

DISTRIBUTION OF THE NATIONAL DEBT: MARCH 1963

Estimates of the distribution of the National Debt by type of holder in each of the years 1958 to 1962 have been published in previous issues of this *Bulletin*.^(a) As a result of new statistics which have become available during the past year a rather fuller analysis can be compiled for the 31st March 1963. This is shown on the opposite page. Because few of the new statistics can be carried back, no comparable figures are shown for the 31st March 1962.

As before, the table divides the total National Debt (together with nationalised industries' stocks guaranteed by H.M. Government) into official and non-official holdings,^(b) and gives an analysis of the distribution of non-official holdings by type of holder. Where possible, government stocks are now divided between those maturing within five years and longer maturities. More comprehensive figures for banks and insurance companies are available than in previous analyses; and figures are included for the first time for private pension funds and sub-totals given for financial institutions other than banks. The analysis also includes estimates of the amount of government debt held by overseas residents—derived partly from the new statistics of external liabilities and claims and partly from a limited analysis of the registers of government stocks; and it shows separate figures for individuals' holdings, based on the statistics of death duties compiled by the Inland Revenue.

The analysis does not claim to be exact. A few figures relate to dates before the 31st March 1963 (but these are adjusted where possible for transactions during the intervening period); some holdings are unavoidably measured at book or market (rather than nominal) value; and some of the estimates—particularly those for individuals and for overseas residents—are subject to a wide margin of error.

No detailed breakdown is available of the distribution of National Savings securities or Tax Reserve Certificates, of which a total of

£4,030 million was outstanding at the 31st March 1963. In this analysis, individuals' holdings are put at £3,384 million, as in the latest broad estimates compiled by the Inland Revenue. The Bank's records suggest that about £300 million of Tax Reserve Certificates were held by companies, and because holdings of financial companies are thought to be small this amount is included under "industrial and commercial companies". Most of the remaining National Savings securities and Tax Reserve Certificates are included under the residual item "other (including errors and omissions)".

The recent improvement in financial statistics makes it possible to identify the holders of about 90% of the total Debt, leaving £3,267 million in the residual category. Some of this reflects errors and omissions in other parts of the table: the figures for industrial and commercial companies in particular are almost certainly understated because those for stocks cover only a limited number of public companies and, although probably sizable, no figures are available for Treasury Bills; and the figures shown for insurance companies do not include holdings of U.K. offices of overseas companies. Nevertheless, the greater part of the residual item, some half of which consists of stocks with over five years to maturity, can probably be attributed to private trusts, non-trading bodies of various kinds, partnerships and private companies.

The analysis shows that at the 31st March 1963 44% of all non-official holdings of Treasury Bills were held by overseas residents and a further 41% by the banking sector; holdings of financial institutions (other than banks) were negligible, and only 15% were held by other holders. Stocks were more widely distributed, with financial institutions accounting for 25% of all non-official holdings, the banking sector 16%, overseas holders 13% and others 46%.

Some notes on definitions, and on sources where the figures are not taken from official publications, are given on page 36.

(a) June 1962 and March 1963.

(b) Official holdings are defined as the holdings of the Bank of England, the Exchange Equalisation Account, the National Debt Commissioners and certain Government Departments; all other holdings, including those of overseas governments and monetary institutions, are regarded as non-official.

