

# GOVERNMENTAL DEBT IN THE UNITED STATES: 1945

—FINAL—

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The sudden termination of the war has focused increasing attention upon the status of public debt--Federal, State, and local. The summer of 1945 was a turning-point and a time for Nation-wide financial stocktaking. One of the factors in determining fiscal policies on all 3 levels of government is the size of public debt and the resulting cost of servicing debt.

On June 30, 1945, the combined debt of all the 155 thousand governmental units--Federal, State, and local--stood at \$275 billion, an increase of \$57 billion, or 26 percent, from June 30, 1944. Of the 1945 total, Federal debt accounted for nearly \$259 billion, State debt for \$2.4 billion, and local debt for \$14.2 billion.

The 1945 aggregate public debt was 72 percent greater than the \$160 billion of national income (preliminary estimate by the Bureau of Foreign and Domestic Commerce). Interest payments during the fiscal year amounted to \$4.2 billion.

## GROWTH OF PUBLIC DEBT

As shown in table 1, which was published in the preliminary report issued in December 1945, the total governmental debt of \$275 billion in 1945 was 436 percent of the \$63 billion debt outstanding for all Federal, State, and local governments in 1940.

The size and meaning of a debt exceeding a quarter of a trillion dollars can be more readily grasped when the debt figures are reduced to a per capita basis and shown in relation to national income, as is done in table 2.

The growth in national income, although phenomenal during the war, has not been in an amount or at a rate to equal the debt rise. The spread between national income and public debt had been widening at an accelerated rate since 1942, when total governmental debt was but 75 percent of estimated national income. By 1945, total governmental debt was 72 percent larger than the national income for this year.

## PAYING FOR DEBT

The burden of debt is a relative concept, for it lacks an objective standard for measurement. Whether the burden be light or heavy depends on the interaction of economic factors, notably employment and the rate of production, the resulting national product and national income, the condition of financial markets, and the prevailing rate of interest.

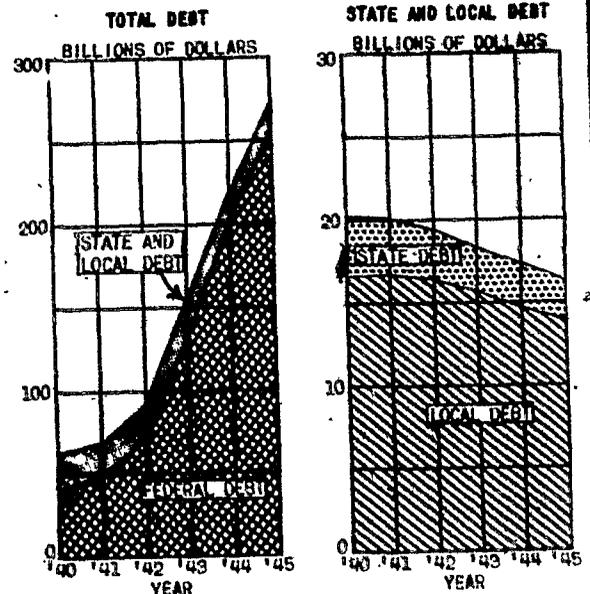
**Interest Payments.**--Table 3 shows the fluctuations in interest payments for all levels of govern-

ment, by comparing the 1945 payments with 3 selected prior years. While total interest expense increased by 30 percent from 1944 to 1945, this increase is accounted for exclusively by the Federal interest, since both State and local interest payments decreased in 1945. Federal interest expenditure in 1945 was 85 percent of the \$4,239 million paid by all governments; this total will be exceeded in 1946 by Federal interest payments alone, estimated to be \$4,750 million.

Even though total governmental debt was seven times larger in 1945 than in 1932, interest payments were only about three times larger. The explanation is the decreasingly low level of interest rates for more than a decade. On the Federal debt, which, of course, is the predominant part of the total public debt, the average rate of interest is now a little under 2 percent.

**Total debt service.**--Debt loads are measured not only by interest payments, but also by provision for debt retirement, the two constituting debt service. Provision for debt retirement means not the debt retired at maturity, but expenditure in the form of direct debt payments and contributions to sinking

## GOVERNMENTAL DEBT: 1940-1945



funds, provided that the source of both payment and contribution is revenue.

Complete statistics for 1945 debt service have not been compiled. However, the following tabulation shows the data for 1944 as compared with 1942 (amounts in millions):

	1944 FISCAL YEAR		1942 FISCAL YEAR	
	Amount	Percent of national income	Amount	Percent of national income
Total	\$4,447	2.8	\$3,206	2.6
Federal	2,609	1.6	1,260	1.0
State and local	1,838	1.1	1,946	1.6
State	377	.2	455	.4
Local	1,501	.9	1,491	1.2
County	268	.2	271	.2
City	846	.5	827	.7
Other	387	.2	393	.3

By deducting the interest payments as tabulated in table 3, the remainder will represent the amount of provision for debt retirement in both years. It will be noted that the amounts of debt service for the Federal Government are identical with interest payments. Debt retirement at the Federal level has not been provided from revenue since 1931, when deficit financing began.

FEDERAL DEBT

In 1945 the debt of the Federal Government constituted 94 percent of the total outstanding public debt in the United States, as against 68 percent in 1940.

Wartime borrowing and expenditure.--The financial burden of preparing for, and conducting, a global war fell upon the Federal Government. As a result, the movement of Federal debt dominated the changing pattern of total governmental debt.

While Federal revenue rose from \$5 billion in 1940 to \$46 billion in 1945, expenditure increased from \$9 billion to \$100 billion during the same period. War activities accounted for 50 percent of total expenditure in 1941 and for 90 percent in 1945. Revenue paid for 42 percent of total Federal expenditure from 1941 through 1945, in contrast with about 30 percent in the first World War. Borrowings paid for 58 percent of Federal expenditure during the second World War, resulting in the \$216 billion rise in Federal debt since 1940.

