

THE WHITE HOUSE
WASHINGTON

November 16, 1983

Dear Howard:

This letter is to ask for your help and support, and that of your colleagues, in the passage of an increase in the limit on the public debt.

As Secretary Regan has told you, the Treasury's cash balances have reached a dangerously low point. Henceforth, the Treasury Department cannot guarantee that the Federal Government will have sufficient cash on any one day to meet all of its mandated expenses, and thus the United States could be forced to default on its obligations for the first time in its history.

This country now possesses the strongest credit in the world. The full consequences of a default -- or even the serious prospect of default -- by the United States are impossible to predict and awesome to contemplate. Denigration of the full faith and credit of the United States would have substantial effects on the domestic financial markets and on the value of the dollar in exchange markets. The Nation can ill afford to allow such a result. The risks, the costs, the disruptions, and the incalculable damage lead me to but one conclusion: the Senate must pass this legislation before the Congress adjourns.

I want to thank you for your immediate attention to this urgent problem and for your assistance in passing an extension of the debt ceiling.

Sincerely,

Ronald Reagan

The Honorable Howard H. Baker, Jr.
Majority Leader
United States Senate
Washington, D.C. 20510