Calendar No. 491

98TH CONGRESS, 1st Session | SENATE | REPORT No. 98–279

INCREASE OF PUBLIC DEBT LIMIT

OCTOBER 25 (legislative day, OCTOBER 24), 1983.—Ordered to be printed

Mr. DOLE, from the Committee on Finance, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany H.J. Res. 308]

The Committee on Finance, to which was referred the bill (H.J. Res. 308) to increase the public debt limit, having considered the same, reports favorably thereon and recommends that the bill do pass.

I. SUMMARY

H.J. Res. 308 provides for an increase of $225.6 billion in the permanent public debt limit from $1,389.0 billion to $1,614.6 billion. The increase would go into effect on enactment, and it would remain in effect without an expiration date until Congress enacts a change in the limit.

The debt limit level in this bill is the amount included in the most recently approved budget resolution as the appropriate level through fiscal year 1984.

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TABLE 1.—STATUTORY DEBT LIMITATIONS, FISCAL YEARS 1947 TO DATE, AND PROPOSED PERMANENT LIMIT

[In billions of dollars]

Fiscal year	Permanent	Statutory debt limitation	
		Temporary additional	Total
1947-54	275		275
1955 through Aug. 27	275		275
1955: Aug. 28 through June 30	275	6	281
1956	275	6	281
1957	275	3	278
1958 through Feb. 25	275		275
1958: Feb. 26 through June 30	275	5	280
1959 through Sept. 1	275	5	280
1959: Sept. 2 through June 29	283	5	288
1959: June 30	288	5	290
1960	285	10	295
1961	285	8	293
1962 through Mar. 12	285	13	298
1962: Mar. 13 through June 30	285	15	300
1963 through Mar. 31	285	23	308
1963: Apr. 1 through May 28	285	20	305
1963: May 29 through June 30	285	22	307
1964 through Nov. 30	285	24	309
1964: Dec. 1 through June 28	285	30	315
1964: June 29 and 30	285	30	342
1965	285	39	324
1966	285	43	328
1967 through Mar. 1	285	45	330
1967: Mar. 2 through June 30	285	51	336
1968 [1]	358		358
1969 through Apr. 6 [1]	358	7	365
1969 after Apr. 6 [1]	358		358
1970 through June 30 [1]	365	12	377
1971 through June 30 [1]	380	15	395
1972 through June 30 [1]	400	50	450
1973 through Oct. 31 [1]	400	50	450
1973 through June 30 [1]	400	65	465
1974 through Nov. 30 [1]	400	65	465
1974: Dec. 3 through June 30 [1]	400	75.7	475.7
1975 through Feb. 18 [1]	400	95	495
1975: Feb. 19 through June 30 [1]	400	131	531
1976 through Nov. 15 [1]	400	177	577
1976 through Mar. 15 [1]	400	195	595
1976 through June 30 [1]	400	227	627
TQ: from enactment through Sept. 30, 1971 [1]	400	236	636
1977: from Oct. 1, 1976 through Mar. 31, 1977 [1]	400	282	682
1977: from Apr. 1 through Sept. 30, 1977 [1]	400	300	700
1978: from Oct. 1, 1977, through July 31, 1978 [1]	400	352	752
1978: from Aug. 3, 1978, through Mar. 31, 1979 [1]	400	398	798
1979: from Apr. 2 through Sept. 30, 1979 [1]	400	430	830
1980 through June 30, 1980 [1]	400	479	879
1981 through Feb. 28, 1981 [1]	400	525	925
1981 through Sept. 30, 1981 [1]	400	535.1	935.1
1981 through Sept. 30, 1981 [1]	400	585	985
1982 through Sept. 30, 1982 [1]	400	679.8	1,079.8
1982 through Sept. 30, 1982 [1]	400	743.1	1,143.1
1983 through Sept. 30, 1983 [1]	400	890.2	1,290.2
1983 [1]	1,389		1,389

[1] Includes FNMA participation certificates issued in fiscal year 1968.

II. EXPLANATION OF PROVISION

Increase in the Limit on the Public Debt

PRESENT LAW

The present permanent limit on the public debt is $1,389 billion, which was enacted on May 26, 1983 (Public Law 98-34). This limit was specified in the budget resolution for fiscal years 1984, 1985 and 1986 (H. Con. Res. 91) as the appropriate level through fiscal year 1983, i.e., through September 30, 1983. A permanent debt limit, however, has no expiration date.

