 21, increased limitation to | [2] 125.0 |
| Apr. 11, 1943: 57 Stat. 63, amending sec. 21, increased limitation to | [2] 210.0 |
| June 9, 1944: 58 Stat. 272, amending sec. 21, increased limitation to | [2] 260.0 |
| Apr. 3, 1945: 59 Stat. 47, amending sec. 21 to read: "The face amount of obligations issued under authority of this act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), shall not exceed in the aggregate, $300,000,000,000 outstanding at one time" | [2] 300.0 |

See footnotes at end of table.

TABLE A2.—DEBT LIMITATION UNDER SEC. 21 OF THE SECOND LIBERTY BOND ACT AS AMENDED—HISTORY OF LEGISLATION—Continued

| | *In billions* |
|---|---|
| June 26, 1946: 60 Stat. 316, amending sec. 21, adding: "The current redemption value of any obligation issued on a discount basis which is redeemable to maturity at the option of the holder thereof, shall be considered, for the purposes of this section to be the face amount of such obligation," and decreasing limitation of | [3] 278.0 |
| Aug. 28, 1954: 68 Stat. 895, amending sec. 21, effective Aug. 28, 1954, and ending June 30, 1955, increasing temporary limitation by $6,000,000,000 to | [3] 281.0 |
| June 30, 1955: 69 Stat. 241, amending Aug. 28, 1954, act by extending until June 30, 1956, increase in limitation to | [3] 281.0 |
| July 9, 1956: 70 Stat. 519, amending act of Aug. 28, 1954, increasing temporary limitation by $30,000,000,000 for period, beginning July 1, 1956, and ending June 30, 1957 to | [3] 278.0 |
| Effective July 1, 1957, temporary increase terminates and limitation reverts, under act of June 26, 1956, to | [3] 275.0 |
| Feb. 26, 1958: 72 Stat. 27, amending sec. 21, effective Feb. 26, 1958, and ending June 30, 1969, increasing limitation by $5,000,000,000 | [3] 280.0 |
| Sept. 2, 1958: 72 Stat. 1758, amending sec. 21, increasing limitation by $5,000,000,000 | [3] 280.0 |
| Sept. 2, 1958: 72 Stat. 1758, amending sec. 21, increasing limitation to $283,000,000,000, which with temporary increase of Feb. 26, 1958, makes limitation | [3] 288.0 |
| June 30, 1959: Stat. 156, amending sec. 21, effective June 30, 1959, increasing limitation to $295,000,000,000, which with temporary increase of Feb. 26, 1958, makes limitation on June 30, 1959 | [3] 290.0 |
| Amending sec. 21, increasing limitation by $10,000,000,000 for period beginning July 1, 1959, and ending June 30, 1960, which makes limitation beginning July 3, 1959 | 295.0 |
| July 30, 1960: 74 Stat. 290, amending sec. 21, for period beginning on July 1, 1960, and ending June 30, 1961, temporarily increasing limitation by $8,000,000,000 | [3] 293.0 |
| June 30, 1961: 75 Stat. 148, amending sec. 21, for period beginning on July 1, 1961, and ending June 3, 1972, increasing limitation by $13,000,000,000 to | [3] 298.0 |
| Mar. 13, 1962: 75 Stat. 23, amending sec. 21, for period beginning on Mar. 13, 1962, and ending June 3, 1962, further increasing limitation by $2,000,000,000 | [3] 300.0 |
| July 1, 1962: 76 Stat. 124 as amended by 77 Stat. 50, amending sec. 21, for period— | |
| 1. Beginning July 1, 1962, and ending Mar. 31, 1963 | [3] 308.0 |
| 2. Beginning Apr. 1, 1963, and ending June 24, 1963 | 305.0 |
| 3. Beginning June 25, 1963, and ending June 30, 1963 | [3] 300.0 |
| May 29, 1963: 77 Stat. 50, amending sec. 21, for period— | |
| 1. Beginning May 29, 1963, and ending June 30, 1963 | [3] 307.0 |
| 2. Beginning July 1, 1963, and ending Aug. 31, 1963 | [3] 309.0 |
| Aug. 27, 1963: 77 Stat. 131, amending sec. 21, for the period beginning on Sept. 1, 1963, and ending on Nov. 30, 1963 | [3] 309.0 |
| Nov. 26, 1963: Stat. 342, amending sec. 21, for the period— | |
| 1. Beginning on Dec. 1, 1963, and ending June 29, 1964 | [3] 315.0 |
| 2. On June 30, 1964 | [3] 309.0 |
| June 29, 1964: 78 Stat. 225, amending sec, 21, for the period beginning June 29, 1964, and ending June 30, 1965, increasing the temporary debt limit to | [3] 324.0 |
| June 24, 1965: 79 Stat. 172, amending sec. 21, for the period beginning July 1, 1965, and ending on June 30, 1966, increasing the temporary debt limit to | [3] 328.0 |
| June 24, 1966: 80 Stat. 21, amending sec. 21, for the period beginning July 1, 1966, and ending on June 30, 1967, increasing the temporary debt limit to | [3] 330 0 |

See footnotes at end of table.

**TABLE A2.—DEBT LIMITATION UNDER SEC. 21 OF THE SECOND LIBERTY BOND ACT AS AMENDED—HISTORY OF LEGISLATION—Continued**

| | *In billions* |
|---|---|
| Mar. 2, 1967: 81 Stat. 4, amending sec. 21, for the period beginning Mar. 2, 1967, and ending on June 30, 1967, increasing the temporary debt limit to | [2] 336.0 |
| June 30, 1967: 81 Stat. 99— | |
| 1. Amending sec. 21, effective June 30, 1967, increasing limitation to | [2] 358.0 |
| 2. Increasing the temporary debt limit by $7,000,000,000 for the period from July 1 to June 29 of each year, to make the limit for such period | [2] 365.0 |
| Apr. 7, 1969: 84 Stat. 7— | |
| 1. Amending sec. 21, effective Apr. 7, 1969, increasing debt limitation to | [2] 365.0 |
| 2. Increasing the temporary debt limit by $12,000,000,000 for the period from Apr. 7, 1969, through June 30, 1970, to make the limit for such period | [2] 377.0 |
| June 30, 1970: 84 Stat. 368— | |
| 1. Amending sec. 21, effective July 1, 1970, increasing debt limitation to | [2] 380.0 |
| 2. Increasing the temporary debt limit by $15,000,000,000 for the period from July 1, 1970, through June 20, 1971, to make the limit for such period | [2] 395.0 |
| Mar. 17, 1971: 85 Stat. 5— | |
| 1. Amending sec. 21, effective Mar. 17, 1972, increasing debt limitation to | [2] 400.0 |
| 2. Increasing the temporary debt limit by $30,000,000,000 for the period from Mar. 17, 1971, through June 30, 1972, to make the limit for such period | [2] 400.0 |
| Mar. 15, 1972: 86 Stat. 63, increasing the temporary debt limit by an additional $20,000,000,000 for the period from Mar. 15, 1972, through June 30, 1972, to make the limit for such period | [2] 450.0 |
| July 1, 1972: 86 Stat. 406, extending the temporary debt limit of $50,000,000,000 for the period from July 1 through Oct. 31, 1972, to make the limit for such period | [2] 450.0 |
| Oct. 27, 1972: 86 Stat. 1324, increasing the temporary public debt by $65,000,000,000 for the period from Nov. 1, 1972, through June 30, 1974, to make the limit for such period | [2] 465.0 |
| July 1, 1973: 87 Stat. 134, extending the temporary debt limit of $65,000,000,000 for the period from June 30, 1973, through Nov. 30, 1973, to make the limit for such period | [2] 465.0 |
| Dec. 3, 1973: 87 Stat. 691, increasing the temporary debt limit by $75,700,000,000 for the period from Dec. 3, 1973, through June 30, 1974, to make the limit for such period | [2] 475.7 |
| June 30, 1974: 88 Stat. 285, increasing the temporary debt limit by $95,000,000,000 for the period from June 3, 1974, through Mar. 31, 1975, to make the limit for such period | [2] 495.0 |
| Feb. 19, 1975: 89 Stat. 5, increasing the temporary debt limit by $131,000,000,000 for the period from Feb. 10, 1975, through June 3, 1976 to make the limit for such period | [2] 531.0 |
| June 30, 1975: 89 Stat. 246, increasing the temporary debt limit by $177,000,000,000 for the period from June 30, 1975, through Nov. 16, 1975, to make the limit for such period | [2] 577.0 |
| Nov. 14, 1975: 89 Stat. 693, increasing the temporary debt limit by $195,000,000,000 for the period from Nov. 14, 1975, through Mar. 15, 1975, to make the limit for such period | [2] 595.0 |
| Mar. 15, 1976: 90 Stat. 217, increasing the temporary debt limit by $277,000,000,000 for the period from Mar. 15, 1976, through June 30, 1976, to make the limit for such period | [2] 627.0 |

See footnotes at end of table.

TABLE A2.—DEBT LIMITATION UNDER SEC. 21 OF THE SECOND LIBERTY BOND ACT AS AMENDED—HISTORY OF LEGISLATION—Continued

| | *In billions* |
|---|---|
| June 30, 1976: 90 stat. 793— | |
| 1. Increasing the temporary debt limit by $236,000,000,000 for the period from July 1, 1976, through Sept. 30, 1976, to make the limit for such period | [2] 636.0 |
| 2. Increasing the temporary debt limit by $282,000,000,000 for the period from Oct. 1, 1976, through Mar. 3, 1977, to make the limit for such period | [2] 682.0 |
| 3. Increasing the temporary debt limit by $300,000,000,000 for the period from Apr. 2, 1977, through Sept. 30, 1977, to make the limit for such period | [2] 700.0 |
| Oct. 4, 1977: 91 Stat. 1090, increasing the temporary debt limit by $352,000,000,000 for the period from the date of enactment through Mar. 31, 1978, to make the limit for such period | [2] 752.0 |
| Mar. 27, 1978: 92 Stat. 185, extending the temporary debt limit of $352,000,000,000 form the date of enactment through July 31, 1978, to make the limit for such period | [2] 752.0 |
| Aug. 3, 1978: 92 Stat. 419, increasing the temporary debt limit by $398,000,000,000 from the date of enactment through Mar. 31, 1979, to make the limit for such period | [2] 798.0 |
| Apr. 2, 1979: 93 Stat. 8, increasing the temporary debt limit by $430,000,000,000 from the date of enactment through September 30, 1979, to make the limit for such period | [2] 830.0 |
| Sept. 29, 1979: 93 Stat. 589, increasing the temporary debt limit by $479,000,000,000 from the date of enactment through May 31, 1980, to make the limit for such period | [2] 879.0 |
| May 30, 1980: 94 Stat. 421, increasing the temporary debt limit by $479,000,000,000 from the date of enactment through June 5, 1980, to make the limit for such period | [2] 879.0 |
| June 6, 1980: 94 Stat. 439, increasing the temporary debt limit by $479,000,000,000 from the date of enactment through June 30, 1980, to make the limit for such period | [2] 879.0 |
| June 28, 1980: 94 Stat. 598, increasing the temporary debt limit by $525,000,000,000 from the date of enactment through February 28, 1981, to make the limit for such period | [2] 925.0 |
| December 19, 1980: 94 Stat. [3], increasing the temporary debt limit by $535,100,000,000 from the date of enactment through September 30, 1981, to make the limit for such period | [2] 935.1 |

[1] Limitation on issue.
[2] Limitation on outstanding.
[3] Not available.

