

EMBARGOED FOR RELEASE
UNTIL 1:30 P.M., E.S.T.
WEDNESDAY, OCTOBER 29, 1975

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Office of the White House Press Secretary

THE WHITE HOUSE

TEXT OF LETTERS FROM THE PRESIDENT TO THE
SPEAKER OF THE HOUSE OF REPRESENTATIVES
AND THE PRESIDENT OF THE SENATE

Dear Mr. Speaker: (Dear Mr. President:)

Enclosed for your consideration and appropriate reference is a legislative proposal to amend the Bankruptcy Act to add a new Chapter XVI dealing with the adjustment of debts of major municipalities.

This legislative recommendation is submitted because of the inadequacies of Chapter IX of the current Bankruptcy Act in its application to the problems of major municipalities. The attached draft legislative proposal would provide a desirable alternative to Chapter IX of the Bankruptcy Act.

A major concern of all of us is the need for meaningful action to bring into balance the revenues and expenditures of a city which may need to seek relief under the Bankruptcy Act. The attached legislative proposal will provide the incentives needed to force such a city to make the hard decisions required to achieve this important objective. The draft legislation will accomplish this without improper intrusion into the internal governmental affairs of any State.

We do not wish for any city to have to undergo bankruptcy. However, recent events remind us we cannot ignore the fact that there must be relief legislation ready and available in the event insolvency forces resort to relief under the Bankruptcy Act. I can assure you that the Executive Branch would be prepared to work with the bankruptcy court in a proceeding under the proposed Act.

Administration witnesses will be pleased to consult with and advise the Committee to which this legislation is assigned. This legislation is urgently needed. I respectfully urge its early consideration by the Congress.

Sincerely,

GERALD R. FORD

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