

The original documents are located in Box 32, folder “11/14/75 HR10585 Temporary Increase in Public Debt Limit” of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

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APPROVED
NOV 14 1975

THE WHITE HOUSE

ACTION

WASHINGTON

November 14, 1975

*Posted
11/14
To Archives
11/17*

MEMORANDUM FOR

THE PRESIDENT

FROM:

JIM CANNON 

SUBJECT:

H.R. 10585 - Temporary Increase
in Public Debt Limit

Attached for your consideration is H.R. 10585, sponsored by Representative Ullman, which would increase the temporary debt limit from \$577 billion to \$595 billion through March 15, 1976. The existing temporary increase in the debt ceiling expires November 15, 1975 and the ceiling will revert to the permanent limit of \$400 billion.

Additional information is provided in OMB's enrolled bill report at Tab A.

OMB, Treasury, Bill Seidman, Alan Greenspan, Max Friedersdorf, Counsel's Office (Lazarus) and I recommend approval of the enrolled bill.

RECOMMENDATION

That you sign H.R. 10585 at Tab B.



THE WHITE HOUSE
WASHINGTON

Bob Sander "1/15
Date _____

TO: *Sia Connor*

FROM: John G. Carlson

The attached was given to me after the President signed the two bills. Thought you might need these for your file.

THE WHITE HOUSE
WASHINGTON

November 14, 1975

Dick -

As soon as the President signs this bill would you call Richard Albrecht, General Counsel of Treasury Department and inform him. He can be reached thru the Treasury Board 393-0418. He will be expecting the call no matter how late.

Jim Connor

*Jim:
I called Dick Albrecht
a few minutes before midnight,
Nov. 14th.*

JGC

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

NOV 14 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 10585 - Temporary increase
in public debt limit
Sponsor - Representative Ullman (D), Oregon

Last Day for Action

Recommend action as soon as possible, since the existing temporary increase in the debt ceiling expires November 15, 1975 and the ceiling will revert to the permanent limit of \$400 billion.

Purpose

Increase the temporary debt limit from \$577 billion to \$595 billion through March 15, 1976. (No change is made in the permanent debt limit of \$400 billion.)

Agency recommendation

Office of Management and Budget	Approval
Department of the Treasury	Approval (informally)

Discussion

Initially, the Administration requested either a simple extension of the current temporary debt limit (\$577 billion) through December 15, 1975, pending the resolution of uncertainties in the estimates of receipts and outlays, or a temporary limit of \$590 billion through February 15, 1976. Later, Treasury spokesmen suggested that the Congress approve a temporary debt limit of \$617.6 billion. This amount was endorsed by the Congress on May 14, 1975, in House Concurrent Resolution 218--the first budget concurrent resolution for fiscal year 1976.

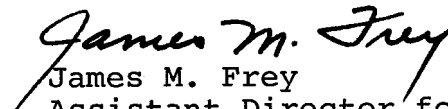
The Administration also requested three changes in legislation that would have provided needed flexibility in Treasury's debt management operations:

- that the statutory limitation of \$10 billion on the amount of bonds held by the public with interest rates in excess of 4-1/4 percent be increased to \$20 billion;
- that the statutory restriction of Treasury notes to a maximum maturity of 7 years be extended to 10 years; and
- that the 6 percent rate ceiling on savings bonds be removed.

On October 20, 1975, the House Ways and Means Committee approved H.R. 10049, which would have provided a \$597 billion temporary debt limit through March 31, 1976. It also would have raised the statutory limitation of \$10 billion on the amount of bonds held by the public with interest rates in excess of 4-1/4 percent by \$2 billion, to \$12 billion. The House rejected H.R. 10049 on October 29, 1976.

The enrolled bill contains only an increase in the temporary debt limit to \$595 billion through March 15, 1976; it does not contain any of the proposed changes in legislation that would have provided needed flexibility in Treasury's debt management operations.

On November 11, 1975, the Ways and Means Committee informed the Rules Committee that it would not object to a ruling that would permit amending H.R. 10585 on the House floor to add a ceiling on fiscal year 1977 outlays. The Rules Committee voted against such a ruling. An Administration-supported attempt to have such a ruling agreed to by the full House was defeated on November 12, 1975, by a vote of 221 to 185.


James M. Frey
Assistant Director for
Legislative Reference

Enclosures



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

NOV 14 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Debt Limit Bill

It is important that the debt limit bill be signed today, if at all possible. We must deliver \$4 billion of notes and bonds on Monday and \$3 billion of bills on Tuesday, all sold at previous auctions, and we cannot legally do that if the debt limit has not been signed. In addition, we cannot legally permit sales of savings bonds on Monday.

We did have contingency plans that would have permitted delivery in the event the Congress had not extended the debt limit, but those plans entail taking some extreme measures and should not be used except in an emergency.


Stephen S. Gardner
Acting Secretary



OFFICE OF MANAGEMENT AND BUDGET

Date: 11-14-75

TO : Bob Linder

FROM: James M. Frey
Assistant Director for
Legislative Reference

As you know, the current temporary debt limit expires tomorrow, November 15. Treasury's General Counsel has advised me that because of a financing operation currently underway, it is imperative that the enrolled bill extending the debt limit be approved before Monday, Nov. 17.

THE WHITE HOUSE

WASHINGTON

November 14, 1975

MEMORANDUM FOR: JIM CONNOR

FROM: JERRY H. JONES 

In the Senior Staff Meeting, Dick asked that we be sure to have the debt ceiling bill, which should arrive in the White House today, at Andrews tonight so that the President can sign it before he departs for Paris. I told Dick that I would let you know of this request.

THE WHITE HOUSE

WASHINGTON

November 14, 1975

MEMORANDUM FOR: JIM CAVANAUGH
FROM: MAX L. FRIEDERSDOFF MF
SUBJECT: Enrolled Bill H. R. 10585 - Temporary Increase
in Public Debt Limit

The Office of Legislative Affairs concurs with the agencies
that the subject bill be signed.