TABLE A3.—OUTSTANDING PUBLIC DEBT SUBJECT TO LIMITATION AT END OF FISCAL YEAR 1916–80, AND ON JANUARY 27, 1981

| | *Millions* |
|---|---|
| Fiscal year: | |
| 1916 | $1,225 |
| 1917 | 2,976 |
| 1918 | 12,455 |
| 1919 | 25,485 |
| 1920 | 24,299 |
| 1921 | 23,977 |
| 1922 | 22,963 |
| 1923 | 22,350 |
| 1924 | 21,251 |
| 1925 | 20,516 |
| 1926 | 19,643 |
| 1927 | 18,512 |
| 1928 | 17,604 |
| 1929 | 16,931 |
| 1930 | 16,185 |
| 1931 | 16,801 |
| 1932 | 19,487 |
| 1933 | 22,539 |
| 1934 | 27.053 |
| 1935 | 28,701 |
| 1936 | 33,779 |
| 1937 | 36,425 |
| 1938 | 36,882 |
| 1939 | 40,371 |
| 1940 | 43,219 |
| 1941 | 49,494 |
| 1942 | 74,154 |
| 1943 | 140,469 |
| 1944 | 208,077 |
| 1945 | 268,671 |
| 1946 | 268,932 |
| 1947 | 255,767 |
| 1948 | 250,381 |
| 1949 | $250,965 |
| Fiscal year— | |
| 1950 | $255,382 |
| 1951 | 253,283 |
| 1952 | 257,233 |
| 1953 | 264,220 |
| 1954 | 269,379 |
| 1955 | 272,348 |
| 1956 | 270,619 |
| 1957 | 269,120 |
| 1958 | 275,395 |
| 1959 | 282,419 |
| 1960 | 283,827 |
| 1961 | 286,308 |
| 1962 | 296,374 |
| 1963 | 302,923 |
| 1964 | 308,583 |
| 1965 | 314,126 |
| 1966 | 316,293 |
| 1967 | 323,143 |
| 1968 | [1] 348,534 |
| 1969 | [1] 356,107 |
| 1970 | [1] 372,600 |
| 1971 | [1] 398,650 |
| 1972 | [1] 427,751 |
| 1973 | [1] 458,264 |
| 1974 | [1] 475,181 |
| 1975 | [1] 534,207 |
| 1976 | [1] 620,556 |
| Transition quarter | [1] 635,822 |
| 1977 | [1] 699,963 |
| 1978 | [1] 772,691 |
| 1979 | [1] 827,614 |
| 1980 | [1] 908,723 |
| 1981 [2] | [1] 932,291 |

[1] Includes FNMA participation certificates issued in fiscal year 1968 in debt of fiscal years 1968–79.
[2] Debt at close of business, January 27, 1981.

Source: Annual Report of the Secretary of the Treasury for fiscal year 1942, table 34, p. 544, for 1916–17; Annual Report for fiscal year 1962, table 507, for 1938 and 1939; Annual Report for fiscal year 1976, Statistical Appendix, table 21, p. 67, for 1940–76; Treasury Bulletin, April 1980, table FD–8, p. 26 for 1977 and 1978 and Monthly Statement of the Public Debt of the United States, September 30, 1980, and Daily Treasury Statement, January 27, 1981.

# APPENDIX B

UNIFIED BUDGET RECEIPTS, OUTLAYS AND SURPLUS OR DEFICIT FOR FISCAL YEARS 1958 - 1981, INCLUSIVE (BILLIONS OF DOLLARS)

Prepared by Senator Harry F. Byrd, Jr., Virginia

| FISCAL YEAR | RECEIPTS | OUTLAYS | SURPLUS (+) or DEFICIT (-) |
|---|---|---|---|
| 1958 | 79.6 | 82.6 | - 3:0 |
| 1959 | 79.2 | 92.1 | - 12.9 |
| 1960 | 92.5 | 92.2 | + 0.3 |
| 1961 | 94.4 | 97.8 | - 3.4 |
| 1962 | 99.7 | 106.8 | - 7.1 |
| 1963 | 106.6 | 111.3 | - 4.7 |
| 1964 | 112.7 | 118.6 | - 5.9 |
| 1965 | 116.8 | 118.4 | - 1.6 |
| 1966 | 130.8 | 134.6 | - 3.8 |
| 1967 | 149.5 | 158.2 | - 8.7 |
| 1968 | 153.7 | 178.8 | - 25.1 |
| 1969 | 187.8 | 184.6 | + 3.2 |
| 1970 | 193.8 | 196.6 | - 2.8 |
| 1971 | 188.4 | 211.4 | - 23.0 |
| 1972 | 208.6 | 231.9 | - 23.3 |
| 1973 | 232.2 | 247.1 | - 14.8 |
| 1974 | 264.9 | 269.6 | - 4.7 |
| 1975 | 281.0 | 326.2 | - 45.2 |
| 1976 | 300.0 | 366.4 | - 66.4 |
| 1977 | 357.8 | 402.7 | - 45.0 |
| 1978 | 402.0 | 450.8 | - 48.8 |
| 1979 | 465.9 | 493.7 | - 27.7 |
| 1980 | 520.0 | 579.0 | - 59.0 |
| 1981* | 605.0 | 632.4 | - 27.4 |
| 1981** | 607.5 | 662.7 | - 55.2 |
| 1982** | 711.8 | 739.3 | - 27.5 |

* Estimates - 2nd Concurrent Budget Resolution

** Estimates - FY 1982 Budget

SOURCE: Office of Management and Budget; F.Y. 1981 Second Concurrent Budget Resolution

January, 1981

**DEFICITS IN FEDERAL FUNDS AND INTEREST ON THE NATIONAL DEBT FOR FISCAL YEARS 1959 - 1981, INCLUSIVE (billions of dollars)**

Prepared by Senator Harry F. Byrd, Jr., of Virginia

| Year | Receipts | Outlays | Surplus (+) or Deficit (-) | Interest 1/ |
|---|---|---|---|---|
| 1959...... | 65.8 | 77.1 | -11.3 | 7.8 |
| 1960...... | 75.6 | 74.9 | + 0.8 | 9.5 |
| 1961...... | 75.2 | 79.3 | - 4.2 | 9.3 |
| 1962...... | 79.7 | 86.6 | - 6.9 | 9.5 |
| 1963...... | 83.5 | 90.2 | - 6.6 | 10.3 |
| 1964...... | 87.2 | 95.8 | - 8.6 | 11.0 |
| 1965...... | 90.9 | 94.8 | - 3.9 | 11.8 |
| 1966...... | 101.4 | 106.5 | - 5.1 | 12.6 |
| 1967...... | 111.8 | 126.8 | -15.0 | 14.2 |
| 1968...... | 114.7 | 143.1 | -28.4 | 15.6 |
| 1969...... | 143.3 | 148.8 | - 5.5 | 17.6 |
| 1970...... | 143.2 | 156.3 | -13.1 | 20.0 |
| 1971...... | 133.8 | 163.7 | -29.9 | 21.6 |
| 1972...... | 148.8 | 178.1 | -29.3 | 22.5 |
| 1973...... | 161.4 | 187.0 | -25.6 | 24.8 |
| 1974...... | 181.2 | 199.9 | -18.7 | 30.0 |
| 1975...... | 187.5 | 240.1 | -52.6 | 33.5 |
| 1976...... | 201.1 | 269.9 | -68.8 | 37.7 |
| 1977...... | 241.3 | 295.8 | -54.5 | 42.6 |
| 1978...... | 270.5 | 332.0 | -61.5 | 49.3 |
| 1979...... | 316.4 | 362.4 | -46.1 | 60.3 |
| 1980 ..... | 350.8 | 418.7 | -67.8 | 74.8 |
| 1981*..... | 415.2 | 474.9 | -59.7 | 94.1 |
| 1982*..... | 484.1 | 530.8 | -46.7 | 106.5 |

1/ Interest on gross Federal debt.

