The original documents are located in Box 41, folder "1976/03/15 HR11893 Temporary Increase in Public Debt Ceiling" of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

Exact duplicates within this folder were not digitized.

S 3/15/76

THE WHITE HOUSE

ACTION

WASHINGTON

March 12, 1976

APPROVED
MAR 15 1976

Posted
3/16/76

To archives
3/16/76

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON

SUBJECT: H.R. 11893 - Temporary Increase in Public Debt Ceiling

Attached for your consideration is H.R. 11893, sponsored by Representative Ullman, which increases the temporary debt limit from $595 billion to $627 billion through June 30, 1976 and makes other changes to provide needed flexibility in Treasury's debt management operations.

A discussion of the enrolled bill is provided in OMB's enrolled bill report at Tab A.

OMB recommends approval as soon as possible, since the existing temporary increase in the debt ceiling expires March 15, 1976 and the ceiling will revert to the permanent limit of $400 billion. Bill Seidman, Max Friedersdorf, Counsel's Office (Lazarus) and I concur in OMB's recommendation.

RECOMMENDATION

That you sign H.R. 11893 at Tab B.

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

MAR 12 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 11893 - 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 March 15, 1976 and the ceiling will revert to the permanent limit of $400 billion.

Purpose

Increase the temporary debt limit from $595 billion to $627 billion through June 30, 1976 and make other changes that will provide needed flexibility in Treasury's debt management operations. (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

The Administration requested that the Congress enact a temporary debt limitation of $645 billion through September 30, 1976 or not less than $630 billion through June 30, 1976.

The Administration also requested two changes in legislation to provide needed flexibility in Treasury's debt management operations:

-- an increase from $10 billion to $20 billion in the statutory limitation on the amount of bonds held by the public with interest rates in excess of 4-1/4 percent; and

THE WHITE HOUSE
WASHINGTON

3/15/76

Mr. Linder:

Hal Eberle, 964-2037, would like to be notified when H. R. 11893 is signed by the President.

Done 3/16/76 (10:15a)
DJM

-- an increase from 7 years to 10 years in the authorized maximum maturity of Treasury notes.

On February 25, 1976, the House passed H.R. 11893 by a vote of 212 to 189, providing:

-- an increase in the temporary debt limitation to $627 billion through June 30, 1976;

-- an increase from $10 billion to $12 billion (rather than the requested $20 billion) in the amount of Federal long-term debt that may be issued at an interest rate greater than 4-1/4 percent; and

-- the requested increase from 7 years to 10 years in the authorized maximum maturity of Treasury notes.

H.R. 11893 also contains a provision (Sec. 4), introduced by Representative Stark (D.-Calif.) and not supported by the Administration, requiring that the investment yield on series E savings bonds held for 60 days or more be no less than 4 percent per year, compounded semi-annually. This provision adds nearly $30 million per year to interest costs on the Federal debt and increases the cost of administering the savings bond program.

On March 11, 1976, by a voice vote, the Senate approved H.R. 11893 without amendment.

The enrolled bill contains a little less than the Administration requested in the debt ceiling, much less in the exemption of long-term debt from the 4-1/4 percent ceiling, and the 4 percent flow on the investment yield on series E savings bonds. On the other hand, an increase in the temporary debt limitation is absolutely essential now, and the improvements the bill permits in Treasury's debt management operations have been sought for some time. Accordingly, both Treasury and OMB recommend prompt approval of the enrolled bill.

James M. Frey

James M. Frey
Assistant Director for
Legislative Reference

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

DATE: 3-17-76

TO: Bob Linder

FROM: Jim Frey

Attached is the Treasury views letter on H.R. 11893, for inclusion in the enrolled bill file.

File RDL
3-17-76

OMB FORM 38
REV AUG 73

THE DEPUTY SECRETARY OF THE TREASURY
WASHINGTON, D.C. 20220

MAR 16 1976

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. 11893, "To increase the temporary debt limit, and for other purposes."

The enrolled enactment would (1) authorize an increase of $227 billion in the temporary debt limit to $627 billion through June 30, 1976, (2) increase from $10 billion to $12 billion the authority for the Treasury to issue bonds outside the 4-1/4 percent limitation, (3) increase to 10 years the maximum maturity of Treasury notes, and (4) require the Federal Government to provide a return on savings bonds of not less than 4 percent per annum, compounded semi-annually, for each full month during which bonds are held. The current temporary debt limit expires on March 15, 1976.

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

Sincerely yours,

George H. Dixon

due this P.M.

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

approval
JWS

MAR 12 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 11893 - 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 March 15, 1976 and the ceiling will revert to the permanent limit of $400 billion.

Purpose

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Agency recommendation

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

Discussion

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

Judy-
This is OK with me. D. Parsons
MAR 12 1976
Leach is OK too.

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 11893 - 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 March 15, 1976 and the ceiling will revert to the permanent limit of $400 billion.