Attachments



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

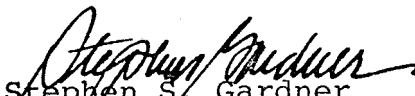
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Stephen S. Gardner
Acting Secretary

To: J. Conaway
11-14-75
2:45 p.m.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

NOV 14 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 10585 - Temporary increase
in public debt limit
Sponsor - Representative Ullman (D), Oregon

Last Day for Action

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Agency recommendation

Office of Management and Budget	Approval
Department of the Treasury	Approval (informally)

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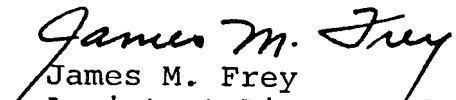
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James M. Frey
Assistant Director for
Legislative Reference

Enclosures

25 in
Hudson's
news

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: November 14

Time: 230pm

FOR ACTION: Max Friedersdorf cc (for information):
Bill Seidman *sk*
~~MM~~ Eziadassdorf *Lazarus sk*
Alan Greenspan
Dick Parsons

FROM THE STAFF SECRETARY

DUE: Date: November 14

Time: asap

SUBJECT:

Enrolled Bill H.R. 10585 - Temporary Increase
in Public Debt Limit

ACTION REQUESTED:

- | | |
|---|---|
| <input type="checkbox"/> For Necessary Action | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks |

REMARKS:

Please note cover memoraddum from Stephen Gardner.
The President would like to have this bill today.

Please return to Judy Johnston=
Ground Fl. WW x2219

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a
delay in submitting the required material, please
telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: November 14

Time: 230pm

FOR ACTION: Max Friedersdorf
 Bill Seidman
 Ken Lazarus
 Alan Greenspan
 Dick Parsons

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: November 14

Time: asap

SUBJECT:

Enrolled Bill H.R. 10585 - Temporary Increase
 in Public Debt Limit

ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

REMARKS:

Approval. RJP
 Please note cover memorandum from Stephen Gardner.
 The President would like to have this bill today.

Please return to Judy Johnston
 Ground Fl. WW x2219

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a
 delay in submitting the required material, please
 telephone the Staff Secretary immediately.

James H. Gorman
 For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: November 14

Time: 230pm

FOR ACTION: Max Friedersdorf
 Bill Seidman
 Ken Lazarus
 Alan Greenspan
 Dick Parsons

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: November 14

Time: asap

SUBJECT:

Enrolled Bill H.R. 10585 - Temporary Increase
 in Public Debt Limit

ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

REMARKS:

Please note cover memorandum from Stephen Gardner.
 The President would like to have this bill today.

Please return to Judy Johnston
 Ground Fl. WW x2219

No objection. -- Ken Lazarus 11/14/75

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a
 delay in submitting the required material, please
 telephone the Staff Secretary immediately.

James E. O'Connell
 For the President

Date: November 14

Time: 230pm

FOR ACTION: Max Friedersdorf
Bill Seidman
Ken Lazarus
Alan Greenspan
Dick Parsons

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: November 14

Time: asap

SUBJECT:

Enrolled Bill H.R. 10585 - Temporary Increase
in Public Debt Limit

ACTION REQUESTED:

___ For Necessary Action

___ For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

x For Your Comments

___ Draft Remarks

REMARKS:

Please note cover memorandum from Stephen Gardner.
The President would like to have this bill today.

Please return to Judy Johnston
Ground Fl. WW x2219

*Approved
Verbally by
RWS
11/14/77*

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If you have any questions or if you anticipate a
delay in submitting the required material, please
telephone the Staff Secretary immediately.

James H. Garbarough
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: November 14

Time: 230pm

FOR ACTION: Max Friedersdorf
Bill Seidman
Ken Lazarus
Alan Greenspan
Dick Parsons

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: November 14

Time: asap

SUBJECT:

Enrolled Bill H.R. 10585 - Temporary Increase
in Public Debt Limit

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please note cover memorandum from Stephen Gardner.
The President would like to have this bill today.

Please return to Judy Johnston
Ground Fl. WW x2219

*Alan Greenspan ~~see~~ concurs in the opinion
of OMB and Treasury* *John Davis*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a
delay in submitting the required material, please
telephone the Staff Secretary immediately.

James H. O'Connell
For the President



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

DATE: 11-17-75

TO: Bob Linder

FROM: Jim Frey

Attached is the Treasury views letter on H.R. 10585, for inclusion in the enrolled bill file. Thanks.

OMB FORM 38

REV AUG 73



THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220

NOV 14 1975

Director, Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Attention: Assistant Director for Legislative
Reference

Sir:

Reference is made to your request for the views of this Department on the enrolled enactment of H.R. 10585, "To increase the temporary debt limitation until March 5, 1976."

The enrolled enactment would provide for a temporary increase of \$195,000,000,000 in the public debt limit through the period ending on March 15, 1976. The existing temporary increase in the public debt limit will expire on November 15, 1975.

The Department recommends that the enrolled enactment be approved by the President.

Sincerely yours,


Richard F. Albrecht
General Counsel

INCREASE OF TEMPORARY LIMIT ON PUBLIC DEBT
UNTIL MARCH 15, 1976

NOVEMBER 10, 1975.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. ULLMAN, from the Committee on Ways and Means,
submitted the following

REPORT

together with

DISSENTING VIEWS

[To accompany H.R. 10585]

The Committee on Ways and Means, to whom was referred the bill (H.R. 10585) to increase the temporary debt limitation until March 15, 1976, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

I. SUMMARY

From the date of enactment through March 15, 1976, this bill provides that the public debt limitation is to be \$595 billion. This is \$18 billion above the present debt limitation of \$577 billion which is applicable through November 15, 1975.

