

INCREASE OF TEMPORARY LIMIT ON PUBLIC DEBT

 NOVEMBER 21, 1973.—Ordered to be printed

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

REPORT

[To accompany H.R. 11104]

The Committee on Finance, to whom was referred the bill (H.R. 11104) to provide for a temporary increase of \$10,700,000,000 in the public debt limit and to extend the period to which this temporary limit applies to June 30, 1974, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

I. SUMMARY

The permanent debt limitation under present law is \$400 billion. Effective through November 30, 1973, present law also provides for a temporary additional limit of \$65 billion, providing for an overall public debt limit of \$465 billion.

The bill as passed by the House and as reported by the committee provides for an increase of the present temporary debt limitation from \$65 billion to \$75.7 billion. It also extends this temporary limit from November 30, 1973 to June 30, 1974. No change is made in the permanent debt limit of \$400 billion. Thus the bill raises the combined debt limitation to \$475.7 billion for the period through June 30, 1974.

The administration requested an increase in the debt limitation to \$480 billion through June 30, 1974. The committee believes that the present domestic economic situation and the budget estimates for outlays and receipts through the remainder of fiscal year 1974 indicate that it will be possible to meet financial requirements under prudent fiscal management with the debt limitation of \$475.7 billion at least for much of the remainder of the fiscal year. The committee favors a relatively tight limitation of this type because it believes that it is desirable to use the debt limitation as a means for providing at least some overall congressional control over the budget until the Congress enacts legislation creating a legislative system for examining and controlling budget totals and budget components.

Although the committee accepted the basic House provision without change, it added an amendment to require that no renegotiation, cancellation or rescheduling of debt owed to the United States by a foreign government may be made unless this is specifically authorized by Congress in a concurrent resolution.

The committee also desires to join the House in clarifying congressional intent as presently expressed in the Second Liberty Bond Act (section 22(a)(3)) which deals with the rate of interest on U.S. savings bonds. It is the committee's understanding that this subsection provides the Secretary of the Treasury with the authority to increase the interest rates on U.S. savings bonds by up to one-half of one percent, when he has the approval of the President. Under this provision, it is the committee's understanding that the Secretary may increase this interest rate from its present level of 5½ percent up to 6 percent without any further statutory authority.

TABLE 1.—STATUTORY DEBT LIMITATIONS, FISCAL YEARS 1947 TO DATE, AND A PROPOSED LIMITATION IN FISCAL YEAR 1974

[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..... | 285 | 5 | 290 |
| 1960..... | 285 | 10 | 295 |
| 1961..... | 285 | 8 | 293 |
| 1962 through Mar. 12..... | 285 | 13 | 198 |
| 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 |
| 1972 through Oct. 31 ¹ | 400 | 50 | 450 |
| 1973 through June 30 ¹ | 400 | 65 | 465 |
| 1973 through Nov. 31 ¹ | 400 | 65 | 465 |
| Proposed: | | | |
| From Nov. 30, 1973 through June 30, 1974 ¹ | 400 | 75.7 | 475.7 |
| After June 30, 1974 ¹ | 400 | ----- | 400 |

¹ Includes FNMA participation certificates issued in fiscal year 1968.

II. PUBLIC DEBT LIMITATION

PRESENT LAW

The combined permanent and temporary limitation on the public debt is \$465 billion, effective through November 30, 1973. The limita-

tion was approved by Congress and became law on July 1, 1973. It is expected that this limitation will be sufficient to meet the requirements of the Federal Government at least until the latter part of November. The public debt subject to limit outstanding on November 15, 1973, was \$461.9 billion. The Secretary of the Treasury, in his testimony before the committee on November 15, indicated that he expected the outstanding debt on June 30, 1974, given a \$6 billion cash balance and a \$3 billion margin for contingencies, to be \$471 billion.

CURRENT BUDGET OUTLOOK

The administration presented budget estimates in June and more recently in the committee's public hearings on November 15. In June 1973, the administration estimated that the deficit in the unified budget for fiscal year 1974 would be \$2.7 billion. On a Federal funds basis, the deficit for fiscal year 1974 was estimated at that time at \$18.8 billion. The difference of \$16.1 billion in these two budget deficits in large part represented the anticipated surplus in the trust funds. These estimates are shown in table 2.

In the hearings on November 15, 1973, the administration presented revised estimates of receipts for fiscal year 1974. Estimates of unified budget outlays (expenditures and net lending) for 1974 increased by \$1.3 billion, from \$268.7 billion to \$270.0 billion. Details of this increase are shown in table 3 below.

In November, the administration estimated that unified budget receipts in fiscal year 1974 would increase by \$4 billion to \$270.0 billion, and outlays would increase by \$1.3 billion to \$270.0 billion, bringing about a decline in the estimated unified budget deficit from \$2.7 billion to a balanced budget position. On a Federal funds basis, the administration presently estimates that the deficit will be \$15.0 billion, a decline of \$3.7 billion from the level previously estimated. These estimates show that the trust fund surplus will decrease from \$16.1 billion to \$15.0 billion.

The estimates of receipts and the changes in estimated budget deficits are also summarized in table 4. Details of the revision of the receipts estimates since the January budget are shown in table 5.

The staff of the Joint Committee on Internal Revenue Taxation has prepared estimates of receipts for fiscal year 1974, which are shown in table 6 with the most recent comparable administration estimates. These estimates do not differ greatly from the recent estimates presented by the Treasury. The chief difference lies in an estimate of corporate income tax receipts for fiscal year 1974 which is \$1 billion below the administration estimate.

The budget estimates by the administration and the estimates of receipts by the Joint Committee staff were prepared before the war in the Middle East and the onset of the present energy crisis in the United States. These two events could well bring about a change in budget outlays and budget receipts between now and the end of this fiscal year. No attempt has as yet been made to reconsider the economic bases on which the estimates of outlays and revenues were made.

For fiscal year 1974, the staff estimate of receipts of \$268.8 billion on the unified budget basis is \$1.2 billion below the administration estimate. Table 6 shows receipts by major receipt classifications as estimated by the administration and the Joint Committee staff.

TABLE 2.—CHANGE IN BUDGET SURPLUS OR DEFICIT (—) BY FUND GROUP

[Fiscal years; in billions of dollars]

| | 1972 actual | 1973 actual | 1974 | | Change |
|--------------------------------------|----------------|----------------|------------------|-----------------------|-------------|
| | | | June estimate | Current estimate | |
| Federal funds: | | | | | |
| Transactions with the public..... | -16.2 | -3.9 | 1.9 | 5.9 | 4.0 |
| Transactions with trust funds..... | -12.9 | -21.1 | -20.7 | -20.9 | -.2 |
| Total..... | -29.1 | -25.0 | -18.8 | -15.0 | 3.7 |
| Trust funds: | | | | | |
| Transactions with the public..... | -7.1 | -10.4 | -4.7 | -5.9 | -1.2 |
| Transactions with Federal funds..... | 12.9 | 21.1 | 20.7 | 20.9 | .2 |
| Total..... | 5.9 | 10.7 | 16.1 | 15.0 | -1.0 |
| Budget total: | | | | | |
| Federal funds..... | -29.1 | -25.0 | -18.8 | -15.0 | 3.7 |
| Trust funds..... | 5.9 | 10.7 | 16.1 | 15.0 | -1.0 |
| Total..... | -23.2 | -14.3 | -2.7 | (¹) | 2.7 |

¹ Less than \$50,000,000.