**ESTIMATED DISTRIBUTION OF THE NATIONAL DEBT⁽¹⁾ AND
NATIONALISED INDUSTRIES' STOCKS GUARANTEED BY H.M. GOVERNMENT**

£ millions nominal⁽²⁾

	At the 31st March 1963 ⁽²⁾					Other debt ⁽⁴⁾
	Total	Treasury Bills	Stocks			
			Total	0-5 years to maturity ⁽³⁾	Over 5 years and undated ⁽³⁾	
Official holdings	8,193	1,652	5,337	1,487	3,850	1,204
Non-official holdings						
Public bodies						
Public corporations	77	—	77	23	54	..
Local authorities	73	3	70	10	60	..
	150	3	147	33	114	..
Banking sector						
Domestic banks	2,049	605	1,444	749	695	..
Overseas banks in the United Kingdom	485	49	436	187	249	..
Accepting houses	94	34	60	44	16	..
Discount market	794	366	428	414	14	..
	3,422	1,054	2,368	1,394	974	..
Other financial institutions						
Insurance companies	1,992	2	1,990	40	1,950	..
Building societies	300	5	295	80	215	..
Savings banks	225	—	225	55	170	..
Local authority pension funds	240	—	240	4	236	..
Other public sector pen- sion funds	244	1	243	5	238	..
Private sector pension funds	602	2	600	17	583	..
Investment and unit trusts	52	—	52	10	42	..
Other	9	—	9	5	4	..
	3,664	10	3,654	216	3,438	..
Overseas residents						
International organisations	590	55	3	1	2	532
Central monetary institu- tions	2,045	1,006	1,039	565	474	—
Overseas banks	962	66	141	9	132	—
Other			700	100	600	55
	3,597	1,127	1,883	675	1,208	587
Other holders						
Industrial and commercial companies	525	..	225	300
Public Trustee and various other non-corporate bodies	60	15	240	12	228	5
Friendly societies	150	..	150
Individuals	6,579	..	3,195	120	3,075	3,392
Other (including errors and omissions)	3,267	376	2,542	341
	10,781	391	6,352	1,225	5,127	4,038
Total non-official holdings	21,614	2,585	14,404	3,543	10,861	4,625
TOTAL DEBT	29,807	4,237	19,741	5,030	14,711	5,829
Of which:						
National Debt	27,973	4,237	17,907	5,001	12,906	5,829
Nationalised industries' stocks guaranteed by H.M. Government	1,834		1,834	29	1,805	

.. not available. Apart from industrial and commercial companies' Treasury Bills, holdings of Treasury Bills and "other debt" where this symbol is used are thought to be small.

— nil or less than £½ million.

(1) Excluding debt payable in overseas currencies (£1,875 million at the 31st March 1963) and securities tendered in payment of death duties and held by the National Debt Commissioners until redeemed (£87 million at the 31st March 1963).

(2) Some of the holdings are at book value and at dates other than the 31st March; see definitions on the following page.

(3) Classified according to final redemption date.

(4) Mainly National Savings securities, Terminable Annuities due to the National Debt Commissioners, Tax Reserve Certificates, Ways and Means Advances and, for overseas residents, interest-free notes and various sterling loans from overseas governments.

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.

Public corporations As defined in national income statistics, but excluding the Bank of England.

Local authorities The figures are based on the holdings of almost all local authorities in the United Kingdom at the 31st December 1960, with an allowance for estimated changes since then.

Banking sector See Table 9 of the Statistical Annex. The figures for stocks are at book value (except for the discount market, where nominal values are used).

Insurance companies Holdings of U.K. branches of all members of the British Insurance Association whose parent companies are registered and whose head offices are in the United Kingdom; the holdings of five members of the Association of Collecting Friendly Societies are also included.

Building societies Estimates, at book value, based on the *Report of the Chief Registrar of Friendly Societies*.

Local authority pension funds The figures are estimated nominal values and therefore differ from those published in *Financial Statistics*.

Savings banks The Special Investment Departments of the Trustee Savings Banks and the No. 1 Department of the Birmingham Municipal Bank. The division of stock holdings by maturity is partly estimated.

Other financial institutions: Other Hire purchase finance companies and special finance agencies (such as the Agricultural Mortgage Corporation Limited). The figures are partly estimated.

Overseas residents

Treasury Bills Central monetary institutions' holdings include certain Bills issued as counterpart for foreign currency deposits by such institutions; otherwise the figures are taken from Table 23 of the Statistical Annex.

Stocks The holdings of international organisations, central monetary institutions and overseas banks come from Table 23 and the maturity analysis is partly estimated; "other" overseas holdings are estimated in the manner described on pages 28 and 29.

Other debt Comprises £532 million of interest-free notes held by international organisations and various sterling loans from overseas governments.

Industrial and commercial companies The figures for stocks are based on those for "gilt-edged securities" in the analysis of published consolidated accounts of about 2,000 public companies compiled by *The Economist*, with whose permission the figures are published; no allowance has been made for companies not included in the analysis. No figures are available for companies' holdings of Treasury Bills.

Public Trustee and various other non-corporate bodies A few identified holders, in particular the Public Trustee, the Church Commissioners and the Charity Commissioners.

Friendly societies 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. Their holdings—at book value—are estimated from information in the *Report of the Chief Registrar of Friendly Societies*.

Individuals The figures for stocks are the Inland Revenue's estimates of individuals' holdings of government securities (other than National Savings securities and Tax Reserve Certificates) in 1962, converted approximately to nominal values; those for other debt include, in addition to National Savings securities and Tax Reserve Certificates, £8 million of Life Annuities.