The present debt limitation consists of a permanent limitation of \$400 billion and a temporary limitation effective through November 15, 1975, of \$177 billion. This bill makes no change in the permanent debt limitation. However, it increases the temporary limitation from \$177 billion to \$195 billion, and extends this temporary limitation through March 15, 1976.

The committee provided an increase in the debt limit sufficient to meet the government's debt requirements through March 15, 1976, under reasonable assumptions about the levels of receipts and outlays in the unified budget for fiscal year 1976. However, it is entirely possible that the proposed limit will be sufficient only through the first few days of March 1976. Uncertainty exists as to what the budget totals will be because not all of the appropriations bills have as yet been enacted and the decisions have not yet been made as to the levels of taxation for the calendar year 1976.

TABLE 1.—STATUTORY DEBT LIMITATIONS, FISCAL YEARS 1947 TO DATE, AND A PROPOSED LIMITATION IN FISCAL YEAR 1976

[In billions of dollars]

Fiscal year	Statutory debt limitation		
	Permanent	Temporary additional	Total
1947-54	275		275.0
1955 through Aug. 27	275		275.0
1955: Aug. 28 through June 30	275	6.0	281.0
1956	275	6.0	281.0
1957	275	3.0	278.0
1958 through Feb. 25	275		275.0
1958: Feb. 25 through June 30	275	5.0	280.0
1959 through Sept. 1	275	5.0	280.0
1959: Sept. 2 through June 29	283	5.0	288.0
1959: June 30	288	5.0	290.0
1960	285	10.0	295.0
1961	285	8.0	293.0
1962 through Mar. 12	285	13.0	298.0
1962: Mar. 13 through June 30	300	15.0	300.0
1963 through Mar. 31	285	23.0	308.0
1963: Apr. 1 through May 28	285	20.0	305.0
1963: May 29 through June 30	285	22.0	307.0
1964 through Nov. 30	285	24.0	309.0
1964: Dec. 1 through June 28	285	30.0	315.0
1964: June 29 and 30	285	39.0	324.0
1965	285	39.0	324.0
1966	285	43.0	328.0
1967 through Mar. 1	285	45.0	330.0
1967: Mar. 2 through June 30	285	51.0	336.0
1968 ¹	358		358.0
1969 through Apr. 6 ¹	358	7.0	365.0
1969 after Apr. 6 ¹	358		358.0
1970 through June 30 ¹	365	12.0	377.0
1971 through June 30 ¹	380	15.0	395.0
1972 through June 30 ¹	400	50.0	450.0
1973 through Oct. 31 ¹	400	50.0	450.0
1973 through June 30 ¹	400	65.0	465.0
1974 through Nov. 30 ¹	400	65.0	465.0
1974: Dec. 3 through June 30 ¹	400	75.0	475.0
1975 through Feb. 18 ¹	400	95.0	495.0
1975: Feb. 19 through June 30 ¹	400	131.0	531.0
1976 through Nov. 15 ¹	400	177.0	577.0
Proposed:			
From enactment through Mar. 15, 1976 ¹	400	195.0	595.0
After Mar. 15, 1976 ¹	400		400.0

¹ Includes FNMA participation certificates issued in fiscal year 1968.

II. INCREASE IN THE TEMPORARY LIMIT ON THE PUBLIC DEBT

A. PRESENT LAW

The combined permanent and temporary debt limitation on the public debt is \$577 billion through November 15, 1975. This limitation was provided beginning on June 30, 1975, for only a four and one-half month period because several factors which are needed to determine a debt limit level were not known at that time and could have a bearing on budget outlays and receipts and the need to change the level of the debt later in the fiscal year.

B. CURRENT ECONOMIC AND BUDGET OUTLOOK

The recession which began in the first quarter of 1974 and ended in the second quarter of 1975 (as shown in table 2) was the longest recession since World War II. Economic recovery continued through the third quarter of this year when GNP, in current and real prices, increased substantially—16.7 and 11.2 percent, respectively, in season-

ally adjusted annual rates. If these figures are adjusted to remove the effect of the change in business inventories on the total, the increase in the third quarter becomes 4.4 percent which is slightly less than the 4.6 percent increase in the second quarter. Nevertheless, inventory liquidation slowed markedly, and the index of industrial production has been increasing since April 1975. These are indications that the recovery is developing a firm base.

TABLE 2.—GROSS NATIONAL PRODUCT IN CURRENT AND CONSTANT PRICES AND GNP IMPLICIT PRICE DEFLATOR, QUARTERLY, 1972-75

[Billions of dollars; seasonally adjusted annual rates]

Year and quarter	Gross national product								
	Current dollars			Constant (1958) dollars			Implicit price deflator		
	Total	Difference	Percent change at annual rate	Total	Difference	Percent change at annual rate	Total (index: 1958=100)	Difference (index: 1958=100)	Percent change at annual rate
1972:									
1st quarter	1,115.0	+31.8	+12.2	770.9	+11.8	+6.4	144.6	+1.9	+5.5
2d quarter	1,143.0	+28.0	+10.5	785.6	+15.7	+8.4	145.3	+1.7	+1.9
3d quarter	1,169.3	+26.3	+9.5	798.1	+11.5	+6.0	146.5	+1.2	+3.3
4th quarter	1,204.7	+35.4	+12.7	814.2	+16.1	+8.3	148.0	+1.5	+4.1
1973:									
1st quarter	1,248.9	+44.2	+15.5	832.8	+18.6	+9.5	150.0	+2.0	+5.5
2d quarter	1,277.9	+29.0	+9.6	837.4	+4.6	+2.2	152.6	+2.6	+7.3
3d quarter	1,308.9	+31.0	+10.1	840.8	+3.4	+1.6	155.7	+3.1	+8.3
4th quarter	1,344.0	+35.1	+11.2	845.7	+4.9	+2.3	158.9	+3.2	+8.6
1974:									
1st quarter	1,358.8	+14.8	+4.5	830.5	-15.2	-7.0	163.6	+4.7	+12.3
2d quarter	1,383.8	+25.0	+7.6	827.1	-3.4	-1.6	167.3	+3.7	+9.4
3d quarter	1,416.3	+32.5	+9.7	823.1	-4.0	-1.9	172.1	+4.8	+11.9
4th quarter	1,430.9	+14.6	+4.2	804.0	-19.1	-9.0	178.0	+5.9	+14.4
1975:									
1st quarter	1,416.6	-14.3	-3.9	780.0	-24.0	-11.4	181.6	+3.6	+8.4
2d quarter	1,440.9	+24.3	+7.0	783.6	+3.6	+1.9	183.9	+2.3	+5.1
3d quarter	1,497.8	+56.9	+16.7	804.6	+21.0	+11.2	186.2	+2.3	+5.0