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

TABLE 3.—Fiscal year 1974 outlays

| | <i>Billions of dollars</i> |
|--|--------------------------------|
| June 1 estimate..... | 268.7 |
| Completed congressional actions: | |
| Food stamp liberalization and repeal of wheat processing charges.. | (1.1) |
| Veterans programs, including inactions on proposed savings..... | (0.4) |
| Advance of Federal pay raise..... | (0.3) |
| Social security and medicaid benefits..... | (0.2) |
| School lunch and child nutrition amendments..... | 0.2 |
| Agriculture-Environmental appropriations (excluding food stamp add on)..... | 0.2 |
| Other completed actions..... | (0.4) |
| Subtotal, completed congressional actions..... | 2.9 |
| Other changes: | |
| Interest paid on the debt..... | (1.5) |
| Interest received and other undistributed intragovernmental trans- actions..... | (-0.7) |
| Farm price supports..... | (-1.2) |
| Medicaid cost increases..... | (0.6) |
| Veterans readjustment benefits..... | (0.4) |
| Federal employee retirement funds..... | (0.2) |
| Federal Housing Administration fund..... | (0.2) |
| Outer Continental Shelf rents and royalties (offset against out- lays)..... | (-2.3) |
| Military aid to Israel and Cambodia..... | 0.6 |
| Financial asset sales..... | -0.9 |
| Other changes (net)..... | (-0.1) |
| Subtotal, other changes..... | -1.6 |
| Current estimate..... | 270.0 |

TABLE 4. CHANGE IN BUDGET RECEIPTS AND OUTLAYS BY FUND GROUP

[Fiscal years; in billions of dollars]

| | 1972 actual | 1973 actual | 1974 | | Change |
|-------------------------------------|----------------|----------------|------------------|---------------------|--------|
| | | | June estimate | Current estimate | |
| Receipts: | | | | | |
| Federal funds..... | 148.8 | 161.4 | 181.0 | 185.6 | 4.6 |
| Trust funds..... | 73.0 | 92.2 | 106.1 | 106.0 | -2 |
| Intragovernmental transactions..... | -13.2 | -21.3 | -21.1 | -21.6 | -5 |
| Total..... | 208.6 | 232.2 | 226.0 | 270.0 | 4.0 |
| Outlays: | | | | | |
| Federal funds..... | 178.0 | 186.4 | 199.8 | 200.8 | 1.0 |
| Trust funds..... | 67.1 | 81.5 | 90.1 | 90.8 | .8 |
| Intragovernmental transactions..... | -13.2 | -21.3 | -21.1 | -21.6 | -5 |
| Total..... | 231.9 | 246.5 | 268.7 | 270.0 | 1.3 |
| Surplus or deficit (-): | | | | | |
| Federal funds..... | -29.1 | -25.0 | -18.8 | -15.0 | 3.7 |
| Trust funds..... | 5.9 | 10.7 | 16.1 | 15.0 | -1.0 |
| Total..... | -23.2 | -14.3 | -2.7 | (¹) | 2.7 |

¹ Less than \$50,000,000.

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

TABLE 5.—COMPARISON OF FISCAL YEAR 1974 RECEIPTS AS ESTIMATED IN JANUARY 1973, MAY 1973, MIDSESSION REVIEW, AND CURRENTLY

[In billions of dollars]

| | January 1973 budget | Change from January 1973 budget | May 1, 1973, estimate | Change from May estimate | Mid- session review | Change from mid- session review | Current estimate |
|--|---------------------------|---|-----------------------------|-----------------------------------|---------------------------|---|----------------------|
| Individual income taxes..... | 111.6 | +3.7 | 115.3 | +0.7 | 116.0 | ² +1.0 | 117.0 |
| Corporation income tax..... | 37.0 | +3.0 | 40.0 | +1.5 | 41.5 | +2.5 | 44.0 |
| Employment taxes and contributions..... | 67.9 | ----- | 67.9 | +5 | 68.4 | ³ -5 | 67.9 |
| Unemployment insurance..... | 6.3 | -1 | 6.2 | ----- | 6.2 | ----- | 6.2 |
| Contributions for other insurance and retirement..... | 4.0 | ----- | 4.0 | ----- | 4.0 | ----- | 4.0 |
| Excise taxes..... | 16.8 | ----- | 16.8 | ----- | 16.8 | ----- | 16.8 |
| Estate and gift taxes..... | 5.0 | +4 | 5.4 | ----- | 5.4 | +4 | 5.8 |
| Customs duties..... | 3.3 | +2 | 3.5 | ----- | 3.5 | ----- | 3.5 |
| Miscellaneous receipts..... | 4.1 | -2 | 3.9 | +3 | 4.2 | +6 | 4.8 |
| Total budget receipts..... | 256.0 | +7.0 | 263.0 | +3.0 | 266.0 | +4.0 | 270.0 |
| Underlying income assumptions—Calendar year 1973: | | | | | | | |
| GNP..... | 1,267.0 | ----- | 1,283.0 | ----- | 1,283.0 | ----- | ⁴ 1,288.0 |
| Personal income..... | 1,018.0 | ----- | 1,030.0 | ----- | 1,030.0 | ----- | ⁴ 1,033.0 |
| Corporate profits before tax..... | 108.0 | ----- | 116.0 | ----- | 116.0 | ----- | ⁴ 129.0 |

¹ Includes +\$200,000,000 for anticipated legislation required to write off liability carried on outstanding silver certificates.² Includes +\$300,000,000 for deferral to fiscal year 1975 of proposed legislation dealing with private school tuition credits and +\$0.3 for substitution of pension reform legislation passed by the Senate for pension reform legislation proposed by the administration (primarily reflecting later effective dates).³ Consists of -\$600,000,000 for dropping proposed legislation to increase taxes under the Railroad Retirement Tax Act and +\$100,000,000 for enacted legislation to increase the social security tax base, effective Jan. 1, 1974.⁴ These incomes reflect, in part, historical revisions reported by the Department of Commerce in July 1973 and, therefore, are not directly comparable with prior income assumptions.

Note: Figures are rounded and may not necessarily add to totals.

TABLE 6.—ESTIMATED UNIFIED BUDGET RECEIPTS, FISCAL YEAR 1974

[In millions of dollars]

| | Staff | Administration |
|---|--------------|----------------|
| Individual income taxes..... | 116.8 | 117.0 |
| Corporation income tax..... | 43.0 | 44.0 |
| Social Insurance taxes and contributions..... | 78.5 | 78.1 |
| Excise taxes..... | 16.7 | 16.8 |
| Estate and gift taxes..... | 5.7 | 5.8 |
| Customs duties..... | 3.3 | 3.5 |
| Miscellaneous receipts..... | 4.8 | 4.8 |
| Total..... | 268.8 | 270.0 |

ADMINISTRATION PROPOSAL

The administration requested an increase in the combined permanent and temporary limitation on the public debt to \$480 billion for the fiscal year 1974. The estimate is based on the projections of receipts which have been summarized in the preceding section and on the assumption that budget outlays will be kept within the \$270 billion estimate presented by the administration. Treasury Department estimates of the outstanding public debt subject to limitation in fiscal year 1974 at the end of each month and the highest level within each month are shown in table 7. These estimates assume a constant operating cash balance of \$6 billion and \$3 billion margin for contingencies.

The tabulations show that for the remainder of fiscal year 1974 the highest public debt projections are \$478 billion on April 10, 1974, and at the end of the month of May and \$480 billion on June 11, 1974. These projections include the estimated \$6 billion operating cash balance and the \$3 billion contingency margins.

