

FIGURES TO JUSTIFY CHARGE THAT
GOLDWATER'S BUDGET PROPOSALS WILL
SET OFF WILD SPENDING SPREE.

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THURSDAY, SEPTEMBER 10, 1964

HUMPHREY HITS 'COW PALACE CHAOS' OF GOLDWATER TAX PROPOSALS

Following are remarks prepared for delivery on the Senate floor today (September 10) by Senator Hubert Humphrey in reply to tax cut proposals by Senator Barry Goldwater, Republican presidential candidate:

Senator Goldwater is a man of many contradictions. He talks of reducing government expenditures while simultaneously proposing the largest peacetime spending program in our nation's history.

He voted against a tax reduction measure in January and by September has proposed one of his own. And the day after he proposed his own 25 percent tax cut, he denounced the tax cut approved by Congress as a "cynical scheme" that was "impulsive, massive, politically-motivated tax-cut gimmickry."

The lesson of all this is clear. The national budgets and fiscal policy cannot be formulated in the chaos of the Cow Palace or in the cabin of Senator Goldwater's jet plane.

I know the American people are waiting and anxious to learn how Senator Goldwater plans to increase spending, reduce revenues and balance the budget at the same time.

INSERT A

Where does the Senator stand on Government spending? Adding up the costs of the promises of the 1964 Republican platform in the area of military and related items, Sen. Goldwater is committed to the following expenditures:

He would develop and procure--at a cost of about \$10 billion--a new manned bomber in place of the B-52.

He would spend at least \$7 billion a year more than is now being spent on military research and development.

He proposes an anti-ballistic missile system around our cities at a cost of not less than \$20 billion. Since this system would be of little value without fallout shelters, we would have to add at least \$2 billion of Federal funds for a shelter program.

He would expand our \$1½ billion military space program, build another \$400 million nuclear aircraft carrier, and reactivate military bases which have been closed as obsolete and unnecessary.

--more --

He would urgently spend over \$1 billion for the Central Arizona project in his home state.

This program, at a rock-bottom minimum, would increase Federal spending by over \$5 billion a year or \$25 billion in the next five years. By pure coincidence, this is the annual amount by which the Republican platform pledges to reduce Federal spending.

But this is only half the story. He is also promising automated revenue reductions despite the fact that earlier this year he voted against the \$1½ billion tax cut supported by 70% of the Republicans and 84% of the Democrats in the United State Senate.

Having thus changed his mind suddenly on still another major issue, here is what he proposes at least for the moment:

First, he wants income tax credits for medical and hospital insurance for the elderly, for college education costs, and -- just to be sure no one is overlooked -- for modernization of fishing vessels. Probable cost: not less than \$3 billion a year.

Second, he advocates the removal of a specified list of excise taxes. Cost: \$500 million annually.

Third, he urges the transfer of certain Federal excises and other tax sources to the states. Probable cost: \$1 to \$2 billion annually.

Fourth, having got in the spirit of the thing, he now offers an income tax cut increasing from 5 percent in the first year to 25 percent in the fifth. First-year cost: \$3 3/4 billion.

Now let's add up his proposed outlay and income. A \$5 billion increase in expenditures, added to a first-year cut in Federal tax revenues of \$8¼ to \$9¼ billion, means an increase in the fiscal 1966 deficit of about \$13 to \$14 billion. Add this to the deficit of about \$3 billion which might be expected in the absence of the Goldwater program, and there is a total deficit for 1966 of \$16 to \$17 billion--far greater than the previous peacetime record of \$12½ billion in 1959.

This massive deficit--exploding on an economy already approaching full employment--would wreck the economy and set off an orgy of inflation. It would reverse three years of progress in our balance of payments and spur the flight of gold abroad. When it was all over, an inventory of the vaults at Fort Knox would disclose not gold but water.

Over the course of the next five years he is proposing a cumulative revenue loss, based on the four points listed above, of about \$90 billion. He is also going to swell Federal spending to an all-time high.

No matter how thick or thin the Senator slices his fiscal and tax policy, it is still baloney.

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INSERT A

If Senator Goldwater would trade in his ham radio for an adding machine, he would discover to his astonishment that his tax and expenditure commitments would add up to the biggest Federal deficit in peacetime history.



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