Source: U.S. Department of Commerce, "Business Conditions Digest," October 1975, p. 69.

Other economic indicators also suggest that the economic recovery has begun. The unemployment rate in October was 8.6 percent in contrast with 9.2 percent in May and 8.3 percent in September. The price indexes continue to rise but, as in the case of the GNP implicit price deflator, are doing so generally at smaller annual rates of increase than in 1974. The index of industrial production fell from September 1974 through April 1975 but has been rising since then, although the increase has made up only 40 percent of the loss in production.

Although real gross national product for the third quarter of 1975 increased by 11.2 percent, opinions differ widely as to the rate of growth expected in real GNP during the remainder of this fiscal year. The actual rate of economic growth as well as the changes in tax law that go into effect on January 1, 1976, will affect levels of budget receipts, while the rate of economic growth through its effect on employment, production and prices will affect the level of budget outlays.

When the committee sent a debt limit bill to the House floor last June, the public debt level recommended was based upon estimated fiscal year 1976 receipts of \$298.2 billion, outlays of \$367 billion and a deficit of \$68.8 billion. These levels were approved by Congress in the first concurrent resolution on the budget (H. Con. Res. 218; House agreed to conference report May 18, 1975).

Congress has not completed action on the second concurrent resolution on the budget for fiscal year 1976. In the report filed by the House Budget Committee for the resolution, the recommendations for budget totals are \$373.8 billion for outlays, \$301.8 billion for receipts and a deficit of \$72.0 billion. The Senate Budget Committee recommended budget totals of \$375.1 billion for outlays, \$300.8 billion for receipts and a deficit of \$74.3 billion. The difference between the two resolutions after floor action in each house will be resolved in the conference on the resolution, which probably will be completed after the House acts on this bill. Since the resolution will establish congressional ceilings on outlays and will require enactment of a reconciliation bill subsequent to adoption of the budget resolution, the fiscal situation at the moment remains uncertain.

C. TREASURY DEPARTMENT ESTIMATES

During the committee's markup, the Treasury Department presented high and low estimates of budget receipts and outlays and their probable effects upon the deficit and public debt limit requirements. Table 3 shows several administration estimates of the budget totals for fiscal year 1976 that have been presented to Congress thus far in 1975: the budget message in February; the estimates in the mid-session budget review of May 30, and the current high and low estimates submitted in September. The table also contains the target budget totals approved in the first budget resolution and the House Budget Committee recommendations for the second budget resolution. The two estimates submitted for the administration by the Treasury Department are a low deficit of \$62.2 billion with receipts of \$304.1 billion and outlays of \$366.2 billion and a high deficit of \$83.2 billion with receipts at \$298.2 billion and outlays of \$381.3 billion. It can be seen on the table that the totals recommended by the House Budget Committee for the second concurrent resolution produce a deficit between the administration's current high and low estimates.

Treasury Department estimates of the probable public debt limit at the end of each month during the remainder of this fiscal year are presented in table 4. The estimates shown in the table are based on the assumption that the operating cash balance is maintained at a constant level of \$6 billion. Monthly public debt estimates are presented for the \$62.2 billion and \$83.3 billion budget deficits which represent the upper and lower limits of the range for budget estimates estimated by the administration.

TABLE 3.—ESTIMATED BUDGET TOTALS FOR FISCAL YEAR 1976

(In billions of dollars)

	Administration estimates				Congress	
	Budget message	Midsession review	Current estimates		1st concurrent resolution	Recommended 2d concurrent resolution ¹
			Low deficit	High deficit		
Budget outlays.....	349.4	358.9	366.2	381.3	367.0	373.8
Budget receipts.....	297.5	299.0	304.1	298.2	298.2	301.8
Deficit (—).....	—51.9	—59.9	—62.2	—83.2	—68.8	—72.0

¹ Report on H. Con. Res. 466, 2d Concurrent Resolution on the Budget, fiscal year 1976 (H. Report 94-608).

Note: Details may not add to totals due to rounding.

In addition to the effects of the budget deficits on the public debt, the table also includes the public debt effects of Federal Financing Bank activities on behalf of various Federal agencies. In fiscal year 1976, the Federal Financing Bank is expected to issue an estimated \$14.2 billion in Federal debt that will be included under the public debt limit. These issues include \$8.9 billion for agencies whose activities are included in the budget totals and \$5.3 billion for "off-budget" agencies. Approximately \$13 billion of this total is expected to be issued during the remaining part of fiscal year 1976 and is included in the month-by-month public debt estimates shown in table 4.