REASONS FOR CHANGE

Current situation

The outstanding public debt was $1,382.5 billion, at the close of business on October 21, 1983, which is $6.5 billion below the present statutory limit. The operating cash balance was $28.3 billion at the same time, $8.3 billion above the $20 billion operating cash balance level that is assumed by the Treasury Department when estimating future debt limit requirements.

The debt subject to limit, based on present Treasury Department financing and cash receipts and expenditures estimates, will be $1,386 billion on October 31, and on November 1 it will increase to $1,397 billion, or $8 billion above the limit.

The major reason for the increase in the debt subject to limit on November 1 is that on that date the Treasury is required by the Social Security Amendments of 1983 to transfer an estimated $13 billion from the general fund to the social security trust funds. The Act requires that tax receipts which would otherwise be credited to the social security trust funds as they are received during a month be credited to the trust funds on the first day of the month. Since the trust funds are invested immediately in public debt securities, the transfer on November 1 would increase the debt subject to limit by $13 billion on that date given sufficient debt limit authority.

In addition, the Treasury Department's major mid-quarter refunding is scheduled to be announced October 26. That financing is expected to total about $16 billion of new issues of notes and bonds, in the 3, 10 and 30 year maturity groups, to refund about $6 billion of securities maturing on November 15 and to raise about $10 billion in new cash needed by that date to pay the Federal Government's current bills. These securities are to be auctioned on November 1, 2 and 3, for settlement on the November 15 refunding date. The Secretary of the Treasury has informed the committee that the Treasury Department will not be able to conduct those auctions without the assurance that current law will provide sufficient public debt authority to issue the securities. If Congress does not act on the public debt limit by November 1, and the auctions are cancelled, there will be a substantial increase in the cost of financing the public debt. The higher cost will be expected because the potential investor groups which plan to participate in the mid-quarter financings will, if the auction is delayed, make other investment arrangements. As a consequence, the Treasury Department will have to appeal to a broader range of investors who are expected to exact a higher interest rate on these issues. Treasury has estimated that an increase of just one-eighth of one percent in the cost of financing these note and bond issues would add about $250 million to interest outlays on the public debt.

Consequences of delayed approval

Financing of deficit.—If there is no increase in the public debt limit, the outstanding public debt level will be at the present statutory limit, $1,389 billion, on November 1, as the Treasury Department invests as much as possible of the anticipated social security November revenues. From then on, the only issuing of debt that might take place would be refunding of expiring issues. Even though maturing issues could be rolled over—and presumably for only a short period of time—the investors in those issues can be expected to insist upon a premium rate of interest.

Among the bonds and other debt that could not be issued are savings bonds, and Treasury would have to send thousands of notices to employers who have payroll savings plans, banks and all other institutions through which savings bonds may be purchased. Refundings could not be made of certain special issues for State and local governments which help these governments stay within the Federal arbitrage limits for tax-exempt bond issues.

Federal outlays.—Expenditures for all Federal Government activities could continue only until the operating cash balance on hand on November 1 and subsequent daily new tax and other receipts were exhausted. These payments include—in the first three days of the month—social security benefits, civil service and military retirees, veterans benefits and various other individual entitlement programs. Payments to government contractors, on fulfillment of obligations or as periodic performance payments, are made daily. Periodic interest payments on outstanding Federal debt usually are made on the 15th day of each month.

The Treasury Department has informed the committee that it doubts whether there will be a large enough cash balance on November 15 to meet all the interest payments. Such a failure would constitute a default on debt obligations. Even if the Federal Government's creditors might forebear from any legal action, and would wait patiently until funds for payments to them would become available, there would be an irreversibly adverse effect on the Federal Government's credit. Investors would question forever the absence of risk that has been associated so far with the ownership of U.S. Treasury securities.

Spending Priorities.—When there is doubt whether an increase in the public debt limit will be enacted before an existing limit will expire or be reached, speculation arises whether the President or Secretary of the Treasury has authority to exercise legally sanctioned priorities with respect to different spending programs. The best information available to the Committee on Finance indicates that no such priorities are in existence. Each law that authorizes expenditures or makes appropriations stands on equal footing, and there are no grounds for the Administration to distinguish a payment for any one program over any other program. As a consequence, the Secretary of the Treasury can be expected to make payment on the Federal Government's legal obligations to pay as they come due until no funds remain in the till.

