

10-24-1978

## Helena Rotary Club

Max S. Baucus

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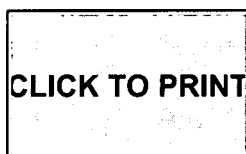
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(2) Subject\* **An Address for the Helena Rotary Club**

DOCUMENT DATE\*: **10/24/1978**



BAUCUS

Helena Rotary Club

AN ADDRESS BY CONGRESSMAN MAX BAUCUS FOR THE ~~MISSOULA KIWANIS~~

~~FLORENCE HOTEL, MISSOULA, MONTANA, OCTOBER 24, 1978~~

Montana Club Helena

THANK YOU VERY MUCH.

I KNOW THAT IN A GROUP LIKE THIS, THERE ARE INDIVIDUALS WITH A LOT OF DIFFERENT INTERESTS. BUT THERE IS ONE THING THAT AFFECTS ALL OF YOU, AND THAT'S THE TAX BURDEN.

I INTEND TO TALK TO YOU TODAY ABOUT TAX CUTS. BUT FIRST, I'M GOING TO DISCUSS CUTTING GOVERNMENT SPENDING.

AS YOU KNOW, THE TWO HAVE TO GO HAND IN HAND. UNFORTUNATELY, IN POLITICS, THEY SOMETIMES DON'T.

BOTH THE HOUSE AND SENATE RECENTLY APPROVED LANDMARK TAX LEGISLATION. THIS NUNN AMENDMENT WAS SIMILAR TO THE AMERICAN TAX REDUCTION PLAN I INTRODUCED EARLIER IN THE HOUSE.

THE NUNN AMENDMENT CALLED FOR A \$142 BILLION TAX CUT. BUT -- AND THIS IS CRITICALLY IMPORTANT -- THE TAX CUT IS TIED TO SPENDING CUTS. THE NUNN PROPOSAL WOULD HAVE GIVEN YOU A 20 PERCENT TAX CUT OVER 4 YEARS. BUT IT ALSO WOULD HAVE RESULTED IN A BALANCED BUDGET BY 1982. IT WOULD HAVE REDUCED FEDERAL SPENDING FROM 22 PERCENT OF THE GROSS NATIONAL PRODUCT TO 19 1/2 PERCENT.

THAT'S THE KIND OF RESPONSIBLE ECONOMIC POLICY THAT I INTEND TO KEEP WORKING FOR.

EVERYBODY WANTS THEIR TAXES CUT. THAT INCLUDES ME, AND SINCE I'VE BEEN IN CONGRESS, I'VE VOTED FOR 5 BILLS TO REDUCE AND REFORM TAXES. BUT THIS ELECTION YEAR THERE IS A TENDENCY FOR POLITICIANS TO ABANDON REASON AND LOGIC ALTOGETHER.

A CASE IN POINT IS THE KEMP-ROTH PROPOSAL. AS YOU KNOW, THIS IS A PROMISE TO CUT TAXES BY 33 PERCENT OVER A 3-YEAR PERIOD, BUT IT DOES NOT REQUIRE ANY CUTS IN FEDERAL SPENDING.

THIS IS A SURE-FIRE RECIPE TO WIN VOTES. IF I DIDN'T KNOW SOMETHING ABOUT THE REALITIES OF CONGRESS, I'D SUPPORT A 90 PERCENT CUT IN TAXES OVER A 3-YEAR PERIOD.

UNFORTUNATELY, THE RESULT WOULD BE AN ENORMOUS DEFICIT. IN FACT, THE EDITORS OF BUSINESS WEEK ESTIMATED THAT KEMP-ROTH COULD LEAD TO A \$100 BILLION DEFICIT AND AN EXPLOSION IN INFLATION.

I'VE ONLY VOTED AGAINST ~~ONE~~ PROPOSAL TO REDUCE INDIVIDUAL TAX RATES ONCE IN MY LIFE -- AND THAT WAS KEMP-ROTH. I SPENT WEEKS STUDYING THAT PROPOSAL.

MY CONCLUSION WAS THAT GNP WOULD HAVE TO GROW 20 PERCENT ABOVE NORMAL TO GENERATE ENOUGH NATIONAL INCOME TO RECOUP REVENUE LOSSES. AND THAT WOULD REQUIRE ENORMOUS INCREASES IN EQUIPMENT AND ADDITIONAL LABOR THAT IS JUST NOT AVAILABLE.

I THINK HERB STEIN, WHO WAS RICHARD NIXON'S CHAIRMAN OF ECONOMIC ADVISORS SUMMED IT UP BEST. STEIN SAID:

"IT MAY TURN OUT THAT SUCH A TAX CUT WOULD RAISE REVENUE, JUST AS IT MAY TURN OUT THAT THERE IS HUMAN LIFE ON MARS. BUT I WOULD NOT INVEST MUCH IN A McDONALD'S FRANCHISE ON THAT PLANET, AND I WOULDN'T BET THE NATION'S ECONOMY ON THE ASSUMPTION THAT THE TAX CUT WILL INCREASE REVENUES."

