

DISTRIBUTION OF THE NATIONAL DEBT

Much new information has become available in recent years about the assets and liabilities of financial and other institutions. In the table on pages 110 and 111 the information on holdings of British government stocks, Treasury Bills, and other forms of government debt, which together comprise the National Debt, is brought together for the years 1958 to 1961.

The table in effect extends earlier estimates of the distribution of the National Debt published, for 1939, 1956 and 1957, in the evidence to the Committee on the Working of the Monetary System (The Radcliffe Committee)^(a) and, for 1946 to 1948 and 1951, in *Economic Trends*.^(b) The form of the estimates has, however, been changed in order to incorporate new information, and to bring them more into line with other financial statistics.

For the purpose of these statistics the National Debt is defined as the debt chargeable on the Consolidated Fund of the United Kingdom Exchequer, but excluding debt payable in overseas currencies (£1,979 million at the 31st March 1961) and securities tendered in payment of death duties and held by the National Debt Commissioners until redeemed (£82 million at the 31st March 1961). The analysis also covers stocks issued by the nationalised industries and guaranteed by H.M. Government.

The table, which relates to the 31st March in each of the years 1958 to 1961, divides the total debt between official holdings^(c) and market holdings. It then shows how much of the total of market holdings, measured where possible in nominal values, was held by various groups of holders. Separate figures are given for stocks, for Treasury Bills and for other forms of government debt. The

figures for stocks include, in addition to the quoted stocks of the Government and the nationalised industries, certain unquoted securities mostly issued direct to the National Debt Commissioners (£229 million at the 31st March 1961). The column for other debt includes:

Terminable Annuities issued to the National Debt Commissioners between 1943 and 1950 as an investment for the funds of the Post Office Savings Bank and the Trustee Savings Banks.

Ways and Means Advances to the Exchequer, almost entirely included under "Official holdings".

Other Debt issued under the National Loans Act, 1939, consisting mostly of interest-free notes held by the International Monetary Fund, the International Bank for Reconstruction and Development and the International Development Association; and debts to the Governments of India and Portugal.

National Savings Certificates

Defence Bonds

Premium Savings Bonds

Tax Reserve Certificates

No detailed breakdown is available of the distribution of National Savings securities or of Tax Reserve Certificates between the various categories of holders; they are therefore mostly included in the residual item. In the case of Tax Reserve Certificates it is estimated that rather more than £300 million of

(a) Principal Memoranda of Evidence, Volume 1, page 111.

(b) *Economic Trends*, December 1961.

(c) Holdings of the Bank of England, the Exchange Equalisation Account, the National Debt Commissioners and certain government departments.

the total £378 million outstanding at the 31st March 1961 was held by companies.

The table suffers from a number of imperfections. Although it shows the total National Debt outstanding at the 31st March each year, the figures for many individual groups unavoidably relate to the previous 31st December or to other dates; some holdings of stocks and Treasury Bills are shown at market or book value rather than nominal value; and some figures are partly estimated. These various defects do not affect the total but are all reflected in the item "Other (including residual errors)".

The analysis is far from complete and the residual item, which in 1961 amounted to some £11,700 million (or 40% of the total debt) is therefore very large. It includes not only all personal holdings of government debt but also the holdings of corporate and non-corporate bodies for which no information is yet available. Recent estimates^(a) by the Inland Revenue, derived from statistics of estate duties, put the value of holdings of National Savings securities and Tax Reserve Certificates by individuals in Great Britain in 1960 at about £3,300 million and of other government and government guaranteed securities at rather more than £2,100 million. Thus the total

nominal amount of government debt held by persons may well be in the neighbourhood of £6,000 million, leaving some £6,000 million for the total of other unidentified holdings. Notable among these are the holdings of private companies, partnerships, private trusts and private pension funds, as well as non-official overseas holdings. The total of unidentified holdings should be reduced as more financial statistics become available.