COMMITTEE ACTION

After considering the matters discussed above as they relate to Federal finances, the Committee voted to report H.J. Res. 308, without amendment. This bill will increase the public debt limit to $1,614.6 billion, and thereby provide sufficient authority to issue Federal debt obligations for financing the Federal Government's activities through fiscal year 1984 and possibly into 1985.

The committee is aware of the desire of many Senators to attach amendments to this bill that would hopefully improve controls over Federal fiscal activities. The committee agrees with the objective of these Senators, but it also believes that the immediate dangers of delaying enactment of the increased debt limit inhibit it from using the bill as an implement for budget control.

III. APPENDIX

TABLE I.—DEBT LIMITATIONS UNDER SEC. 21 OF THE SECOND LIBERTY BOND ACT AS AMENDED—HISTORY OF LEGISLATION

	In billions
Sept. 24, 1917:	
40 Stat. 288, sec. 1, authorized bonds in the amount of	[1] $7.5
40 Stat. 290, sec. 5, authorized certificates of indebtedness outstanding revolving authority	[2] 4.0
Apr. 4, 1918:	
40 Stat. 502, amending sec. 1, increased bond authority to	[1] 12.0
40 Stat. 504, amending sec. 5, increased authority for certificates outstanding to	[8] 8.0
July 9, 1918: 40 Stat. 844, amending sec. 1, increased bond authority to	[2] 20.0
Mar. 3, 1919:	
40 Stat. 13, amending sec. 5, increased authority for certificates outstanding to	[2] 10.0
40 Stat. 1309, new sec. 18 added, authorizing note in the amount of	[1] 7.0
Nov. 23, 1921: 42 Stat. 321, amending sec. 18, increased note authority outstanding (established revolving authority) to	[2] 7.5
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] 10.0
Mar. 30, 1931: 46 Stat. 1506, amending sec. 1, increased bond authority to	[1] 28.0
Jan. 30, 1934; 49 Stat. 343, amending sec. 18, increased authority for notes outstanding to	[1] 10.0
Feb. 4, 1935:	
49 Stat. amending sec. 1, limited bonds outstanding (establishing revolving authority) to	[2] 25.0
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] 20.0
49 Stat. 21, new sec. 22 added, authorizing U.S. savings bonds within authority of sec. 1	
May 26, 1938: 52 Stat. 447, amending secs. 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] 45.0
July 20, 1939: 53 Stat. 1071, amending sec. 21, removed limitations on bonds without changing total authorized outstanding bonds, certificates of indebtedness, bills and notes	[2] 45.0
July 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 funds made available under sec. 301 of the Revenues 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] 49.0
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] 65.0
Eliminated separated authority for $4,000,000,000 of national defense series obligations	[2] 65.0
Mar. 28, 1942: 56 Stat. 189, amending sec. 21, increased limitation to	[2] 125.0
Apr. 11, 1943: 57 Stat. 63, amending sec. 21, increased limitation to	[2] 210.0