TABLE 7.—ESTIMATED PUBLIC DEBT SUBJECT TO LIMITATION FISCAL YEAR 1974 BASED ON ESTIMATED BUDGET OUTLAYS OF \$268,700,000,000 AND RECEIPTS OF \$266,000,000,000

[In billions of dollars]

| | Operating cash balance | Public debt subject to limitation | With \$3,000,000,000 margin for contingencies |
|---------------|------------------------|-----------------------------------|---|
| 1973 | | | |
| Actual: | | | |
| June 30..... | 12.6 | 459.1 | |
| July 31..... | 7.2 | 460.0 | |
| Aug. 31..... | 3.1 | 462.8 | |
| Sept. 30..... | 8.3 | 462.4 | |
| Oct. 31..... | 5.7 | 463.4 | |
| Nov. 12..... | 2.9 | 459.8 | |
| Estimated: | | | |
| Nov. 30..... | 6.0 | 467 | |
| Dec. 11..... | 6.0 | 467 | |
| Dec. 31..... | 6.0 | 467 | |
| 1974 | | | |
| Jan. 10..... | 6.0 | 469 | 472 |
| Jan. 31..... | 6.0 | 467 | 470 |
| Feb. 15..... | 6.0 | 466 | 469 |
| Feb. 28..... | 6.0 | 471 | 474 |
| Mar. 8..... | 6.0 | 472 | 475 |
| Mar. 31..... | 6.0 | 473 | 476 |
| Apr. 10..... | 6.0 | 475 | 478 |
| Apr. 30..... | 6.0 | 468 | 471 |
| May 15..... | 6.0 | 469 | 472 |
| May 31..... | 6.0 | 475 | 478 |
| June 11..... | 6.0 | 477 | 480 |
| June 30..... | 6.0 | 468 | 471 |

Tables which show the relationship of the Federal debt to State and local government debt, corporate debt, individual debt (in absolute amounts and per capita), the gross national product, and the relationship to changing price levels are shown in the Appendix (Section VI). In relation to these factors, the relative importance of the Federal debt has declined, and its real burden (in terms of purchasing power) has lessened.

BASIS FOR COMMITTEE ACTION

When the Committee last acted on the debt limitation in June, it was decided that the debt limitation should be extended through November 30, 1973, rather than through the entire fiscal year. It was pointed out at that time that the economy of the United States had been subject to unusual and rapid changes in a short span of time. This was true not only in the case of consumer and wholesale prices generally, but also in the case of other areas of the economy. It was pointed out that estimates of the performance of the American economy during 1973 up to that time had been subject to sharp revisions. In addition, the Congress had not, at that time, passed any appropriation bills applicable to the fiscal year 1974.

Because of the uncertainties involved, the committee concluded at that time that rather than grant the Treasury Department the increase of \$485 billion in the debt limitation requested for the fiscal year 1974, it was preferable to extend the then existing temporary debt limitation of \$465 billion through the end of November 1973. It was thought that there would be a better opportunity at a later time to determine the statutory debt limitation needed for the fiscal year 1974.

It was also pointed out at that time that a debt limitation of \$465 billion would, according to the figures then presented by the Treasury Department, meet the estimated debt requirements at all times except toward the end of November when the debt was estimated at a level of \$2 billion over the \$465 billion limit.

As is indicated in table 7, the forecast of statutory debt limitation requirements well into November are essentially as forecast last June. The debt subject to the statutory limit on November 15 amounted to \$461.9 billion.

As was anticipated by the committee, however, more experience was required in order to make an appropriate estimate of the statutory debt requirements for the fiscal year 1974. The Treasury Department now estimates that a limitation of \$480 billion is required rather than the \$485 billion as previously forecast. Now receipts are estimated at a level of \$4 billion higher than forecast in the mid-session review, and despite the fact that the estimated outlays are also up \$1.3 billion, the Treasury now anticipates a balanced budget for the year, in lieu of a deficit of \$2.7 billion.

The Treasury Department has now reduced the estimate of its statutory debt requirements for the remainder of the year to \$480 billion based upon the somewhat better fiscal situation now anticipated. The committee, after examining the Treasury Department's estimates, concluded that a limitation of \$475.7 billion as passed by the House was sufficient. As indicated in Table 7 the highest debt subject to limitation under the Treasury's forecast is the debt on June 11 when, given a \$6 billion cash balance and a \$3 billion margin for contingencies,

the debt subject to limitation is estimated at \$480 billion. These figures suggest that a limitation of \$475.7 billion will be adequate except that the operating balance and allowance for contingencies, taken together, will fall below the desired \$9 billion for a few days until estimated income tax payments by individuals and estimated payments and final payments (for 1973) by corporations are made on June 15. As a result of these payments, the estimated debt on June 30 is expected to fall to \$471 billion.

The committee, while it recognizes that a debt limitation is not a satisfactory way of controlling budgetary expenditures and revenues for a year, nevertheless believes that until budgetary control legislation can be enacted, it is desirable to use the debt limitation to the extent possible as a means of budgetary control. For this reason, the committee desired to provide a limitation which is stringent, in that it made no provision for unbudgeted spending, but at the same time not so restrictive as to interfere with the financing of the public debt. For these reasons, the committee has accepted a debt limitation which probably will be sufficient for the Treasury Department's needs for at least much of the remainder of the fiscal year 1974.

III. FOREIGN GOVERNMENT INDEBTEDNESS TO THE UNITED STATES

Since 1917 the United States Government has transferred abroad (loans and grants) approximately \$258 billion in financial resources, almost \$200 billion of which has been committed since World War II. The breakdown of this foreign assistance is as follows:

| | |
|--------------------------------|--|
| World War I..... | <i>(Billions of dollars)</i> 1 12.2 |
| World War II (Lend-Lease)..... | 50.2 |
| Post-World War II..... | 2 195.6 |
| Total..... | 258.0 |

¹ Excludes interest.

² Includes \$11.1 billion in fiscal year 1973 and a projected \$11 billion for fiscal year 1974. The \$11 billion estimate for fiscal year 1974 does not include any expected increases in aid resulting from the Middle East War.

Total foreign indebtedness to the U.S. Government now exceeds \$55.2 billion by one calculation and may approach \$60 billion, according to another estimate. The \$55.2 billion figure is the sum of outstanding World War I debts (\$24.6 billion, including interest, as of June 30, 1972) and the total of outstanding foreign loans and credits of U.S. Government agencies incurred after 1941 as reported by the Treasury Department. The \$60 billion estimate¹ is obtained by broadening the definition of "debts," to include, for example, indebtedness due on unsettled international claims. Moreover, these estimates of foreign indebtedness to the U.S. are based upon figures which have been reduced from original obligations due to negotiated settlements, re-schedulings, and cancellations.

As of June 30, 1972, the Treasury Department reported 105 foreign countries and international organizations with delinquent debts

¹ The \$60 billion figure is the estimate of the House Government Operations Subcommittee on Foreign Operations and Government Information. "Delinquent International Debts Owed to the United States." Hearings of the Subcommittee on Foreign Operations and Government Information, Committee on Government Operations, U.S. House of Representatives, 93d Congress, July 24, 1973.

(principal and interest due and unpaid ninety days or more) to U.S. Government agencies totaling \$678 million. This figure excludes World War I debts and certain lend lease obligations.

The Attorney General of the United States issued an opinion on December 24, 1970 (at the request of the Secretary of Treasury) stating that the Executive has the authority to renegotiate the terms of loans made under the Economic Cooperation Act, to modify agreements made under the Surplus Property Act of 1944, and to reschedule debts incurred under the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480). Such "debt reschedulings," as they are termed, have occurred regularly in recent years, and although such actions provide foreign assistance to debt burdened countries, they are not included in the President's proposals for new economic assistance and thereby reduce the apparent funding requirements of aid-disbursing agencies.