According to the Federal budget for the 1947 fiscal year, the debt stood at about \$278 billion at the time the budget was submitted in January 1946. For the first time since 1930, a reduction of the Federal debt is in prospect. By drawing on cash balances to retire obligations, the debt on June 30, 1946, is estimated to be \$275 billion.

Federal agencies.--Outstanding public issues of governmental corporations and other agencies are not included in the Federal debt as shown in the tables.<sup>2</sup> Since 1934 the larger part of the debt issues of Federal agencies had been guaranteed by the United States Government. In October 1941, the Treasury instituted a new policy, under which funds needed by government corporations and credit agencies are provided by the Treasury, instead of by sale of guaranteed securities in the open market. This part of

<sup>1</sup>Federal agency securities are shown in table 9 in order to report all interest-bearing governmental securities and their distribution as to ownership.

agency debt, for which obligations are issued to and held by the Treasury, is included in the Federal debt, since the United States Government issues its own obligations in order to secure the funds the Treasury lends to Federal agencies.

The following tabulation shows the shift which took place in the composition of agency debt<sup>3</sup> between 1940 and 1945 (in millions):

	June 30, 1945	June 30, 1940
Obligations incurred by the Treasury on behalf of agencies and included in the Federal debt	\$12,169	\$104
Public issues of Federal agencies:		
Guaranteed by United States Government	508	5,529
Not guaranteed	1,172	2,204

STATE AND LOCAL DEBT

While the towering size of the Federal debt tends to dwarf the other component parts of the public debt, the significance of the debts of State and local governments should not be underestimated. The extent to which State and local governments make use of public credit influences the standards of governmental services, the size of budgetary loads, and therefore the well-being of the thousands of communities throughout the United States.

Debt decrease, 1940-1945.--The movement of State and local governmental debt was in the opposite direction from that of the Federal Government debt, as disclosed in table 1. This part of the public debt decreased \$3.6 billion, or 18 percent since 1940. The decrease from 1944 to 1945 was 5 percent.

During the war all State governments reduced their debts, some by substantial amounts. As shown in a companion Census Bureau report,<sup>4</sup> every State government lowered its debt during the past fiscal year. Local governments have also been reducing their debts, but at a smaller rate.

Limited opportunity for capital expenditure, resulting from war restrictions, and steadily increasing revenue--especially of the States--in the wake of expanding economic activity and rising national income, account for the substantial and continuous contraction of State and local governmental debt during the war years.

Variation by type of government.--Table 4 shows that total State and local governmental debt decreased by 5 percent during 1945. However, taking the 2 levels of government separately, the rate of decrease was much larger for State debt than for aggregate local governmental debt--12.4 percent as against 3.7 percent. A similar disparity prevailed for the 5-year period 1940-1945, although the difference between State and local rates of decrease was not so pronounced. State revenues, by reason of their greater variety and flexibility, were more responsive to expanding economic activity and rising national income than revenues of local governments, the mainstay of which is the less elastic property tax.

During the 5-year period since 1940, debts of all

<sup>2</sup>The amounts listed exclude interagency debts because the obligations are not to the public but are merely internal and, therefore, duplicating debts. A minor exception is the inclusion of interagency securities purchased by an agency in the open market as an investment.

<sup>3</sup>State Debt in 1945, "State Finances: 1945, vol. 2, no. 3.

types of local government were reduced, at varying rates, except the debt of special districts. Chiefly because local housing debt doubled to \$649 million by 1945, special-district debt experienced a net increase of 4 percent during this period.

Long-term debt and sinking funds.--As shown in table 6, the proportion of long-term debt to gross debt rose after 1932, as a result of the retirement of excessive short-term notes in the 1930's; and the proportion again rose after 1940 as a result of the continued contraction of short-term debt.

State and local sinking-fund assets of \$2,148 million in 1945 are shown by table 5 to have been slightly less than in 1944 and slightly more than in 1940. Relatively stationary debt offsets characterized this period, during which long-term debt shrank by \$3,016 million to \$16,298 million in 1945. In consequence, the relation of offsetting assets to long-term debt--reflecting the significance of debt offsets--rose from 11 percent in 1940 to 13.2 percent in 1945. During this period, the percent the assets were of debt rose 5.2 points for States, a larger increase than the 1.9 points for localities, even though in absolute amounts local assets rose and State assets declined.

Sinking funds were more important before and shortly following the close of the first World War, when in 1922 they equalled 16.3 percent of long-term debt. With the swing toward substituting serial bonds for term bonds, sinking funds in 1932 were less important in relation to outstanding debt, although larger in amount. Their recent increasing ratio to outstanding debt is due to continued contributions to sinking funds during a period of decreasing debt.

Deduction of sinking-fund assets from long-term debt leaves \$14,150 million of net long-term debt in 1945. This amount indicates the size of the debt which must be retired from revenue (besides the net reduction of short-term debt) and contrasts with the gross debt of \$16,840 million which is the basis of interest payments.

Character of debt liability.--Seven-eighths of the State and local long-term debt in 1945 was backed by the full faith and credit of the issuing governments, as shown in table 7; the proportion was the same when State debts are considered separately from the local debts. However, when the local group is broken down by component parts, counties, school districts, and townships show a much higher ratio for full faith and credit debt. This is a consequence of the small number of county and township utilities or other enterprises and the absence of enterprises in the case of school districts. Almost 14 percent of State and local full faith and credit debt had the additional backing of specific revenues, consisting of earnings of activities, special assessments, reimbursements from other governments, and earmarked taxes.