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 outstanding at one time"	[2] 300.0
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 limitations to	[2] 278.0
Aug. 28, 1954: 68 Stat. 895, amending sec. 21, effective Aug. 28, 1954, and ending June 30, 1955, increasing temporary limitation by $6,000,000,000 to	[2] 281.0
June 30, 1955: 69 Stat. 241, amending Aug. 28, 1954, act by extending until June 30, 1956, increase in limitation to	[2] 281.0
July 9, 1956: 70 Stat. 519, amending act of Aug. 28, 1954, increasing temporary limitation by $30,000,000,000 for period, beginning July 1, 1955, and ending June 30, 1957 to	[2] 278.0
Effective July 1, 1957, temporary increase terminates and limitation reverts, under act of June 26, 1956, to	[2] 275.0
Feb. 26, 1958: 72 Stat. 27, amending sec. 21, effective Feb. 26, 1958, and ending June 30, 1969, increasing limitation by $5,000,000,000	[2] 280.0
Sept. 2, 1958: 72 Stat. 1758, amending sec. 21, increasing limitation by $5,000,000,000	[2] 280.0
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] 288.0
June 30, 1959: Stat. 156, amending sec. 21, effective June 30, 1959, increasing limitation to $295,000,000,000, which with temporary increase Feb. 26, 1958, makes limitation on June 30, 1959	[2] 290.0
Amending sec. 21, increasing limitation by $10,000,000,000 for period beginning July 1, 1959, and ending June 30, 1960, which makes limitation beginning July 3, 1959	[2] 295.0
July 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] 293.0
June 30, 1961: 75 Stat. 148, amending sec. 31, for period beginning on July 1, 1961, and ending June 3, 1972, increasing limitation by $13,000,000,000 to	[2] 298.0
Mar. 13, 1962: 75 Stat. 23, amending sec. 21, for period beginning on Mar. 13, 1962, and ending June 3, 1962, further increasing limitation by $2,000,000,000	[2] 300.0
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] 308.0
2. Beginning Apr. 1, 1963, and ending June 24, 1963	[2] 305.0
3. Beginning June 25, 1963, and ending June 30, 1963	[2] 300.0
May 29, 1963: 77 Stat. 50, amending sec. 21, for period—	
1. Beginning May 29, 1963, and ending June 30, 1963	[2] 307.0
2. Beginning July 1, 1963, and ending Aug. 31, 1963	[2] 309.0
Aug. 27, 1963: 77 Stat. 131, amending sec. 21, for the period beginning on Sept. 1, 1963, and ending on Nov. 30, 1963	[2] 309.0
Nov. 26, 1963: Stat. 342, amending sec. 21, for the period—	
1. Beginning on Dec. 1, 1963, and ending June 29, 1964	[2] 315.0
2. On June 30, 1964	[2] 309.0
June 29, 1964: 78 Stat. 225, amending sec. 21, for the period beginning June 29, 1964, and ending on June 30, 1965, increasing the temporary debt limit to	[2] 324.0
June 24, 1965: 79 Stat. 172, amending sec. 21, for the period beginning July 1, 1965, and ending on June 30, 1966, increasing the temporary debt limit to	[2] 328.0
June 24, 1966, 80 Stat. 21 amending sec. 21, for the period beginning July 1, 1966, and ending on June 30, 1967, increasing the temporary debt limit to	[2] 330.0

Mar. 2, 1967: 81 Stat. 4, amending sec. 21, for the period beginning Mar. 2, 1967, and ending on June 30, 1967, increasing the temporary debt limit to .... [2] 336.0

June 30, 1967: 81 Stat. 99—

1. Amending sec. 21, effective June 30, 1967, increasing limitation to .... [2] 358.0
2. Increasing the temporary 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] 365.0

Apr. 7, 1969: 84 Stat. 7—

1. Amending sec. 21, effective Apr. 7, 1969, increasing debt limitation to .... [2] 365.0
2. Increasing the temporary 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] 377.0

June 30, 1970: 84 Stat. 368—

1. Amending sec. 21, effective July 1, 1970, increasing debt limitation to .... [2] 380.0
2. Increasing the temporary debt limit by $15,000,000,000 for the period from July 1, 1970, through June 20, 1971, to make the limit for such period .... [2] 395.0

Mar. 17, 1971: 85 Stat. 5—

1. Amending sec. 21, effective Mar. 17, 1972, increasing debt limitation to .... [2] 400.0
2. Increasing the temporary 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] 430.0

Mar. 15, 1972: 86 Stat. 63, increasing the temporary 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] 450.0

July 1, 1972: 86 Stat. 406, 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] 450.0

Oct. 27, 1972: 86 Stat. 1324, increasing the temporary public debt by $65,000,000,000 for the period from Nov. 1, 1972, through June 30, 1974, to make the limit for such period .... [2] 465.0

July 1, 1973: 87 Stat. 134, 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] 465.0

Dec. 3, 1973: 87 Stat. 691, increasing the temporary debt limit by $75,700,000,000 for the period from Dec. 7, 1973, through June 30, 1974, to make the limit for such period .... [2] 475.7

June 30, 1974: 88 Stat. 285, 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] 495.0

Feb. 19, 1975: 89 Stat. 5, increasing the temporary debt limit by $131,000,000,000 for the period from Feb. 10, 1975, through June 3, 1976, to make the limit for such period .... [2] 531.0

June 30, 1975: 89 Stat. 246, increasing the temporary debt limit by $177,000,000,000 for the period from June 30, 1975, through Nov. 16, 1975, to make the limit for such period .... [2] 577.0

Nov. 14, 1975: 89 Stat. 693, increasing the temporary debt limit by $195,000,000,000 for the period from Nov. 14, 1975, through Mar. 15, 1975, to make the limit for such period .... [2] 595.0

Mar. 15, 1976: 90 Stat. 217, increasing the temporary debt limit by $227,000,000,000 for the period from Mar. 15, 1976, through June 30, 1976, to make the limit for such period .... [2] 627.0

