

Aside from all the Sturm und Drang in Washington, the debt limit debate has not yet had much effect, traders said. "The markets have not yet focused on it," said David M. Jones, vice chairman of Aubrey G. Lanston & Company, which trades Government bonds. "One of the risks is that foreign investors will not understand what is happening here. And if they get nervous, they will just flee until it all sorts out."

The issue will take on added urgency in the first five days of November, when the Government must pay \$50 billion in Social Security benefits, Medicare and pay for active-duty members of the military. On Nov. 15, about \$25 billion of interest payments are due.

As Treasury officials concede, a number of financial tricks are available to keep the Government afloat even if the ceiling on debt is not raised. There are temporary debt limits, emergency "cash management sales" to keep money flowing in the coffers as short-term loans, and borrowing against other Government reserves. But all of the steps come with a cost, and none can go on for too long. Though the overall Government debt is \$4.9 trillion, the Treasury sells about \$2 trillion of debt securities every year because so much of the Government's borrowings are "rolled over" into new bonds.

The debt limit exists as an institution in Washington because the Constitution mandates that only Congress can authorize borrowing. Before World War I, every bond issued by the United States required separate Congressional approval. Today, the raising of the debt ceiling essentially permits the Treasury Secretary to make the day-to-day decisions required to meet the Government's obligations.

From the Washington Post, Sept. 22, 1995)
GINGRICH VOWS NO RETREAT ON DEBT CEILING INCREASE—I DON'T CARE WHAT THE PRICE IS, SPEAKER SAYS

(By Clay Chandler)

House Speaker Newt Gingrich (R-Ga.) threatened yesterday to take the government into default for the first time in history unless President Clinton bows to Republican demands for a balanced budget.

"I don't care what the price is," Gingrich declared in a speech to the Public Securities Association, which represents the nation's bond dealers. "I don't care if we have no executive offices and no bonds for 60 days—not this time."

Gingrich said that if Clinton refuses to sign a package of tax and spending proposals reflecting Republican priorities, he would block attempts to raise the government's credit limit.

"I, the speaker, will not schedule" a vote on an increase in the debt limit "it will not come to the floor until we have an agreement" on balancing the budget according to the Republican proposals, Gingrich told the securities group.

Gingrich's pledge provoked sharp criticism from Clinton administration officials. "It would be unprecedented and unwise for anyone in a position of authority to dismiss the consequences of default," Treasury Secretary Robert E. Rubin said last night. "Even the appearance of a default can have adverse consequences, and a default itself would increase the cost of debt to the U.S. government for many, many years to come."

"The U.S. has never defaulted on its obligations and it is extremely irresponsible to suggest that that might happen," said White House budget director Alice M. Rivlin.

The government is rapidly nearing the \$4.9 trillion ceiling on federal debt imposed by

Congress in 1993. The government will have difficulty paying \$25 billion in interest obligations due Nov. 15 unless Congress agrees to raise the government's credit line so that it can borrow more money to pay the bill, financial analysts estimate. Treasury officials have warned that the government's cash crunch might come as early as the end of October.

The prospect that action to raise the debt limit could be held hostage while Clinton and Congress slug it out over the budget may have made some investors in global financial markets nervous. Some administration officials suggested that Gingrich's comments were responsible for yesterday's drop in the value of the dollar and declines in stock and bond prices, although Rubin would not draw that connection.

On Wall Street, though, some analysts questioned the significance of Gingrich's statements.

Allen Sinai, chief global economist at Lehman Brothers Inc, said the prospect of fiscal deadlock was cause for concern among foreign investors, who "don't completely understand our ways and the pressures of the election year." But he said U.S. analysts were likely to shrug off Gingrich's remarks as political posturing.

The prevailing view on Wall Street is that the two sides eventually will strike a deal, said Carl Steen, an analyst at the global economic consulting firm of Maria Fiorini Ramirez Inc.: "Somebody's going to blink. . . . They'll have to."

Steen said it is "much more likely that the Senate Republicans will say, 'Okay, look, we're winning anyway. Let's not push this thing too far.'"

Rubin also said, "I do not believe there will be a default."

But Gingrich warned against underestimating the commitment of House Republicans: "What we are saying to Clinton is; 'Do not assume that we will flinch, because we won't.'"

Gingrich's comments appeared to conflict with remarks made on Sunday by House Budget Committee Chairman John R. Kasich (R-Ohio). In an appearance on NBC's "Meet the Press," Kasich said House Republicans would not agree to a long-term extension of the debt limit "until we can show that there's light at the end of the tunnel."

But he also said, "What we want to do is avoid a default by the government of the United States. So if we can do a short-term, temporary raising of the debt ceiling, that's not inconsistent with the fact that on a long-term basis, we will not raise it."

The prospect of breaching the debt ceiling is distinct from a looming government shutdown, which could happen unless Clinton and Congress come to terms on 13 separate spending bills making their way through the legislature before Sept. 30, the end of this fiscal year. On Wednesday, Republican leaders offered a temporary spending plan to carry the government through until Nov. 13, but the White House said many aspects of the resolution were unacceptable.