D. BASIS FOR COMMITTEE ACTION

The committee carefully evaluated the alternative budget outlooks prepared for its examination. It also was fully aware of the still incomplete legislative program for fiscal year 1976. One of the major uncertainties affecting the outlook for the budget is the decision about a tax reduction for calendar year 1976. The President has proposed a \$28 billion tax cut beginning on January 1, 1976. He also proposed an equally large spending cut that would not start until October 1, 1976, the beginning of the fiscal year 1977, three months after the end of fiscal year 1976 and nine months after the tax cuts would become effective. This proposal, if it were to go into effect, would increase the deficit in this fiscal year by about \$6 billion above levels previously being considered. The President's proposals have added several other issues to the earlier debate as to the tax level for 1976. The issues he has raised are how large the tax cut should be, what should be the nature of the cut, and should it be coupled with action on spending levels.

TABLE 4.—ESTIMATES OF PUBLIC DEBT SUBJECT TO LIMITATION IN FISCAL YEAR 1976

(In billions of dollars)

	Operating cash balance	\$62.2 deficit	Public debt subject to limit with \$83.2 deficit	Staff estimate
Actual:				
1975:				
June 30.....	\$7.6	\$534.2	\$534.2	\$534.2
July 31.....	4.2	539.2	539.2	539.2
Aug. 31.....	3.6	548.7	548.7	548.7
Sept. 30.....	10.5	554.3	554.3	554.3
Oct. 31.....	6.0	563.1	563.1	563.1
Estimated:				
Nov. 30.....	6.0	565	568	566
Dec. 31.....	6.0	572	576	573
1976:				
Jan. 31.....	6.0	571	579	575
Feb. 29.....	6.0	582	592	586
Mar. 31.....	6.0	594	607	599
Apr. 15.....	6.0	603	616	609
Apr. 30.....	6.0	592	608	600
May 31.....	6.0	601	620	609
June 15 (peak).....	6.0	606	625	609
June 30.....	6.0	602	624	613

Source: U.S. Department of the Treasury, except last column.

Resolution of at least some of these issues should take place before January 1, 1976, because the withholding tables on wage and salary income that are effective currently will expire by law after December 31, 1975, and the withholding will increase by an average

monthly rate of \$1 billion. The present public debt limitation expires, however, after November 15, 1975, too soon for the Congress to resolve the size of the tax cut for 1976.

Therefore, the committee decided to provide enough of a margin in the debt limit to permit the operation of the government until Congress has an opportunity early in the next session to provide a new public debt limit for the remainder of the fiscal year. Any action taken next year can take into account congressional decisions on the second concurrent resolution on the budget, the appropriations bills, and any tax legislation enacted.

The \$595 billion debt recommended by the committee through March 15, 1976, should meet debt management requirements for a projected budget deficit of \$72.0 billion. That is the deficit now under consideration for the second concurrent resolution on the budget. Estimates of monthly debt limit needs with the \$72.0 billion deficit are shown in the last column of table 4. With a deficit at this level, the public debt can be expected to reach \$586 billion by February 29, 1976. Federal outlays in the first few days of March 1976 are estimated about \$8 billion. The proposed \$595 billion limit should accommodate Treasury Department needs in early March and until the middle of the month with possibly a slight reduction in the cash balance just before its expiration. The projections in table 4 also contain Treasury Department projections of public debt limit needs under assumptions of a deficit of \$62.2 billion and of \$83.2 billion. Under the \$62.2 billion deficit, a limit of \$595 billion is sufficient through March 15, 1976. If the Treasury's projection of an \$83.2 billion deficit should prove to be correct, a limit of \$595 billion should be sufficient through the end of February. Under all of the above assumptions as to the deficit and debt limit, the proposed limitation on the outstanding public debt should be adequate until the beginning of March 1976.

III. APPENDIX

TABLE I.—*Debt limitation under sec. 21 of the Second Liberty Bond Act as amended—History of legislation*

Sept. 24, 1917:	
40 Stat. 288, sec. 1, authorized bonds in the amount of.....	¹ \$7, 538, 945, 400
40 Stat. 290, sec. 5, authorized certificates of indebtedness outstanding revolving authority.....	² 4, 000, 000, 000
Apr. 4, 1918:	
40 Stat. 502, amending sec. 1, increased bond authority to.....	¹ 12, 000, 000, 000
40 Stat. 504, amending sec. 5, increased authority for certificates outstanding to.....	² 8, 000, 000, 000
July 9, 1918: 40 Stat. 844, amending sec. 1, increased bond authority to.....	² 20, 000, 000, 000
Mar. 3, 1919:	
40 Stat. 13, amending sec. 5, increased authority for certificates outstanding to.....	² 10, 000, 000, 000
40 Stat. 1309, new sec. 18 added, authorizing notes in the amount of.....	² 7, 000, 000, 000
Nov. 23, 1921: 42 Stat. 321, amending sec. 18, increased note authority outstanding (established revolving authority) to.....	² 7, 500, 000, 000
June 17, 1929: 46 Stat. 19, amending sec. 5, authorized bills in lieu of certificates of indebtedness; no change in limitation for the outstanding.....	² 10, 000, 000, 000

See footnotes at end of table.

TABLE I.—*Debt limitation under sec. 21 of the Second Liberty Bond Act as amended—History of legislation—Continued*