Neither the Congress nor the courts have challenged the Attorney General's decision regarding the power of the Executive to reschedule or cancel debt obligations of foreign countries to the U.S. In 1966, however, the Congress adopted an amendment (known as the Dirksen Amendment, Section 620(r) of the Foreign Assistance Act of 1961) which provides that:

No recipient of a loan under the authority of this Act, any part of which is outstanding on or after the date of enactment of this subsection [Sept. 19, 1966], shall be relieved of liability for repayment of any part of the principal of or interest on such loan.

Despite this provision, the Executive continues to hold it has authority to renegotiate and even forgive foreign indebtedness, since the Attorney General holds that the Dirksen Amendment relates only to loans "made under the authority of this act," i.e., the Foreign Assistance Act. As a result it is held that the Executive can reschedule debt obligations made under other provisions of law.

A recent case of Executive branch debt renegotiations involves India where the Executive, under terms negotiated by U.S. Ambassador to India, Daniel P. Moynihan, agreed to write-off virtually all of the \$3 billion debt which the Government of India owes to the U.S. By a vote of 67 to 18, the Senate adopted an amendment offered to the Defense Appropriation Authorization Act of 1974 which would require Congressional approval of the India Loan Settlement. The amendment is still pending before the Congress.

The committee believes that the Executive should not reschedule or cancel debt of foreign governments without the approval of Congress. As a result, it has amended the debt limit bill as passed by the House to provide that no debt owed to the United States Government under any program by any foreign government may be cancelled, renegotiated, rescheduled, or settled in any manner (other than by timely payment in full) unless the Congress specifically authorizes such action by concurrent resolution.

IV. SAVINGS BOND INTEREST RATE LIMITATION

In 1970, Congress raised the maximum interest rate allowable with respect to savings bonds. At the time it provided that the interest rate

on the issue price of savings bonds and certificates is not to afford an investment yield in excess of 5½ percent per year. However, the same legislation in 1970 also provided that the Secretary of the Treasury, with the approval of the President, may increase the interest rates and investment yields on any offerings of United States savings bonds by not more than one-half of 1 percent for any interest accrual period on or after June 1, 1970. In this case, the interest was to be paid as a bonus either on redemption or at maturity as provided by the Secretary. The committee believes this legislation had the effect of permitting the Secretary of the Treasury, with the approval of the President, to increase the savings bond interest rates by up to one-half of 1 percent above the 5½ percent limit.

Since the Secretary of the Treasury informed the committee that at the present time his desire was not to increase savings bond interest rates above a 6 percent level, the committee concluded that no further legislative action is needed in order to permit him to accomplish this result. The committee did not want, at this time, to provide for an interest rate increase above this 6 percent level because of the effect it might have on other forms of savings.

V. PUBLIC FINANCING OF ELECTION CAMPAIGNS

In the committee public hearings on the debt limitation held on November 13, a group of Senators proposed an amendment to this bill to enlarge significantly the scope of the provisions of the Internal Revenue Code which deal with the public financing of Presidential election campaigns. Among the changes proposed were proposals to provide public financing for Presidential primaries and for general elections for the House and Senate, to increase the checkoff on tax returns from \$1 to \$2 per return (\$4 on the joint return), to increase allowable tax credits for political contributions from \$25 to \$50 (\$100 on joint returns), to increase the deduction for political contributions from \$50 to \$100 (\$200 on a joint return), and to provide limits with respect to private financing to the extent still available under the proposal.

The committee did not have time to evaluate this group of provisions in connection with its consideration of the debt limitation. It plans, however, to hold hearings on this matter next year.

VI. APPENDIX

TABLE I.—*Debt limitation under sec. 21 of the Second Liberty Bond Act as amended—
History of legislation*

| | | |
|---|---|--------------------|
| Sept. 24, 1917: | | |
| 40 Stat. 288, sec. 1, authorized bonds in the amount of | 1 | \$7, 538, 945, 000 |
| 40 Stat. 290, sec. 5, authorized certificates of indebtedness outstanding revolving authority | 2 | 4, 000, 000, 000 |
| Apr. 4, 1918: | | |
| 40 Stat. 502, amending sec. 1, increased bond authority to | 1 | 12, 000, 000, 000 |
| 40 Stat. 504, amending sec. 5, increased authority for certificates outstanding to | 2 | 8, 000, 000, 000 |
| July 9, 1918: 40 Stat. 844, amending sec. 1, increased bond authority to | 2 | 20, 000, 000, 000 |
| Mar. 3, 1919: | | |
| 40 Stat. 13, amending sec. 5, increased authority for certificates outstanding to | 2 | 10, 000, 000, 000 |
| 40 Stat. 1309, new sec. 18 added, authorizing notes in the amount of | 1 | 7, 000, 000, 000 |

TABLE I.—*Debt limitation under sec. 21 of the Second Liberty Bond Act as amended—
History of legislation—Continued*

| | |
|--|----------------------|
| Nov. 23, 1921: 42 Stat. 321, amending sec. 18, increased note authority outstanding (established revolving authority) to----- | 2 \$7, 500, 000, 000 |
| 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, 000, 000, 000 |
| Mar. 3, 1931: 46 Stat. 1506, amending sec. 1, increased bond authority to----- | 1 28, 000, 000, 000 |
| Jan. 30, 1934: 48 Stat. 343, amending sec. 18, increased authority for notes outstanding to----- | 2 10, 000, 000, 000 |
| Feb. 4, 1935: 49 Stat. 20, amending sec. 1, limited bonds outstanding (establishing revolving authority) to----- | 2 25, 000, 000, 000 |
| 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, 000, 000, 000 |
| 49 Stat. 21, new sec. 22 added authorizing U.S. savings bonds within authority of sec. 1. | |
| May 26, 1938; 52 Stat. 447, amending secs. 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, 000, 000, 000 |
| July 20, 1939: 53 Stat. 1071, amending sec. 21, removed limitation on bonds without changing total authorized outstanding of bonds, certificates of indebtedness, bills, and notes----- | 2 45, 000, 000, 000 |
| June 25, 1940: 54 Stat. 526, amending sec. 21, adding new paragraph: “(b) In addition to the amount authorized by the preceding paragraph of this section, any obligations 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, 000, 000, 000 |
| 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, 000, 000, 000 |
| Eliminated separate authority for \$4,000,000,000 of national defense series obligations. | |
| Mar. 28, 1942: 56 Stat. 189, amending sec. 21, increased limitation to----- | 2 125, 000, 000, 000 |
| Apr. 11, 1943: 57 Stat. 63 amending sec. 21, increased limitation to----- | 2 210, 000, 000, 000 |
| June 9, 1944: 58 Stat. 272, amending sec. 21, increased limitation to----- | 2 260, 000, 000, 000 |
| 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 any one time”----- | 2 300, 000, 000, 000 |
| 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 prior 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 to----- | 2 275, 000, 000, 000 |