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Agency recommendation

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Department of the Treasury	Approval (informally)

Discussion

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To
Judy Johnson
3-12-76

File
Not rec'd
prior to
this date
Rec'd 3/15/76
3:55 pm

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

MAR 12 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 11893 - Temporary increase in public debt limit
Sponsor - Representative Ullman (D), Oregon

Last Day for Action

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To
Trudy
3-15-76

HR 11893
Not yet rec'd

Bill Report
rec'd 3/12/76

Increase in
public debt
limit

94TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
No. 94–841

PROVIDING FOR CONSIDERATION OF H.R. 11893

FEBRUARY 24, 1976.—Referred to the House Calendar and ordered to be printed

Mr. SISK, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 1053]

The Committee on Rules, having had under consideration House Resolution 1053, by a nonrecord vote, report the same to the House with the recommendation that the resolution do pass.

O

57–008

94TH CONGRESS 2d Session } HOUSE OF REPRESENTATIVES { REPORT No. 94-837

INCREASE OF TEMPORARY LIMIT ON PUBLIC DEBT

FEBRUARY 23, 1976.—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

ADDITIONAL AND MINORITY VIEWS

[To accompany H.R. 11893]

The Committee on Ways and Means, to whom was referred the bill (H.R. 11893) to increase the temporary debt limit until July 31, 1976, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

The amendments are as follows:

Page 1, line 4, strike out "July 31" and insert in lieu thereof "June 30".

Page 1, line 7, strike out "$231,000,000,000" and insert in lieu thereof "$227,000,000,000".

Page 1, after line 12, insert the following new section:

> SEC. 3. (a) The last sentence of the second paragraph of the first section of the Second Liberty Bond Act (31 U.S.C. 752) is amended by striking out "$10,000,000,000" and inserting in lieu thereof "$12,000,000,000".
>
> (b) Section 18(a) of the Second Liberty Bond Act (31 U.S.C. 753) is amended by striking out "seven years" and inserting in lieu thereof "10 years".

Amend the title so as to read:

> A bill to increase the temporary debt limit, and for other purposes.

I. SUMMARY

This bill provides that the public debt limitation is to be $627 billion from the date of enactment through June 30, 1976. This is $32 billion

57-006-76——1

above the present debt limitation of $595 billion which is applicable through March 15, 1976. The bill also adds two provisions concerning debt management.

The present debt limitation consists of a permanent limitation of $400 billion and a temporary limitation effective through March 15, 1976, of $227 billion. This bill makes no change in the permanent debt limitation. However, it increases the temporary limitation from $195 billion to $227 billion, and extends this temporary limitation through June 30, 1976.

The committee provided an increase in the debt limit sufficient to meet the government's debt requirements through June 30, 1976. The amount set in this bill is consistent with the revenue, expenditure and debt figures presented in the last congressional budget resolution. The committee believes that establishment of a debt limit beyond June 30, 1976, should be deferred until after May 15, 1976, when the first budget concurrent resolution of this session will express the views of Congress with respect to revenue and outlay policies affecting the period after June 30, 1976.

One of the committee debt management amendments increases the limitation from $10 billion to $12 billion on the amount of long-term bonds that may be issued bearing interest above the 4¼ percent statutory ceiling. The committee believes that the $2 billion increase is sufficient to enable the administration to plan now for the next two or three long-term bond issues during the course of the next 12 to 15 months. The committee also amended the bill to revise the definition of notes to include debt obligations issued with maturities of up to 10 years. Under present law, the definition of a note establishes a limit of 7 years from date of issue to maturity. These two amendments will enable the administration to slow the pace at which the average maturity of the outstanding debt is being reduced.

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	281.0
1956	275	6	281.0
1957	275	3	278.0
1958 through Feb. 25	275		275.0
1958: Feb. 26 through June 30	275	5	280.0
1959 through Sept. 1	275	5	280.0
1959: Sept. 2 through June 29	283	5	288.0
1959: June 30	288	5	290.0
1960	285	10	295.0
1961	285	8	293.0
1962 through Mar. 12	285	13	298.0
1962: Mar. 13 through June 30	285	15	300.0
1963 through Mar. 31	285	23	308.0
1963: Apr. 1 through May 28	285	20	305.0
1963: May 29 through June 30	285	22	307.0
1964 through Nov. 30	285	24	309.0
1964: Dec. 1 through June 28	285	30	315.0
1964: June 29 and 30	285	39	324.0
1965	285	39	324.0
1966	285	43	328.0
1967 through Mar. 1	285	45	330.0
1967: Mar. 2 through June 30	285	51	336.0
1968 [1]	358		358.0
1969 through Apr. 6 [1]	358	7	365.0
1969 after Apr. 6 [1]	358		358.0
1970 through June 30 [1]	365	12	377.0
1971 through June 30 [1]	380	15	395.0
1972 through June 30 [1]	400	50	450.0
1973 through Oct. 31 [1]	400	50	450.0
1973 through June 30 [1]	400	65	465.0
1974 through Nov. 30 [1]	400	65	465.0
1974: Dec. 3 through June 30 [1]	400	75.7	475.7
1975 through Feb. 18 [1]	400	95	495.0
1975: Feb. 19 through June 30 [1]	400	131	531.0
1976: through Nov. 15 [1]	400	177	577.0
1976: through Mar. 15 [1]	400	195	595.0
Proposed:			
From enactment through June 30, 1976 [1]	400	227	627.0
After June 30, 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 $595 billion through March 15, 1976. When the present limitation was enacted last year, Congress had not completed its deliberations on the second concurrent budget resolution, but the previous statutory limitation would have expired on November 15, 1975. The then pending budget resolution was to determine levels of outlays and receipts for the remainder of the fiscal year. At the time action was taken on the debt limitation last November it was considered prudent to provide a limitation for a period long enough for Congress to have some time after the start of the current session before returning to this matter.