For the remaining one-eighth of total long-term debt--which was not guaranteed--the same proportion is shown when the State debts are considered separately from the local debts. Cities and special districts almost exclusively account for nonguaranteed local debt because of the preponderance of enterprises and the importance of special assessments in these local governments.

The two types of bonds most subject to regulatory legislation and discussion as to issuance are revenue bonds and special assessment obligations. Revenue bonds payable exclusively from pledged earnings of activities amounted to \$1,542 million in 1945 and bonds carrying both a pledge of earnings and of full faith and credit equalled \$477 million. Considered together, both types represented only 12.4 percent of State and local long-term debt. The de-

creasing volume of special assessment obligations aggregated but \$758 million, consisting of \$353 million of guaranteed debt and \$405 million of nonguaranteed debt.

General and enterprise debt.--Over two-thirds of total gross debt consisted of obligations incurred for highways, sanitation, and other general governmental purposes, and payable with few exceptions from taxes, fiscal aid, and other general revenue. As shown in table 8, the remainder constituted debt for various government enterprises. Except for a portion of the enterprise debt of the larger governments, obligations of this type normally are paid from enterprise earnings, even though a substantial part is backed by the full faith and credit of the issuing government.

Enterprise debt was less than one-tenth of State debt, while four-tenths of total local governmental debt represented obligations incurred for enterprises. Cities and special districts accounted almost entirely for enterprise debt, since publicly-owned utilities--mainly for the purpose of supplying water and electricity--are most prevalent in these types of local governments.

Short-term debt constituted an insignificant part of total gross debt in 1945. States had none and local governments had a little over 3 percent of their total gross debt in short-term obligations, over two-fifths of which was accounted for by short-term notes of local housing authorities.

OWNERSHIP OF SECURITIES

The distribution of ownership of interest-bearing securities of the Federal Government--including Federal agencies--and of State and local governments is set forth in table 9 for 1945 and two selected prior years.

Despite an increase from \$12.6 billion in 1940 to \$33.5 billion in 1945 in governmental securities owned by government funds, the vast growth of total securities issued by governments exceeded this rate of increase. Accordingly, the proportion of public securities governmentally owned in 1945 was only 12 percent as against 18 percent in 1940. Similarly, the proportion of Federal agency and trust-fund holdings of United States Government and agency securities decreased from 17 percent of the total outstanding in 1940 to 12 percent in 1945.

Perhaps the most striking trend was the increased volume and change in composition of State and local governmental investments during the war years. Their aggregate holdings of United States Government securities increased from \$0.4 billion in 1940 to \$5.2 billion in 1945, while their investments in State and local governmental securities were reduced from \$3.8 billion to \$2.9 billion during the same period. The rise in total investments is largely attributable to purchases of war bonds, especially by States, from war-generated surpluses. These investments should not be identified with free surpluses now available for expenditure, for they comprise the holdings of sinking and trust funds as well as securities held in current accounts and in postwar reserves.<sup>4</sup>

The procedure followed in the preparation of this report is described on page 9 under the heading "Notes on Procedure."

<sup>4</sup>See Bureau of the Census, "Balances in State General, Highway, and Postwar-Reserve Funds in 1944," State Finances: 1944, vol. 2, no. 1. The corresponding 1945 report is in process.

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TABLE 2.—PER CAPITA GROSS DEBT OF FEDERAL, STATE, AND LOCAL GOVERNMENTS AND PER CAPITA NATIONAL INCOME: SELECTED YEARS 1902 TO 1945

YEAR	PER CAPITA DEBT <sup>1</sup>					NATIONAL INCOME		PERCENT OF DEBT TO NATIONAL INCOME				
	Total	Federal	State and local			Per capita <sup>1</sup>	Amount (in billions)	Total	Federal	State and local		
			Total	State	Local					Total	State	Local
1945.....	\$1,971	\$1,852	\$119	\$18	\$101	\$1,146	\$160.0	172.0	161.6	10.4	1.6	8.8
1944.....	1,582	1,456	126	20	106	1,164	160.7	135.9	125.1	10.8	1.7	9.1
1943.....	1,138	1,001	137	21	116	1,095	149.4	103.9	91.4	12.5	1.9	10.6
1942.....	684	538	146	24	122	907	122.2	75.4	59.3	16.1	2.6	13.5
1941.....	519	367	152	26	126	727	96.9	71.4	50.5	20.9	3.6	17.3
1940.....	479	326	153	27	126	589	77.6	81.3	55.3	26.0	4.6	21.4
1932.....	313	156	157	23	134	320	40.0	97.8	48.8	49.0	7.2	41.8
1922.....	302	209	93	11	82	541	59.5	55.8	38.6	17.2	2.0	15.2
1912.....	60	13	47	4	43	365	34.8	16.4	3.6	12.8	1.1	11.7
1902.....	43	15	28	4	24	261	20.7	16.4	5.7	10.7	1.5	9.2

<sup>1</sup>Based on population as of July 1 in the specified years—except 1940, for which population is as of April 1.

TABLE 1.—GROSS DEBT OF FEDERAL, STATE, AND LOCAL GOVERNMENTS: SELECTED YEARS 1902 TO 1945

Data for years beginning with 1940 are as of June 30, and they necessarily vary from information for diverse closing dates of fiscal years shown in tables 5 to 8 and in other Census publications. Earlier data are as of ends of fiscal years.