TABLE I.—*Debt limitation under sec. 21 of the Second Liberty Bond Act as amended—
History of legislation—Continued*

| | |
|---|------------------------|
| Aug. 28, 1954: 68 Stat. 895, amending sec. 21, effective Aug. 28, 1954, and ending June 30, 1955, temporarily increasing limitation by \$6,000,000,000 to----- | 2 \$281, 000, 000, 000 |
| June 30, 1955: 69 Stat. 241, amending Aug. 28, 1954, act by extending until June 30, 1956, increase in limitation to--- | 2 281, 000, 000, 000 |
| July 9, 1956: 70 Stat. 519, amending act of Aug. 28, 1954, temporarily increasing limitation by \$3,000,000,000 for period, beginning July 1, 1956, and ending June 30, 1957, to----- | 2 278, 000, 000, 000 |
| Effective July 1, 1957, temporary increase terminates and limitation reverts, under act of June 26, 1956, to--- | 2 275, 000, 000, 000 |
| Feb. 26, 1958: 72 Stat. 27, amending sec. 21, effective Feb. 26, 1958, and ending June 30, 1959, temporarily increasing limitation by \$5,000,000,000----- | 2 280, 000, 000, 000 |
| 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----- | 2 288, 000, 000, 000 |
| June 30, 1959: 73 Stat. 156, amending sec. 21, effective June 30, 1959, increasing limitation to \$285,000,000,000, which, with temporary increase of Feb. 26, 1958, makes limitation on June 30, 1959----- | 2 290, 000, 000, 000 |
| Amending sec. 21, temporarily increasing limitation by \$10,000,000,000 for period beginning July 1, 1959, and ending June 30, 1960, which makes limitation beginning July 1, 1959----- | 2 295, 000, 000, 000 |
| June 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----- | 2 293, 000, 000, 000 |
| June 30, 1961: 75 Stat. 148, amending sec. 21, for period beginning on July 1, 1961, and ending June 30, 1962, temporarily increasing limitation by \$13,000,000,000 to--- | 2 298, 000, 000, 000 |
| Mar. 13, 1962: 76 Stat. 23, amending sec. 21, for period beginning on Mar. 13, 1962, and ending June 30, 1962, temporarily further increasing limitation by \$2,000,000,000-- | 2 300, 000, 000, 000 |
| 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--- | 2 308, 000, 000, 000 |
| 2. Beginning Apr. 1, 1963, and ending June 24, 1963--- | 2 305, 000, 000, 000 |
| 3. Beginning June 25, 1963, and ending June 30, 1963--- | 2 300, 000, 000, 000 |
| May 29, 1963: 77 Stat. 50, amending sec. 21, for period— | |
| 1. Beginning May 29, 1963, and ending June 30, 1963--- | 2 307, 000, 000, 000 |
| 2. Beginning July 1, 1963, and ending Aug. 31, 1963--- | 2 309, 000, 000, 000 |
| Aug. 27, 1963: 77 Stat. 131, amending sec. 21, for the period beginning on Sept. 1, 1963, and ending on Nov. 30, 1963--- | 2 309, 000, 000, 000 |
| Nov. 26, 1963: Stat. 342, amending sec. 21 for the period— | |
| 1. Beginning on Dec. 1, 1963, and ending June 29, 1964--- | 2 315, 000, 000, 000 |
| 2. On June 30, 1964----- | 2 309, 000, 000, 000 |
| June 29, 1964: 78 Stat. 225, amending sec. 21, for the period beginning June 29, 1964, and ending June 30, 1965, temporarily increasing the debt limit to----- | 2 324, 000, 000, 000 |
| June 24, 1965: 79 Stat. 172, amending sec. 21 for the period beginning July 1, 1965, and ending on June 30, 1966, temporarily increasing the debt limit to----- | 2 328, 000, 000, 000 |
| June 24, 1966: 80 Stat. 221, amending sec. 21, for the period beginning July 1, 1966, and ending on June 30, 1967, temporarily increasing the debt limit to----- | 2 330, 000, 000, 000 |
| Mar. 2, 1967: 81 Stat. 4, amending sec. 21, for the period beginning Mar. 2, 1967, and ending on June 30, 1967, temporarily increasing the debt limit to----- | 2 336, 000, 000, 000 |
| June 30, 1967: 81 Stat. 99— | |
| 1. Amending sec. 21, effective June 30, 1967, increasing limitation to----- | 2 358, 000, 000, 000 |
| 2. Temporarily increasing the 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, 000, 000, 000 |

TABLE I.—*Debt limitation under sec. 21 of the Second Liberty Bond Act as amended—
History of legislation—Continued*

| | |
|--|-----------------------------------|
| Apr. 7, 1969: 83 Stat. 7— | |
| 1. Amending sec. 21, effective Apr. 7, 1969, increasing debt limitation to..... | ² \$365, 000, 000, 000 |
| 2. Temporarily increasing the 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, 000, 000, 000 |
| June 30, 1970: 84 Stat. 368— | |
| 1. Amending sec. 21, effective July 1, 1970, increasing debt limitation to..... | ² 380, 000, 000, 000 |
| 2. Temporarily increasing the debt limit by \$15,000,000,000 for the period from July 1, 1970, through June 30, 1971, to make the limit for such period..... | ² 395, 000, 000, 000 |
| Mar. 17, 1971: 85 Stat. 5— | |
| 1. Amending sec. 21, effective Mar. 17, 1971, increasing debt limitation to..... | ² 400, 000, 000, 000 |
| 2. Temporarily increasing the debt limit by \$30,000,000,000 for the period from Mar. 17, 1971, through June 1972, to make the limit for such period..... | ² 430, 000, 000, 000 |
| Mar. 15, 1972: 86 Stat. 63, temporarily increasing the 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, 000, 000, 000 |
| July 1, 1972: 86 Stat. 406, temporarily 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, 000, 000, 000 |
| Oct. 27, 1972: 86 Stat. 1324, temporarily increasing the public debt limit by \$65,000,000,000 for the period from Nov. 1, 1972 through June 30, 1973, to make the limit for such period..... | |
| | ² 465, 000, 000, 000 |
| July 1, 1973: 87 Stat. 134, temporarily 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, 000, 000, 000 |

¹ Limitation on issue.

² Limitation on outstanding.

TABLE II.—PUBLIC DEBT SUBJECT TO LIMITATION AT END OF FISCAL YEARS 1938-73

[In millions of dollars]

| Fiscal year | Public deb subject to limitation at end of year | Fiscal year | Public debt subject to limitation at end of year |
|-------------|--|-------------------|---|
| 1938 | 36,882 | 1957 | 270,188 |
| 1939 | 40,317 | 1958 | 276,013 |
| 1940 | 43,219 | 1959 | 284,398 |
| 1941 | 49,494 | 1960 | 286,065 |
| 1942 | 74,154 | 1961 | 288,862 |
| 1943 | 140,469 | 1962 | 298,212 |
| 1944 | 208,077 | 1963 | 306,099 |
| 1945 | 268,671 | 1964 | 312,164 |
| 1946 | 268,932 | 1965 | 317,581 |
| 1947 | 257,491 | 1966 | 320,102 |
| 1948 | 251,542 | 1967 | ¹ 326,471 |
| 1949 | 252,028 | 1968 | ¹ 350,743 |
| 1950 | 256,652 | 1969 | ¹ 356,932 |
| 1951 | 254,567 | 1970 | ¹ 373,425 |
| 1952 | 258,507 | 1971 | ¹ 399,475 |
| 1953 | 265,522 | 1972 | ¹ 428,576 |
| 1954 | 270,790 | 1973 | ¹ 459,089 |
| 1955 | 273,915 | 1973 ² | ¹ 461,878 |
| 1956 | 272,361 | | |

¹ Includes FNMA participation certificates issued in fiscal year 1968.

² Debt at close of business, Nov. 15, 1973.

Source: Table 1: Annual Report of the Secretary of the Treasury on the State of the Finances, 1967, p. 439, through 1967; table FD-8: Treasury Bulletin, January 1972, p. 25, for 1968 through 1971; Daily Treasury Statement, June 30, 1972, for 1972; Daily Treasury Statement for June 30, 1973, for 1973; and Daily Treasury Statement for Nov. 15, 1973.

