



CONGRESSMAN'S REPORT

MORRIS K. UDALL • 2D DISTRICT OF ARIZONA

April 12, 1963

Taxes and Spending IV Some Specific Proposals for Budget Reductions

The big new indoor game on the banks of the Potomac this season is "budget-cutting". Any number can play. Contestants come in various species. Best known are the "lump sum" players whom I criticized in the last report for refusing to designate specific cuts while they fill the air with phrases like "fiscal responsibility" and "trimming unnecessary fat" and "10 to 15 billion dollars can easily be cut". They talk a mighty good game. But at times like this we have a committee chairman who generally responds, "OK, now give us some 'fer instances".

This is the rub, for "fer instances" don't come easy. One might think that the role of the budget cutter would be politically popular back home, if not in Washington. Sadly, I must report this is not the case. In my last campaign, I was roundly condemned and effectively opposed by World War I veterans who resented my refusal to support a new pension. When I voted to hold the line on appropriations for medical research, I heard roundabout that a powerful congressman had marked some Arizona projects for further scrutiny. When I introduced a bill last year to phase-out farm price supports, I quickly heard from many alarmed friends and constituents.

The road to a reduced federal budget is rocky, steep and painful. There is no easy meat-axe approach if we are going to be both "fiscal" and "responsible". The savings which can be achieved come only from detailed, painstaking analysis of thousands of authorized expenditures, evaluating each item against the job that has to be done to keep our nation strong, both militarily and economically. Anyone who talks of budget-cutting without making such an analysis is like a surgeon who operates without examining the patient.

WHY CUT THE BUDGET?

Budget-cutting is a popular tribal ritual in any year, but it goes in cycles too. The last time we observed anything like the current wave of alarm over "big spending" was in the second Eisenhower term, starting in 1957. In what history will surely record as one of the strangest performances of any Administration, we saw Secretary of the Treasury Humphrey attack President Eisenhower's own budget on the day it was presented to Congress -- and President Eisenhower agreed with him! Subsequently, asked why he didn't support his own budget recommendations, the President insisted he stood behind every one. Asked if he disagreed with his Secretary of the Treasury, he said, no, he agreed with him too. It was a great year.

Out of that episode came some budget reductions, not all of them responsible, and Secretary Humphrey was able to take credit for "saving" the taxpayers money. The next year our economy went into its most serious post-war recession. Democrats claimed a cause-and-effect relationship, though they couldn't precisely prove it.

Thus, there is nothing new or startling about the current concern for budget reduction. This time, however, I hope to see more use of the scalpel, and less of the meat-axe, for our economy can't afford another setback. Unemployment is already our most serious domestic problem.

Nevertheless, I believe federal spending should be cut -- not out of obedience to a tribal ritual -- but because:

- a) people are entitled to efficient, economical government every year, and
- b) without some reductions we are unlikely to get the kind of meaningful tax revision necessary to cut loose the stunted growth of our economy.

For some reason we are not keeping pace with our population growth; we are not creating jobs for new workers coming of age. A tax cut could stimulate our economy, create more demand for goods, and make more jobs. For such a purpose as this I believe some reduction of our federal budget is warranted, and the difficult task should be undertaken.

I now propose to give my list of "fer instances", and I predict prompt and vigorous criticism both here and in Arizona -- for "fer instances" tread on sensitive toes.

SPENDING CUTS LISTED

If I had the power, I would make these reductions in the 1964 federal budget:

CUT NO. 1: DEFENSE

The national security budget has become a "sacred cow" which few bother to examine closely. No one -- especially an elected official -- wants to be charged with risking our nation's security. Secretary of Defense McNamara, one of the best men ever to serve in Washington, has achieved real economy by tighter Defense Department procedures. I believe further money could be saved if Congress would stop badgering the Secretary to continue unneeded bases or launch unneeded programs. If our Armed Forces can't make us safe with \$52 billion, they can't make us safe with \$55 billion. I think we could well cut back our \$2.5 billion for the Atomic Energy Commission (we surely have enough bombs and warheads), the \$250 million for a feeble program of anti-missile construction, and the untold sums hidden away for the vast, mysterious Central Intelligence Agency. We now devote 10% of our national income to preparations for war -- a larger share than any free nation and over half our total federal budget. My budget would be...

