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Raising National Debt Limit

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Mr. President, last year when Congress was very near the end of its first session of the 83rd Congress, the Administration asked the Legislative Branch to approve an increase in the National Debt Limit from $275 billion to $290 billion, an increase of $15 billion. The request was turned down. Now, this year, as adjournment is almost upon us, Secretary of the Treasury Humphrey is again asking Congress to increase the present ceiling on the national debt.

I have given considerable thought to the proposal to increase the national debt limit and I do not believe that the existing situation warrants an increase. Lifting the debt limit is a matter of grave concern to many people. Legislation of such magnitude needs full-dress hearings and debate early in the session, not when we are about to complete our work for the year.

The national debt is now about $270 billion. Budget receipts for the new year, which started July 1 are expected to be about $62.6 billion. Spending will amount to $65.6 billion. It means that the Government is expected to go $3 billion more in debt.

This would bring the national debt to $273 billion by June 30, 1955. This would still be under the $275 billion legal limit set by Congress in 1946. The Treasury, however, thinks the margin of safety is too small and wants to make sure that it has all the money it may need to pay its bills.

I am in accord with views of those who feel that the Treasury can get by
without breaking through the budget-debt limit. In addition a debt of $275 billion, let alone an increase above that figure, is much greater than this country should have to stand.

I understand the U. S. Treasury had a cash balance at the end of the 1954 fiscal year of approximately $6.8 billion which is deposited in 12,000 banks throughout the nation. An interesting observation in this regard is that the Government receives no interest on these deposits. It seems rather peculiar that we pay the banks interest on loans and at the same time no interest on our deposits is paid to the Federal Government. These bank deposits and the money we are still able to borrow under the debt limit certainly should be enough to take care of the estimated deficit for the fiscal year without having to increase the debt limit.

While there is always a possibility of an emergency it is not a sufficient enough reason at this time to merit an increase in the debt limit. The Treasury will have to keep close tabs on the Administration's expenses. There is nothing wrong with that as it promotes more efficient business.

The principle reason for the debt limitation is as a goal and reminder and it should not be arbitrarily used. An increase in the debt limit at this time is unnecessary and would be an invitation to extravagance.