The estimates show that at the 31st March 1961 official holdings accounted for some 27% of the total debt. Of the rest 1% was held by public bodies (*i.e.*, local authorities and public corporations), 16% by banks and discount houses, 14% by overseas official institutions and 69% by other holders. About a half of the market holdings of Treasury Bills were in the hands of the banks and discount houses and a further third were held by overseas official institutions. On the other hand, the banks, discount houses and overseas official institutions between them accounted for only one quarter of the total amount of stocks in the hands of the market.

The following summary table shows how the total amount of debt held in the market was distributed amongst the main groups of holders in each of the years 1958 to 1961:

(% of market holdings in brackets)

<i>£ millions</i>	1958		1959		1960		1961	
Public bodies ...	179	(1)	192	(1)	197	(1)	195	(1)
Banking sector ...	4,629	(22)	4,323	(20)	3,970	(18)	3,413	(16)
Overseas official ...	3,094	(14)	2,920	(14)	3,141	(15)	3,098	(14)
Other ...	13,429	(63)	13,839	(65)	14,259	(66)	14,956	(69)
Market holdings	21,331	(100)	21,274	(100)	21,567	(100)	21,662	(100)

^(a) Report of the Commissioners of Her Majesty's Inland Revenue for the year ended 31st March 1961, Table 126.

FURTHER NOTES ON DEFINITIONS AND SOURCES

Official holdings The holdings of the Bank of England, the Exchange Equalisation Account, the National Debt Commissioners, and certain government departments. More holdings are covered than in the Annual Abstract of Statistics (official holdings of marketable securities, 1961 edition, Table 298).

Public corporations As defined in national income statistics, with the exception of the Bank of England. The figures used are those published in the Annual Abstract of Statistics (1961 edition, Table 295), and show the total nominal value (partly estimated) of government and government guaranteed securities; no figures are available for Treasury Bill holdings but they are not thought to be large.

Local authorities The figures for 1961 are based on the holdings of almost all local authorities in the United Kingdom (other than the holdings of their super-annuation funds which appear separately in the table) at the previous 31st December, adjusted for transactions during January-March 1961. The figures for previous years are estimates derived from information supplied by a sample of local authorities.

London clearing banks and Scottish banks The banks' holdings, both of Treasury Bills and stocks, are shown at book value at their make-up dates in March except that the figures for stocks in 1958 are at the 31st March.

Northern Irish banks^(a) The figures show (at book value) the amount of British government and government guaranteed securities held at the 31st March by all offices of the Northern Irish banks (except The National Bank Limited whose holdings are included with those of the London clearing banks) whether in Northern Ireland or in the Republic of Ireland. The figures for Treasury Bills represent a proportion of the banks' total

holdings of Treasury Bills equal to the proportion of their total current and deposit accounts held by offices in Northern Ireland and relate to various dates in the middle of March.

Overseas banks in London and accepting houses^(b) The holdings at book value of the accepting houses and the three groups of overseas banks in London—the British overseas banks, the American banks and the other foreign banks. The figures for 1961 relate to the 31st March, while those for 1958 to 1960 relate to the previous 31st December.

Discount houses The aggregate holdings, at nominal value, of the members of the London Discount Market Association at the 31st March each year.

Overseas official Identified holdings of government debt of overseas governments, central banks and currency boards, the Crown Agents for Oversea Governments and Administrations, international organisations, and certain other official bodies. The "Other" debt held by this group is now mainly in the form of interest-free Treasury notes.

Insurance companies and collecting societies The figures are at book value. Those for insurance companies have been taken from the annual summaries of statutory returns prepared by the Board of Trade. The annual Reports of the Industrial Assurance Commissioner have provided the figures for collecting societies. The dates in each year are the accounting dates of the individual bodies, in most cases the preceding 31st December: the figures for 1961 are estimates.

Building societies The figures for 1959 and 1960 are the book value of government and government guaranteed securities and Treasury Bills held at various accounting dates, mostly the 31st December in the preceding year, by all societies with assets exceeding £½ million. The information is obtained from the Reports of the Chief Registrar of Friendly Societies which are also the

^(a) As defined in Additional Notes to the Statistical Annex, page 155.