B. CURRENT ECONOMIC AND BUDGET OUTLOOK

The recovery from the longest recession since World War II began in the Spring of 1975. Recovery continued through the rest of 1975 and appears to be continuing so far in 1976. By the fourth quarter of 1975, the real gross national product increased at an annual rate of 4.9 percent, in contrast with a decline at an annual rate of 9.2 percent in the first quarter of 1975. These figures are shown in table 2.

TABLE 2.—GROSS NATIONAL PRODUCT IN CURRENT AND CONSTANT PRICES AND GNP IMPLICIT PRICE DEFLATOR, QUARTERLY, 1973–75

[Billions of dollars; seasonally adjusted annual rates]

Year and quarter	Gross national product: Current dollars: Total	Difference	Percent change at annual rate	Constant (1972) dollars: Total	Difference	Percent change at annual rate	Implicit price deflator: Total (Index: 1972=100)	Difference (Index: 1972=100)	Percent change at annual rate
1973									
1st quarter	1,265.0	+45.6	+15.8	1,227.7	+25.5	+8.8	103.0	+1.6	+6.5
2d quarter	1,287.7	+22.8	+7.4	1,228.4	+.7	+.2	104.8	+1.8	+7.2
3d quarter	1,319.7	+31.9	+10.3	1,236.5	+8.1	+2.7	106.7	+1.9	+7.4
4th quarter	1,352.7	+33.0	+10.4	1,240.9	+4.4	+1.4	109.0	+2.3	+8.8
1974									
1st quarter	1,370.9	+18.2	+5.5	1,228.7	−12.2	−3.9	111.6	+2.6	+9.8
2d quarter	1,391.0	+20.1	+6.0	1,217.2	−11.5	−3.7	114.3	+2.7	+10.0
3d quarter	1,424.4	+33.4	+9.9	1,210.2	−7.0	−2.3	117.7	+3.4	+12.5
4th quarter	1,441.3	+16.9	+4.8	1,186.8	−23.4	−7.5	121.4	+3.7	+13.4
1975									
1st quarter	1,433.6	−7.7	−2.1	1,158.6	−28.2	−9.2	123.7	+2.3	+7.8
2d quarter	1,460.6	+27.0	+7.7	1,168.1	+9.5	+3.3	125.0	+1.3	+4.3
3d quarter	1,528.5	+67.9	+19.9	1,201.5	+33.4	+12.0	127.2	+2.2	+7.1
4th quarter	1,572.5	+44.0	+12.0	1,215.9	+14.4	+4.9	129.3	+2.1	+6.8

Source: U.S. Department of Commerce, "Business Conditions Digest," January 1976, p. 69, and Department of Commerce release of February 19, 1976, for fourth quarter of 1975.

TABLE 3.—ACTUAL AND POTENTIAL REAL GROSS NATIONAL PRODUCT AND RATIO OF OUTPUT TO CAPACITY IN MANUFACTURING, 1973–75

[In billions of dollars; seasonally adjusted annual rates]

	Gross national product in constant (1972) dollars			
Year and quarter	Actual GNP	Potential GNP	GNP gap (potential less actual)	Ratio of output to capacity in manufacturing
1973				
1st quarter	1,227.7	1,246.8	+19.1	NA
2nd quarter	1,228.4	1,259.1	+30.7	NA
3rd quarter	1,236.5	1,271.5	+35.0	NA
4th quarter	1,240.9	1,284.0	+43.1	NA
1974				
1st quarter	1,228.7	1,296.6	+67.9	80.5
2nd quarter	1,217.2	1,309.4	+92.2	80.1
3rd quarter	1,210.2	1,322.3	+112.1	79.4
4th quarter	1,186.8	1,335.3	+148.5	75.7
1975				
1st quarter	1,158.6	1,348.5	+189.9	68.2
2nd quarter	1,168.1	1,361.8	+193.7	67.0
3rd quarter	1,201.5	1,375.2	+173.7	69.0
4th quarter	1,217.4	1,388.8	+171.4	70.8

Note: NA equals not available.