DOWN \$3.5 BILLION

CUT NO. 2: AGRICULTURE

I don't want a farm depression, and I recognize that we owe to Arizona and American farmers the duty to proceed with caution. However, I think we can move toward reduction of the \$5.7 billion requested in the budget. The American Farm Bureau Federation has called for a \$1 billion reduction here. I think we could do better than that. My budget would be...

DOWN \$1.5 BILLION

CUT NO. 3: MEDICAL AND HEALTH RESEARCH

Every year since 1952 the Congress has provided more money for research activities of the National Institutes of Health than the Administration has requested. I strongly support these activities, but last year I voted to hold the line to the amount requested. This year, for the sake of tax reduction, I would hold back on some new programs. My budget would be...

DOWN \$50 MILLION

CUT NO. 4: SPACE

The Russians are ahead of us in this important race, thanks to misguided "economies" of the past 10 years. I thoroughly disagree with those who say it doesn't matter whether we lose it. Nevertheless, this year's budget is an enormous increase over last year's, and for the sake of tax reduction I would make a modest cut in it. My budget would be...

DOWN \$500 MILLION

CUT NO. 5: AID TO EDUCATION

Many people would like to sweep the hard facts about our nation's educational failings under the rug; I believe this is a formula for ultimate disaster. The President's new aid-to-education program is included in the \$98.8 billion budget and should be enacted, I believe, with some downward revision to facilitate a tax cut. My budget would be...

DOWN \$50 MILLION

CUT NO. 6: FOREIGN AID

The budget includes requests for \$4.9 billion for military and economic foreign aid. In the light of the Clay Committee report, and with hard-headed administration by the new director, David Bell, I believe we can cut a half-billion dollars from the request and still carry on this important aspect of the Cold War. My budget would be...

DOWN \$500 MILLION

CUT NO. 7: ACCELERATED PUBLIC WORKS

Last year I voted against passage of the \$900 million Accelerated Public Works program because I felt it would add unnecessarily to our fiscal deficit and contribute too little to stimulation of the economy. In the interest of tax reduction I would hold back at least \$100 million of this year's portion,

selecting projects postponement of which would work no special hardship. My budget would be...

DOWN \$100 MILLION

CUT NO. 8: VETERANS AFFAIRS AND BENEFITS

This is another "sacred cow" that is hard to milk. One who attempts any economy here can be assured of violent opposition, even though many programs have gone far beyond what a country should do for its able-bodied war veterans. I strongly support pensions and disability payments for service-connected injury and illness, and would make no change affecting deserving veterans. But I believe pensions, hospital benefits, direct loans and other services rendered to able-bodied veterans and those with non-service-connected disabilities could be reduced a modest amount. The 1964 budget calls for \$5.5 billion. My budget would be...

DOWN \$150 MILLION

CUT NO. 9: SMALL BUSINESS ADMINISTRATION

Everyone is for "small business", but I'm not convinced large expenditures for this year are vital to the small business we have in Arizona, or elsewhere. I'm not ready to close out SBA, but my budget would be...

DOWN \$50 MILLION

ADDITIONS TO THE BUDGET

In fairness to the reader, however, I must state that, had I the power, I would make some additions to the President's budget. (This is the side of the story most "budget-cutters" never give you.) Following are the additions I would make:

ADDITION NO. 1: PARKS AND RECREATION

The millions of new Americans added to our population in recent years need more national parks, seashores and recreation areas. If we are to get them at reasonable prices, now is the time to act. I would budget money now to save us from greater outlays in the future. My budget would be...