June 30, 1976: 90 Stat. 793—

1. Increasing the temporary debt limit by $236,000,000,000 for the period from July 1, 1976, through Sept. 30, 1976, to make the limit for such period .... [2] 636.0
2. Increasing the temporary debt limit by $282,000,000,000 for the period from Oct. 1, 1976, through Mar. 3, 1977, to make the limit for such period .... [2] 682.0
3. Increasing the temporary debt limit by $300,000,000,000 for the period from Apr. 2, 1977, through Sept. 30, 1977, to make the limit for such period .... [2] 700.0

Oct. 4, 1977: 91 Stat. 1090, increasing the temporary debt limit by $352,000,000,000 for the period from the date of enactment through Mar. 31, 1978, to make the limit for such period	[2] 752.0
Mar. 27, 1978: 92 Stat. 185, extending the temporary debt limit of $352,000,000,000 from the date of enactment through July 31, 1978, to make the limit for such period	[2] 752.0
Aug. 3, 1978: 92 Stat. 419, increasing the temporary debt limit by $398,000,000,000 from the date of enactment through Mar. 31, 1979, to make the limit for such period	[2] 798.0
Apr. 2, 1979: 93 Stat. 8, increasing the temporary debt limit by $430,000,000,000 from the date of enactment through September 30, 1979, to make the limit for such period	[2] 830.0
Sept. 29, 1979: 93 Stat. 589, increasing the temporary debt limit by $479,000,000,000 from the date of enactment through May 31, 1980, to make the limit for such period	[2] 879.0
May 30, 1980: 94 Stat. 421, increasing the temporary debt limit by $479,000,000,000 from the date of enactment through June 5, 1980, to make the limit for such period	[2] 879.0
June 6, 1980: 94 Stat. 439, increasing the temporary debt limit by $479,000,000,000 from the date of enactment through June 30, 1980, to make the limit for such period	[2] 879.0
June 28, 1980: 94 Stat. 598, increasing the temporary debt limit by $525,000,000,000 from the date of enactment through February 28, 1981, to make the limit for such period	[2] 925.0
December 19, 1980: 94 Stat. 3261, increasing the temporary debt limit by $535,100,000,000 from the date of enactment through September 30, 1981, to make the limit for such period	[2] 935.1
February 7, 1981: 95 Stat. 4, increasing the temporary debt limit by $585,000,000,000 from the date of enactment through September 30, 1981, to make the limit for such period	[2] 985.0
September 30, 1981: 95 Stat. 955, increasing the temporary debt limit by $599,800,000,000 from the date of enactment through September 30, 1981, to make the limit for such period	[2] 999.8
September 30, 1981: 95 Stat. 956, increasing the temporary debt limit by $679,800,000,000 from the date of enactment through September 30, 1982, to make the limit for such period	[2] 1,079.8
June 28, 1982: 96 Stat. 130, increasing the temporary public debt limit by $743,100,000,000 from the date of enactment through September 30, 1982, to make the limit for such period	[2] 1,143.1
September 30, 1982: 96 Stat. 270, increasing the temporary public debt limit by $890,200,000,000 during the period beginning on October 1, 1982, and ending on September 30, 1983, to make the limit for such period	[2] 1,290.2
May 26, 1983: 97 Stat. 196, increasing the permanent public debt limit by $989,000,000,000 from the date of enactment to make the public debt limit	[2] 1,389.0

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

TABLE II.—OUTSTANDING PUBLIC DEBT SUBJECT TO LIMITATION AT END OF FISCAL YEARS 1916–82, AND ON MAY 9, 1983

Fiscal year:	*Millions*	Fiscal year:	*Millions*
1916	$1,225	1928	17,604
1917	2,976	1929	16,931
1918	12,455	1930	16,185
1919	25,485	1931	16,801
1920	24,299	1932	19,487
1921	23,977	1933	22,539
1922	22,963	1934	27,053
1923	22,350	1935	28,701
1924	21,251	1936	33,779
1925	20,516	1937	36,425
1926	19,643	1938	36,882
1927	18,512	1939	40,371