YEAR	Total	Federal <sup>1</sup>	STATE AND LOCAL <sup>2</sup>		
			Total	State	Local
GROSS DEBT OUTSTANDING (Amounts in millions)					
1945.....	\$275,234	\$258,682	\$16,552	\$2,425	\$14,164
1944.....	218,429	201,003	17,426	2,768	14,703
1943.....	155,341	136,696	18,645	2,909	15,783
1942.....	92,064	72,422	19,642	3,211	16,479
1941.....	69,143	48,961	20,182	3,413	16,812
1940.....	63,177	42,968	20,209	3,526	16,720
1932.....	39,049	19,487	19,562	2,896	16,680
1922.....	33,219	22,963	10,256	1,163	9,093
1912.....	5,692	1,194	4,498	423	4,075
1902.....	3,372	1,178	2,194	270	1,924
PERCENT DISTRIBUTION, BY TYPE OF GOVERNMENT					
1945.....	100.0	94.0	6.0	.9	5.1
1944.....	100.0	92.0	8.0	1.3	6.7
1943.....	100.0	88.0	12.0	1.9	10.1
1942.....	100.0	78.7	21.3	3.5	17.9
1941.....	100.0	70.8	29.2	4.9	24.3
1940.....	100.0	68.0	32.0	5.6	26.5
1932.....	100.0	49.9	50.1	7.4	42.7
1922.....	100.0	69.1	30.9	3.5	27.4
1912.....	100.0	21.0	79.0	7.4	71.6
1902.....	100.0	34.9	65.1	8.0	57.1
INDEX OF CHANGE, 1940 = 100					
1945.....	435.7	602.0	81.9	68.8	84.7
1944.....	345.7	467.8	86.2	78.5	87.9
1943.....	245.9	318.1	92.3	82.4	94.4
1942.....	145.7	168.5	97.2	91.1	98.6
1941.....	109.4	113.9	99.9	96.8	100.6
1940.....	100.0	100.0	100.0	100.0	100.0
1932.....	61.8	45.4	96.8	82.1	99.8
1922.....	52.6	53.4	50.7	33.0	54.4
1912.....	9.0	2.8	22.3	12.0	24.4
1902.....	5.3	2.7	10.9	7.7	11.5

<sup>1</sup>Debt of the United States Government; includes general treasury obligations borrowed on behalf of Federal agencies and excludes Federal agency debt incurred outside of general treasury. Insofar as Federal Government utilities and enterprises are financed through general and special accounts, the Federal debt comprises both general and enterprise debt.

<sup>2</sup>Comprises debts both for general purposes and for government enterprises.  
<sup>3</sup>Total is less than the sum of State and local public debt in seven years because of the exclusion of State debts for reloan to local governments, which duplicate local obligations held by State governments.

TABLE 3.—ANNUAL INTEREST PAYMENTS ON DEBT OF FEDERAL, STATE, AND LOCAL GOVERNMENTS: SELECTED YEARS 1932 TO 1945

Data for 1945 and 1944 are for fiscal years: (a) closed during 12-month period ended on June 30 of each year for the Federal Government, for States, for cities having populations less than 25,000, and for townships, school districts, and special districts; and (b) closed during calendar years 1944 and 1943 for counties and for cities having populations over 25,000. Earlier data are for fiscal years closed during 12-month period ended on June 30, 1942, and for fiscal years ended during calendar year 1932. Table includes data both for general debt and for enterprise debt.

TYPE OF GOVERNMENT	INTEREST PAYMENTS				PERCENT 1945 IS OF—		
	1945	1944	1942	1932	1944	1942	1932
Total.....	\$4,239	\$3,265	\$1,967	\$1,443	129.8	215.5	293.8
Federal.....	3,617	2,609	1,260	599	138.6	287.1	603.8
State and local.....	622	656	707	844	94.8	88.0	73.7
State.....	194	102	123	112	92.2	76.4	83.9
Local.....	528	554	584	732	95.3	90.4	72.1
County.....	167	73	78	119	91.8	85.9	56.3
City.....	316	328	345	419	96.3	91.6	75.4
Township, school district, and special district.....	145	153	161	194	94.8	90.1	74.7

<sup>1</sup>Subject to slight revision in Volume 3 of State Finances: 1945 for State interest payments and in County Finances: 1944 for county interest payments.  
<sup>2</sup>Revised to conform to the reclassification of Massachusetts and Rhode Island towns from cities to townships.

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TABLE 4.--GROSS DEBT OF STATE AND LOCAL GOVERNMENTS: SELECTED YEARS 1902 TO 1945

Data for years beginning with 1940 are as of June 30, and they necessarily vary from information for diverse closing dates of fiscal years shown in tables 5 to 8 and in other Census publications. Earlier data are as of closing dates of fiscal years. Table includes data both for general debt and for enterprise debt.

(Amounts in millions)

YEAR	Total	State	LOCAL					
			Total	County	City	Township	School district	Special district
AMOUNT								
1945.....	\$16,552	\$2,425	\$14,164	\$1,545	\$8,411	\$178	\$1,363	\$2,667
1944.....	17,426	2,768	14,703	1,694	8,624	202	1,465	2,718
1942.....	19,642	3,211	16,479	1,846	9,806	273	1,701	2,853
1940.....	20,209	3,526	16,720	2,156	9,899	290	1,813	2,562
1932.....	19,562	2,896	16,680	2,531	9,909	433	2,176	1,631
1922.....	10,256	1,163	9,093	1,387	5,810	130	1,127	639
1912.....	4,498	423	4,075	393	3,447	80	119	36
1902.....	2,195	270	1,925	205	1,612	57	46	5
PERCENT OF TOTAL DEBT OUTSTANDING								
1945.....	100.0	14.6	85.4	9.3	50.7	1.1	8.2	16.1
1944.....	100.0	15.8	84.2	9.7	49.4	1.2	8.4	15.6
1942.....	100.0	16.3	83.7	9.4	49.8	1.4	8.6	14.5
1940.....	100.0	17.4	82.6	10.6	48.9	1.4	9.0	12.7
1932.....	100.0	14.8	85.2	12.9	50.7	2.2	11.1	8.3
1922.....	100.0	11.3	88.7	13.5	56.6	1.3	11.0	6.2
1912.....	100.0	9.4	90.6	8.7	76.6	1.8	2.6	.8
1902.....	100.0	12.3	87.7	9.3	73.5	2.6	2.1	.2
PERCENT CHANGE								
1944-1945.....	-5.0	-12.4	-3.7	-8.8	-2.5	-11.9	-7.0	-1.9
1942-1945.....	-15.7	-24.5	-14.1	-16.3	-14.2	-34.8	-19.9	-6.5
1940-1945.....	-18.1	-31.2	-15.3	-28.3	-15.0	-38.6	-24.8	4.1
1932-1945.....	-15.4	-16.3	-15.1	-39.0	-15.1	-37.4	-37.4	63.5
1922-1932.....	90.7	149.0	83.4	82.5	70.6	233.1	93.1	155.2
1912-1922.....	128.0	175.0	123.1	252.9	68.6	62.5	847.8	1,675.0
1902-1912.....	104.9	56.7	111.7	91.7	113.8	40.4	158.7	620.0