Mar. 3, 1931: 46 Stat. 1506, amending sec. 1, increased bond authority to.....	¹ \$28, 000, 000, 000
Jan. 30, 1934: 49 Stat. 343, amending sec. 18, increased authority for notes outstanding to.....	² 10, 000, 000, 000
Feb. 4, 1935:	
49 Stat. 20, amending sec. 1, limited bonds outstanding (establishing revolving authority) to.....	² 25, 000, 000, 000
49 Stat. 21, new sec. 21 added, consolidating authority for certificates and bills (sec. 5) and authority for notes (sec. 8); same aggregate amount outstanding.....	² 20, 000, 000, 000
May 26, 1938: 52 Stat. 447, amending sec. 1 and 21, consolidating in sec. 21 authority for bonds, certificates of indebtedness, Treasury bills, and notes (outstanding bonds limited to \$30,000,000,000). Same aggregate total outstanding.....	² 45, 000, 000, 000
July 20, 1939: 53 Stat. 1071, amending sec. 21, removed limitation on bonds without changing total authorized outstanding of bonds, certificates of indebtedness, bills, and notes.....	² 45, 000, 000, 000
June 25, 1940: 54 Stat. 526, amending sec. 21, adding new paragraph:	
“(b) In addition to the amount authorized by the preceding paragraph of this section, any obligation authorized by secs. 5 and 18 of this Act, as amended, not to exceed in the aggregate \$4,000,000,000 outstanding at any one time, less any retirements made from the special fund made available under sec. 301 of the Revenue Act of 1940, may be issued under said sections to provide the Treasury with funds to meet any expenditures made, after June 30, 1940, for the national defense, or to reimburse the general fund of the Treasury therefor. Any such obligations so issued shall be designated ‘National Defense Series’ ”.....	² 49, 000, 000, 000
Feb. 19, 1941: 55 Stat. 7, amending sec. 21, limiting face amount of obligations issued under authority of act outstanding at any one time to.....	² 65, 000, 000, 000
Eliminated separate authority for \$4,000,000,000 of national defense series obligations.	
Mar. 28, 1942: 56 Stat. 189, amending sec. 21, increased limitation to.....	² 125, 000, 000, 000
Apr. 11, 1943: 57 Stat. 63, amending sec. 21, increased limitation to.....	² 210, 000, 000, 000
June 9, 1944: 58 Stat. 272, amending sec. 21, increased limitation to.....	² 260, 000, 000, 000
Apr. 3, 1945: 59 Stat. 47, amending sec. 21 to read: “The face amount of obligations issued under authority of this act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), shall not exceed in the aggregate \$300,000,000,000 outstanding at one time”.....	² 300, 000, 000, 000
June 26, 1946: 60 Stat. 316, amending sec. 21, adding: “The current redemption value of any obligation issued on a discount basis which is redeemable to maturity at the option of the holder thereof, shall be considered, for the purposes of this section, to be the face amount of such obligation,” and decreasing limitation to.....	² 278, 000, 000, 000
Aug. 28, 1954: 68 Stat. 895, amending sec. 21, effective Aug. 28, 1954, and ending June 30, 1955, temporarily increasing limitation by \$6,000,000,000 to.....	² 281, 000, 000, 000
June 30, 1955: 69 Stat. 241, amending Aug. 28, 1954, act by extending until June 30, 1956, increase in limitation to.....	² 281, 000, 000, 000

See footnotes at end of table.

TABLE I.—Debt limitation under sec. 21 of the Second Liberty Bond Act as amended—History of legislation—Continued

July 9, 1956: 70 Stat. 519, amending act of Aug. 28, 1954, temporarily increasing limitation by \$3,000,000,000 for period, beginning July 1, 1956, and ending June 30, 1957, to	\$278,000,000,000
Effective July 1, 1957, temporary increase terminates and limitation reverts, under act of June 26, 1956, to	\$275,000,000,000
Feb. 26, 1958: 72 Stat. 27, amending sec. 21, effective Feb. 26, 1958, and ending June 30, 1959, temporarily increasing limitation by \$5,000,000,000	\$280,000,000,000
Sept. 2, 1958: 72 Stat. 1758, amending sec. 21, increasing limitation by \$5,000,000,000	\$280,000,000,000
Sept. 2, 1958: 72 Stat. 1758, amending sec. 21 increasing limitation to \$283,000,000,000, which with temporary increase of Feb. 26, 1958, makes limitation	\$288,000,000,000
June 30, 1959: 73 Stat. 156, amending sec. 21, effective June 30, 1959, increasing limitation to \$285,000,000,000, which, with temporary increase of Feb. 26, 1958, makes limitation on June 30, 1959	\$290,000,000,000
Amending sec. 21, temporarily increasing limitation by \$10,000,000,000 for period beginning July 1, 1959, and ending June 30, 1960, which makes limitation beginning July 1, 1959	\$295,000,000,000
June 30, 1960: 74 Stat. 290, amending sec. 21 for period beginning on July 1, 1960, and ending June 30, 1961, temporarily increasing limitation by \$8,000,000,000	\$293,000,000,000
June 30, 1961: 75 Stat. 148, amending sec. 21, for period beginning on July 1, 1961, and ending June 30, 1962, temporarily increasing limitation by \$13,000,000,000 to	\$298,000,000,000
Mar. 13, 1962: 76 Stat. 23, amending sec. 21, for period beginning on March 13, 1962, and ending June 30, 1962, temporarily further increasing limitation by \$2,000,000,000	\$300,000,000,000
July 1, 1962: 76 Stat. 124 as amended by 77 Stat. 50, amending sec. 21, for period—	
1. Beginning July 1, 1962, and ending Mar. 31, 1963	\$308,000,000,000
2. Beginning Apr. 1, 1963, and ending June 24, 1963	\$305,000,000,000
3. Beginning June 25, 1963, and ending June 30, 1963	\$300,000,000,000
May 29, 1963: 77 Stat. 50, amending sec. 21, for period—	
1. Beginning May 29, 1963, and ending June 30, 1963	\$307,000,000,000
2. Beginning July 1, 1963, and ending Aug. 31, 1963	\$309,000,000,000
Aug. 27, 1963: 77 Stat. 131, amending sec. 21, for the period beginning on Sept. 1, 1963, and ending on Nov. 30, 1963	\$309,000,000,000
Nov. 26, 1963: 77 Stat. 342, amending sec. 21 for the period—	
1. Beginning on Dec. 1, 1963, and ending June 29, 1964	\$315,000,000,000
2. On June 30, 1964	\$309,000,000,000
June 29, 1964: 78 Stat. 225, amending sec. 21, for the period beginning June 29, 1964, and ending June 30, 1965, temporarily increasing the debt limit to	\$324,000,000,000
June 24, 1965: 79 Stat. 172, amending sec. 21 for the period beginning July 1, 1965, and ending on June 30, 1966, temporarily increasing the debt limit to	\$328,000,000,000
June 24, 1966: 80 Stat. 21, amending sec. 21, for the period beginning July 1, 1966, and ending on June 30, 1967, temporarily increasing the debt limit to	\$330,000,000,000
Mar. 2, 1967: 81 Stat. 4, amending sec. 21, for the period beginning Mar. 2, 1967, and ending on June 30, 1967, temporarily increasing the debt limit to	\$336,000,000,000
June 30, 1967: 81 Stat. 99—	
1. Amending sec. 21, effective June 30, 1967, increasing limitation to	\$358,000,000,000
2. Temporarily increasing the debt limit by \$7,000,000,000 for the period from July 1 to June 29 of each year, to make the limit for such period	\$365,000,000,000