* As estimated in the F.Y. 1982 Budget

Source: Office of Management and Budget
January, 1981

THE NATIONAL DEBT IN THE TWENTIETH CENTURY 1/
Totals at the End of Fiscal Years
(in billions of dollars)
Prepared by Senator Harry F. Byrd, Jr., Virginia

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 1900.. | 1 | 1920.. | 24 | 1940.. | 51 | 1960.. | 291 | 1980.. | 914 |
| 1901.. | 1 | 1921.. | 24 | 1941.. | 58 | 1961.. | 293 | 1981*. | 992 |
| 1902.. | 1 | 1922.. | 23 | 1942.. | 79 | 1962.. | 303 | | |
| 1903.. | 1 | 1923.. | 22 | 1943.. | 143 | 1963.. | 311 | | |
| 1904.. | 1 | 1924.. | 21 | 1944.. | 204 | 1964.. | 317 | | |
| 1905.. | 1 | 1925.. | 21 | 1945.. | 260 | 1965.. | 323 | | |
| 1906.. | 1 | 1926.. | 20 | 1946.. | 271 | 1966.. | 329 | | |
| 1907.. | 1 | 1927.. | 19 | 1947.. | 257 | 1967.. | 341 | | |
| 1908.. | 1 | 1928.. | 18 | 1948.. | 252 | 1968.. | 370 | | |
| 1909.. | 1 | 1929.. | 17 | 1949.. | 253 | 1969.. | 367 | | |
| 1910.. | 1 | 1930.. | 16 | 1950.. | 257 | 1970.. | 383 | | |
| 1911.. | 1 | 1931.. | 17 | 1951.. | 255 | 1971.. | 410 | | |
| 1912.. | 1 | 1932.. | 19 | 1952.. | 259 | 1972.. | 437 | | |
| 1913.. | 1 | 1933.. | 23 | 1953.. | 266 | 1973.. | 468 | | |
| 1914.. | 1 | 1934.. | 27 | 1954.. | 271 | 1974.. | 486 | | |
| 1915.. | 1 | 1935.. | 29 | 1955.. | 274 | 1975.. | 544 | | |
| 1916.. | 1 | 1936.. | 34 | 1956.. | 273 | 1976.. | 632 | | |
| 1917.. | 3 | 1937.. | 36 | 1957.. | 272 | 1977.. | 709 | | |
| 1918.. | 12 | 1938.. | 37 | 1958.. | 280 | 1978.. | 780 | | |
| 1919.. | 25 | 1939.. | 48 | 1959.. | 288 | 1979.. | 834 | | |

1/ Gross Federal Debt.
* Estimated in F.Y. 1982 Budget

Source: Office of Management and Budget

January, 1981

BUDGET RECEIPTS, OUTLAYS, AND SURPLUS OR DEFICIT(-) BY FUND GROUP, 1971-1982
(fiscal years; in billions of dollars)

| | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | TQ | 1977 | 1978 | 1979 | 1980 | Estimate 1981 | Estimate 1982 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Federal funds receipts: | | | | | | | | | | | | | |
| Individual income taxes...... | 86.2 | 94.7 | 103.2 | 119.0 | 122.4 | 131.6 | 38.8 | 157.6 | 181.0 | 217.8 | 244.1 | 284.1 | 331.7 |
| Corporation income taxes..... | 26.8 | 32.2 | 36.2 | 38.6 | 40.6 | 41.4 | 8.5 | 54.9 | 60.0 | 65.7 | 64.6 | 66.0 | 64.6 |
| Subtotal................. | 113.0 | 126.9 | 139.4 | 157.6 | 163.0 | 173.0 | 47.3 | 212.5 | 240.9 | 283.5 | 308.7 | 350.0 | 396.3 |
| Excise taxes................. | 10.5 | 9.5 | 9.8 | 9.7 | 9.4 | 10.6 | 2.5 | 9.6 | 10.1 | 9.8 | 15.6 | 36.8 | 55.8 |
| Estate and gift taxes........ | 3.7 | 5.4 | 4.9 | 5.0 | 4.6 | 5.2 | 1.5 | 7.3 | 5.3 | 5.4 | 6.4 | 6.9 | 7.7 |
| Customs duties............... | 2.6 | 3.3 | 3.2 | 3.3 | 3.7 | 4.1 | 1.2 | 5.2 | 6.6 | 7.4 | 7.2 | 7.4 | 7.8 |
| Miscellaneous receipts....... | 3.9 | 3.6 | 3.9 | 5.4 | 6.7 | 8.0 | 1.6 | 6.5 | 7.4 | 9.2 | 13.1 | 14.1 | 16.5 |
| Total Federal funds, receipts.............. | 133.8 | 148.8 | 161.4 | 181.2 | 187.5 | 201.1 | 54.1 | 241.3 | 270.5 | 316.4 | 350.8 | 415.2 | 484.1 |
| Trust fund receipts.............. | 66.2 | 73.0 | 92.2 | 104.8 | 118.6 | 133.7 | 32.1 | 152.8 | 168.0 | 189.6 | 213.9 | 242.5 | 286.1 |
| Interfund transactions.......... | -11.6 | -13.2 | -21.3 | -21.1 | -25.1 | -34.8 | -4.4 | -36.3 | -36.5 | -40.1 | -44.7 | -50.3 | -58.4 |
| Total budget receipts... | 188.4 | 208.6 | 232.2 | 264.9 | 281.0 | 300.0 | 81.8 | 357.8 | 402.0 | 465.9 | 520.0 | 607.5 | 711.8 |
| Federal funds outlays........... | 163.7 | 178.1 | 187.0 | 199.9 | 240.1 | 269.9 | 65.1 | 295.8 | 332.0 | 362.4 | 419.2 | 474.9 | 530.8 |
| Trust funds outlays............. | 59.4 | 67.1 | 81.4 | 90.8 | 111.2 | 131.3 | 34.0 | 143.3 | 155.3 | 171.3 | 205.1 | 238.1 | 266.9 |
| Interfund transactions.......... | -11.6 | -13.2 | -21.3 | -21.1 | -25.1 | -34.8 | -4.4 | -36.3 | -36.5 | -40.1 | -44.7 | -50.3 | -58.4 |
| Total budget outlays.... | 211.4 | 232.0 | 247.1 | 269.6 | 326.2 | 366.4 | 94.7 | 402.7 | 450.8 | 493.6 | 579.6 | 662.7 | 739.3 |
| Federal funds surplus or deficit (-)..................... | -29.9 | -29.3 | -25.6 | -18.7 | -52.6 | -68.8 | -11.0 | -54.4 | -61.5 | -46.0 | -68.4 | -59.7 | -46.7 |
| Trust funds surplus or deficit (-)..................... | 6.8 | 5.9 | 10.7 | 14.0 | 7.4 | 2.4 | -2.0 | 9.5 | 12.7 | 18.3 | 8.8 | 4.5 | 19.2 |
| Budget surplus or deficit (-)............ | -23.0 | -23.4 | -14.8 | -4.7 | -45.2 | -66.4 | -13.0 | -44.9 | -48.8 | -27.7 | -59.6 | -55.2 | -27.5 |

1981 and 1982 as estimated in the 1982 Budget.

Source: Office of Management and Budget
January [illegible]

RECEIPTS, OUTLAYS AND SURPLUSES OR DEFICITS IN TRUST FUNDS, 1/
(fiscal years; in billions of dollars)

Prepared by U.S. Senator Harry F. Byrd, Jr., of Virginia

| | 1975 | | | 1976 | | | 1977 | | | 1978 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Receipts | Outlays | Surplus or Deficit | Receipts | Outlays | Surplus or Deficit | Receipts | Outlays | Surplus or Deficit | Receipts | Outlays | Surplus or Deficit |
| Social Security......... | 66.7 | 64.7 | +2.0 | 70.7 | 73.9 | -3.2 | 81.2 | 85.1 | -3.9 | 89.6 | 93.9 | -4.3 |
| Health Insurance........ | 16.9 | 14.8 | +2.1 | 18.5 | 17.8 | +0.7 | 22.8 | 21.5 | +1.2 | 27.6 | 25.2 | +2.4 |
| Revenue Sharing......... | 6.2 | 6.1 | +0.1 | 6.4 | 6.2 | +0.1 | 6.7 | 6.8 | -0.1 | 6.9 | 6.8 | * |
| Unemployment............ | 8.2 | 13.2 | -5.0 | 16.2 | 17.9 | -1.7 | 15.0 | 14.1 | +0.9 | 15.1 | 11.2 | +4.0 |
| Federal Employees Retirement............ | 11.5 | 7.1 | +4.4 | 13.2 | 8.4 | +4.8 | 16.7 | 9.7 | +7.0 | 17.8 | 11.0 | +6.8 |
| Highways................ | 6.8 | 4.8 | +1.9 | 6.0 | 6.5 | -0.5 | 7.3 | 6.1 | +1.2 | 7.6 | 6.1 | +1.5 |
| Other................... | 2.4 | 0.4 | +2.0 | 2.7 | 0.6 | +2.2 | 3.2 | * | +3.2 | 3.4 | 1.2 | +2.3 |
| Total.............. | 118.6 | 111.2 | +7.4 | 133.7 | 131.3 | +2.4 | 152.8 | 143.3 | +9.5 | 168.0 | 155.3 | +12.7 |

| | 1979 | | | 1980 | | | 1981 Estimate | | | 1982 Estimate | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Receipts | Outlays | Surplus or Deficit | Receipts | Outlays | Surplus or Deficit | Receipts | Outlays | Surplus or Deficit | Receipts | Outlays | Surplus or Deficit |
| Social Security......... | 102.1 | 104.1 | -2.0 | 117.4 | 118.6 | -1.1 | 132.7 | 139.9 | -7.2 | 152.3 | 161.6 | -9.2 |
| Health Insurance........ | 31.7 | 29.1 | 2.6 | 35.7 | 35.0 | 0.7 | 44.9 | 39.9 | 4.9 | 56.9 | 46.6 | 10.3 |
| Revenue Sharing......... | 6.9 | 6.8 | 0.1 | 6.9 | 6.8 | * | 4.6 | 5.2 | -0.6 | 4.6 | 4.6 | * |
| Unemployment............ | 15.9 | 11.2 | 4.7 | 16.2 | 16.4 | -0.2 | 20.0 | 23.5 | -3.5 | 23.7 | 21.6 | 2.2 |
| Federal Employees Retirement............ | 20.5 | 12.5 | 8.0 | 24.5 | 14.9 | 9.6 | 28.0 | 17.8 | 10.2 | 30.0 | 20.1 | 9.9 |
| Highways................ | 8.0 | 7.2 | 0.9 | 7.6 | 9.2 | -1.6 | 8.0 | 8.8 | -0.8 | 11.4 | 8.6 | 2.8 |
| Other................... | 4.5 | 0.4 | 4.1 | 5.5 | 4.1 | 1.4 | 4.4 | 3.0 | 1.4 | 7.2 | 3.9 | 3.3 |
| Total.............. | 189.6 | 171.3 | 18.3 | 213.9 | 205.1 | 8.8 | 242.5 | 238.1 | 4.5 | 286.1 | 266.9 | 19.2 |

1/ (+)/(-) indicate surplus/deficit.
Figures may not add because of rounding.
1981 and 1982 as estimated in the 1982 Budget.
* $50 million or less.