Source: Department of Commerce, "Business Conditions Digest," January 1976, pp. 95-6.

In addition, the unemployment rate in January was 7.8 percent of the civilian labor force after averaging 8.3 percent throughout the second half of 1975. Moreover, both the consumer and wholesale price indexes continue to reflect diminishing pressure on prices as their rates of increase become smaller.

Nevertheless, the unused productive capacity remains substantial. The gap between potential and actual real gross national product was estimated at $171 billion in 1972 prices for the fourth quarter of 1975. Although large, this is appreciably smaller than the $194 billion gap estimated for the second quarter of last year (see table 3). The table also shows improvement in the ratio of output to capacity in manufacturing. The high point in 1975 was 70.8 percent in the fourth quarter. However, this is still below 1974 levels.

An evaluation of the strengths and weaknesses of these economic factors will play an important role in the determination by the House of the expenditure and tax policies presented to it by the Budget Committee in the first concurrent resolution on the budget for fiscal year 1977. It will, for example, at that time have to decide whether to continue the tax reductions presently in effect through June 30, 1976, or possibly to increase the tax reductions as proposed by the administration.

C. TREASURY DEPARTMENT ESTIMATES

The administration estimates that the deficit in the unified budget for fiscal year 1976 will be $76.0 billion. This is based on estimated outlays of $373.5 billion and receipts of $297.5 billion. These estimates are presented in table 4 with the budget figures approved by Congress in December in the budget resolution. The Congressional figures gave rise to a deficit of $74.1 billion as a result of outlays of $374.9 billion and receipts of $300.8 billion.

Given the administration's budget estimates, the Treasury Department estimates that a public debt limitation of $627 billion will be necessary to meet its peak debt needs in mid-June while maintaining a $6 billion cash balance but without the $3 billion allowance for contingencies. As shown in table 5, the project debt will be $621 billion at the end of the fiscal year, reflecting the $6 billion decline from the peak debt level as a result of individual and corporation income tax payments sent in on June 15.

TABLE 4.—ESTIMATED UNIFIED BUDGET TOTALS FOR FISCAL YEAR 1976

[In billions of dollars]

	Administration estimate	Budget resolution
Outlays	373.5	374.9
Receipts	297.5	300.8
Deficit (−)	−76.0	−74.1

TABLE 5.—PUBLIC DEBT SUBJECT TO LIMITATION, FISCAL YEAR 1976

[In billions of dollars]

	Operating cash balance	Public debt subject to limit	With $3 billion margin for contingencies
1975 actual:			
June 30	7.6	534.2	
July 31	4.2	539.2	
Aug. 31	3.6	548.7	
Sept. 30	10.5	554.3	
Oct. 31	10.3	563.1	
Nov. 30	6.5	567.9	
Dec. 31	8.5	577.8	
1976:			
Jan. 31	12.0	585.5	
Estimated:			
Feb. 29	6.0	592.0	595
Mar. 15	6.0	601.0	604
Mar. 31	6.0	607.0	610
Apr. 15	6.0	615.0	618
Apr. 30	6.0	606.0	609
May 31	6.0	621.0	624
June 15 (peak)	6.0	627.0	630
June 30	6.0	621.0	624

Source: Treasury Department, Feb. 9, 1976.

Note: Based on budget receipts of $298,000,000,000, budget outlays of $374,000,000,000, off-budget outlays of $9,000,000,000.

D. BASIS FOR COMMITTEE ACTION

In establishing a debt limit, your committee first decided to cover the period to June 30, 1976. This is the period covered by the currently effective budget resolution. Moreover, for this period, staff and administration estimates are in close agreement. Requirements as to debt levels beyond that date will remain uncertain until Congress by May 15, 1976, establishes receipts, outlays and debt levels for the transition quarter and for the fiscal year 1977. With as little agreement as there is as to tax and expenditure levels beyond June 30, 1976 (and even the underlying economic assumptions), your committee concluded that no purpose would be served in attempting to estimate the statutory debt level beyond June 30, 1976.

Through June 30, 1976, however, the committee found little difference as to statutory debt requirements. On June 30, 1976, the administration estimates that the statutory debt level will be $621.0 billion, although the tables presented by the administration suggest that the limit assumed at that date be $624 billion in order to provide an allowance for contingencies. The congressional budget resolution agreed to last December sets a deficit $1.9 billion lower than the administration's current figures. However, last December when the congressional budget resolution was approved, the administration and the budget committees estimated that the trust funds would show a small deficit.

The administration's present estimates, however, reflect a trust fund surplus of $2.5 billion, an estimate it is believed is now agreed to by the budget committees. While this surplus reduces the unified budget deficit, under the statutory debt limitation any surplus in these trust funds does not reduce statutory debt requirements since this still represents obligations of the Federal Government (although the debt is not held by the general public). Therefore, the statutory debt limitation is $2.5 billion more than the congressional budget resolution indicated. This more than offsets the $1.9 billion difference between the estimates of the deficit in the unified budget.