Regarding the debt ceiling, Republicans argue that temporary disruption in financial markets is a small price to pay to ensure a balanced budget.

But Rubin warned that "a sovereign country's creditworthiness is a precious asset that should not be sacrificed under any circumstances." Clinton, he said, could not be "blackmailed" into signing a budget deal.

Mr. BYRD. Mr. President, I thank the Chair.

I yield the floor.

ADJOURNMENT UNTIL MONDAY,
SEPTEMBER 25, 1995, AT 2 P.M.

The PRESIDING OFFICER. Under the previous order, the Senate stands in adjournment until 2 p.m. on Monday, September 25, 1995.

Whereupon, the Senate, at 2:57 p.m. adjourned until Monday, September 25, 1995, at 2 p.m.

NOMINATIONS

Executive nominations received by the Senate September 22, 1995:

DEPARTMENT OF STATE

ERIC JAMES BOSWELL, OF CALIFORNIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AN ASSISTANT SECRETARY OF STATE, VICE ANTHONY CECIL EDEN QUANTON.

ANTHONY CECIL EDEN QUANTON, OF THE DISTRICT OF COLUMBIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF CAREER MINISTER, TO BE DIRECTOR GENERAL OF THE FOREIGN SERVICE, VICE GENTA HAWKINS HOLMES.

FOREIGN SERVICE

THE FOLLOWING-NAMED CAREER MEMBERS OF THE SENIOR FOREIGN SERVICE OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT FOR PROMOTION IN THE SENIOR FOREIGN SERVICE TO THE CLASSES INDICATED:

CAREER MEMBER OF THE SENIOR FOREIGN SERVICE OF THE UNITED STATES OF AMERICA, CLASS OF CAREER MINISTER:

CAROL A. PEASLEY, OF CALIFORNIA
CHARLES F. WEDEEN, JR., OF VIRGINIA
JOHN R. WESTLEY, OF THE DISTRICT OF COLUMBIA
AARON S. WILLIAMS, OF VIRGINIA

CAREER MEMBERS OF THE SENIOR FOREIGN SERVICE OF THE UNITED STATES OF AMERICA, CLASS OF MINISTER-COUNSELOR:

KEITH E. BROWN, OF VIRGINIA
MYRON GOLDEN, OF OHIO
JOSEPH B. GOODWIN, OF MISSOURI
WILLIAM T. OLIVER, JR., OF VIRGINIA
CYNTHIA F. ROZELL, OF CALIFORNIA
BARBARA P. SANDOVAL, OF VIRGINIA
KENNETH G. SCHOFIELD, OF THE DISTRICT OF COLUMBIA
WILBUR G. THOMAS, OF OKLAHOMA

THE FOLLOWING-NAMED CAREER MEMBERS OF THE FOREIGN SERVICE OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT FOR PROMOTION INTO THE SENIOR FOREIGN SERVICE, AND FOR APPOINTMENT AS CONSULAR OFFICER AND SECRETARY IN THE DIPLOMATIC SERVICE, AS INDICATED:

CAREER MEMBERS OF THE SENIOR FOREIGN SERVICE OF THE UNITED STATES OF AMERICA, CLASS OF COUNSELOR:

ANNE H. AARNES, OF WASHINGTON
GLENN E. ANDERS, OF FLORIDA
GRANT WILLIAM ANDERSON, OF THE DISTRICT OF COLUMBIA
LILIANA AYALDE, OF MARYLAND
PATRICIA K. BUCKLES, OF FLORIDA
JONATHAN M. CONLY, OF PENNSYLVANIA
J. MICHAEL DEAL, OF CALIFORNIA
DIRK WILLEM DIJKERMAN, OF NEW YORK
KENNETH C. ELLIS, OF VIRGINIA
PAULA FEENEY, OF WEST VIRGINIA
LINDA RAE GREGORY, OF FLORIDA
TOBY L. JARMAN, OF VIRGINIA
EDWARD L. KADUNC, OF FLORIDA
DONALD G. KEENE, OF CALIFORNIA
GAIL M. LECCE, OF VIRGINIA
MARY L. LEWELLEN, OF NEVADA
LEWIS W. LUCKE, OF TEXAS
DONALD R. MACKENZIE, OF FLORIDA
TIMOTHY M. MAHONEY, OF VIRGINIA
LAURIER D. MAILLOUX, OF THE DISTRICT OF COLUMBIA
DESAIX B. MYERS III, OF CALIFORNIA
WALTER E. NORTH, OF WASHINGTON
THOMAS E. PARK, OF THE DISTRICT OF COLUMBIA
DONALD L. PRESSLEY, OF VIRGINIA
EMMY B. SIMMONS, OF VIRGINIA
MARCUS L. STEVENSON, OF MARYLAND
KAREN D. TURNER, OF THE DISTRICT OF COLUMBIA
RONALD E. ULLRICH, OF VIRGINIA
ALAN E. VAN EGMOND, OF MARYLAND

CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF COUNSELOR, AND CONSULAR OFFICER AND SECRETARY IN THE DIPLOMATIC SERVICE OF THE UNITED STATES OF AMERICA:

SARAH S. OLDS, OF PENNSYLVANIA