Source: Office of Management and Budget
January 81

## APPENDIX C

**Estimated Ownership of Public Debt Securities**
November 30, 1980
($ billions)

| Held By: | Amount: | Percent: |
|---|---|---|
| Federal Reserve System | $120.8 | 13.2 |
| Government Accounts | 189.8 | 20.8 |
| | 310.6 | 34.0 |
| Held by Private Investors: | | |
| Individuals: | | |
| Savings Bonds | 72.5 | 7.9 |
| Other Securities | 52.5 | 5.7 |
| Total Individuals | 125.0 | 13.7 |
| Commercial Banks | 101.8 | 11.1 |
| Insurance Companies | 15.4 | 1.7 |
| Mutual Savings Banks | 5.6 | .6 |
| Corporations | 24.8 | 2.7 |
| State and Local Governments | 74.6 | 8.2 |
| Foreign and International | 132.6 | 14.5 |
| Other Investors | 123.4 | 13.5 |
| Total Privately-held | 603.2 | 66.0 |
| Total Public Debt Securities Outstanding | 913.8 | 100.0 |

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Note: Figures may not add to totals due to rounding.

Table 1

Maturity Distribution of Official Foreign Holdings of Treasury Public Debt Securities, November 30, 1980 1/
($ millions)

| Years to maturity | Marketable | Nonmarketable | Total |
|---|---|---|---|
| 1 year and under | 59,820 | 6,988 | 66,808 |
| 1 to 5 years | 22,961 | 8,245 | 31,206 |
| Over 5 years | 1,941 | 4,247 | 6,188 |
| Total | 84,722 | 19,480 | 104,202 |

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1/This table shows the maturity distribution of official foreign holdings of Treasury securities in custody at the FRBNY and in the Treasury Deposit Funds. Carter bonds, which total $6,437 million, are not included here since they are not foreign official holdings.

Detail may not sum to totals due to rounding.

73-378 0 - 81 - 4

Table 1

Total Foreign Official Custody
Account Holdings at FRBNY
($ billions)

| | Dec. 31 '79 | Mar. 26 | Jun. 25 | Sep. 24 | Dec. 31 '80 |
|---|---|---|---|---|---|
| Marketable | 75.6 | 74.1 | 78.0 | 81.2 | 88.5 |
| Nonmarketable | 23.6 | 21.1 | 19.0 | 19.1 | 17.6 |
| Total | 99.2 | 95.2 | 97.0 | 100.3 | 106.1 |

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# Federal Deficit and Debt, 1971-1982
## (in billions of dollars)

Federal Def , and Debt, 1971-1982
(in billions of dollars)

| Fiscal Years | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | TQ | 1977 | 1978 | 1979 | 1980 | 1981e | 1982e |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Federal funds deficit | 29.9 | 29.3 | 25.6 | 18.7 | 52.5 | 68.9 | 11.0 | 54.5 | 61.5 | 46.1 | 68.4 | 59.7 | 46.7 |
| Less: Trust fund surplus (-) or deficit | -6.8 | -5.9 | -10.7 | -14.0 | -7.4 | -2.4 | 2.0 | -9.5 | -12.7 | -18.3 | -8.8 | -4.5 | -19.2 |
| Equals: Total unified budget deficit | 23.0 | 23.4 | 14.8 | 4.7 | 45.2 | 66.4 | 13.0 | 45.0 | 48.8 | 27.7 | 59.6 | 55.2 | 27.5 |
| Plus: Deficit of off-budget Federal entities 1/ | - | - | .1 | 1.4 | 8.1 | 7.3 | 1.8 | 8.7 | 10.3 | 12.4 | 14.2 | 23.2 | 18.3 |
| Equals: Total deficit | 23.0 | 23.4 | 14.9 | 6.1 | 53.1 | 73.7 | 14.7 | 53.7 | 59.2 | 40.2 | 73.8 | 78.4 | 45.8 |
| Less: Nonborrowing means of financing 2/ | -3.6 | -3.9 | 4.4 | -3.1 | -2.4 | 9.2 | 3.3 | -.1 | -.1 | -6.5 | -3.3 | -6.4 | -.8 |
| Equals: Total borrowing from the public | 19.4 | 19.4 | 19.3 | 3.0 | 50.9 | 82.9 | 18.0 | 53.5 | 59.1 | 33.6 | 70.5 | 72.0 | 45.0 |
| Plus: Change in debt held by Government agencies 3/ | 7.4 | 8.4 | 11.8 | 14.8 | 7.0 | 4.3 | -3.5 | 9.2 | 12.2 | 19.7 | 10.1 | 6.1 | 20.3 |
| Equals: Change in gross Federal debt | 26.9 | 27.9 | 31.1 | 17.8 | 57.9 | 87.3 | 14.5 | 62.7 | 71.3 | 53.3 | 80.6 | 78.1 | 65.3 |
| Less: Change in Federal agency debt | .3 | 1.3 | -.2 | -.9 | 1.1 | - | -.2 | 1.4 | 1.4 | 1.6 | .6 | .5 | 1.1 |
| Equals: Change in gross public debt | 27.2 | 29.1 | 30.9 | 16.9 | 59.0 | 87.2 | 14.3 | 64.1 | 72.7 | 54.9 | 81.2 | 78.6 | 66.4 |
| Plus: Change in other debt subject to limit 4/ | -1.2 | - | -.4 | - | .1 | .1 | - | - | - | - | -.1 | -.1 | - |
| Equals: Change in debt subject to limit | 26.0 | 29.1 | 30.5 | 16.9 | 59.0 | 87.3 | 14.3 | 64.1 | 72.7 | 54.9 | 81.1 | 78.5 | 66.4 |
| **Debt Outstanding end of FY** | | | | | | | | | | | | | |
| Gross Federal debt 5/ | 409.5 | 437.3 | 468.4 | 486.2 | 544.1 | 631.9 | 646.4 | 709.1 | 780.4 | 833.8 | 914.3 | 992.4 | 1,057.7 |
| Less: Federal agency debt 5/ | 12.2 | 10.9 | 11.1 | 12.0 | 10.9 | 11.4 | 11.7 | 10.3 | 8.9 | 7.2 | 6.6 | 6.1 | 5.0 |
| Equals: Gross public debt | 397.3 | 426.4 | 457.3 | 474.2 | 533.2 | 620.4 | 634.7 | 698.8 | 771.5 | 826.5 | 907.7 | 986.3 | 1,052.7 |
| Plus: Other debt subject to limit 4/ | 1.3 | 1.3 | .9 | .9 | 1.0 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.0 | 1.0 | .9 |
| Equals: Debt subject to limit | 398.6 | 427.8 | 458.3 | 475.2 | 534.2 | 621.6 | 635.8 | 700.0 | 772.7 | 827.6 | 908.7 | 987.3 | 1,053.6 |

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1/ Consists largely of Federal Financing Bank borowings to finance off-budget programs.
2/ See attached table.
3/ Consists largely of trust fund surplus or deficit.
4/ Net of certain public debt not subject to limit.
5/ Fiscal year 1976 figure incudes reclassification of $471 million of Export-Import Bank certificates of beneficial interest from asset sales to debt.

Source: Special Analysis E, U.S. Budget, FY 1982 (January 15, 1981)

e= Estimate

Table 2

Changes in Foreign Official Custody Account
Holdings of U.S. Treasury Securities at FRBNY
($ millions)

| | Dec. 1979 | Dec. 1980 | Changes | | | |
|---|---|---|---|---|---|---|
| | | | | | Marketable | |
| | | | Total | Nonmarketable | Bills | Notes and Bonds |
| Belgium | 397 | 1,615 | 1,218 | 0 | 1,253 | -35 |
| Canada | 1,676 | 1,317 | -358 | -150 | -383 | 175 |
| France | 6,494 | 8,053 | 1,558 | 0 | 1,558 | 0 |
| Germany | 35,395 | 28,720 | -6,675 | -4,850 | 1,213 | -3,037 |
| Japan | 15,019 | 18,707 | 3,688 | 0 | 5,563 | -1,875 |
| Netherlands | 2,109 | 2,398 | 289 | 0 | 100 | 190 |
| Sweden | 1,755 | 1,586 | -169 | 0 | -91 | -78 |
| Switzerland | 9,658 | 6,478 | -3,179 | -1,747 | -968 | -465 |
| United Kingdom | 4,937 | 4,989 | 52 | 47 | 1 | 5 |
| OPEC* | 13,823 | 22,619 | 8,795 | 747 | 235 | 7,814 |
| Int'l Inst. | 4,100 | 3,689 | -412 | 0 | 239 | -651 |
| All Other | 3,813 | 5,935 | 2,122 | 0 | 1,864 | 258 |
| Total | 99,175 | 106,105 | 6,930 | -5,954 | 10,584 | 2,300 |

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*Ecuador, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Saudi Arabia, United Arab Emirates, Venezuela

Funds Raised in U.S. Credit Markets
(in billions of dollars and percent)

| | Total | Federal | Federal as % of Total |
|---|---|---|---|
| FY 1975 | $200.9 | $51.9 | 25.8 |
| FY 1976 | 308.9 | 82.9 | 26.8 |
| FY 1977 | 380.7 | 53.6 | 14.1 |
| FY 1978 | 486.8 | 59.1 | 12.1 |
| FY 1979 | 529.5 | 33.7 | 6.4 |
| FY 1980 | 423.4 | 70.5 | 16.7 |
| **FY 1981e | 446.0 | 72.0 | 16.1 |
| **FY 1982e | 528.5 | 45.0 | 8.5 |

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**Estimates based on President Carter's FY82 Budget proposal.

DEBT SUBJECT TO LIMIT
(fiscal years; in billions of dollars)

| | Actual | Estimate | |
|---|---|---|---|
| | 1980 | 1981 | 1982 |
| Unified budget deficit.................. | 59.6 | 55.2 | 27.5 |
| Portion of budget deficit attributable to trust surplus or deficit (-)........ | -8.8 | -4.5 | -19.2 |
| Federal funds deficit.............. | 68.4 | 59.7 | 46.7 |
| Deficit of off-budget Federal entities... | 14.2 | 23.2 | 18.3 |
| Total to be financed............... | 82.6 | 82.9 | 65.0 |
| Means of financing other than borrowing, and other adjustments................. | -1.5 | -4.4 | 1.3 |
| Change in debt subject to limit | 81.1 | 78.5 | 66.4 |
| Debt subject to limit, beginning of year................................ | 827.6 | 908.7 | 987.3 |
| Anticipated debt subject to limit, end of year.......................... | 908.7 | 987.3 | 1,053.6 |

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Source: Special Analysis E, U.S. Budget, FY 1982 (January 15, 1981).