What I am trying to point out is that proposals to cut taxes should be accompanied by solid proposals to cut spending. And I'd like to talk for just a couple of minutes about some of my proposals to cut spending.

When I first went to Washington and became a member of the Appropriations Committee, I started taking walks down through the federal agencies unannounced. The bureaucrats were real surprised to see me. I guess not very many Congressmen do that.

I was appalled not only by the size of the bureaucracy, but by the waste that I found.

I did some investigating and found out that the federal government consists of eleven cabinet level departments, plus 44 independent agencies, plus 1,240 advisory boards, committees, commissions, and councils.

There are something like 1200 different <sup>federal</sup> spending programs. And the shocking thing is that 800 are permanently authorized. That means they never come up for review or reconsideration by Congress.

I attached the first sun-set amendment that had ever been put on a House bill. A sun-set provision specifies that a program will go out of business automatically after a certain period of time. And I'm convinced that every program should be subject to sun-set.

In 1978, Congressman Blanchard and I introduced a bill we called the Government Economy and Spending Reform Act. That bill divided all federal programs into five groups. Each year,

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Congress would examine one of the groups.

And unless Congress specifically voted to continue each specific program, it would automatically expire.

Senator Muskie later introduced a similar bill in the Senate and managed to get it passed in the last moments of this Congress. Unfortunately, my colleagues in the House have chosen to sit on this bill.

IT'S EASY FOR A POLITICAL CANDIDATE TO SAY "I'M GOING TO WASHINGTON, AND I'M GOING TO CUT THIS BUDGET BY 20 PERCENT AND THIS ONE BY 30 PERCENT."

THAT IGNORES THE FACT THAT EVERY PROGRAM HAS ITS CONSTITUENCY, BOTH PUBLIC AND PRIVATE. WHEN YOU HAVE SEEN CONGRESS AT WORK, YOU UNDERSTAND WHY IT IS FAR EASIER TO MAKE PROMISES THAN TO REALLY CUT SPENDING.

THAT'S WHY I'M SUCH A STRONG ADVOCATE OF SUNSET. IF WE MAKE IT EASIER TO ELIMINATE PROGRAMS THAN TO START THEM, WE CAN START GETTING A HANDLE ON THE BUREAUCRACY.

AND CONGRESS HAS TO EXERCISE ITS OVERSIGHT AUTHORITY OVER THE AGENCIES. THAT'S WHY I'M INVESTIGATING THE GENERAL SERVICES ADMINISTRATION. THAT AGENCY IS WASTING AT LEAST \$600 MILLION OF YOUR TAX DOLLARS EVERY YEAR.

AND THAT'S THE REASON I BLEW THE WHISTLE ON ADVERTISING BY FEDERAL AGENCIES. THAT KIND OF ACTIVITY, SUCH AS A POST OFFICE CAMPAIGN TO INCREASE LETTER WRITING EVEN THOUGH THEY WERE LOSING MONEY ON EVERY LETTER MAILED, COSTS MILLIONS.

THIS YEAR I VOTED AGAINST THE FOREIGN AID APPROPRIATIONS MEASURE AND THE TREASURY APPROPRIATIONS MEASURE. MY ANALYSIS OF BOTH BUDGETS SHOWED THAT THERE WERE TOO MANY INEFFECTIVE PROGRAMS AND TOO MUCH WASTE.

I VOTED FOR -- AND THE HOUSE AGREED TO -- FLOOR AMENDMENTS TO CUT \$3.7 BILLION FROM THE BUDGET.

AND I VOTED FOR OTHER AMENDMENTS, THAT IF PASSED, WOULD HAVE ELIMINATED ANOTHER \$1.6 BILLION IN WASTEFUL SPENDING.

AS A MEMBER OF THE APPROPRIATIONS COMMITTEE, IN 4 YEARS I'VE WORKED TO CUT A TOTAL OF \$24 BILLION FROM PRESIDENTIAL BUDGET REQUESTS.

THE NATIONAL TAXPAYERS UNION ANALYSIS OF SPENDING VOTES LAST YEAR SHOWED I WAS IN THE TOP 10 PERCENT OF THE MOST FRUGAL CONGRESSMEN. I INTEND TO KEEP UP MY PROVEN RECORD.

YOU DID NOT GET WHERE YOU ARE AS BUSINESSPEOPLE BY MAKING FOOLISH INVESTMENTS BASED ON FALSE ADVERTISING. I HOPE YOU WILL KEEP YOUR BUSINESS SENSE WHEN IT COMES TO THIS YEAR'S SENATE ELECTION.

THANK YOU VERY MUCH.