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

[Dollar amounts in billions]

| Dec. 31 | Private | | | State and local | Federal | | | Total | Percent Federal of total |
|-----------|------------|-----------|---------|-----------------|---------|--------|---------|---------|--------------------------|
| | Individual | Corporate | Total | | Public | Agency | Total | | |
| 1946..... | \$59.9 | \$109.3 | \$169.2 | \$16.1 | \$259.1 | \$1.6 | \$260.7 | \$446.0 | 58 |
| 1947..... | 69.4 | 128.9 | 198.3 | 17.5 | 256.9 | .7 | 257.6 | 473.4 | 54 |
| 1948..... | 80.6 | 139.4 | 220.0 | 19.6 | 252.8 | 1.0 | 253.8 | 493.4 | 51 |
| 1949..... | 90.4 | 140.3 | 230.7 | 22.2 | 257.1 | .8 | 257.9 | 510.8 | 50 |
| 1950..... | 104.3 | 167.7 | 272.0 | 25.3 | 256.7 | 1.1 | 257.8 | 555.1 | 46 |
| 1951..... | 114.3 | 191.9 | 306.2 | 28.0 | 259.4 | .8 | 260.2 | 594.4 | 44 |
| 1952..... | 129.4 | 202.9 | 332.3 | 31.0 | 267.4 | .9 | 268.3 | 631.6 | 42 |
| 1953..... | 143.2 | 212.9 | 356.1 | 35.0 | 275.2 | .8 | 276.0 | 667.1 | 41 |
| 1954..... | 157.2 | 217.6 | 374.8 | 40.2 | 278.8 | .7 | 279.5 | 694.5 | 40 |
| 1955..... | 180.1 | 253.9 | 434.9 | 46.3 | 280.8 | 1.4 | 282.2 | 763.4 | 37 |
| 1956..... | 195.5 | 277.3 | 472.8 | 50.1 | 276.6 | 1.7 | 278.3 | 801.2 | 35 |
| 1957..... | 207.6 | 295.8 | 503.4 | 54.7 | 274.9 | 3.2 | 278.1 | 836.2 | 33 |
| 1958..... | 222.9 | 312.0 | 534.9 | 60.4 | 282.9 | 2.4 | 285.3 | 880.6 | 32 |
| 1959..... | 245.0 | 341.4 | 586.4 | 66.6 | 290.8 | 5.7 | 296.5 | 949.5 | 31 |
| 1960..... | 263.3 | 365.1 | 628.4 | 72.0 | 290.2 | 6.4 | 296.6 | 997.0 | 30 |
| 1961..... | 284.8 | 391.5 | 676.3 | 77.6 | 296.2 | 6.8 | 303.0 | 1,056.9 | 29 |
| 1962..... | 311.9 | 421.5 | 733.4 | 83.4 | 303.5 | 7.8 | 311.3 | 1,128.1 | 28 |
| 1963..... | 345.8 | 457.1 | 802.2 | 89.5 | 309.3 | 8.1 | 317.4 | 1,209.1 | 26 |
| 1964..... | 380.1 | 497.3 | 877.4 | 95.5 | 317.9 | 9.1 | 327.0 | 1,299.9 | 25 |
| 1965..... | 415.7 | 551.9 | 967.6 | 103.1 | 320.9 | 9.8 | 330.7 | 1,401.4 | 24 |
| 1966..... | 444.2 | 617.4 | 1,061.6 | 109.4 | 329.3 | 14.0 | 343.3 | 1,514.3 | 23 |
| 1967..... | 476.2 | 672.9 | 1,149.1 | 117.9 | 344.7 | 20.1 | 364.9 | 1,631.9 | 22 |
| 1968..... | 513.9 | 779.0 | 1,292.9 | 128.4 | 358.0 | 15.1 | 373.1 | 1,794.4 | 21 |
| 1969..... | 548.4 | 912.7 | 1,461.1 | 137.1 | 368.2 | 13.8 | 382.0 | 1,980.2 | 19 |
| 1970..... | 575.9 | 992.9 | 1,568.8 | 149.2 | 389.2 | 12.5 | 401.6 | 2,119.6 | 19 |
| 1971..... | 631.0 | 1,072.8 | 1,703.8 | 167.3 | 424.1 | 11.0 | 435.2 | 2,306.3 | 19 |
| 1972..... | 714.7 | 1,187.0 | 1,901.7 | 180.7 | 449.3 | 11.8 | 461.1 | 2,543.5 | 18 |

¹ Includes debt of federally sponsored agencies excluded from the budget which amounted to \$7,080,000,000 on Dec. 31, 1947; \$3,060,000,000 on Dec. 31, 1969; \$38,901,000,000 on Dec. 31, 1970; and \$40,700,000,000 on Dec. 31, 1971; and \$43,600,000,000 on Dec. 31, 1972.

Source: Commerce and Treasury Departments, Office of the Secretary of the Treasury, Office of Debt Analysis.

TABLE IV.—ESTIMATED GROSS GOVERNMENT AND PRIVATE DEBT, 1946 TO PRESENT

| End of calendar year | Government debt | | | | | | Private debt | | | | Total Government and private debt | |
|----------------------|---|-----------------|-------|-----------------------------------|-----------------|-------|---|---------------------------------------|-----------------------------------|---------------------------------------|--|----------------------|
| | Amounts outstanding (billions of dollars) | | | Per capita (dollars) ² | | | Amounts outstanding (billions of dollars) | | Per capita (dollars) ² | | Amount outstanding (billions of dollars) | Per capita (dollars) |
| | Federal ¹ | State and local | Total | Federal | State and local | Total | Corporate business ³ | Individual and non-corporate business | Corporate business | Individual and non-corporate business | | |
| 1946 | 260.7 | 16.1 | 276.8 | 1,825 | 113 | 1,938 | 109.3 | 59.9 | 765 | 419 | 446.0 | 3,123 |
| 1947 | 257.6 | 17.5 | 275.1 | 1,771 | 120 | 1,891 | 128.9 | 69.4 | 886 | 477 | 473.4 | 3,254 |
| 1948 | 253.8 | 19.6 | 273.4 | 1,715 | 132 | 1,847 | 139.4 | 80.6 | 942 | 545 | 493.4 | 3,334 |
| 1949 | 257.9 | 22.2 | 280.1 | 1,713 | 147 | 1,860 | 140.3 | 90.4 | 932 | 600 | 510.8 | 3,393 |
| 1950 | 257.8 | 25.3 | 283.1 | 1,685 | 165 | 1,850 | 167.7 | 104.3 | 1,096 | 682 | 555.1 | 3,627 |
| 1951 | 260.2 | 28.0 | 288.2 | 1,671 | 180 | 1,851 | 191.9 | 114.3 | 1,232 | 734 | 594.4 | 3,817 |
| 1952 | 268.3 | 31.0 | 299.3 | 1,694 | 196 | 1,890 | 202.9 | 129.4 | 1,281 | 817 | 631.6 | 3,988 |
| 1953 | 276.0 | 35.0 | 311.0 | 1,714 | 217 | 1,931 | 212.9 | 143.2 | 1,322 | 889 | 667.1 | 4,142 |
| 1954 | 279.5 | 40.2 | 319.7 | 1,705 | 245 | 1,950 | 217.6 | 157.2 | 1,327 | 959 | 694.5 | 4,236 |
| 1955 | 282.2 | 46.3 | 328.5 | 1,691 | 276 | 1,961 | 253.9 | 180.1 | 1,522 | 1,079 | 762.5 | 4,552 |
| 1956 | 278.3 | 50.1 | 328.4 | 1,638 | 294 | 1,925 | 277.3 | 195.5 | 1,632 | 1,151 | 801.2 | 4,696 |
| 1957 | 278.1 | 54.7 | 332.8 | 1,609 | 315 | 1,918 | 295.8 | 207.6 | 1,712 | 1,201 | 836.2 | 4,820 |
| 1958 | 285.3 | 60.4 | 345.7 | 1,624 | 342 | 1,960 | 312.0 | 222.9 | 1,776 | 1,269 | 880.6 | 4,992 |
| 1959 | 296.5 | 66.6 | 363.1 | 1,653 | 371 | 2,024 | 341.4 | 245.0 | 1,903 | 1,366 | 949.5 | 5,293 |
| 1960 | 296.6 | 72.0 | 368.6 | 1,627 | 395 | 2,022 | 365.1 | 263.3 | 2,002 | 1,444 | 997.0 | 5,469 |
| 1961 | 303.0 | 77.6 | 380.6 | 1,635 | 419 | 2,054 | 391.5 | 284.8 | 2,112 | 1,537 | 1,056.9 | 5,704 |
| 1962 | 311.3 | 83.4 | 394.7 | 1,654 | 443 | 2,097 | 421.5 | 311.9 | 2,240 | 1,658 | 1,128.1 | 5,994 |
| 1963 | 317.4 | 89.5 | 406.9 | 1,663 | 469 | 2,131 | 457.1 | 345.8 | 2,395 | 1,812 | 1,209.8 | 6,337 |
| 1964 | 327.0 | 95.5 | 422.5 | 1,690 | 494 | 2,183 | 497.3 | 380.1 | 2,570 | 1,965 | 1,299.9 | 6,718 |
| 1965 | 330.7 | 103.1 | 433.8 | 1,688 | 526 | 2,214 | 551.9 | 415.7 | 2,818 | 2,124 | 1,401.8 | 7,156 |
| 1966 | 343.3 | 109.4 | 452.7 | 1,736 | 553 | 2,290 | 617.4 | 444.2 | 3,123 | 2,247 | 1,514.3 | 7,660 |
| 1967 | 364.9 | 117.9 | 482.8 | 1,827 | 590 | 2,417 | 672.9 | 476.2 | 3,370 | 2,385 | 1,631.9 | 8,172 |
| 1968 | 373.1 | 128.4 | 501.5 | 1,850 | 637 | 2,487 | 779.0 | 513.9 | 3,862 | 2,548 | 1,794.4 | 8,896 |
| 1969 | 382.0 | 137.1 | 519.1 | 1,875 | 673 | 2,547 | 912.7 | 548.4 | 4,478 | 2,691 | 1,980.2 | 9,716 |
| 1970 | 401.6 | 149.2 | 550.8 | 1,950 | 724 | 2,673 | 992.9 | 575.9 | 4,820 | 2,796 | 2,119.6 | 10,289 |
| 1971 | 435.2 | 167.3 | 602.5 | 2,091 | 804 | 2,895 | 1,107.8 | 631.0 | 5,155 | 3,032 | 2,306.3 | 11,083 |
| 1972 | 461.1 | 180.7 | 641.8 | 2,200 | 862 | 3,062 | 1,187.0 | 714.7 | 5,663 | 3,410 | 2,543.5 | 12,135 |