Were the committee to be setting a debt limitation for June 30, 1976, without regard to any higher level of debt expected before that date, the level of $621 billion would appear appropriate. However, because the collection of receipts for a fiscal year tends to lag behind the payment of expenditures, a peak in the debt limit is expected to be reached on June 15, 1976. Thereafter, during the last 15 days of the fiscal year, receipts are expected to be larger than expenditures. This is a pattern which occurs each year and is attributable to the fact that large tax payments from corporations and also payments accompanying declarations of estimated tax from some individuals fall due on June 15 and are recorded as such in the last fifteen days of June. The administration on this basis shows a statutory debt requirement of $630 billion to cover this need. This is on the basis of a $6 billion cash balance and a $3 billion allowance for contingencies. Your committee in deciding on the level provided through June 30, 1976, decided in the interest of maintaining a tight control on the debt to reduce this by $3 billion. This can be viewed as not providing any allowance for contingencies or as requiring a reduction in the cash balance for a limited period of time by $3 billion.

III. EXCEPTION TO INTEREST CEILING ON BONDS

A. PRESENT LAW

Under the Second Liberty Bond Act, the Secretary of the Treasury has the general authority to issue bonds at a rate of interest not to exceed 4¼ percent per year. In 1973, however, an exception to the interest ceiling was enacted which permits the Secretary to issue up to

$10 billion of bonds at interest rates in excess of the ceiling (Public Law 93–53; July 1, 1973). As a result of the high interest rates prevailing in the long-term market, the only long-term bonds it has been possible to issue in recent years are the $10 billion not subject to the 4¼ percent interest rate ceiling.

B. ADMINISTRATION PROPOSAL

In the public hearings before the committee this year, the administration requested amendments to the Second Liberty Bond Act to provide greater flexibility in debt management and to make the long-term market more accessible to Federal issues. Three recommendations were presented: (1) repeal of the 6-percent interest rate ceiling on savings bonds; (2) extension of the maximum maturity of Treasury notes from the present 7 years to 10 years; and (3) an increase in the exception to the 4¼ percent ceiling on bond issues from the present $10 billion level to a level of $20 billion.

Under the statutory authority previously granted, the Treasury has exhausted the authority to issue $10 billion in long-term bonds at interest rates above the 4¼ percent ceiling. In the course of issuing these bonds, it has developed a market for them which it believes could be developed further.

In addition to its desire to retain a position in the long-term market, the Treasury Department favors the ability to finance long-term issues because they help to slow the pace at which the average maturity of total Federal debt is being reduced. So the proportion of the debt which is short-term debt increases, the amount of money Treasury must raise, or roll over, each time it goes to the market is constantly increasing.

The Treasury Department also maintains that the heavy reliance on short-term debt in the long run could increase the interest costs to the Treasury, even though the interest rates on short-term issues are usually lower than on long-term issues. Short-term rates are subject to more frequent and larger fluctuations than long-term rates. At times, the short-term rates have risen above long-term rates, and refinancing of short-term debt has taken place at interest rates higher than the long-term rates prevailing when the initial obligation was issued.

In the course of studying the effects of the restriction on issuing bonds at interest rates above 4¼ percent, the Treasury Department estimated what the Federal Government's interest outlays on the public debt would have been if the Treasury had been given authority to issue debt without statutory limitations. The study covered the 11 fiscal years from 1966 through 1976. The study estimated that there would have been a slight additional interest cost (less than $50 thousand) in 1966, but in each subsequent fiscal year (as shown in table 6), a reduction in interest outlays. The years of the largest interest savings according to this study would have been 1972 (a saving of $52 million), 1975 (a saving of $61 million), and 1976 (a saving of $79 million).

TABLE 6.—HYPOTHETICAL INTEREST SAVINGS FROM ISSUING BONDS INSTEAD OF SHORT-TERM DEBT

[In millions of dollars]

Fiscal year	Total budget outlays	Interest on public debt	Net interest cost of hypothetical bonds	Gross interest cost on hypothetical bonds	Less interest savings on reduced notes
1966	134, 652	12, 014	(1)	14. 8	14. 8
1967	158, 254	13, 391	—. 2	85. 8	86. 0
1968	178, 833	14, 573	—. 9	182. 9	183. 8
1969	183, 548	16, 588	—9. 6	302. 0	311. 6
1970	196, 588	19, 304	—30. 2	413. 4	443. 6
1971	211, 425	20, 959	—52. 1	605. 9	658. 1
1972	231, 876	21, 849	—19. 5	691. 3	710. 7
1973	246, 526	24, 167	—7. 7	711. 3	718. 9
1974	268, 392	29, 319	—20. 1	731. 6	751. 7
1975	324, 601	32, 165	—61. 5	731. 6	793. 1
1976	[2] 373, 535	[2] 37, 700	—79. 5	731. 6	811. 1
Total	2, 508, 230	242, 029	—281. 2	5, 202. 1	5, 483. 3

[1] Less than $50,000.
[2] Estimated.