UP \$200 MILLION

ADDITION NO. 2: RECLAMATION

As one who urges a big federal reclamation program for Arizona and the Lower Colorado Basin, I would have to be consistent and add money this year for vitally needed flood control and reclamation projects. My budget would be...

UP \$200 MILLION

ADDITION NO. 3: MISCELLANEOUS ADDITIONS

I hesitated to credit my budget with "miscellaneous" reductions, because this is the very non-specific practice I criticize in others. However, I will charge my budget with miscellaneous additions because I grant there may well be specific proposals for increased spending which I will support as the committees come up with their proposals. My budget thus would be...

UP \$150 MILLION

'UDALL BUDGET' SUMMARY

Reviewing my list of cuts and additions, we find:

The <u>reductions</u> total ...	\$6,400,000,000
The <u>additions</u> total ...	<u>550,000,000</u>
The <u>net reduction</u> is ...	\$5,850,000,000

This compares with the budget of the "fiscal conservatives", outlined in my last newsletter, calling for a net increase of \$2.5 billion.

COST OF NEW KENNEDY PROPOSALS

Many letters urge me to save "billions" by defeating all the President's new proposals. The truth is that, of the \$98.8 billion in the 1964 budget, only 4/10 of 1% represents new programs like the Youth Conservation Corps, aid for medical training or urban mass transportation. The great increases in spending come from the additional cost of existing programs.

The cold fact is that if every new Kennedy program (other examples are aid-to-education, hospital insurance for the aged, and maternal and child health services) were defeated, the 1964 budget would be decreased less than \$400 million. I'm well aware that new programs soon become "old" ones, and that costs can rise in subsequent years. I'm for some new programs and against others, but I believe each is entitled to be judged on its own merits and importance, not cast off just because it is "new".

THE OUTLOOK FOR SPENDING CUTS

Usually, Congress increases, rather than decreases, amounts budgeted by a President. Thus, one can't look at history and be very optimistic about large cuts this year. I have one vote and will do what I can, but 534 other members of Congress have their own ideas too. And here we encounter one of the great dilemmas of democracy.

A conscientious legislator should look to the welfare of the country first and his Congressional District second. But this kind of statesmanship is rarely achieved by those who must seek reelection every two years. Unfortunately, there is an increasing tendency for the candidate to

advertise that he can "do more for Massachusetts", etc. The people of a democracy generally get no better government than their own attitudes deserve. We need more mature citizens who will respect, and not penalize, the conscientious representative who refuses to seek unwarranted favors or expenditures for his state.

An illustration of the conflicting forces working on congressmen is a set of memorials received in my office this spring from the Arizona Legislature. Whereas House Memorial No. 2 urges economy to guarantee "economic freedom" for our citizens, House Memorial No. 4 calls upon Congress to establish a new National Cemetery for Arizona at unspecified cost. Pressures for more spending are powerful and pervasive -- and many of them come from groups who talk the most about economy!

Arizonans favor more for reclamation and less for urban renewal and mass transportation, while New Yorkers reverse these priorities. Military contractors would increase Defense Spending and cut farm price supports. I ask more for Fort Huachuca and less for Fort Monmouth. One can always find dire consequences to national security if a local air base or a subsidy for a local industry is to be terminated. The net result is that dozens of groups and sectional pressures are usually far more powerful than the general citizenry of the nation as a whole.

Of course, this is not a new story; it is as old as the republic. William Jennings Bryan used to illustrate this basic political paradox with an anecdote:

"Hanging his coat on a restaurant rack, a man sat down to dine. A thief seized his coat, put it on and began to run away. The coat's owner, enlisting a near by policeman, gave chase. The officer ordered the thief to halt; when the thief kept on running, the officer drew his gun to fire. At this point, the coat owner shouted, "Shoot him in the pants!"

I hope I'm wrong, but this parable seems still valid in 1963.

A handwritten signature in dark ink, appearing to read "Murray Edsall". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.