TABLE II.—OUTSTANDING PUBLIC DEBT SUBJECT TO LIMITATION AT END OF FISCAL YEARS 1916–82, AND ON MAY 9, 1983—Continued

1940	43,219	1963	302,923
1941	49,494	1964	308,583
1942	74,154	1965	314,126
1943	140,469	1966	316,293
1944	208,077	1967	323,143
1945	268,671	1968	[1]348,534
1946	268,932	1969	[1]356,107
1947	255,767	1970	[1]372,600
1948	250,381	1971	[1]398,650
1949	250,965	1972	[1]427,751
1950	255,382	1973	[1]458,264
1951	$253,283	1974	[1]475,181
1952	257,233	1975	[1]534,207
1953	647,220	1976	[1]620,556
1954	269,379	Transition quarter	[1]635,822
1955	272,348	1977	[1]699,963
1956	270,619	1978	[1]772,691
1957	269,120	1979	[1]827,614
1958	275,395	1980	[1]908,723
1959	282,419	1981	[1]998,818
1960	283,827	1982	[1]1,142,913
1961	286,308	1983	[1]1,377,953
1962	296,374	1984	[1 2] 1,382,520

[1] Includes FNMA participation certificates issued in fiscal year 1968 in debt of fiscal years 1968–83.
[2] Debt at close of business, October 21, 1983.

Source: Annual Report of the Secretary of the Treasury for fiscal year 1923, table 34, p. 544, for 1916–17; Annual Report for fiscal year 1962, table 507, for 1983 and 1939; Annual Report for fiscal year 1976. Statistical Appendix, table 21, p. 67, for 1940–76; Treasury Bulletin, November 1982, table FD–8, p. 24 for 1977 through 1982, monthly Statement of the Public Debt, September 30, 1983, and Daily Treasury Statement, October 21, 1983.

IV. COSTS OF CARRYING OUT THE BILL AND VOTE OF THE COMMITTEE IN REPORTING H.R. 5470

BUDGET EFFECTS

In compliance with paragraph 11(a) of Rule XXVI of the Standing Rules of the Senate, the following statement is made relative to the budget effects of H.J. Res. 308, as reported.

The committee does not believe that the change made by H.J. Res. 308 in the debt limitation will result in any additional costs in the current fiscal year or in any of the five fiscal years to follow.

VOTE OF THE COMMITTEE

In compliance with paragraph 7(c) of Rule XXVI of the Standing Rules of the Senate, the following statement is made relative to the vote by the committee on the motion to report the bill. H.J. Res. 308 was ordered favorably reported by voice vote.

V. REGULATORY IMPACT OF THE BILL AND OTHER MATTERS TO BE DISCUSSED UNDER SENATE RULES

A. REGULATORY IMPACT

Pursuant to paragraph 11(b) of Rule XXVI of the Standing Rules of the Senate, the committee makes the following statement concerning the regulatory impact that might be incurred in carrying out the provisions of H.J. Res. 308, as reported.

NUMBERS OF INDIVIDUALS AND BUSINESSES WHO WOULD BE REGULATED

The bill does not involve new or expanded regulation of individuals or businesses.

ECONOMIC IMPACT OF REGULATION ON INDIVIDUALS, CONSUMERS, AND BUSINESS

The bill has no regulatory economic impact on individuals, consumers or businesses.

IMPACT ON PERSONAL PRIVACY

The bill does not relate to the personal privacy of individuals.

DETERMINATION OF THE AMOUNT OF PAPERWORK

The bill will involve no additional paperwork for taxpayers.

B. OTHER MATTERS

CONSULTATION WITH CONGRESSIONAL BUDGET OFFICE ON BUDGET ESTIMATES

In accordance with section 403 of the Budget Act, the committee advises that the Director of the Congresssional Budget Office has not submitted a statement with respect to H.J. Res. 308.

NEW BUDGET AUTHORITY

In compliance with section 308(a)(1) of the Budget Act, and after consultation with the Director of the Congressional Budget Office, the committee states that the changes made to existing law by the bill involve no new budget authority.

TAX EXPENDITURES

In compliance with section 308(a)(2) of the Budget Act with respect to tax expenditures, and after consultation with the Director of the Congressional Budget Office, the committee states that the provisions of H.J. Res. 308 involve no new or changed tax expenditures.

ADDITIONAL VIEWS OF SENATOR STEVE SYMMS

It is important that the Congress recognize that an increase in the debt ceiling clearly highlights the fiscal problems of our nation.

Debt is the driving force in our economy today. This year, total U.S. debt will stand at over $6 trillion. The economic impact of that debt and the future debt obligations of this country will determine the future of our economic system—capitalism.