Source: Office of the Secretary of the Treasury, Office of Debt Analysis, Feb. 15, 1976.

Note: Details may not add to totals because of rounding.

The expansion of the definition of notes to include maturities of up to 10 years is favored by the Treasury to provide more flexibility in the intermediate maturity range for much the same reasons as indicated above in the case of the increase in the $10 billion exception to the 4¼ percent interest ceiling.

The purpose of the proposal to remove the interest rate ceiling on savings bonds is to enable the Treasury to adjust the yield as financial circumstances warrant.

C. BASIS FOR COMMITTEE ACTION

The committee believes that there are dangers in encouraging a substantial shift to longer maturities in the public debt structure at the present time. Long-term interest rates have not been as responsive as short-term rates of interest to the recent decrease in economic activity. While greater Federal participation in the longer maturity market would tend to lengthen the average maturity of the public debt in the hands of the public, it could also retard a decline in higher long-term interest rates.

At the same time, the committee does not want the Treasury Department debt management process to lose the long-term market it has developed. In addition, the committee believes that it is desirable to take steps now that will slow the rate at which the average maturity of the total Federal debt is reduced. As a compromise between the two sets of conflicting considerations, the committee provided an additional $2 billion for the exception from the 4¼ percent interest rate ceiling. This should be sufficient for a substantial period ahead while at the same time having little effect on long-term interest rates. Whether this amount should be further enlarged can be reconsidered at some subsequent time when the debt limit is under consideration.

The committee also agreed to revise the definition of notes to include debt obligations with maturities up to 10 years. This is an increase from the 7-year limit on the maturity of notes under present law. The committee believes that the potential saving in interest outlays and the opportunity to slow the reduction in the average maturity of the

outstanding debt are as persuasive in the case of the maturity of notes as in the case of approving an additional exception from the limitation on bonds issued with interest rates above 4¼ percent. At the same time increased government debt in the seven- to ten-year period will have little effect on long-term interest rates.

IV. 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	[1] 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
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. 18); same aggregate amount outstanding	[2] 20, 000, 000, 000
49 Stat. 21, new sec. 22 added, authorizing U.S. savings bonds within authority of sec. 1.	
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. 31, 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

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

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
April 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 of	[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
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	[2] 278,000,000,000
Effective July 1, 1957, temporary increase terminates and limitation reverts, under act of June 26, 1956, to	[2] 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	[2] 280,000,000,000
Sept. 2, 1958: 72 Stat. 1758, amending sec. 21, increasing limitation by $5,000,000,000	[2] 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	[2] 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, make limitation on June 30, 1959	[2] 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	[2] 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	[2] 293,000,000,000
June 30, 1961, 75 Stat. 148, amending sec. 21, for period beginning on July 1, 1961, and ending June 3, 1972, temporarily increasing limitation by $13,000,000,000 to	[2] 298,000,000,000
Mar. 13, 1962: 76 Stat. 23, amending sec. 21, for period beginning on Mar. 13, 1962, and ending June 3, 1962, temporarily further increasing limitation by $2,000,000,000	[2] 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	[2] 308,000,000,000
2. Beginning Apr. 1, 1963, and ending June 24, 1963	[2] 305,000,000,000
3. Beginning June 25, 1963, and ending June 30, 1963	[2] 300,000,000,000

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

May 29, 1963: 77 Stat. 50, amending sec. 21, for period—	
1. Beginning May 29, 1963, and ending June 30, 1963	[2] 307,000,000,000
2. Beginning July 1, 1963, and ending Aug. 31, 1963	[2] 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	[2] 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	[2] 315,000,000,000
2. On June 30, 1964	[2] 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	[2] 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	[2] 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	[2] 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	[2] 336,000,000,000
June 30, 1967: 81 Stat. 99—	
1. Amending sec. 21, effective June 30, 1967, increasing limitation to	[2] 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	[2] 365,000,000,000
Apr. 7, 1969: 83 Stat. 7—	
1. Amending sec. 21, effective Apr. 7, 1969, increasing debt limitation to	[2] 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	[2] 377,000,000,000
June 30, 1970: 84 Stat. 368—	
1. Amending sec. 21, effective July 1, 1970, increasing debt limitation to	[2] 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	[2] 395,000,000,000
Mar. 17, 1971: 85 Stat. 5—	
1. Amending sec. 21, effective Mar. 17, 1971, increasing debt limitation to	[2] 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	[2] 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	[2] 450,000,000,000
July 1, 1972: 86 Stat. 406, temporarily extending the temporary debt limit of $50,000,000,000 for the period from July 1 through Oct. 31, 1972, to make the limit for such period	[2] 450,000,000,000
Oct. 27, 1972: 86 Stat. 1324, temporarily increasing the public debt limit by $65,000,000,000 for the period from Nov. 1, 1972, through June 30, 1973, to make the limit for such period	[2] 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	[2] 465,000,000,000
Dec. 3, 1973: 87 Stat. 691, temporarily increasing the temporary debt limit by $75,700,000,000 for the period from Dec. 3, 1973, through June 30, 1974, to make the limit for such period	[2] 475,700,000,000