Means of financing other than borrowing from the public

(in millions of dollars)

| | 1980 actual | 1981 estimate | 1982 estimate |
|---|---|---|---|
| Means of financing other than borrowing from the public: | | | |
| Decrease or increase (-) in cash and other monetary assets | 643 | 5,110 | --- |
| Increase or decrease (-) in liabilities to: | | | |
| Checks outstanding etc. | -490 | 227 | 15 |
| Deposit fund balances | 2,478 | 633 | 161 |
| Seigniorage on coins | 663 | 444 | 649 |
| Total means of financing other than borrowing from the public | 3,293 | 6,414 | 825 |

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**Net Increase in Federal and Federally Assisted Borrowing from the Public**
**(fiscal years; billions of dollars)**

| Year | Federal borrowing from the public | | | | Federally assisted borrowing from the public | | | | Total Federal and Federally assisted borrowing from the public |
|---|---|---|---|---|---|---|---|---|---|
| | Budget deficit | Off-budget deficit 1/ | Other means of financing 2/ | Total 3/6/ | Guaranteed obligations | Sponsored agency obligations 4/ | Deduct to avoid double counting 5/ | Total | |
| 1970 | 2.8 | - | 2.6 | 5.4 | 8.6 | 10.7 | 6.8 | 12.5 | 17.9 |
| 1971 | 23.0 | - | -3.6 | 19.4 | 16.3 | 1.5 | 3.8 | 14.0 | 33.5 |
| 1972 | 23.4 | - | -3.9 | 19.4 | 19.8 | 5.0 | 4.3 | 20.5 | 40.0 |
| 1973 | 14.8 | .1 | 4.4 | 19.3 | 16.3 | 8.8 | -3.2 | 28.3 | 47.5 |
| 1974 | 4.7 | 1.4 | -3.1 | 3.0 | 10.3 | 14.9 | 3.8 | 21.4 | 24.4 |
| 1975 | 45.2 | 8.1 | -2.4 | 50.9 | 16.5 | 11.9 | 14.4 | 14.0 | 64.9 |
| 1976 | 66.4 | 7.3 | 9.2 | 82.9 | 16.3 | 5.3 | 6.3 | 15.3 | 98.2 |
| TQ | 13.0 | 1.8 | 3.3 | 18.0 | 2.8 | 1.7 | 3.2 | 1.3 | 19.3 |
| 1977 | 44.9 | 8.7 | -.1 | 53.5 | 21.1 | 7.0 | 2.1 | 26.0 | 79.6 |
| 1978 | 48.8 | 10.4 | -.1 | 59.1 | 24.7 | 24.1 | 13.5 | 35.3 | 94.4 |
| 1979 | 27.7 | 12.5 | -6.6 | 33.6 | 39.3 | 25.7 | 17.0 | 48.0 | 81.7 |
| 1980 | 59.6 | 14.2 | -3.3 | 70.5 | 47.9 | 27.5 | 21.6 | 53.8 | 124.4 |
| 1981e | 55.2 | 23.2 | -6.4 | 72.0 | 73.3 | 20.7 | 24.5 | 69.5 | 141.5 |
| 1982e | 27.5 | 18.3 | - .8 | 45.0 | 75.0 | 30.6 | 23.8 | 81.8 | 126.8 |
| Net Change 1970-82 | 457.1 | 106.0 | -10.8 | 552.0 | 388.2 | 195.4 | 141.9 | 441.7 | 994.1 |
| Outstanding 9/30/82 | | | | 832.1 | 510.5 | 220.9 | 155.5 | 575.9 | 1,408.1 |

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Source: Special Analysis E of the Fiscal Year 1982 Budget.
1/ Deficit of off-budget Federal entities. Consists largely of Federal Financing Bank borrowings to finance off-budget programs.
2/ Consists largely of changes in Treasury cash balances.
3/ Consists of borrowing by Treasury and minor amounts by other Federal agencies.
4/ Consists largely of Federal National Mortgage Association and the Federal home loan bank and farm credit systems.
5/ Largely Federal and sponsored agency purchases of guaranteed obligations.
6/ 1976 figure excludes retroactive reclassification of $471 million of Export-Import Bank asset sales to debt.

APPENDIX D

## ESTIMATED NET GOVERNMENT AND PRIVATE DEBT, BY MAJOR CATEGORIES

[Dollar amounts in billions]

| Year | Private [1] | | | State and local | Federal [2] | Total net debt | Percent Federal of total |
|---|---|---|---|---|---|---|---|
| | Individual | Corporate | 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 | 7.8 |
| 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 | 17.0 |
| 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 | 11.4 |
| 1927 | 66.4 | 81.2 | 147.6 | 12.1 | 18.2 | 177.9 | 10.3 |
| 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 |

See footnotes at end of table.

## ESTIMATED NET GOVERNMENT AND PRIVATE DEBT, BY MAJOR CATEGORIES—Continued

[Dollar amounts in billions]

| Year | Private [1] | | | State and local | Federal [2] | Total net debt | Percent Federal of total |
|---|---|---|---|---|---|---|---|
| | Individual | Corporate | Total | | | | |
| 1931 | $64.9 | $83.5 | $148.4 | $16.0 | $18.5 | $182.9 | 10.2 |
| 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 | 14.5 |
| 1934 | 49.8 | 75.5 | 125.3 | 15.9 | 30.4 | 171.6 | 17.8 |
| 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 | 21.6 |
| 1938 | 50.0 | 73.3 | 123.3 | 16.1 | 40.5 | 179.9 | 22.6 |
| 1939 | 50.8 | 73.5 | 124.3 | 16.4 | 42.6 | 183.3 | 23.3 |
| 1940 | 53.0 | 75.6 | 128.6 | 16.4 | 44.8 | 189.8 | 23.7 |
| 1941 | 55.6 | 83.4 | 139.0 | 16.1 | 56.3 | 211.4 | 26.7 |
| 1942 | 49.9 | 91.6 | 141.5 | 15.4 | 101.7 | 258.6 | 39.4 |
| 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 | 62.3 |
| 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 | 53.4 |
| 1948 | 80.6 | 118.4 | 199.0 | 17.0 | 215.3 | 431.3 | 50.0 |
| 1949 | 90.4 | 118.7 | 209.1 | 19.1 | 217.6 | 445.8 | 48.9 |
| 1950 | 104.3 | 142.8 | 247.1 | 21.7 | 217.4 | 486.2 | 44.8 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 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 | 37.9 |
| 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 | 32.2 |
| 1957 | 207.6 | 249.1 | 456.7 | 48.6 | 223.0 | 728.3 | 30.7 |
| 1958 | 222.9 | 262.0 | 484.9 | 53.7 | 231.0 | 769.6 | 30.1 |
| 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 | 27.5 |
| 1961 | 284.8 | 328.3 | 613.1 | 70.5 | 246.7 | 930.3 | 26.6 |
| 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 | 1,070.8 | 24.1 |
| 1964 | 380.1 | 417.1 | 797.2 | 90.4 | 264.0 | 1,151.6 | 23.0 |
| 1965 | 424.6 | 463.2 | 887.8 | 98.3 | 266.4 | 1,252.5 | 21.3 |
| 1966 | 454.7 | 517.8 | 972.5 | 104.7 | 271.8 | 1,349.1 | 20.1 |
| 1967 | 489.1 | 562.6 | 1,051.7 | 112.8 | 286.4 | 1,450.8 | 19.7 |
| 1968 | 529.3 | 653.0 | 1,182.3 | 122.7 | 291.9 | 1,596.8 | 18.3 |
| 1969 | 566.2 | 764.7 | 1,330.9 | 133.3 | 289.3 | 1,753.4 | 16.5 |
| 1970 | 600.0 | 836.1 | 1,436.1 | 144.8 | 301.1 | 1,881.9 | 16.0 |

See footnotes at end of table.

## ESTIMATED NET GOVERNMENT AND PRIVATE DEBT, BY MAJOR CATEGORIES—Continued

[Dollar amounts in billions]

| Year | Private[1] | | | State and local | Federal[2] | Total net debt | Percent Federal of total |
|---|---|---|---|---|---|---|---|
| | Individual | Corporate | Total | | | | |
| 1971 | $667.5 | $911.2 | $1,578.7 | $162.7 | $325.9 | $2,067.3 | 15.8 |
| 1972 | 763.9 | 1,016.7 | 1,780.6 | 178.0 | 341.2 | 2,299.8 | 14.8 |
| 1973 | 854.4 | 1,166.5 | 2,020.9 | 192.3 | 349.1 | 2,562.3 | 13.6 |
| 1974 | 922.1 | 1,299.4 | 2,221.5 | 211.2 | 360.8 | 2,793.5 | 12.9 |
| 1975 | 994.4 | 1,365.4 | 2,359.8 | 222.7 | 446.3 | 3,028.8 | 14.7 |
| 1976 | 1,106.8 | 1,496.1 | 2,602.9 | 236.3 | 515.8 | 3,354.9 | 15.4 |
| 1977 | -- | -- | 2502.9 | 263.2 | 572.5 | 3338.6 | 17.1 |
| 1978 | -- | -- | 2897.8 | 291.4 | 626.2 | 3815.4 | 16.4 |
| 1979 | -- | -- | 3320.1 | 305.1 | 663.6 | 4288.8 | 15.5 |

[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 amounted to $0.7 billion on Dec. 31, 1947, $3.5 billion on Dec. 31, 1960, $38.8 billion on Dec. 31, 1970, $78.8 billion on Dec. 31, 1975, and $81.4 billion on Dec. 31, 1976.

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

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

Note: Detail may not add to totals because of rounding. Real GNP is in constant 1972 dollars. Real per capita debt expressed in 1967 prices (i.e., Consumer Price Index for all items).