Total is less than the sum of State and local government debt because of the exclusion of duplicating State debts for reloan to local governments. The excluded State loans are \$37 million in 1945, \$45 million in 1944, \$48 million in 1942, \$37 million in 1940, and \$14 million in 1932.

TABLE 5.--SINKING-FUND ASSETS OF STATE AND LOCAL GOVERNMENTS: SELECTED YEARS 1922 TO 1945

Data for 1945 and 1944 are for fiscal years: (a) closed during 12-month period ended on June 30 of each year for States, for cities having populations less than 25,000, and for townships, school districts, and special districts; and (b) closed during calendar years 1944 and 1943 for counties and for cities having populations over 25,000. Earlier data are as of June 30 for 1940 and for fiscal year endings for 1932 and 1922. Table includes data both for general debt and for enterprise debt.

(Amounts in millions)

YEAR	TOTAL		STATE		LOCAL						
	Amount	Percent of long-term debt	Amount	Percent of long-term debt	Total Amount	Percent of long-term debt	County	City	Township	School district	Special district
1945.....	\$2,148	13.2	\$632	25.6	\$1,559	11.2	\$143	\$1,262	\$8	\$32	\$58
1944.....	2,183	12.7	684	24.6	1,549	10.6	144	1,245	8	99	47
1940.....	2,332	11.0	669	20.4	1,486	9.3	144	1,161	16	108	57
1932.....	1,936	11.1	535	20.6	1,465	9.6	141	1,146	10	136	32
1922.....	1,566	16.3	287	20.5	1,339	15.8	114	1,131	7	74	13

Total is less than the sum of State and local sinking funds because of the exclusion of State assets representing State long-term loans to local governments. The amounts of excluded assets are \$37 million for 1945, \$39 million for 1944, \$23 million for 1940, and \$14 million for 1932.

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TABLE 6.--LONG-TERM AND NET LONG-TERM DEBT OF STATE AND LOCAL GOVERNMENTS: SELECTED YEARS 1922 TO 1945  
Data for 1945 and 1944 are for fiscal years: (a) closed during 12-month period ended on June 30 of each year for States, for cities having populations less than 25,000, and for townships, school districts, and special districts; and (b) closed during calendar years 1944 and 1943 for counties and for cities having populations over 25,000. Earlier data are as of June 30 for 1940 and for fiscal year endings for 1932 and 1922. Table includes data both for general debt and for enterprise debt.

(Amounts in millions)

YEAR	TOTAL			State	LOCAL					
	Amount	Percent of gross debt	Percent of 1940		Total	County	City	Township	School district	Special district
Long-term debt:										
1945.....	\$16,298	98.5	84.4	\$2,471	\$13,864	\$1,604	\$8,361	\$120	\$1,273	\$2,446
1944.....	17,285	99.2	89.5	2,784	14,540	1,759	8,732	200	1,360	2,469
1940.....	19,314	95.5	100.0	3,280	16,034	2,036	9,511	280	1,699	2,531
1932.....	17,897	91.5	92.7	2,594	15,317	2,306	9,157	343	1,993	1,518
1922.....	9,578	93.4	49.6	1,106	8,472	1,282	5,477	101	985	627
Net long-term debt: <sup>a</sup>										
1945.....	14,150	85.5	82.4	1,839	12,311	1,461	7,099	172	1,191	2,368
1944.....	15,097	86.6	87.9	2,100	12,997	1,615	7,487	192	1,231	2,422
1940.....	17,182	85.0	100.0	2,611	14,571	1,892	8,350	264	1,591	2,474
1932.....	15,911	81.3	92.6	2,059	13,852	2,165	8,011	333	1,857	1,486
1922.....	8,012	78.1	46.6	879	7,133	1,168	4,346	94	911	614

<sup>a</sup>Total is less than the sum of State and local government debt because of the exclusion of duplicating State debts for reloan to local governments. The amounts of excluded State long-term loans are \$37 million for 1945, \$39 million for 1944, \$23 million for 1940, and \$14 million for 1932.  
<sup>b</sup>Net long-term debt is long-term debt, reported above, less the sinking-fund assets reported in table 5.

TABLE 7.--CHARACTER OF LONG-TERM DEBT OF STATE AND LOCAL GOVERNMENTS: 1945

Data are for fiscal years: (a) closed during 12-month period ended on June 30, 1945, for States, for cities having populations less than 25,000, and for townships, school districts, and special districts; and (b) closed during calendar year 1944 for counties and for cities having populations over 25,000. Table includes data both for general debt and for enterprise debt.

