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Silver Bow Kiwanis

Max S. Baucus

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Adress Before the Silver Bow Kiwanis

     08/09/1978
AN ADDRESS BY
CONGRESSMAN MAX BAUCUS
BEFORE THE
SILVER BOW KIWANIS
ELKS CLUB, BUTTE, MONTANA
OCTOBER 9, 1978

THANK YOU FOR INVITING ME HERE TODAY. I APPRECIATE THE OPPORTUNITY TO SHARE SOME OF MY IDEAS WITH YOU.

THERE ARE A LOT OF INTEREST GROUPS IN A STATE LIKE MONTANA -- BUSINESS, AGRICULTURE, MINING -- AND ALL OF THEIR INTERESTS NEED TO BE RECOGNIZED IN AN EVEN-HANDED WAY.

BUT THERE IS ONE THING EACH AND EVERY ONE OF US IN WASHINGTON CAN DO FOR ALL THE PEOPLE -- CUT GOVERNMENT WASTE AND SPENDING TO REDUCE THE TAX BURDEN.

AMERICA HAS LONG BEEN THE WEALTHIEST COUNTRY IN THE WORLD. BUT JUST AS WE FOUND THAT THERE ARE LIMITS IN NATURAL RESOURCES, WE ARE SEEING THAT THERE ARE LIMITS IN GOVERNMENT.

TOO MANY TIMES CONGRESS HAS ADDRESSED PROBLEMS BY CREATING NEW PROGRAMS. THE RESULT IS THAT GOVERNMENT HAS GOTTEN OUT OF TOUCH AND OUT OF CONTROL.

WHEN I FIRST WENT TO WASHINGTON, I WAS SHOCKED BY THE SIZE OF THE BUREAUCRACY. THERE NOW ARE 11 CABINET-LEVEL DEPARTMENTS, PLUS 44 INDEPENDENT AGENCIES, PLUS 1240 ADVISORY BOARDS, COMMITTEES, COMMISSIONS AND COUNCILS.

WE CANNOT -- AND SHOULD NOT -- CONTINUE TO PAY FOR THIS SYSTEM WHERE ONE HAND DOES NOT KNOW WHAT THE OTHER IS DOING.
Let me give you an example. Recently the General Accounting Office, which is Congress' investigative agency, did a study of health care clinics in the District of Columbia. They found 8 clinics in one neighborhood.

These were funded under several federal programs, and each administrator was unaware of what the others were doing. Several of these subsidized doctors were only seeing a few patients a day.

But meanwhile Montanans in Baker can't find a doctor at all.

**Cutting Federal Spending**

We need to cut federal spending. As Milton Friedman recently said, "As long as high government spending remains, we shall have the hidden tax of inflation. The only true tax cutting proposal would be a proposal to cut government spending."

Recent growth in federal outlays is shocking; we've gone from a $200 billion budget in 1970 to $480 billion in 1979. I voted against both the first and second budget resolutions this year because they called for too much federal spending. And I voted against a number of appropriations measures that included too much waste and unnecessary programs.

There is some waste and unnecessary spending in every agency; using across-the-board cuts, we can squeeze out some of that fat.

**Sunset Legislation**

One of the problems with the federal government is that it's much easier to create programs than abolish them. I've been one of the leaders in Congress advocating sunset legislation. Sunset provisions insure that federal programs will automatically go out of business after a certain number of years.
I sponsored the first successful sunset amendment to a federal law. And in 1975 I cosponsored the Government Economy and Spending Reform Act. Senator Muskie introduced a similar bill in 1976 that has now been cleared for a final vote in the Senate.

This legislation would let us take a meat axe to unnecessary federal spending. All spending programs would be divided into 5 groups.

Each year Congress would examine one of the groups. And unless Congress specifically voted to continue the program, it would automatically die.

The number of spending programs has ballooned to about 1200. Of these, 800 are permanently authorized. That means they never come up for review or reconsideration by Congress.

We spend millions every year to improve rivers and harbors. Some of these expenditures are the result of laws passed in 1899 that have never been reviewed.

The Medicaid program began in 1965. This year it will cost $11 billion, and I'm concerned that too much of that money goes to line doctors' pockets. Medicaid has never had a top-to-bottom review by Congress.

Abolishing Taxflation

One thing that's let the bureaucracy grow is automatic tax increases. I call this phenomenon "taxflation," and I want it stopped.

Here's how it works. Suppose you and your spouse together have a taxable income of $22,000. Your income tax would be $4,044.
But if you both got a 7 percent cost-of-living increase to help keep up with inflation, your income would increase to $23,540. The new tax would be $4,489.

That's an 11 percent tax increase -- even though your real income stayed the same.

Last winter I introduced legislation to end this taxflation. My bill would adjust tax brackets upward each year according to the Consumer Price Index.

The tax bill the House passed this year adjusts brackets upwards 6 percent to account for last year's inflation. I'll continue my efforts to pass legislation so this is done automatically every year.

Taxes

Federal spending now consumes 22 percent of our gross national product -- 22 percent. That percentage needs to be cut.

Howard Jarvis, who inspired California's Proposition 13, recently proposed a national tax reduction bill. I've cosponsored the bill. I don't believe it's the last word in tax reform, but it includes some ideas that Congress should consider.

First, it calls for a 25 percent tax cut to be phased in over four years. We can all use that tax cut, and I think achieving it should be a major goal of Congress.

But, as I've often said before, we can't cut taxes without cutting spending. Otherwise, we just fuel inflation.

Second, the proposal calls for capital gains tax cuts. I support these cuts to spur investment and increase productivity.
THIRD, THE JARVIS PLAN CALLS FOR INDEXING OF TAX BRACKETS. I'M GLAD TO SEE THAT MR. JARVIS IS PROMOTING MY PROPOSAL.

FINALLY, THE PLAN ASKS FOR A REDUCTION IN FEDERAL SPENDING WITH THE GOAL OF REDUCING SUCH SPENDING FROM 22 PERCENT TO 18 PERCENT OF GNP.

SUMMARY

CUTTING SPENDING SHOULD BE CONGRESS' MAJOR PRIORITY. IT'S TIME FOR THE AMERICAN TAXPAYER TO STOP FUNDING STUDIES OF PERUVIAN BROTHELS; FRAUD AND MISMANAGEMENT IN THE GENERAL SERVICES ADMINISTRATION; EXPENSIVE, UNNECESSARY TRIPS BY GOVERNMENT EMPLOYEES.

THE NATIONAL TAXPAYERS UNION HAS CALLED ME ONE OF THE MOST FRUGAL MEMBERS OF CONGRESS BECAUSE OF MY EFFORTS TO CUT OUT WASTEFUL AND UNNECESSARY SPENDING. I HOPE THAT THE ADMINISTRATION AND OTHER MEMBERS OF CONGRESS WILL RESPOND TO THE PUBLIC DEMAND TO REIN IN ON THE FEDERAL GOVERNMENT.