## ESTIMATED PER CAPITA NET GOVERNMENT AND PRIVATE DEBT [1]

[Amounts in dollars]

| Year | Private [2] Individual | Private [2] Corporate | Private [2] Total | State and local | Federal [3] | Total net debt |
|---|---|---|---|---|---|---|
| 1916 | $356 | $394 | $750 | $44 | $12 | $806 |
| 1917 | 375 | 423 | 798 | 46 | 71 | 915 |
| 1918 | 431 | 455 | 887 | 49 | 203 | 1,139 |
| 1919 | 420 | 510 | 930 | 53 | 245 | 1,228 |
| 1920 | 452 | 542 | 994 | 58 | 223 | 1,275 |
| 1921 | 453 | 525 | 978 | 64 | 213 | 1,256 |
| 1922 | 462 | 532 | 995 | 72 | 207 | 1,274 |
| 1923 | 480 | 559 | 1,039 | 77 | 195 | 1,310 |
| 1924 | 489 | 589 | 1,078 | 82 | 184 | 1,344 |
| 1925 | 515 | 628 | 1,142 | 89 | 175 | 1,406 |
| 1926 | 534 | 649 | 1,183 | 95 | 164 | 1,441 |
| 1927 | 558 | 682 | 1,240 | 102 | 153 | 1,494 |
| 1928 | 581 | 715 | 1,295 | 105 | 145 | 1,546 |
| 1929 | 599 | 730 | 1,329 | 112 | 136 | 1,576 |
| 1930 | 583 | 726 | 1,309 | 119 | 134 | 1,562 |

See footnotes at end of table.

## ESTIMATED PER CAPITA NET GOVERNMENT AND PRIVATE DEBT [1]—Continued

[Amounts in dollars]

| Year | Private [2] Individual | Private [2] Corporate | Private [2] Total | State and local | Federal [3] | Total net debt |
|---|---|---|---|---|---|---|
| 1931 | $523 | $673 | $1,196 | $129 | $149 | $1,475 |
| 1932 | 457 | 641 | 1,098 | 133 | 171 | 1,402 |
| 1933 | 406 | 612 | 1,018 | 130 | 194 | 1,342 |
| 1934 | 394 | 597 | 992 | 126 | 241 | 1,358 |
| 1935 | 391 | 588 | 978 | 127 | 270 | 1,375 |
| 1936 | 395 | 594 | 989 | 127 | 294 | 1,410 |
| 1937 | 397 | 588 | 985 | 125 | 304 | 1,414 |
| 1938 | 385 | 565 | 950 | 124 | 312 | 1,386 |
| 1939 | 388 | 562 | 950 | 125 | 325 | 1,401 |
| 1940 | 400 | 570 | 970 | 124 | 338 | 1,431 |
| 1941 | 415 | 623 | 1,038 | 120 | 420 | 1,579 |
| 1942 | 369 | 677 | 1,045 | 114 | 751 | 1,910 |
| 1943 | 356 | 696 | 1,051 | 106 | 1,125 | 2,282 |
| 1944 | 365 | 677 | 1,042 | 100 | 1,525 | 2,668 |
| 1945 | 389 | 607 | 997 | 95 | 1,798 | 2,890 |
| 1946 | 422 | 659 | 1,081 | 97 | 1,617 | 2,794 |
| 1947 | 480 | 757 | 1,237 | 104 | 1,532 | 2,873 |
| 1948 | 548 | 804 | 1,352 | 115 | 1,463 | 2,930 |
| 1949 | 604 | 793 | 1,396 | 128 | 1,453 | 2,977 |
| 1950 | 685 | 938 | 1,623 | 143 | 1,428 | 3,193 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 1951 | 738 | 1,058 | 1,796 | 156 | 1,400 | 3,352 |
| 1952 | 821 | 1,094 | 1,915 | 171 | 1,406 | 3,492 |
| 1953 | 894 | 1,129 | 2,023 | 192 | 1,416 | 3,631 |
| 1954 | 964 | 1,129 | 2,094 | 218 | 1,405 | 3,717 |
| 1955 | 1,085 | 1,296 | 2,381 | 248 | 1,384 | 4,013 |
| 1956 | 1,157 | 1,386 | 2,543 | 263 | 1,328 | 4,135 |
| 1957 | 1,207 | 1,448 | 2,655 | 283 | 1,297 | 4,235 |
| 1958 | 1,275 | 1,498 | 2,773 | 307 | 1,321 | 4,401 |
| 1959 | 1,378 | 1,614 | 2,992 | 335 | 1,357 | 4,684 |
| 1960 | 1,457 | 1,695 | 3,153 | 359 | 1,327 | 4,839 |
| 1961 | 1,550 | 1,787 | 3,338 | 384 | 1,343 | 5,064 |
| 1962 | 1,672 | 1,895 | 3,567 | 413 | 1,360 | 5,339 |
| 1963 | 1,827 | 2,027 | 3,854 | 443 | 1,361 | 5,658 |
| 1964 | 1,981 | 2,174 | 4,154 | 471 | 1,376 | 6,001 |
| 1965 | 2,185 | 2,384 | 4,569 | 506 | 1,371 | 6,446 |
| 1966 | 2,313 | 2,634 | 4,948 | 533 | 1,383 | 6,864 |
| 1967 | 2,461 | 2,831 | 5,293 | 568 | 1,441 | 7,301 |
| 1968 | 2,637 | 3,254 | 5,891 | 611 | 1,454 | 7,956 |
| 1969 | 2,794 | 3,773 | 6,567 | 658 | 1,427 | 8,651 |
| 1970 | 2,929 | 4,081 | 7,010 | 707 | 1,470 | 9,185 |

See footnotes at end of table.

# ESTIMATED PER CAPITA NET GOVERNMENT AND PRIVATE DEBT—Continued

[Amonuts in dollars]

| Year | Private [2] | | | State and local | Federal [3] | Total net debt |
|---|---|---|---|---|---|---|
| | Individual | Corporate | Total | | | |
| 1971 | $3,224 | $4,401 | $7,625 | $786 | $1,574 | $9,984 |
| 1972 | 3,658 | 4,868 | 8,526 | 852 | 1,634 | 11,012 |
| 1973 | 4,061 | 5,544 | 9,605 | 914 | 1,659 | 12,178 |
| 1974 | 4,352 | 6,132 | 10,484 | 997 | 1,703 | 13,183 |
| 1975 | 4,693 | 6,444 | 11,136 | 1,051 | 2,090 | 14,293 |
| 1976 | 5,145 | 6,955 | 12,100 | 1,098 | 2,398 | 15,596 |
| 1977 | -- | -- | 11540 | 1213 | 2640 | 15394 |
| 1978 | -- | -- | 13249 | 1332 | 2863 | 17444 |
| 1979 | -- | -- | 15051 | 1383 | 3008 | 19443 |

[1] 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.

[2] 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 amounted to $0.7 billion on Dec. 31, 1947, $3.5 billion on Dec. 31, 1960, $38.8 billion on Dec. 31, 1970, $78.8 billion on Dec. 31, 1975, and $81.4 billion on Dec. 31, 1976.

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

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

Note.—Detail may not add to totals because of rounding. Real GNP is in constant 1972 dollars. Real per capita debt expressed in 1967 prices (i.e., Consumer Price Index for all items).

## NET GOVERNMENT AND PRIVATE DEBT RELATED TO GROSS NATIONAL PRODUCT

| Year | Gross national product (billion) | Ratios of debt to gross national product | | | | | |
|---|---|---|---|---|---|---|---|
| | | Private [1] | | | | | |
| | | Individual | Corporate | Total | State and local | Federal [2] | Total net debt |
| 1929 | $103.4 | $70.5 | $86.0 | $156.5 | $13.2 | $16.0 | $185.6 |
| 1930 | 90.7 | 79.2 | 98.5 | 177.7 | 16.3 | 18.2 | 212.1 |
| 1931 | 76.1 | 85.4 | 109.8 | 195.1 | 21.1 | 24.4 | 240.5 |
| 1932 | 58.3 | 98.0 | 137.3 | 235.3 | 28.5 | 36.6 | 300.3 |
| 1933 | 55.8 | 91.4 | 137.8 | 229.2 | 29.3 | 43.6 | 301.9 |
| 1934 | 65.3 | 76.3 | 115.7 | 192.0 | 24.4 | 46.6 | 262.9 |
| 1935 | 72.5 | 68.6 | 103.2 | 171.8 | 22.3 | 47.5 | 241.4 |
| 1936 | 82.7 | 61.2 | 92.0 | 153.2 | 19.6 | 45.6 | 218.3 |
| 1937 | 96.7 | 52.9 | 78.4 | 131.2 | 16.7 | 40.6 | 188.4 |
| 1938 | 85.0 | 58.9 | 86.3 | 145.2 | 19.0 | 47.7 | 211.8 |
| 1939 | 90.8 | 56.0 | 81.0 | 136.9 | 18.1 | 47.0 | 201.9 |
| 1940 | 100.0 | 53.1 | 75.7 | 128.7 | 16.5 | 44.9 | 189.9 |
| 1941 | 124.9 | 44.6 | 66.8 | 111.4 | 12.9 | 45.1 | 169.3 |
| 1942 | 158.3 | 31.6 | 57.9 | 89.4 | 9.8 | 64.3 | 163.4 |
| 1943 | 192.0 | 25.5 | 49.8 | 75.2 | 7.6 | 80.5 | 163.2 |

See footnotes at end of table.