(Amounts in millions)

CHARACTER OF LIABILITY	Total	State	LOCAL			
			Total	County	City	Township, school district, and special district
AMOUNT						
Total long-term debt.....	\$16,298	\$2,471	\$13,864	\$1,604	\$8,361	\$3,899
Full faith and credit debt.....	14,244	2,156	12,088	1,595	7,763	2,730
Payable from unspecified general revenue.....	12,263	1,542	10,721	1,042	7,309	2,370
Payable from specified revenue.....	1,980	613	1,367	553	454	360
Pledged earnings of activities.....	477	20	457	1	200	256
Special assessments.....	353	—	353	37	223	93
Reimbursements by other governments.....	436	122	314	312	( <sup>a</sup> )	2
Other specified revenue.....	714	471	243	203	31	9
Nonguaranteed debt.....	2,091	315	1,776	9	598	1,169
Payable exclusively from pledged earnings of activities...	1,542	184	1,358	8	498	852
Payable exclusively from special assessments.....	405	—	405	1	96	308
Payable exclusively from other pledged revenue.....	144	131	13	—	4	9
PERCENT OF TOTAL LONG-TERM DEBT						
Total long-term debt.....	100.0	100.0	100.0	100.0	100.0	100.0
Full faith and credit debt.....	87.4	87.3	87.2	99.4	92.8	70.0
Payable from unspecified general revenue.....	75.2	62.4	77.3	65.0	87.4	60.8
Payable from specified revenue.....	12.1	24.8	9.9	34.5	5.4	9.2
Pledged earnings of activities.....	2.9	.8	3.3	.1	2.4	6.6
Special assessments.....	2.2	—	2.5	2.3	2.7	2.4
Reimbursements by other governments.....	2.7	4.9	2.3	19.5	—	.1
Other specified revenue.....	4.4	19.1	1.8	12.7	.4	.2
Nonguaranteed debt.....	12.8	12.7	12.8	.6	7.2	30.0
Payable exclusively from pledged earnings of activities...	9.5	7.4	9.8	.5	6.0	21.9
Payable exclusively from special assessments.....	2.5	—	2.9	.1	1.1	7.9
Payable exclusively from other pledged revenue.....	.9	5.3	.1	—	( <sup>a</sup> )	.2

<sup>a</sup>Total is less than the sum of State and local debt by \$37 million, the amount of duplicating State long-term debt for reloan to local governments.  
<sup>b</sup>Under a temporary law, \$177 million of debt of New York cities is serviced by State aid.  
<sup>c</sup>Less than 1/20 of 1 percent.

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TABLE 8.--GENERAL AND ENTERPRISE DEBT OF STATE AND LOCAL GOVERNMENTS: 1945

Data are for fiscal years: (a) closed during 12-month period ended on June 30, 1945, for States, for cities having populations less than 25,000, and for townships, school districts, and special districts; and (b) closed during calendar year 1944 for counties and for cities having populations over 25,000. Table includes data both for general debt and for enterprise debt.

(In millions)

PURPOSE AND TERM	Total	State	LOCAL					Special district
			Total	County	City	Township	School district	
<b>Total:</b>								
Total gross debt.....	\$16,840	\$2,471	\$14,406	\$1,635	\$8,521	\$189	\$1,376	\$2,685
Long-term debt.....	16,298	2,471	13,864	1,604	8,361	180	1,273	2,446
Short-term debt.....	542		542	31	160	9	103	239
Sinking fund assets.....	2,148	632	1,553	143	1,262	8	82	58
Net long-term debt.....	14,150	1,839	12,311	1,461	7,099	172	1,191	2,388
<b>General government:</b>								
Total gross debt.....	11,063	2,243	8,830	1,616	4,738	179	1,376	921
Long-term debt.....	10,747	2,243	8,514	1,585	4,579	170	1,273	907
Short-term debt.....	316		316	31	159	9	103	14
Sinking fund assets.....	1,489	613	886	142	622	8	82	32
Net long-term debt.....	9,258	1,630	7,628	1,443	3,957	162	1,191	875
<b>Enterprises:</b>								
Total gross debt.....	5,777	228	5,576	19	3,783	10		1,764
Long-term debt.....	5,551	228	5,350	19	3,782	10		1,539
Short-term debt.....	226		226		1			225
Sinking fund assets.....	659	19	667	1	640			26
Net long-term debt.....	4,892	209	4,683	18	3,142	10		1,513

<sup>1</sup>Total is less than the sum of State and local debt because of the exclusion of duplicating State debt for reloan to local governments.

<sup>2</sup>Total is less than the sum of State and local sinking fund assets because of the exclusion of assets representing duplicating State debt for reloan to local governments.

TABLE 9.--INTEREST-BEARING SECURITIES OF FEDERAL, STATE, AND LOCAL GOVERNMENTS, BY TYPE OF OWNERSHIP: 1945, 1944, AND 1940

Data are as of June 30 for each year and include interest-bearing governmental securities both for general purposes and for enterprise purposes.

(In millions)

TYPE OF GOVERNMENT ISSUING SECURITIES	Total	GOVERNMENTALLY OWNED				Privately owned
		Total	Federal (including agencies)	State	Local	
<b>Total:</b>						
1945.....	\$274,288	\$33,488	\$25,431	\$4,162	\$3,895	\$240,800
1944.....	219,707	26,425	19,866	3,222	3,337	193,282
1940.....	69,964	12,608	8,403	1,607	2,598	57,356
<b>U. S. Governments:</b>						
1945.....	256,357	30,117	24,934	3,106	2,077	226,240
1944.....	199,543	22,082	18,920	1,871	1,291	177,461
1940.....	42,376	7,223	6,803	174	246	35,153
<b>Federal agencies:<sup>1</sup></b>						
1945.....	1,638	7	7			1,631
1944.....	2,970	364	364			2,606
1940.....	7,697	1,121	1,121			6,576
<b>State and local governments:</b>						
1945.....	16,293	3,354	490	1,046	1,818	12,939
1944.....	17,194	3,979	582	1,351	2,046	13,215
1940.....	19,891	4,264	479	1,433	2,352	15,627

<sup>1</sup>Notes of joint stock land banks are included both here and in text figures for gross debt of Federal agencies. Interest agency obligations are excluded, except securities available for public purchase.