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

June 30, 1974: 88 Stat. 285, temporarily increasing the temporary debt limit by $95,000,000,000 for the period from June 3, 1974, through Mar. 31, 1975, to make the limit for such period	[2] 495, 000, 000, 000
Feb. 19, 1975: 89 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	[2] 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 November 15, 1975, to make the limit for such period	[2] 577, 000, 000, 000
November 14, 1975: 89 Stat. 693, temporarily increasing the temporary debt limit by $195,000,000,000 for the period from November 14, 1975, through March 15, 1976, to make the limit for such period	[2] 595, 000, 000, 000

[1] Limitation on issue.
[2] Limitation on outstanding.

TABLE II.—PUBLIC DEBT SUBJECT TO LIMITATION AT END OF FISCAL YEARS 1945–75 AND ON FEB. 17, 1976

[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
1945	268, 670	1961	286, 308
1946	268, 932	1962	296, 374
1947	255, 767	1963	302, 922
1948	250, 380	1964	308, 582
1949	250, 964	1965	314, 125
1950	255, 382	1966	316, 292
1951	253, 283	1967	323, 143
1952	257, 232	1968	[1] 348, 534
1953	264, 219	1969	[1] 356, 106
1954	269, 379	1970	[1] 372, 599
1955	272, 347	1971	[1] 398, 649
1956	270, 619	1972	[1] 427, 751
1957	269, 120	1973	[1] 458, 263
1958	275, 395	1974	[1] 475, 180
1959	282, 419	1975	[1] 534, 206
1960	283, 826	1976 [2]	[1] 591, 083

[1] Includes FNMA participation certificates issued in fiscal year 1958 in debt of fiscal years 1968–75.
[2] Debt at close of business, February 17, 1976.

Source: Annual report of the Secretary of the Treasury on the State of the Finances, Statistical Appendix, table 2 1,p. 66 through 1975, and Daily Treasury Statement for Feb. 17, 1976.

V. 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 voice vote.

VI. 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 italics, existing law in which no change is proposed is shown in roman):

SECOND LIBERTY BOND ACT

AN ACT TO authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign Governments, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury, with the approval of the President, is hereby authorized to borrow, from time to time, on the credit of the United States for the purposes of this Act, to provide for the purchase, redemption, or refunding, at or before maturity, of any outstanding bonds, notes, certificates of indebtedness, or Treasury bills of the United States, and to meet expenditures authorized for the national security and defense and other public purposes authorized by law, such sum or sums as in his judgment may be necessary, and to issue therefor bonds of the United States.

The bonds herein authorized shall be in such form or forms and denomination or denominations and subject to such terms and conditions of issue, conversion, redemption, maturities, payment, and rate or rates of interest, not exceeding four and one-quarter per centum per annum, and time or times of payment of interest, as the Secretary of the Treasury from time to time at or before the issue thereof may prescribe. Bonds authorized by this section may be issued from time to time to the public and to Government accounts at a rate or rates of interest exceeding 4¼ per centum per annum; except that bonds may not be issued under this section to the public, or sold by a Government account to the public, with a rate of interest exceeding 4¼ per centum per annum in an amount which would cause the face amount of bonds issued under this section then held by the public with rates of interest exceeding 4¼ per centum per annum to exceed [$10,000,000,000] *$12,000,000,000*.

* * * * * * *

SEC. 18. (a) In addition to the bonds and certificates of indebtedness and war-savings certificates authorized by this Act and amendments thereto, the Secretary of the Treasury, with the approval of the President, is authorized subject to the limitation imposed by section 21 of this Act, to borrow from time to time on the credit of the United States for the purposes of this Act, to provide for the purchase, redemption, or refunding, at or before maturity, of any outstanding bonds, notes, certificates of indebtedness, or Treasury bills of the United States, and to meet public expenditures authorized by law, such sum or sums as in his judgment may be necessary and to issue therefor notes of the United States at not less than par (except as provided in section 20 of this Act, as amended) in such form or forms and denomination or denominations, containing such terms and conditions, and at such rate or rates of interest, as the Secretary of the Treasury may prescribe, and each series of notes so issued shall be payable at such time not less than one year nor more than [seven] *10* years from the date of its issue as he may prescribe, and may be redeemable before maturity (at the option of the United States) in whole or in part, upon not more than one year's nor less than four months' notice, and under such rules and regulations and during such period as he may prescribe.

* * * * * * *

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 $400,000,000,000 [1] 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 NOVEMBER 14, 1975

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.

VII. OTHER MATTERS REQUIRED TO BE DISCUSSED UNDER HOUSE RULES

In compliance with clauses 2(l)(3) and 2(l)(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 March 15, 1976, 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.