^(b) As defined in Additional Notes to the Statistical Annex, page 156.

basis of the estimates for 1961. The figures for 1958 are estimates by the Department of Applied Economics, Cambridge, and are reproduced, with permission, from *The Building Societies' Gazette* of September 1961; they relate to societies with assets exceeding £1 million.

The small holdings of "Other" debt are Tax Reserve Certificates.

Savings banks Estimated holdings of government and government guaranteed securities of the Special Investment Departments of the Trustee Savings Banks—based for 1960 and 1961 on nominal values at the preceding 31st December and for earlier years on book values at the preceding 20th November—together with estimates of the holdings of the No. 1 Department of the Birmingham Municipal Bank. The funds of the Post Office Savings Bank and the Ordinary Departments of the Trustee Savings Banks are invested by the National Debt Commissioners, and the securities are included under "Official holdings".

Co-operative banks Holdings (at book value) of government and government guaranteed securities by the banking departments of the Co-operative Wholesale Society Limited and the Scottish Co-operative Wholesale Society Limited at the previous 31st December; these are derived from information given in the Reports of the Chief Registrar of Friendly Societies.

Industrial and commercial companies The figures are based on those for "gilt-edged securities" (which do not include Treasury Bills or Tax Reserve Certificates) in the analysis of published consolidated accounts of about 2,300 public companies compiled by *The Economist*, with whose permission the figures are published. Adjustments have been made to eliminate, as far as possible, the effects of variations from year to

year in the companies included, but no attempt has been made to estimate the holdings of public companies not included in the analysis at all. Since many companies do not specify gilt-edged securities separately in their published balance sheets the figures are incomplete.

Public Trustee and various other non-corporate bodies The important bodies in this group are the Public Trustee, the Church Commissioners for England, the Charity Commissioners, the Supreme Court for Northern Ireland and the Treasury Solicitor.

Friendly societies This group includes societies registered under the Friendly Societies Acts, the Industrial and Provident Societies Acts and the Trade Union Acts with the exception of collecting societies, insurance and superannuation societies and co-operative banks. All the figures, which relate to book values, are estimates based on the Reports of the Chief Registrar of Friendly Societies.

Local authority superannuation funds These figures are derived from the same sources as those for local authorities' other funds, mentioned earlier in the notes.

Other public sector superannuation funds Mainly the pension funds of the nationalised industries, but also includes some funds of central government bodies. The figures show the nominal value of holdings of government and government guaranteed securities at the 31st March 1961.

Investment and unit trusts The figures for 1961 are the first available and show the market value of government and government guaranteed stocks and the nominal value of Treasury Bills at the 31st December 1960, adjusted for transactions during the first quarter of 1961.

ESTIMATED DISTRIBUTION OF THE NATIONAL DEBT^(a) AND NATIONALISED

At the 31st

£ millions nominal^(b)