## NET GOVERNMENT AND PRIVATE DEBT RELATED TO GROSS NATIONAL PRODUCT—Continued

| Year | Gross national product (billion) | Ratios of debt to gross national product | | | | | |
|---|---|---|---|---|---|---|---|
| | | Private [1] | | | | | |
| | | Individual | Corporate | Total | State and local | Federal [2] | Total net debt |
| 1944 | $210.5 | 24.1 | 44.8 | 68.8 | 6.7 | 100.7 | 176.1 |
| 1945 | 212.3 | 25.8 | 40.2 | 66.0 | 6.4 | 119.0 | 191.2 |
| 1946 | 209.6 | 28.6 | 44.7 | 73.2 | 6.6 | 109.5 | 189.3 |
| 1947 | 232.8 | 29.9 | 47.1 | 76.9 | 6.5 | 95.3 | 178.6 |
| 1948 | 259.1 | 31.2 | 45.7 | 76.9 | 6.6 | 83.1 | 166.5 |
| 1949 | 258.0 | 35.1 | 46.1 | 81.1 | 7.5 | 84.4 | 172.8 |
| 1950 | 286.2 | 36.5 | 49.9 | 86.4 | 7.6 | 76.0 | 169.9 |
| 1951 | 330.2 | 34.7 | 49.7 | 84.3 | 7.4 | 65.7 | 157.3 |
| 1952 | 347.2 | 37.3 | 49.7 | 86.9 | 7.8 | 63.8 | 158.5 |
| 1953 | 366.1 | 39.2 | 49.5 | 88.6 | 8.4 | 62.0 | 158.9 |
| 1954 | 366.3 | 43.0 | 50.3 | 93.2 | 9.7 | 62.6 | 165.5 |
| 1955 | 399.3 | 45.2 | 53.9 | 99.0 | 10.3 | 57.6 | 166.8 |
| 1956 | 420.7 | 46.5 | 55.7 | 102.2 | 10.6 | 53.4 | 166.1 |
| 1957 | 442.8 | 46.9 | 56.3 | 103.2 | 11.0 | 50.4 | 164.5 |
| 1958 | 448.9 | 49.7 | 58.4 | 108.1 | 12.0 | 51.5 | 171.5 |
| 1959 | 486.5 | 50.4 | 59.0 | 109.4 | 12.3 | 49.7 | 171.3 |
| 1960 | 506.0 | 52.1 | 60.6 | 112.6 | 12.9 | 47.4 | 172.8 |
| 1961 | 523.3 | 54.5 | 62.8 | 117.2 | 13.5 | 47.2 | 177.8 |
| 1962 | 563.8 | 55.4 | 62.7 | 118.1 | 13.7 | 45.0 | 176.7 |
| 1963 | 594.7 | 58.2 | 64.6 | 122.7 | 14.2 | 43.3 | 180.1 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1964 | 635.7 | 59.8 | 65.7 | 125.5 | 14.3 | 41.6 | 181.2 |
| 1965 | 688.1 | 61.7 | 67.3 | 129.0 | 14.3 | 38.7 | 182.0 |
| 1966 | 753.0 | 60.4 | 68.6 | 129.2 | 13.9 | 36.1 | 179.2 |
| 1967 | 796.3 | 61.4 | 70.7 | 132.1 | 14.2 | 36.0 | 182.2 |
| 1968 | 868.5 | 60.9 | 75.2 | 136.1 | 14.1 | 33.6 | 183.9 |
| 1969 | 935.5 | 60.5 | 81.7 | 142.2 | 14.2 | 30.9 | 187.4 |
| 1970 | 982.4 | 61.1 | 85.1 | 146.2 | 14.7 | 30.6 | 191.6 |
| 1971 | 1,063.4 | 62.8 | 85.7 | 148.5 | 15.3 | 30.6 | 194.4 |
| 1972 | 1,171.1 | 65.2 | 86.8 | 152.0 | 15.2 | 29.2 | 196.4 |
| 1973 | 1,306.3 | 65.4 | 89.3 | 154.7 | 14.6 | 26.7 | 196.1 |
| 1974 | 1,412.9 | 65.3 | 92.0 | 157.2 | 14.9 | 25.5 | 197.7 |
| 1975 | 1,528.8 | 65.0 | 89.3 | 154.4 | 14.6 | 29.2 | 198.1 |
| 1976 | 1691.6 | 65.5 | 88.5 | 153.9 | 14.0 | 30.5 | 198.4 |
| 1977 | 1918.0 | -- | -- | 130.5 | 13.7 | 29.8 | 174.1 |
| 1978 | 2156.1 | -- | -- | 134.4 | 13.5 | 29.0 | 177.0 |
| 1979 | 2413.9 | -- | -- | 137.5 | 12.6 | 27.5 | 177.7 |

[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 amounted to $0.7 billion on Dec. 31, 1947, $3.5 billion on Dec. 31, 1960, $38.8 billion on Dec. 31, 1970, $78.8 billion on Dec. 31, 1975, and $81.4 billion on Dec. 31, 1976.

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

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

Note: Detail may not add to totals because of rounding. Real GNP is in constant 1972 dollars. Real per capita debt expressed in 1967 prices (i.e., Consumer Price Index for all items.

# ESTIMATED FEDERAL DEBT RELATED TO POPULATION AND PRICES

[Amounts in dollars]

| Year | Outstanding Federal debt | | | Per capita Federal debt[1] | | | Real per capita Federal debt | | |
|---|---|---|---|---|---|---|---|---|---|
| | Gross[2] | Net[3] | Privately held net[4] | Gross[2] | Net[3] | Privately held net[4] | Gross[2] | Net[3] | Privately held net[1] |
| 1929 | $17.5 | $16.5 | $16.0 | $144 | $136 | $131 | $281 | $265 | $256 |
| 1930 | 17.3 | 16.5 | 15.8 | 141 | 134 | 128 | 292 | 279 | 266 |
| 1931 | 19.1 | 18.5 | 17.7 | 154 | 149 | 142 | 354 | 342 | 327 |
| 1932 | 22.0 | 21.3 | 19.4 | 176 | 171 | 155 | 451 | 437 | 396 |
| 1933 | 25.3 | 24.3 | 21.9 | 201 | 194 | 174 | 513 | 492 | 443 |
| 1934 | 33.3 | 30.4 | 28.0 | 264 | 241 | 221 | 657 | 600 | 551 |
| 1935 | 36.2 | 34.4 | 32.0 | 284 | 270 | 251 | 688 | 654 | 607 |
| 1936 | 40.3 | 37.7 | 35.3 | 315 | 294 | 275 | 752 | 704 | 658 |
| 1937 | 43.1 | 39.2 | 36.6 | 335 | 304 | 284 | 776 | 706 | 658 |
| 1938 | 45.6 | 40.5 | 37.9 | 351 | 312 | 291 | 837 | 744 | 695 |
| 1939 | 48.8 | 42.6 | 40.1 | 373 | 325 | 306 | 893 | 780 | 733 |
| 1940 | 52.2 | 44.8 | 42.6 | 394 | 338 | 321 | 934 | 802 | 761 |
| 1941 | 65.6 | 56.3 | 54.0 | 490 | 420 | 403 | 1,059 | 909 | 871 |
| 1942 | 113.7 | 101.7 | 95.5 | 840 | 751 | 705 | 1,661 | 1,486 | 1,394 |
| 1943 | 171.0 | 154.4 | 142.9 | 1,246 | 1,125 | 1,041 | 2,388 | 2,156 | 1,995 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 1944 | 233.6 | 211.9 | 193.1 | 1,682 | 1,525 | 1,390 | 3,156 | 2,863 | 2,608 |
| 1945 | 279.6 | 252.5 | 228.2 | 1,990 | 1,798 | 1,624 | 3,653 | 3,299 | 2,981 |
| 1946 | 260.4 | 229.5 | 206.1 | 1,835 | 1,617 | 1,452 | 2,841 | 2,504 | 2,248 |
| 1947 | 256.1 | 221.7 | 199.1 | 1,770 | 1,532 | 1,375 | 2,522 | 2,183 | 1,960 |
| 1948 | 252.6 | 215.3 | 192.0 | 1,716 | 1,463 | 1,304 | 2,384 | 2,032 | 1,811 |
| 1949 | 256.9 | 217.6 | 197.7 | 1,715 | 1,453 | 1,320 | 2,427 | 2,056 | 1,867 |
| 1950 | 256.5 | 217.4 | 196.6 | 1,684 | 1,428 | 1,291 | 2,252 | 1,909 | 1,725 |
| 1951 | 258.9 | 216.9 | 193.1 | 1,672 | 1,400 | 1,246 | 2,109 | 1,767 | 1,573 |
| 1952 | 267.0 | 221.5 | 196.8 | 1,695 | 1,406 | 1,249 | 2,119 | 1,758 | 1,562 |
| 1953 | 274.7 | 226.8 | 200.9 | 1,715 | 1,416 | 1,254 | 2,131 | 1,759 | 1,558 |
| 1954 | 278.0 | 229.1 | 204.2 | 1,705 | 1,405 | 1,252 | 2,128 | 1,754 | 1,563 |
| 1955 | 280.6 | 229.6 | 204.8 | 1,691 | 1,384 | 1,234 | 2,102 | 1,720 | 1,534 |
| 1956 | 277.2 | 224.3 | 199.4 | 1,641 | 1,328 | 1,180 | 1,983 | 1,605 | 1,426 |
| 1957 | 277.4 | 223.0 | 198.8 | 1,613 | 1,297 | 1,155 | 1,892 | 1,521 | 1,356 |
| 1958 | 284.5 | 231.0 | 204.7 | 1,627 | 1,321 | 1,170 | 1,876 | 1,523 | 1,349 |
| 1959 | 294.4 | 241.4 | 214.8 | 1,656 | 1,357 | 1,207 | 1,881 | 1,542 | 1,372 |
| 1960 | 294.1 | 239.8 | 212.4 | 1,628 | 1,327 | 1,175 | 1,823 | 1,486 | 1,316 |
| 1961 | 300.5 | 246.7 | 217.8 | 1,636 | 1,343 | 1,185 | 1,820 | 1,494 | 1,319 |
| 1962 | 308.0 | 253.6 | 222.8 | 1,651 | 1,360 | 1,194 | 1,815 | 1,495 | 1,313 |
| 1963 | 314.1 | 257.5 | 223.9 | 1,660 | 1,361 | 1,183 | 1,795 | 1,472 | 1,279 |

See footnotes at end of table.

## ESTIMATED FEDERAL DEBT RELATED TO POPULATION AND PRICES—Continued

[Amounts in dollars]

| Year | Outstanding Federal debt | | | Per capita Federal debt [1] | | | Real per capita Federal debt | | |
|---|---|---|---|---|---|---|---|---|---|
| | Gross [2] | Net [3] | Privately held net [4] | Gross [2] | Net [3] | Privately held net [4] | Gross [2] | Net [3] | Privately held net [1] |
| 1964 | $323.4 | $264.0 | $227.0 | $1,685 | $1,376 | $1,183 | $1,801 | $1,470 | $1,264 |
| 1965 | 326.9 | 266.4 | 225.6 | 1,682 | 1,371 | 1,161 | 1,764 | 1,438 | 1,217 |
| 1966 | 339.6 | 271.8 | 227.5 | 1,728 | 1,383 | 1,157 | 1,753 | 1,403 | 1,174 |
| 1967 | 361.9 | 286.4 | 237.3 | 1,821 | 1,441 | 1,194 | 1,793 | 1,419 | 1,176 |
| 1968 | 371.3 | 291.9 | 238.9 | 1,850 | 1,454 | 1,190 | 1,739 | 1,367 | 1,119 |
| 1969 | 381.2 | 289.3 | 232.1 | 1,881 | 1,427 | 1,145 | 1,666 | 1,265 | 1,014 |
| 1970 | 400.8 | 301.1 | 239.0 | 1,956 | 1,470 | 1,166 | 1,643 | 1,234 | 979 |
| 1971 | 434.4 | 325.9 | 255.1 | 2,098 | 1,574 | 1,232 | 1,705 | 1,279 | 1,001 |
| 1972 | 460.2 | 341.2 | 269.9 | 2,203 | 1,634 | 1,292 | 1,732 | 1,284 | 1,015 |
| 1973 | 480.7 | 349.1 | 268.6 | 2,285 | 1,659 | 1,276 | 1,650 | 1,198 | 922 |
| 1974 | 504.0 | 360.8 | 280.1 | 2,378 | 1,703 | 1,322 | 1,531 | 1,096 | 851 |
| 1975 | 587.6 | 446.3 | 358.2 | 2,752 | 2,090 | 1,677 | 1,655 | 1,257 | 1,009 |
| 1976 | 664.8 | 515.8 | 418.5 | 3,090 | 2,398 | 1,945 | 1,773 | 1,376 | 1,116 |
| 1977 | 729.2 | 572.5 | 469.5 | 3362 | 2640 | 2165 | 1807 | 1419 | 1163 |
| 1978 | 797.7 | 626.2 | 515.4 | 3647 | 2863 | 2356 | 1797 | 1411 | 1161 |
| 1979 | 852.2 | 663.6 | 546.0 | 3863 | 3008 | 2475 | 1680 | 1308 | 1077 |

[1] 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.