[1] The bill as reported provides for a temporary increase of $227,000,000,000 in this debt ceiling for the period beginning on the date of enactment of this Act and ending on June 30, 1976.

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. 11893, 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. 11893.

In compliance with clause 2(l)(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.

VIII. ADDITIONAL VIEWS ON H.R. 11893 OF REPRESENTATIVES STARK AND STEIGER

In reporting this bill, the Ways and Means Committee precluded the addition of a section requiring the payment of a minimum rate of interest on Series E Savings Bonds. We will be seeking to offer an amendment on the Floor to provide that the Treasury pay 4 percent interest to all holders of these bonds, as long as they hold them for the minimum time period of 2 months.

Recent Treasury Department data shows that of all purchasers of savings bonds issued in 1974, nearly one-third redeemed them within 6 months, thereby getting no interest at all. An additional twelve percent of 1974 purchasers held the bonds for between 6 months and 1 year, and were paid interest of only 3.7 percent. The reason this happens is because Treasury currently computes interest every 6 months and even then, there is no minimum guaranteed interest rate.

The amendment we will offer will provide for computation every month, with an assured rate of 4 percent (the requirement for no redemptions within the first 2 months is as under current law). At most, we expect this could result in additional outlays of $26 million in Fiscal Year 1977.

Since the effect of H.R. 11893 will be to increase Treasury's authority to issue long-term, high-yield instruments, we feel it most appropriate that the bill also increase the rate of return on E Bonds—held mostly by citizens who cannot afford the minimum purchase requirements of the higher yielding Treasury bills.

WILLIAM A. STEIGER,
PETE STARK.

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

This is the fifth debt ceiling increase that has been sought in the last twelve months. If possible, it makes even less sense than its predecessors.

We are asked to condone an additional debt of $33 billion for only a three month period—from $595 billion in March 1976, to $627 billion in June 1976. The numbers have an air of unreality about them—but the reality of the economic chaos they betoken is all too apparent.

Last November we warned that the debt ceiling would be increased by $20 billion every two or three months. We take no comfort in being proven correct. The Treasury Department contemplates asking for an increase in the debt ceiling of $100 billion between March 1976 and 1977. If this practice continues, the national debt will be in excess of one trillion dollars by April 1980. Existing national debt will have doubled by March 1982, just six years from now.

These figures are concrete proof that the wild deficits of recent years are leading us into bankruptcy. We hope the majority will see the writing on the wall at last and immediately establish a firm spending ceiling as close as possible to a balanced budget. We also hope that this latest debt increase is voted down since we can no longer afford the cost of programs already approved.

There is nothing that makes it impossible for the United States to go the same route as New York City. The surest way for this to happen is to condone the addition of $100 billion in debt every twelve months. The Members who are serious about restoring fiscal responsibility to government will join us in defeating this bill. The Members who are not will contribute to our economic collapse.

Since we did not vote for the massive Federal spending programs that created the multi-billion dollar deficit, we feel no obligation to support a debt ceiling increase. Those who do believe in deficit financing, however, should bear the weight of the debt. Instead, many seek to run away from it. The only reason we are faced with this bill is the failure of the Congressional leadership to restrain its spending. Let them defend this bill to their constituents—its their legacy.

DONALD D. CLANCY,
L. A. BAFALIS,
PHILIP M. CRANE,
WILLIAM M. KETCHUM,
JAMES G. MARTIN,
BILL ARCHER.

O

H. R. 11893

Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

Begun and held at the City of Washington on Monday, the nineteenth day of January, one thousand nine hundred and seventy-six

An Act

To increase the temporary debt limit, and for other purposes.

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 June 30, 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 $227,000,000,000.

SEC. 2. Effective on the date of the enactment of this Act, the first section of the Act of November 14, 1975, entitled "An Act to increase the temporary debt limitation until March 15, 1976" (Public Law 94–132), is hereby repealed.

SEC. 3. (a) The last sentence of the second paragraph of the first section of the Second Liberty Bond Act (31 U.S.C. 752) is amended by striking out "$10,000,000,000" and inserting in lieu thereof "$12,000,000,000".

(b) Section 18(a) of the Second Liberty Bond Act (31 U.S.C. 753) is amended by striking out "seven years" and inserting in lieu thereof "ten years".

SEC. 4. Section 22(b)(1) of the Second Liberty Bond Act (31 U.S.C. 757c(b)) is amended by adding at the end thereof the following new sentence: "The investment yield on series E savings bonds shall in no case be less than 4 per centum per annum compounded semiannually for the period beginning on the first day of the calendar month following the date of issuance (or, beginning on October 1, 1976, if later) and ending on the last day of the calendar month preceding the date of redemption.".

Speaker of the House of Representatives.

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

March 15, 1976

Dear Mr. Director:

The following bills were received at the White House on March 15th:

H.R. 1313	H.R. 11665
H.R. 2575	H.R. 11893
H.R. 3440	H.R. 12193
H.R. 9617	

Please let the President have reports and recommendations as to the approval of these bills 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.