See footnotes at end of table.

TABLE I.—Debt limitation under sec. 21 of the Second Liberty Bond Act as amended—History of legislation—Continued

Apr. 7, 1969: 83 Stat. 7—	
1. Amending sec. 21 effective Apr. 7, 1969, increasing debt limitation to	\$365,000,000,000
2. Temporarily increasing the debt limit by \$12,000,000,000 for the period from Apr. 7, 1969 through June 30, 1970, to make the limit for such period	\$377,000,000,000
June 30, 1970: 84 Stat. 368—	
1. Amending sec. 21, effective July 1, 1970, increasing debt limitation to	\$380,000,000,000
2. Temporarily increasing the debt limit by \$15,000,000,000 for the period from July 1, 1970, through June 30, 1971, to make the limit for such period	\$395,000,000,000
Mar. 17, 1971: 85 Stat. 5—	
1. Amending sec. 21, effective Mar. 17, 1971, increasing debt limitation to	\$400,000,000,000
2. Temporarily increasing the debt limit by \$30,000,000,000 for the period from Mar. 17, 1971, through June 30, 1972, to make the limit for such period	\$400,000,000,000
Mar. 15, 1972: 86 Stat. 63, temporarily increasing the debt limit by an additional \$20,000,000,000 for the period from Mar. 15, 1972, through June 30, 1972, to make the limit for such period	\$450,000,000,000
July 1, 1972: 86 Stat. 406, temporarily extending the temporary debt limit of \$65,000,000,000 for the period from July 1 through Oct. 31, 1972, to make the limit for such period	\$450,000,000,000
Oct. 27, 1972: 86 Stat. 1324, temporarily increasing the public debt limit by \$85,000,000,000 for the period from Nov. 1, 1972, through June 30, 1973, to make the limit for such period	\$465,000,000,000
July 1, 1973: 87 Stat. 134, temporarily extending the temporary debt limit of \$65,000,000,000 for the period from June 30, 1973, through Nov. 30, 1973, to make the limit for such period	\$465,000,000,000
Dec. 3, 1973: 87 Stat. 691, temporarily increasing the temporary debt limit by \$131,000,000,000 for the period from June 30, 1975, through Nov. 15, 1975, to make the limit Dec. 3, 1973, through June 30, 1974, to make the limit for such period	\$475,700,000,000
June 30, 1974: 88 Stat. 285, temporarily increasing the temporary debt limit by \$131,000,000,000 for the period from June 30, 1974, through Mar. 31, 1975, to make the limit for such period	\$495,000,000,000
Feb. 19, 1975: 85 Stat. 5, temporarily increasing the temporary debt limit by \$131,000,000,000 for the period from Feb. 19, 1975, through June 30, 1975, to make the limit for such period	\$531,000,000,000
June 30, 1975: 89 Stat. 246, temporarily increasing the temporary debt limit by \$177,000,000,000 for the period from June 30, 1975, through Nov. 15, 1975, to make the limit for such period	\$577,000,000,000

¹ Limitation on issue.

² Limitation on outstanding.

TABLE II.—PUBLIC DEBT SUBJECT TO LIMITATION AT END OF FISCAL YEARS 1938-75 AND ON NOV. 5 1975

[In millions of dollars]

Fiscal year	Public debt subject to limitation at end of year	Fiscal year	Public debt subject to limitation at end of year
1938	36,882	1958	276,013
1939	40,317	1959	284,398
1940	43,219	1960	286,065
1941	49,494	1961	288,862
1942	74,154	1962	298,212
1943	140,469	1963	306,099
1944	208,077	1964	312,164
1945	268,671	1965	317,581
1946	268,932	1966	320,102
1947	251,491	1967	326,471
1948	251,542	1968	350,743
1949	252,028	1969	356,932
1950	256,652	1970	373,425
1951	254,567	1971	399,475
1952	258,507	1972	428,576
1953	265,522	1973	459,089
1954	270,790	1974	476,006
1955	273,915	1975	534,207
1956	272,361	1976 ¹	556,990
1957	270,188		

¹ Includes FNMA participation certificates issued in fiscal year 1968.² Debt at close of business, Nov. 5, 1975.

Source: Table 1: Annual report of the Secretary of the Treasury on the state of the finances, 1967, p. 439 through 1964; table FD-8; Treasury Bulletin, May 1975, p. 29, for 1966 through 1974; and Daily Treasury Statement for Nov. 5, 1975.

IV. COSTS OF CARRYING OUT THE BILL AND VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with Clause 7 of Rule XIII of the Rules of the House of Representatives, the following statement is made relative to the effect on the revenues of this bill.

Your committee does not believe that the changes made by this bill in the debt limit will result in any costs either in the current fiscal year or in any of the 5 fiscal years following that year. The Treasury Department agrees with this statement.

In compliance with clause 2(1)(2)(B) of Rule XI of the Rules of the House of Representatives, the following statement is made relative to the record vote by the committee on the motion to report the bill. The bill was ordered reported by a roll call vote of 27 in favor and 8 opposed.

V. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 21 OF THE SECOND LIBERTY BOND ACT

SEC. 21. The face amount of obligations issued under authority of this Act, and the face amount of obligations guaranteed as to principal

and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), shall not exceed in the aggregate \$400,000,000¹ outstanding at any one time. The current redemption value of any obligation issued on a discount basis which is redeemable prior to maturity at the option of the holder thereof shall be considered, for the purposes of this section, to be the face amount of such obligation.

ACT OF JUNE 30, 1975

AN ACT To increase the temporary debt limitation until November 15, 1975.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, [That during the period beginning on the date of the enactment of this Act and ending on November 15, 1975, the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act (31 U.S.C. 757b) shall be temporarily increased by \$177,000,000,000.]

SEC. 2. Effective on the date of the enactment of this Act, the first section of the Act of February 19, 1975, entitled "An Act to increase the temporary debt limitation and to extend such temporary limitation until June 30, 1975" (Public Law 94-3), is hereby repealed.

VI. OTHER MATTERS REQUIRED TO BE DISCUSSED UNDER HOUSE RULES

In compliance with clauses 2(1)(3) and 2(1)(4) of Rule XI of the Rules of the House of Representatives, the following statements are made.

With regard to subdivision (A) of Clause 3, the Committee advises that its oversight findings led it to the conclusion that an increase in the public debt limitation was required before November 15, 1975, and that this occasioned the consideration of the Committee amendment.

In compliance with subdivision (B) of Clause 3 the Committee states that the change made in the debt limitation provides no new budget authority or new or increased tax expenditures.

With respect to subdivisions (C) and (D) of Clause 3, the Committee advises that no estimate or comparison has been prepared by the Director of the Congressional Budget Office relative to any of the provisions of H.R. 10585, nor have any oversight findings or recommendations been made by the Committee on Government Operations with respect to the subject matter contained in H.R. 10585.

In compliance with clause 2(1)(4) of Rule XI, the Committee states that the debt limitation change of itself is not expected to have an inflationary impact on prices and in costs in the operation of the national economy.

¹ The bill as reported provides for a temporary increase of \$195,000,000,000 in this debt ceiling for the period beginning on the date of enactment of this Act and ending on March 15, 1976.

VII. DISSENTING VIEWS OF THE HONORABLE WILLIAM M. KETCHUM, DONALD D. CLANCY, BILL ARCHER, PHILLIP M. CRANE, JAMES G. MARTIN AND L. A. (SKIP) BAFALIS

This is the third time this year that the Ways and Means Committee has marched down the road of fiscal irresponsibility concerning the debt ceiling. The defeats suffered by the Committee on the House floor should be a lesson that our colleagues are beginning to wake up to the shell game we have been playing for years with the public purse.

We do not believe it necessary to repeat once more the frightening future augured by multi-billion dollar deficits. We find it small consolation to note that this new bill represents a debt ceiling of *only* \$595 billion. This is just as unacceptable a figure as the \$577 billion debt through November or the \$597 billion through March which was just rejected. Unless spending is brought into some balance with income, we shall present a new debt ceiling bill of \$20 billion increases every two or three months. And that process will continue until total economic collapse sets in.

We find it appalling that the majority has again refused to come to grips with the uncontrolled spending that necessitates this type of legislation. Surely there is no more logical a location for a spending ceiling than in a bill to raise the amount of debt. But the majority which steadfastly maintains that there is no correlation at all between income and expenditures also believes that spending and debt are unrelated. We believe that the Committee's failure to include the President's spending ceiling as part of this bill will be its death warrant on the House floor.

A word about the rule requested for this bill is in order. The so-called compromise under which the majority "does not object" to the minority's request to make a spending ceiling amendment in order is an empty promise. In no way does it bind the members of the majority, who voted for this bill, to support a spending ceiling. It is clear to me that this small concession is not an actual expression of fiscal responsibility.

The overwhelming majority of our citizens want to see a cap put on government spending. They have seen what has happened to New York City and are perfectly capable of recognizing the writing on the wall for the Federal government. Congress has spent much time and energy in establishing a Budget Committee capable of ordering our priorities. Members of both parties seem to be falling over each other in preaching fiscal integrity. This bill provides the House with the opportunity to do more than preach. We must slash the debt ceiling increase and impose a spending ceiling. These are essential steps in restoring the nation's economic health.

WILLIAM M. KETCHUM.
BILL ARCHER.
DONALD D. CLANCY.
PHILLIP M. CRANE.
JIM MARTIN.
L. A. BAFALIS.

VIII. ADDITIONAL DISSENTING VIEWS OF THE HONORABLE JAMES G. MARTIN AND L. A. (SKIP) BAFALIS

The establishment of a spending limitation that will reduce Federal extravagance is so singularly important that we will support this even if it is tied to a debt ceiling extension. Otherwise, we will be content to let those who voted for cutting revenues, for increasing spending 18 percent and for a \$68.8 billion deficit Budget Resolution take the further responsibility of voting for the consequent debt ceiling extension.

JAMES G. MARTIN.
L. A. BAFALIS.

○
(13)

Ninety-fourth Congress of the United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Tuesday, the fourteenth day of January,
one thousand nine hundred and seventy-five*

An Act

To increase the temporary debt limitation until March 15, 1976.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That during the period beginning on the date of the enactment of this Act and ending on March 15, 1976, the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act (31 U.S.C. 757b) shall be temporarily increased by \$195,000,000,000.

SEC. 2. Effective on the date of the enactment of this Act, the first section of the Act of June 30, 1975, entitled "An Act to increase the temporary debt limitation until November 15, 1975" (Public Law 94-47), is hereby repealed.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

November 14, 1975

Dear Mr. Director:

The following bill was received at the White House on November 14th:

H.R. 10585

Please let the President have reports and recommendations as to the approval of this bill as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D. C.