<sup>2</sup>Includes Commodity Credit Corporation obligations of \$450 million and short-term notes of Federal land banks, amounting to \$146 million.

NOTES ON PROCEDURE

**Sources of statistics.**--Information on Federal debt and security holdings was obtained from the Division of Research and Statistics and from the Financial Reports Subsection of the Bureau of Accounts, both of the Treasury Department.

Figures on State and local government debt were obtained by the Bureau of the Census through a combination of (a) field-agent collection, (b) mail canvass, (c) use of data assembled by other Federal agencies, and (d) State reports of local debt.

Field agents collected information from the 37 cities having populations over 250,000, and at State capitals they abstracted statistics for 716 sample counties and for 250 cities and 10 urban townships having populations between 25,000 and 250,000. Mail canvass was the method of collecting data for the 110 remaining cities having populations between 25,000 and 250,000, for 289 sample counties, and for the sample of 748 other units (cities having populations below 25,000, special districts, and townships). Federal agencies furnishing local debt information included the Office of Education as to school debt, the Bureau of Reclamation as to irrigation-district debt to the United States Government, and the Federal Public Housing Authority as to local housing obligations.

A facsimile of the main form used in collecting local governmental data appears on pages 10 and 11.

**Methods of estimating.**--So complete was the coverage of the State governments and their dependent agencies that only an insignificant degree of estimation was required, as indicated in "State Debt in 1945," *State Finances: 1945*, vol. 2, no. 3, issued last November.

All of the 397 cities having populations over 25,000 were completely reported as of ends of their 1944 fiscal years, and their gross debts were extended to 1945 according to the rate of change in sample cities accounting for 80 percent of the debt of these cities.

Figures for other local governments were derived as follows: First, from complete reports of Federal loans to housing and irrigation districts and complete coverage of other large special districts, large townships, and school debt in a majority of

States; and, secondly, from estimates for the remaining governments according to the rate of change since 1942 in the debt of sample units representing the other local units not covered by complete reports. Estimates of total local debt were reinforced by inclusive State summaries of local debt in 42 States, referring to one or more types of government.

**Dates of information.**--A consequence of this combination was the use of two different dates for which debt is shown in this report. First, summary or basic data are reported as of June 30, permitting ready comparison with similarly reported information for prior years. Tables showing debt as of this date are 1, 2, 4, and 9. Secondly, detailed data for 1945 and 1944 in tables 3, 5, 6, 7, and 8 represent the following dates: (a) The information is for fiscal years closed during the 12-month period ended on June 30, 1945, and June 30, 1944, for the Federal Government, for States, for cities having populations less than 25,000 and for townships, school districts, and special districts; (b) the information is for fiscal years closed during the calendar years 1944 and 1943 for counties and for cities having populations over 25,000. Headnotes on tables specify not only which one of these two sets of dates is reported for 1945 and 1944 but also indicate the dates as of which earlier information is shown.

**Publications.**--A preliminary summary edition of this report was published in December 1945. A detailed report on the debt of the State governments was published in November 1945.<sup>1</sup>

ACKNOWLEDGMENT

The courtesy of Federal, State, and local officials in furnishing information for this survey is gratefully acknowledged.

<sup>1</sup>Debt statistics for each of the larger individual governments are included in the annual publications of the Bureau of the Census on *State Finances* for the 48 States and on *City Finances* for the 397 largest cities; similarly, debt data for a representative one-third of the 3,050 county governments are contained in the Census annual report on *County Finances*.

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OFFICE OF THE DIRECTOR

DEPARTMENT OF COMMERCE  
BUREAU OF THE CENSUS  
Washington 25, D. C.

Budget Bureau No. 41-2443.2  
Approval Expires Nov. 30, 1945

Name of Government

Type of Government

State

Govts Form C-102r (6-45)

TO LOCAL GOVERNMENT OFFICIALS:

As a national center of information, the Bureau of the Census collects and publishes data on the finances of State and local governments, thereby making this important information available to all government agencies and interested private organizations and individuals.

The purpose of this inquiry is to obtain information on the outstanding debt of your governmental unit together with certain specified data related thereto.

We shall be grateful if you will fill in the data requested in this form and return one copy of it to this office. In case some special situation exists which, in your opinion, is not adequately covered by any of the items in the questionnaire, please explain by a footnote or a comment at the bottom of the questionnaire.

May I thank you in advance for your kind cooperation. An envelope requiring no postage stamp is enclosed for your convenience.

Sincerely yours,

*J. C. Capt*  
J. C. Capt  
Director

EXPLANATION OF TERMS

**Debt outstanding.**—Report debt outstanding as of the end of the fiscal year closed between July 1, 1944, and June 30, 1945.

**General-government debt (Column A).**—Debt for streets, general office buildings, sewers, health, hospitals, public welfare, correction, schools, libraries, recreation, and other general purposes.

**Utility and other enterprise debt (Column B).**—Debt for water-supply, gas, electric and transit systems, airports, port facilities, and other government-owned enterprises of a commercial nature.

**Long-term debt.**—Fixed term and serial bonds and other obligations with a redemption date later than 1 year after issue. Report both interest-bearing and noninterest-bearing debt, including matured bonds not presented for payment (items 1 to 5, inclusive).

**Full faith and credit debt.**—Obligations fully backed by the issuing government, even though, in addition, specific taxes, earnings, or special assessments may be pledged to secure the debt. Also known as general obligation debt or guaranteed debt (items 1, 2a, 3a, and 4a).

