TABLE 3.—*Ratio of public debt to gross national product*

Fiscal year	Public debt at end of year[1]	Gross national product	Ratio
	Billions	*Billions*	*Billions*
1920	$24.3	$87.8	0.277
1925	20.5	88.9	.231
1930	16.2	96.7	.167
1935	32.8	68.7	.478
1940	48.5	95.0	.510
1941	55.3	109.4	.506
1942	77.0	139.2	.553
1943	140.8	177.5	.793
1944	202.6	201.9	1.004
1945	259.1	216.8	1.195
1946	269.9	201.6	1.339
1947	258.4	219.8	1.175
1948	252.4	243.5	1.036
1949	252.8	260.0	.972
1950	257.4	263.3	.977
1951	255.3	310.5	.822
1952	259.2	337.2	.768
1953	266.1	358.9	.741
1954	271.3	362.1	.749
1955	274.4	378.6	.725
1956	272.8	409.4	.666
1957	270.6	431.3	.627
1958	276.4	440.3	.628
1959	284.8	469.1	.607
1960	286.5	495.2	.578
1961	289.2	506.5	.571
1962	298.6	542.1	.551
1963	306.5	573.4	.534
1964	312.5	612.0	.511
1965	317.9	651.8	.488
1966	320.4	712.0	.450
1967 (estimate)	327.3	762.5	.429

[1] Includes Government enterprise debt guaranteed by U.S. Treasury.

Representative CURTIS. There was an article in the Wall Street Journal this morning, in regard to the Federal Reserve. And the point, as I understand it, was that it now based its monetary policies largely on the open-market operation of purchasing or selling Federal securities. This is the basic method that was used to increase the money supply. But this was not emphasized in this same article, although it was mentioned that the Federal Reserve also has a function to preserve an orderly market for Government securities. When you have it down to a certain size, particularly a rollover of a debt—we have got over 50 percent now in securities of 1 year less—the burden of the open-market operations become quite difficult. This is particularly true if you are trying to roll interest rates down, because there is an impact on the interest rate as a result of the interest set in Government securities. Would you agree with those observations and make the comment?

Mr. SCHULTZE. Obviously, the size and composition of the Federal debt has a relationship to the maintenance of orderly markets. But it seems to me that the relationship is rather tenuous as a general proposition, and in maintaining that orderly market, that particular objective is not, I would say, strongly influenced, not strongly influenced by the size of the Federal debt.

Representative CURTIS. Wouldn't you agree that it was the conflict of these two functions that brought about the Federal Reserve Treasury accord of 1951?