	1958				1959			
	Total	Stocks	Treasury Bills	Other	Total	Stocks	Treasury Bills	Other
Official holdings	7,032	4,045	1,634	1,353	7,208	3,748	2,094	1,366
Market holdings								
Public bodies								
Public corporations	104	104	..	..	107	107	..	..
Local authorities	75	75	..	..	85	85	..	..
	179	179	..	..	192	192	..	..
Banking sector								
London clearing banks	3,107	2,025	1,082	..	2,693	1,816	877	..
Scottish banks	359	336	23	..	330	314	16	..
Northern Irish banks	103	100	3	..	110	110	—	..
British overseas banks	325	254	71	..	353	256	97	..
American banks	9	7	2	..	13	6	7	..
Other foreign banks ^(c)	17	9	8	..	20	10	10	..
Accepting houses	54	38	16	..	59	45	14	..
Discount houses	655	225	430	..	745	347	398	..
	4,629	2,994	1,635	..	4,323	2,904	1,419	..
Overseas official	3,094	1,565	762	767	2,920	1,431	880	609
Other								
Insurance companies and collecting societies	1,382	1,382	..	..	1,423	1,423	..	..
Building societies	158	138	9	11	186	165	13	8
Savings banks	110	110	..	..	120	120	..	..
Co-operative banks	77	77	..	..	67	67	..	..
Industrial and commercial companies ^(d)	300	300	..	..	290	290	..	..
Public Trustee and various other non-corporate bodies	277	269	4	4	278	268	6	4
Friendly societies	155	155	..	..	150	150	..	..
Local authority superannuation funds	190	190	..	..	205	205	..	..
Other public sector superannuation funds								
Investment trusts								
Unit trusts								
Other (including residual errors)	10,780	7,174	527	3,079	11,120	7,200	486	3,434
	13,429	9,795	540	3,094	13,839	9,888	505	3,446
Total market holdings	21,331	14,533	2,937	3,861	21,274	14,415	2,804	4,055
TOTAL DEBT	28,363	18,578	4,571	5,214	28,482	18,163	4,898	5,421
Of which:								
National Debt	25,069				25,190			
Nationalised industries' stocks guaranteed by H.M. Government	3,294				3,292			

(a) Excluding debt payable in overseas currencies.

(b) Some of the holdings are at book value and at dates other than the 31st March; see notes on definitions, page 108.

(c) As defined in Additional Notes to Table 11C, page 156.

(d) For an explanation of the companies covered see page 109.

INDUSTRIES' STOCKS GUARANTEED BY H.M. GOVERNMENT

March^(b)

1960				1961				
Total	Stocks	Treasury Bills	Other	Total	Stocks	Treasury Bills	Other	
7,412	4,256	1,935	1,221	7,897	4,996	1,669	1,232	Official holdings
								Market holdings
107	107	..	..	113	113	..	..	Public bodies
90	90	..	..	82	78	4	..	Public corporations
								Local authorities
197	197	..	..	195	191	4	..	
2,309	1,368	941	..	1,864	1,074	790	..	Banking sector
299	282	17	..	244	227	17	..	London clearing banks
101	100	1	..	92	91	1	..	Scottish banks
369	303	66	..	359	294	65	..	Northern Irish banks
6	3	3	..	4	2	2	..	British overseas banks
13	7	6	..	17	11	6	..	American banks
56	40	16	..	76	47	29	..	Other foreign banks ^(c)
817	367	450	..	757	392	365	..	Accepting houses
								Discount houses
3,970	2,470	1,500	..	3,413	2,138	1,275	..	
3,141	1,381	995	765	3,098	1,438	1,053	607	Overseas official
								Other
1,451	1,451	..	..	1,520	1,520	..	..	Insurance companies and collecting societies
214	186	16	12	224	195	17	12	Building societies
140	140	..	..	170	170	..	..	Savings banks
66	66	..	..	68	68	..	..	Co-operative banks
330	330	..	..	325	325	..	..	Industrial and commercial companies ^(d)
								Public Trustee and various other non-corporate bodies
301	264	33	4	300	270	26	4	Friendly societies
150	150	..	..	150	150	..	..	Local authority superannuation funds
215	215	..	..	222	222	—	..	Other public sector superannuation funds
				247	247	—	..	Investment trusts
				27	26	1	—	Unit trusts
11,392	7,025	723	3,644	11,701	7,217	603	3,881	Other (including residual errors)
14,259	9,827	772	3,660	14,956	10,412	647	3,897	
21,567	13,875	3,267	4,425	21,662	14,179	2,979	4,504	Total market holdings
28,979	18,131	5,202	5,646	29,559	19,175	4,648	5,736	TOTAL DEBT
25,689				26,273				Of which :
3,290				3,286				National Debt
								Nationalised industries' stocks guaranteed by H.M. Government

.. not available.

— nil or less than half the final digit shown.