Capitalism cannot survive without long-term capital markets. Since 1978, our capital markets have shrunk from 30–40 year markets to 1½–3 year markets because of the accumulated present and future debt obligations of our economy.

The impact of shortened capital markets is illustrated by the fact that the interest payments of the U.S. Government now exceed the capital-generating capacity of the United States. The grim fact is that the Treasury is now bidding for new billions of dollars almost weekly while refinancing old paper—often in the five to ten percent rate area—at today's interest rates. The result of this adding and compounding action is to increase U.S. Government expenses beyond imagination. The average maturity of U.S. Treasury debt is now 3.9 years, and this debt is now rolling over and compounding at relatively high rates. The result is that the Treasury is literally cannibalizing itself.

In the United States, the sum of all debt is referred to as the gross domestic debt. Twelve years ago, such debt totaled roughly $1.8 trillion—today it stands at over $6 trillion. The largest increases were posted during the past seven years. Although the gross domestic debt encompasses many other sectors as well, the dramatic rise in the debt of the Federal Government contributes heavily to this growth.

The Federal debt burden was almost reduced to zero in the mid-thirties. World War II, and the subsequent reconstruction effort, increased debt to nearly $300 billion. Later, America's engagement in Vietnam caused a further surge in the debt spiral. By the mid-seventies, the figure had reached the $500 billion mark. It took over 40 years to build up a debt of $500 billion, and less than seven years to triple that figure.

Debt at the Federal level, while significant, is not our only worry. Debt in the mortgage and loan sector is another part of the U.S. Domestic debt. Although debt in this area is common to all economies, the American consumer's balance sheet has come under increasing pressure in recent years. Largely to blame was the inflationary psychology, which characterized the late 1970s, but is still in evidence today.

In fact, we are at a point where even a moderate downturn in interest rates is perceived as a great bargain by a myriad of credit users. The most recent statistics show a marked decline in personal savings rates which seem to be a trend. As mortgages have to be refinanced at current rates and banks ask for more interest on outstanding consumer loans, the private citizen's pocketbook will be directly affected. Since 1971, mortgage and consumer debts have risen 274 percent.

Another area of particular concern is that of State and local governments, now contributing only seven percent to the total of U.S. Domestic debt. However, their paper obligations of many State and local governments involve billions of dollars, and the risk of default appears more likely now than at any time since the 1930s. (New York City and WPPS are but two examples.)

In the corporate sector, the debt problem is concentrated on individual industries, rather than as an economy as a whole. Particular problems have surfaced in the basic industries, although this is not the result of the current financial condition alone. One important point is that whenever sizeable industrial or commercial firms are on the threshold of bankruptcy, this translates into a direct addition to the debt burden of governments. There is no indication that the current Congress will discontinue the tradition of bailing out mismanaged private empires, but the government seems to at least negotiate harder or even participate in the potential recovery of such corporations.

While the service sector of the economy seems to have experienced a strong expansion phase, there are serious questions overhanging our financial institutions—both the small rural banks and saving and loan institutions, and the large multinationals.

As intricate and as hopeless as the labryinth of domestic debt may be, it is easily surpassed in complexity by the Euromarket. At first glance the problem of offshore debt seems less alarming. After all, debt dollars outside the United States amount to about $1 trillion, a fraction of the $6+ trillion domestic debt. A quick look at the growth pattern, however, destroys this notion; the Eurocredit market grew to its current size in just over 20 years.

At the present time about 56 percent of the present debt is mortgages and loans; 20 percent of the debt is Federal; 10 percent of the debt is corporate bonds; 7 percent of the debt is State and municipal bonds; 4 percent of the debt is foreign debt; and 3 percent of the debt is money market debt. The life of all debt is becoming short-lived and is being refinanced at ever-increasing interest rates.

The rundown in liquidity has occurred in all sectors of the economy-businesses, households, depository financial institutions and State and local Governments.

The only solution to this ever-increasing debt spiral is to reduce current expenditures and the future debt obligations of this economy. The private sector has, for the most part, been in the process of "getting liquid" for the past two years. Government at every level, however, has failed in their responsibility to reduce their debt obligations.

Long-term capital markets are the key to a sustained and robust economic recovery. Those markets can only be restored by a real and continued effort to pay off our debts. Without that commitment to a sound fiscal policy, we will simply follow the example of every other nation throughout history by paying off our debts with a debased currency.

STEVEN SYMMS.

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