¹ Total Federal securities, including public debt and Budget Agency securities.² Debt divided by the population of the coterminous United States and including Armed Forces overseas. Alaska is included beginning in 1959 and Hawaii beginning in 1960.³ Includes debt of federally sponsored agencies excluded from the budget.

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

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

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

| End of calendar year | Gross national product ¹ | Ratios of debt to gross national product (percent) | | | | Total |
|----------------------|-------------------------------------|--|-----------------|-----------|-----------------------------|-------|
| | | Federal | State and local | Corporate | Individual and noncorporate | |
| 1946 | \$221.4 | 117.8 | 7.3 | 49.4 | 27.1 | 201.4 |
| 1947 | 245.0 | 105.1 | 7.1 | 52.6 | 28.3 | 193.2 |
| 1948 | 261.2 | 97.2 | 7.5 | 53.4 | 30.9 | 188.9 |
| 1949 | 260.5 | 99.0 | 8.5 | 53.9 | 34.7 | 196.1 |
| 1950 | 311.2 | 82.8 | 8.1 | 53.9 | 33.5 | 178.4 |
| 1951 | 338.2 | 76.9 | 8.3 | 56.7 | 33.8 | 175.8 |
| 1952 | 361.0 | 74.3 | 8.6 | 56.2 | 35.8 | 175.0 |
| 1953 | 360.8 | 76.5 | 9.7 | 59.0 | 39.7 | 184.9 |
| 1954 | 379.8 | 73.6 | 10.6 | 57.3 | 41.4 | 182.9 |
| 1955 | 409.7 | 68.9 | 11.3 | 62.0 | 44.0 | 185.9 |
| 1956 | 433.2 | 64.2 | 11.6 | 64.0 | 45.1 | 184.9 |
| 1957 | 438.1 | 63.5 | 12.5 | 67.5 | 47.4 | 190.8 |
| 1958 | 469.2 | 60.8 | 12.9 | 66.5 | 47.5 | 187.6 |
| 1959 | 496.8 | 59.7 | 13.4 | 68.7 | 49.3 | 190.8 |
| 1960 | 503.4 | 58.9 | 14.3 | 72.5 | 52.3 | 197.7 |
| 1961 | 542.8 | 55.8 | 14.3 | 72.1 | 52.5 | 194.7 |
| 1962 | 574.7 | 54.2 | 14.5 | 73.3 | 54.3 | 196.6 |
| 1963 | 611.8 | 51.0 | 14.6 | 74.7 | 56.5 | 197.9 |
| 1964 | 654.0 | 50.0 | 14.6 | 76.0 | 58.1 | 199.1 |
| 1965 | 719.2 | 46.0 | 14.3 | 76.7 | 57.8 | 194.9 |
| 1966 | 772.6 | 44.4 | 14.2 | 79.9 | 57.5 | 196.0 |
| 1967 | 825.0 | 44.2 | 14.3 | 81.5 | 57.7 | 197.8 |
| 1968 | 898.6 | 41.5 | 14.3 | 86.7 | 57.2 | 199.7 |
| 1969 | 953.7 | 40.1 | 14.4 | 95.7 | 57.5 | 207.7 |
| 1970 | 1,009.5 | 39.9 | 14.8 | 98.6 | 57.2 | 210.6 |
| 1971 | 1,098.4 | 39.8 | 15.3 | 98.1 | 57.7 | 210.9 |
| 1972 | 1,220.8 | 37.8 | 14.8 | 97.2 | 58.6 | 208.4 |

