**Fed Now Largest Owner of U.S. Gov’t Debt—Surpassing China**

November 16, 2011, By Terence P. Jeffrey Federal Reserve Chairman Ben Bernanke (AP Photo/Alex Brandon)

[](http://cnsnews.com/image/ben-bernanke-1)

(CNSNews.com) - At the close of business on Tuesday, the debt of the federal government exceeded $15 trillion for the first time--with the largest single owner of the publicly held portion of that debt being the Federal Reserve.

Over the past year, as the Federal Reserve massively increased its holdings of U.S. Treasury securities and entities in China marginally decreased theirs, the Fed surpassed the Chinese as the top owner of publicly held U.S. government debt.

In its [latest monthly report](http://www.federalreserve.gov/monetarypolicy/files/monthlyclbsreport201110.pdf), the Federal Reserve said that as of Sept. 28, it owned $1.665 trillion in U.S. Treasury securities. That was more than double the $812 billion in U.S. Treasury securities the Fed said it owned as of [Sept. 29, 2010](http://www.federalreserve.gov/monetarypolicy/files/monthlyclbsreport201010.pdf).

Meanwhile, as of the end of this September, entities in mainland China owned $1.1483 trillion in U.S. Treasury securities, according to [data published today](http://www.treasury.gov/resource-center/data-chart-center/tic/Documents/mfh.txt) by the U.S. Treasury Department. That was down slightly from the $1.1519 trillion in U.S. Treasury securities the Chinese owned as of the end of September 2010, according to the same [Treasury Department report](http://www.treasury.gov/resource-center/data-chart-center/tic/Documents/mfh.txt).

Thus, at the end of September 2010, the Chinese owned about $339.9 billion more in U.S. Treasury securities than the Fed owned at that time. By the end of September 2011, the Fed owned about $516.7 billion more in U.S. Treasury securities than the Chinese owned.

The U.S. Treasury Department divides the federal government’s debt into two general categories: debt held by the public—the type owned by the Chinese and the Federal Reserve—and “intragovernmental debt,” which consists of what essentially are IOUs the Treasury gives to government trust funds such as the Social Security trust when it takes and spends their money on other things.

The current total national debt of $15.0336 trillion, [reported by the Treasury today](http://www.treasurydirect.gov/NP/BPDLogin?application=np), consists of approximately $10.3145 trillion in debt held by the public and $4.7191 trillion in intragovernmental debt.

The combined $2.8133 trillion in U.S. government debt held by the public that is now owned by the Federal Reserve and the Chinese equals more than 27 percent of all U.S. government debt held by the public.

Currently, foreign entities, including those in China, own $4.6603 trillion of the U.S. government debt held by the public. These foreign entities, together with the Federal Reserve, own a combined $6.3253 trillion of the U.S. government’s debt held by the public.

That $6.3253 trillion in Federal Reserve-and-foreign-held debt equals more than 61 percent of the U.S. government’s publicly held debt.