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

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

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

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

Note: Detail may not add to totals because of rounding. Real GNP is in constant 1972 dollars. Real per capita debt expressed in 1967 prices (i.e., Consumer Price Index for all items).

## PRIVATELY HELD FEDERAL DEBT RELATED TO GNP

[Dollar amounts in billions]

| Year | Gross national product | Privately held debt [1] | Ratio of debt to GNP | Year-to-year price changes [2] |
|---|---|---|---|---|
| 1929 | $103.4 | $16.0 | 15.5 | ............ |
| 1930 | 90.7 | 15.8 | 17.5 | −6.0 |
| 1931 | 76.1 | 17.7 | 23.3 | −9.5 |
| 1932 | 58.3 | 19.4 | 33.3 | −10.2 |
| 1933 | 55.8 | 21.9 | 39.3 | .6 |
| 1934 | 65.3 | 28.0 | 42.9 | 2.1 |
| 1935 | 72.5 | 32.0 | 44.2 | 3.0 |
| 1936 | 82.7 | 35.3 | 42.7 | 1.3 |
| 1937 | 96.7 | 36.6 | 37.9 | 3.2 |
| 1938 | 85.0 | 37.9 | 44.7 | −2.7 |
| 1939 | 90.8 | 40.1 | 44.2 | −.4 |
| 1940 | 100.0 | 42.6 | 42.7 | 1.0 |
| 1941 | 124.9 | 54.0 | 43.3 | 9.8 |
| 1942 | 158.3 | 95.5 | 60.4 | 9.3 |
| 1943 | 192.0 | 142.9 | 74.5 | 3.2 |
| 1944 | 210.5 | 193.1 | 91.8 | 2.2 |
| 1945 | 212.3 | 228.2 | 107.5 | 2.3 |
| 1946 | 209.6 | 206.1 | 98.4 | 18.6 |
| 1947 | 232.8 | 199.1 | 85.6 | 8.7 |
| 1948 | 259.1 | 192.0 | 74.2 | 2.6 |
| 1949 | 258.0 | 197.7 | 76.7 | −1.8 |
| 1950 | 286.2 | 196.6 | 68.7 | 5.9 |
| 1951 | 330.2 | 193.1 | 58.5 | 6.0 |
| 1952 | 347.2 | 196.8 | 56.7 | .9 |
| 1953 | 366.1 | 200.9 | 54.9 | .7 |
| 1954 | 366.3 | 204.2 | 55.8 | −.4 |
| 1955 | 399.3 | 204.8 | 51.3 | .4 |
| 1956 | 420.7 | 199.4 | 47.4 | 2.9 |
| 1957 | 442.8 | 198.8 | 44.9 | 3.1 |
| 1958 | 448.9 | 204.7 | 45.7 | 1.8 |
| 1959 | 486.5 | 214.8 | 44.2 | 1.5 |
| 1960 | 506.0 | 212.4 | 42.0 | 1.5 |
| 1961 | 523.3 | 217.8 | 41.7 | .7 |
| 1962 | 563.8 | 222.8 | 39.6 | 1.3 |
| 1963 | 594.7 | 223.9 | 37.7 | 1.7 |

See footnotes at end of table.

## PRIVATELY HELD FEDERAL DEBT RELATED TO GNP—Continued

[Dollar amounts in billions]

| Year | Gross national product | Privately held debt [1] | Ratio of debt to GNP | Year-to-year price changes [2] |
|---|---|---|---|---|
| 1964 | $635.7 | $227.0 | 35.8 | 1.2 |
| 1965 | 688.1 | 225.6 | 32.8 | 2.0 |
| 1966 | 753.0 | 227.5 | 30.3 | 3.4 |
| 1967 | 796.3 | 237.3 | 29.9 | 3.0 |
| 1968 | 868.5 | 238.9 | 27.6 | 4.7 |
| 1969 | 935.5 | 232.1 | 24.9 | 6.1 |
| 1970 | 982.4 | 239.0 | 24.4 | 5.5 |
| 1971 | 1,063.4 | 255.6 | 24.0 | 3.4 |
| 1972 | 1,171.1 | 271.1 | 23.1 | 3.4 |
| 1973 | 1,306.3 | 270.4 | 20.7 | 8.8 |
| 1974 | 1,412.9 | 280.1 | 19.8 | 12.2 |
| 1975 | 1,528.8 | 358.2 | 23.4 | 7.0 |
| 1976 | 1,706.5 | 418.5 | 24.5 | 4.8 |
| 1977 | 1918.0 | 469.5 | 24.5 | 6.8 |
| 1978 | 2156.1 | 515.4 | 23.9 | 9.0 |
| 1979 | 2413.9 | 546.0 | 22.6 | 13.3 |

[1] Borrowing from the public less Federal Reserve holdings.
[2] Measured by all item Consumer Price Index, December to December basis.

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

Note: Detail may not add to totals because of rounding. Real GNP is in constant 1972 dollars. Real per capita debt expressed in 1967 prices (i.e., Consumer Price Index for all items).

## CHANGES IN PER CAPITA REAL GROSS NATIONAL PRODUCT

| Year | GNP in billions of 1972 dollars | GNP per capita constant 1972 dollars[1] | GNP per capita, change from year ago | |
|---|---|---|---|---|
| | | | Constant 1972 dollars | Percent |
| 1929 | 314.7 | 2,584 | | |
| 1930 | 385.1 | 3,129 | 544 | 21 |
| 1931 | 263.3 | 2,123 | −1,006 | −32 |
| 1932 | 227.1 | 1,819 | −303 | −14 |
| 1933 | 222.1 | 1,769 | −50 | −2 |
| 1934 | 239.3 | 1,894 | 125 | 7 |
| 1935 | 261.0 | 2,051 | 157 | 8 |
| 1936 | 297.1 | 2,320 | 269 | 13 |
| 1937 | 310.8 | 2,413 | 92 | 4 |
| 1938 | 297.8 | 2,294 | −118 | −4 |
| 1939 | 319.7 | 2,443 | 148 | 6 |
| 1940 | 343.6 | 2,591 | 148 | 6 |
| 1941 | 396.6 | 2,962 | 370 | 14 |
| 1942 | 454.6 | 3,358 | 396 | 13 |
| 1943 | 527.3 | 3,842 | 483 | 14 |
| 1944 | 567.0 | 4,082 | 239 | 6 |
| 1945 | 559.0 | 3,980 | −101 | −2 |
| 1946 | 477.0 | 3,361 | −618 | −15 |
| 1947 | 468.3 | 3,236 | −124 | −3 |
| 1948 | 487.7 | 3,313 | 76 | 2 |
| 1949 | 490.7 | 3,276 | −36 | −1 |
| 1950 | 533.5 | 3,504 | 227 | 6 |
| 1951 | 576.5 | 3,722 | 218 | 6 |
| 1952 | 598.5 | 3,799 | 76 | 2 |
| 1953 | 621.8 | 3,882 | 83 | 2 |
| 1954 | 613.7 | 3,764 | −117 | −2 |
| 1955 | 654.8 | 3,946 | 181 | 4 |
| 1956 | 668.8 | 3,960 | 13 | |
| 1957 | 680.9 | 3,959 | | |
| 1958 | 679.5 | 3,885 | −73 | −1 |
| 1959 | 720.4 | 4,051 | 165 | 4 |
| 1960 | 736.8 | 4,078 | 27 | |
| 1961 | 755.3 | 4,112 | 33 | |
| 1962 | 799.1 | 4,284 | 172 | 4 |
| 1963 | 830.7 | 4,390 | 105 | 2 |

See footnotes at end of table.

## CHANGES IN PER CAPITA REAL GROSS NATIONAL PRODUCT—Continued

| Year | GNP in billions of 1972 dollars | GNP per capita constant 1972 dollars [1] | GNP per capita, change from year ago: Constant 1972 dollars | GNP per capita, change from year ago: Percent |
|---|---|---|---|---|
| 1964 | 874.4 | 4,557 | 167 | 3 |
| 1965 | 925.9 | 4,765 | 208 | 4 |
| 1966 | 981.0 | 4,991 | 225 | 4 |
| 1967 | 1,007.7 | 5,071 | 80 | 1 |
| 1968 | 1,051.8 | 5,241 | 169 | 3 |
| 1969 | 1,078.8 | 5,323 | 82 | 1 |
| 1970 | 1,075.3 | 5,249 | −74 | −1 |
| 1971 | 1,107.5 | 5,349 | 100 | 1 |
| 1972 | 1,171.1 | 5,607 | 258 | 4 |
| 1973 | 1,235.0 | 5,869 | 262 | 4 |
| 1974 | 1,217.8 | 5,747 | −122 | −2 |
| 1975 | 1191.7 | 5581 | -148 | -2 |
| 1976 | 1264.7 | 5879 | 298 | 5 |
| 1977 | 1371.7 | 6325 | 446 | 7 |
| 1978 | 1436.9 | 6570 | 245 | 4 |
| 1979 | 1483.0 | 6723 | 153 | 2 |

[1] 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.

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

Note: Detail may not add to totals because of rounding. Real GNP is in constant 1972 dollars. Real per capita debt expressed in 1967 prices (i.e., Consumer Price Index for all items).

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