

# Office Correspondence

Date February 6, 1936To Chairman Eccles

Subject: \_\_\_\_\_

From Mr. Goldenweiser

G P O 16-852

In response to your inquiries concerning the increase in the public debt, the following is submitted:

1. The deficit accumulated under the Hoover Administration, as shown by the increase in debt from December 31, 1930 to the end of February 1933, was about \$4,900,000,000.

2. The increase in debt under the Roosevelt Administration to date, that is, to January 31, 1936, is about \$9,600,000,000. The estimated increase to June 30, 1936, as shown in the 1937 budget estimates, is about \$10,000,000,000 and to June 30, 1937, is \$10,400,000,000, assuming expenditures for recovery and relief of \$1,100,000,000.

3. The increase in the debt under the present Administration has been accompanied by an increase in assets owned by the Government which totaled about \$5,600,000,000 on December 31, 1935. This increase includes \$1,800,000,000 in the exchange equalization fund, and increases of \$1,800,000,000 in the general fund balance and of \$2,000,000,000 in the Government-owned interest in United States corporations and credit agencies.

The Government's interest in United States corporations and credit agencies totaled about \$4,400,000,000 on December 31, 1935. Its distribution by corporations and agencies indicates that about \$2,200,000,000 represented loans to and investments in banks and other private credit

agencies, loans to business, railroads, and on self-liquidating projects, including public works; nearly \$700,000,000 was invested in agencies making farm and home mortgage loans, about \$800,000,000 went to agencies making crop and other short-term agricultural loans, and \$700,000,000 went to various other organizations.

4. The principal increases in the debt now in sight which were contemplated neither by the recovery program nor in the 1937 budget estimates will result from the Supreme Court decision on the Agricultural Adjustment Act and the bonus legislation. These will add nearly \$3,000,000,000 more to the debt by the end of the fiscal year 1937, provided a substitute agricultural program is enacted, no new taxes are levied, and some \$900,000,000 of processing taxes already collected are not refunded.

Details on the increase in public debt appear on the following page.