**Nonguaranteed debt.**—Obligations payable exclusively from specific revenue of the local government or from pledged funds of an individual local government agency; debt not backed by the full faith and credit of the issuing government (items 2b, 3b, and 4b).

**Debt payable from pledged specific taxes.**—If debt payable from pledged property taxes, report at item 1; if payable from any other pledged specific taxes, report at item 4.

**Sinking funds and other assets to offset long-term debt.**—Assets of sinking funds, unexpended balances of refunding bond issues, balances for the payment of matured, but unrepresented bonds, and other fund balances specifically reserved for debt redemption. Do not include uncollected taxes and other unrealized assets as debt offsets. Do not include offsets to short-term debt. If a specific fund is dedicated to pay short-term debt, report it in a footnote (item 6).

**Short-term debt.**—Interest-bearing debt that matures not later than 1 year after issue, or has no fixed maturity date and is payable from taxes levied in the year the obligation is incurred. Include tax and bond anticipation warrants, short-term notes and judgments, and other temporary loans. Exclude accounts payable, vouchers payable, and other noninterest-bearing debt (item 7).

Data supplied by \_\_\_\_\_  
Name Title Address

COMMENTS OR FOOTNOTES

FACSIMILE OF MAIN FORM USED FOR LOCAL DEBT—FRONT  
(Facsimile of main form used for State debt appears in companion report on State debt)

A copy of the report will be mailed contributors of data upon request.  
(1)

(Over)

STATEMENT OF LOCAL GOVERNMENT DEBT AS OF \_\_\_\_\_, 19\_\_

(Report debt as of end of fiscal year which closed between July 1, 1944, and June 30, 1945.)

Please report statistics for all departments and agencies of your governmental unit, including dependent agencies for administering water supply systems, libraries, parks, or other functions. Exclude overlying independent governmental units. For instance, city reports should exclude the county, independent school districts, etc.

FOR EXPLANATION OF TERMS SEE REVERSE OF SHEET

TYPE OF DEBT	General Government	Utilities and other enter-
	(roads, schools, sewers, etc.)	prises (water supply, electric and transit systems, airports, etc.)
	A	B
	(omit cents)	(omit cents)
<b>LONG-TERM DEBT</b>		
(Debt Maturing Later Than One Year After Issue)		
1. FULL FAITH AND CREDIT DEBT PAYABLE EXCLUSIVELY FROM PROPERTY TAXES OR OTHER GENERAL REVENUE:		
a. General obligation bonds, notes, and certificates.....	\$ _____	\$ _____
b. Other (debt to trust funds, judgments, etc., for which no formal instruments have been issued).....	_____	_____
2. DEBT PAYABLE FROM PLEDGED EARNINGS OF PLANTS AND ACTIVITIES:		
a. GUARANTEED debt payable from general revenue if pledged earnings are insufficient (full faith and credit debt)...	_____	_____
b. NONGUARANTEED debt payable exclusively from pledged earnings (not full faith and credit debt).....	_____	_____
3. DEBT PAYABLE FROM SPECIAL ASSESSMENTS:		
a. GUARANTEED debt payable from general revenue if special assessments are insufficient (full faith and credit debt)	_____	_____
b. NONGUARANTEED debt payable exclusively from special assessments (not full faith and credit debt).....	_____	_____
4. OTHER LONG-TERM DEBT PAYABLE FROM PLEDGED SPECIFIC TAXES (other than property) OR OTHER PLEDGED REVENUE:		
a. GUARANTEED debt (full faith and credit debt).....	_____	_____
b. NONGUARANTEED debt (not full faith and credit debt).....	_____	_____
5. TOTAL LONG-TERM DEBT (sum of debt reported above).....	_____	_____
6. SINKING FUNDS AND OTHER ASSETS TO OFFSET LONG-TERM DEBT:		
a. Total assets offsetting total long-term debt reported at item 5.....	_____	_____
b. Assets offsetting only debt reported at item 1 (a and b).....	_____	_____
<b>SHORT-TERM DEBT</b>		
(Interest-Bearing Debt Maturing Within One Year After Issue)		
7. TAX AND BOND ANTICIPATION WARRANTS, SHORT-TERM NOTES, ETC. ....	_____	_____

SELECTED ITEMS FOR THE FISCAL YEAR ENDED ON DATE SPECIFIED ABOVE

- 8. INTEREST PAID ON LONG-TERM AND SHORT-TERM DEBT DURING THE YEAR (total)...\$ \_\_\_\_\_
  - a. On general-government debt.....
  - b. On debt for publicly-owned utilities and other enterprises.....
- 9. LONG-TERM DEBT ISSUED DURING THE YEAR:
  - a. Funding issues (to retire short-term bond-anticipation notes).....
  - b. Refunding issues (to retire long-term debt).....
  - c. New issues (for capital outlay).....
- 10. LONG-TERM NONINTEREST-BEARING DEBT OUTSTANDING AT END OF THE YEAR.....\$ \_\_\_\_\_  
(Such debt should be reported here and also included in items 1 to 4, inclusive)

FACSIMILE OF MAIN FORM USED FOR LOCAL DEBT—BACK  
(Facsimile of main form used for State debt appears in companion report on State debt)

(2)

(Over)

## CENSUS BUREAU REPORTS ON PUBLIC DEBT

Governmental Debt in the United States: 1945  
State Debt in 1945  
Governmental Debt in the United States: 1944  
State Debt in 1944  
City Debt in 1944 (in preparation)  
Governmental Debt in the United States: 1943  
State Debt on June 30, 1943  
City Debt for the Fiscal Year 1943  
City Debt on June 30, 1943  
Governmental Debt in the United States: 1942  
State Debt on June 30, 1942  
City Debt on June 30, 1942  
State and Local Government Debt: 1941  
State and Local Government Debt: 1940