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

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

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

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

| | Federal debt (billions of dollars) | | | Per capita Federal debt ⁴ (dollars) | | | Real per capita Federal debt ⁵ (dollars) | | |
|------|------------------------------------|------------------|---------------------------------|--|------------------|---------------------------------|---|------------------|---------------------------------|
| | Gross ¹ | Net ² | Privately held net ³ | Gross ¹ | Net ² | Privately held net ³ | Gross ¹ | Net ² | Privately held net ³ |
| | | | | | | | | | |
| 1946 | 260.7 | 229.5 | 206.1 | 1,825 | 1,607 | 1,433 | 3,607 | 3,176 | 2,832 |
| 1947 | 257.6 | 221.7 | 199.1 | 1,771 | 1,524 | 1,369 | 3,214 | 2,766 | 2,485 |
| 1948 | 253.8 | 215.3 | 192.0 | 1,715 | 1,455 | 1,297 | 3,030 | 2,571 | 2,292 |
| 1949 | 257.9 | 217.6 | 197.7 | 1,713 | 1,445 | 1,313 | 3,081 | 2,599 | 2,362 |
| 1950 | 257.8 | 217.4 | 196.6 | 1,685 | 1,421 | 1,285 | 2,866 | 2,417 | 2,185 |
| 1951 | 260.2 | 216.9 | 193.1 | 1,671 | 1,393 | 1,240 | 2,682 | 2,236 | 1,990 |
| 1952 | 268.3 | 221.5 | 196.8 | 1,694 | 1,399 | 1,243 | 2,697 | 2,227 | 1,979 |
| 1953 | 276.0 | 226.8 | 200.9 | 1,714 | 1,408 | 1,247 | 2,712 | 2,228 | 1,973 |
| 1954 | 279.5 | 229.1 | 204.2 | 1,705 | 1,397 | 1,246 | 2,711 | 2,221 | 1,981 |
| 1955 | 282.2 | 229.6 | 204.8 | 1,691 | 1,376 | 1,227 | 2,676 | 2,177 | 1,941 |
| 1956 | 278.3 | 224.3 | 199.4 | 1,638 | 1,320 | 1,174 | 2,520 | 2,031 | 1,806 |
| 1957 | 278.1 | 223.0 | 198.8 | 1,609 | 1,390 | 1,150 | 2,405 | 1,928 | 1,719 |
| 1958 | 285.3 | 231.0 | 204.7 | 1,624 | 1,315 | 1,165 | 2,385 | 1,931 | 1,711 |
| 1959 | 296.5 | 241.4 | 214.8 | 1,653 | 1,346 | 1,197 | 2,392 | 1,948 | 1,732 |
| 1960 | 296.6 | 239.8 | 212.4 | 1,627 | 1,315 | 1,165 | 2,321 | 1,876 | 1,662 |
| 1961 | 303.0 | 246.7 | 217.8 | 1,635 | 1,331 | 1,175 | 2,316 | 1,885 | 1,664 |
| 1962 | 311.3 | 253.6 | 222.8 | 1,654 | 1,348 | 1,184 | 2,313 | 1,885 | 1,656 |
| 1963 | 317.4 | 257.5 | 223.9 | 1,663 | 1,349 | 1,173 | 2,887 | 1,886 | 1,613 |
| 1964 | 327.0 | 264.0 | 227.0 | 1,690 | 1,364 | 1,173 | 2,299 | 1,856 | 1,596 |
| 1965 | 330.7 | 266.4 | 225.6 | 1,688 | 1,360 | 1,152 | 2,254 | 1,816 | 1,538 |
| 1966 | 343.3 | 271.8 | 227.5 | 1,736 | 1,375 | 1,151 | 2,240 | 1,774 | 1,485 |
| 1967 | 364.9 | 286.4 | 237.3 | 1,827 | 1,435 | 1,188 | 2,289 | 1,798 | 1,489 |
| 1968 | 373.1 | 291.9 | 238.9 | 1,850 | 1,447 | 1,182 | 2,213 | 1,731 | 1,414 |
| 1969 | 382.0 | 289.3 | 232.1 | 1,874 | 1,420 | 1,140 | 2,108 | 1,597 | 1,282 |
| 1970 | 401.6 | 301.1 | 239.0 | 1,950 | 1,462 | 1,160 | 2,083 | 1,562 | 1,239 |
| 1971 | 435.2 | 325.9 | 255.1 | 2,091 | 1,566 | 1,227 | 2,162 | 1,620 | 1,269 |
| 1972 | 461.1 | 341.2 | 269.9 | 2,200 | 1,628 | 1,288 | 2,200 | 1,628 | 1,288 |

¹ Total Federal securities outstanding, unified budget concept.

² Borrowing from the public, unified budget concept. Gross Federal debt less securities held by Government accounts.

³ Borrowing from the public less Federal Reserve holdings.

⁴ Debt divided by population of the coterminous United States, and including Armed Forces overseas.

⁵ Per capita debt expressed in December 1972 prices (Consumer Price Index for all items).

Source: Office of the Secretary of the Treasury, Office of Debt Analysis.

TABLE VII.—PRIVATELY HELD FEDERAL DEBT RELATED TO GNP

[Dollar amounts in billions]

| Dec. 31 | Gross national product ¹ | Ratio of debt Privately held debt ² | Ratio of debt to GNP (percent) | Year to year changes ³ (percent) |
|-----------|-------------------------------------|--|--------------------------------|---|
| 1946..... | \$221.4 | \$206.1 | 93.1 | 18.2 |
| 1947..... | 245.0 | 199.1 | 81.3 | 9.0 |
| 1948..... | 261.2 | 192.0 | 73.5 | 2.7 |
| 1949..... | 260.5 | 197.7 | 75.9 | -1.8 |
| 1950..... | 311.2 | 196.6 | 63.2 | 5.8 |
| 1951..... | 338.2 | 193.1 | 57.1 | 5.7 |
| 1952..... | 361.0 | 196.8 | 54.5 | 0.9 |
| 1953..... | 360.8 | 200.9 | 55.7 | 0.6 |
| 1954..... | 379.8 | 204.2 | 53.8 | -0.4 |
| 1955..... | 409.7 | 204.8 | 50.0 | 0.4 |
| 1956..... | 433.2 | 199.4 | 46.0 | 2.9 |
| 1957..... | 438.1 | 198.8 | 45.4 | 3.3 |
| 1958..... | 469.2 | 204.7 | 43.6 | 1.8 |
| 1959..... | 496.8 | 214.8 | 43.2 | 1.5 |
| 1960..... | 503.4 | 212.4 | 42.2 | 1.5 |
| 1961..... | 542.8 | 217.8 | 40.1 | 0.7 |
| 1962..... | 574.7 | 222.8 | 38.8 | 1.2 |
| 1963..... | 611.8 | 223.9 | 36.6 | 1.6 |
| 1964..... | 654.0 | 227.0 | 34.7 | 1.2 |
| 1965..... | 719.2 | 225.6 | 31.4 | 1.9 |
| 1966..... | 772.6 | 227.5 | 29.4 | 3.4 |
| 1967..... | 825.0 | 237.3 | 28.8 | 3.0 |
| 1968..... | 898.6 | 238.9 | 26.6 | 4.7 |
| 1969..... | 953.7 | 232.1 | 24.3 | 6.1 |
| 1970..... | 1,009.5 | 239.0 | 23.7 | 5.5 |
| 1971..... | 1,098.4 | 255.1 | 23.2 | 3.4 |
| 1972..... | 1,220.8 | 269.9 | 22.1 | 3.4 |

¹ Implied level of gross national product, Dec. 31.² Borrowing from the public less Federal Reserve holdings, unified budget concept.³ Measured by the all item Consumer Price Index, December to December basis.

Source: Office of the Secretary of the Treasury, Office of Debt Analysis.

VII. COSTS OF CARRYING OUT THE BILL AND VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the following statement is made relative to the costs incurred in carrying out this bill. The committee does not believe that the changes made by this bill will result in any costs either in the current fiscal year or in any of the 5 fiscal years following that year. The Treasury Department agrees with this statement.

In compliance with section 133 of the Legislative Reorganization Act of 1970, the following statement is made relative to the record vote by the committee on the motion to report the bill. The bill was ordered favorably reported by a voice vote without objection.

VIII. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with subsection 4 of rule XXIX of the Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, existing law in which no change is proposed is shown in roman):

SECTION 21 OF THE SECOND LIBERTY BOND ACT

SEC. 21. 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 \$400,000,000,000 outstanding at any one time. The current redemption value of any obligation issued on a discount basis which is redeemable prior 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.¹

SECTION 101 OF THE ACT OF OCTOBER 27, 1972

[SEC. 101. During the period beginning on November 1, 1972, and ending on November 30, 1973, the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act (31 U.S.C. 757b) shall be temporarily increased by \$65,000,000,000.]

¹ The bill as reported provides for a temporary increase of \$75,700,000,000 in this debt ceiling for the period ending June 30, 1974.

