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Senate

A DOMESTIC GULF OF TONKIN

Mr. HUMPHREY. Mr. President, the so-called spending ceiling which the Nixon Administration is so eager to enact deserves the most careful scrutiny of the Congress and the people.

The press today reports statements made yesterday by John Ehrlichman and Caspar Weinberger attempting to assert that congressional passage of the $250 billion spending ceiling would constitute "insurance" against a tax rise next year.

Mr. President, it is clear that Mr. Richard Nixon is manufacturing the spending ceiling issue as a mechanism to get himself out of some election year hot water. The President promises that there will be no increase in taxes which of course, every citizen likes to hear in spite of the fact that the administration has a deficit that makes any Democratic deficit look like a widow's mite. The administration is responsible for a budget deficit that is beyond the wildest dreams of the most expensive spendthrift in years gone by.

What is the President trying to do? He says that it is not the President's fault, that is the fault of Congress because we are appropriating too much. He knows it is a lot of hogwash. If he does not know that, he ought not to be President. A man who is President ought to be able at least to add. He does know how to divide, but he ought to know how to add.

It is obvious that the administration has increased the budget in every single year since Richard Nixon has been in the White House. Not one single time have we appropriated more than he asked for.

Mr. President, the President has the story going over the airwaves that it is a democratically controlled Congress that is spending the people's money. We know that is a lie. We know that it is to deceive the people.

I say to the President, "Mr. President, it is you and your surrogates who are out spreading this nonsense."

Congress has reduced the President's budget. Congress has been frugal. The Congress has changed priorities, and that is what the President and his administration do not like. We have not spent more than the President has asked. And the spending ceiling has nothing to do whatsoever with what Congress is doing.

What is wrong in this country is that the revenues are short simply because the economy has been in a recession, no matter what Mr. Nixon and his surrogates say.

He has had this country in a recession since 1969. Therefore, the revenues have been down.

Officials of his administration have issued contradictory statements on the necessity of a tax increase next year. Now the President is saying to the public that unless the Congress goes along with his spending ceiling proposal we will have a tax increase next year.

He will have it both ways. If we do not pass his spending ceiling proposal, he says that there will have to be a tax increase. He says that if we pass the spending ceiling proposal, there will not be a tax increase. There is no more truth in the allegation that we have overspent the budget than there is reason to believe that the moon is made of Wisconsin cheese.

In other words, the President is trying to use the Congress as a scapegoat for his own fiscal mistakes. But I do not believe he can fool the voters by blaming Congress for his administration's poor planning and management.

The Nixon spending ceiling is not only a partisan strawman. It also fundamentally threatens the constitutional power and responsibility of the Congress to control appropriations. If passed it could prove to be the domestic equivalent of the Gulf of Tonkin Resolution—a license for the administration to attack and make war on health, education, and other programs benefiting the average citizen without congressional approval.

The Congress should and does reduce the President's budget requests. It is our responsibility to set priorities on behalf of the people, and the people should insist on it.

I ask unanimous consent that an article I wrote which appeared in the Washington Post of October 2, along with the Post and New York Times reports I have referred to and an editorial from the Minneapolis Tribune be printed in the RECORD.

There being no objection, the material ordered to be printed in the RECORD, is as follows:

THE SPENDING CEILING—IS IT A DOMESTIC "TONKIN GULF"?

(By HUBERT H. HUMPHREY)

After nearly four years of fiscal mismanagement, the Nixon administration is now preparing an election year argument to tell the American people that a Democratic Congress is to blame.

The scenario has been carefully constructed. Here it is: The Congress has been on an inflationary spending spree. The President courageously calls the nation's attention to this and then demands a halt to carefree congressional spending. He proposes a $250 billion ceiling on federal expenditures and then asks the Congress to give him blank check authority to cut any programs above this limit. He knows that he has 535 members of Congress over a barrel. Either they consent to his plan and hand over to the White House unprecedented authority to control appropriations or he will label them all "spendthrifts." In an election year, being labeled a spendthrift is to be blamed for inflation, budget deficits, and high taxes.

Richard Nixon dispatches his Treasury Secretary to the influential Ways and Means Committee to make them an offer they can't refuse. They don't refuse. The spending ceiling seems on its way to approval. White House lobbyists are already walking the halls of Congress spreading the word that a vote against the ceiling is a vote for a tax increase. But the plain fact is that, on the contrary, the administration's spending ceiling is an election year ploy; a perversion of prudent fiscal management; a cover-up of a failure to halt inflation; a protective shield for an oversized military budget; a way to erase the social progress of the 1960s; and an outright theft of congressional authority.

Perhaps the greatest danger a spending ceiling poses is not what it will do to individual programs and millions of people that it will affect, but what it will do to the relationship between Congress and the Executive Branch. A spending ceiling places unprecedented power in the hands of the Chief Executive. In effect, it tells Congress: There is no need to scrutinize the budget, there is no need to appropriate funds, indeed, there is little or no need for Congress. The public has been alarmed at the erosion of congressional authority in the field of foreign policy. Now the President asks us for a domestic Gulf of Tonkin resolution.

The Nixon request is a natural outgrowth of the way the administration conducts this nation's fiscal affairs. Consider for a moment the growing power and influence of the Office of Management and Budget over budgetary decisions which were formerly the prerogative of Congress. The spending ceiling is nothing more than a device to augment this power and place it in the hands of persons not responsible to any electorate.

How well does the charge that Congress has overspent stand up to examination? The answer is: not at all. For the past four years the Congress has cut the President's budget requests by over $16 billion. This year alone Congress has already eliminated $4.4 billion of presidential spending. This represents careful, prudent budget review by Congress—not a spending spree. In fact, the Congress has never failed in the past 25 years to cut a President's budget.

The public must not forget that the President has the initial responsibility for the creation of the budget. Whether the presidential budget will be lean or fat is his decision to make. The Congress has the right not only to reduce a President's budget, but to change his budgetary priorities. This is what members of Congress are elected to do and this is certainly what this Congress has done.

Do we need a spending ceiling to fight inflation? There are more effective ways, I believe, to control inflation. We should have begun inflation control four years ago—instead of on August 15, 1971—with wage and price guidelines that had bite. Since we did not, inflation control can best be achieved now through a truly effective wage-price mechanism covering those large firms that have a significant impact on the economy. A spending ceiling is only a ruse and cannot substitute for the needed mechanisms to halt inflation. Much of the reason for deficit financing and inflation is the slow-down of the economy, causing reduced revenues and higher welfare costs.

If the Nixon administration were serious about controlling inflation it would move forcefully in such areas as ending wasteful procurement practices, improving inadequate anti-trust enforcement and revising weak regulatory practices.

If a spending ceiling were to be enacted what programs would likely be eliminated? Just looking at Richard Nixon's veto record gives the clearest indication of what programs this administration considers expendable: education, health care, job creating and training programs and other social service programs that benefit the poor, the hungry and the elderly. It is clear that the spending ceiling offers the administration a convenient way to eliminate or cripple programs relating to human needs without leading a politically unpopular frontal assault on them.

To be sure, the Nixon administration has its budgetary sacred cows such as military procurement and defense spending that won't be cut one nickel. Added to this list must be other generally recognizable untouchables such as interest on the public debt, Medicare, social security and some subsidies. Aside from the vulnerable social service programs, it is likely that the brunt of any cutbacks would be in grants to state and local governments—badly needed programs like water and sewer grants, anti-pollution control funds and transportation aid. It would be ironical if the spending ceiling and revenue sharing came into effect at approximately the same time. The Nixon administration would then be a promoter of a federal funny money game giving revenue with the right hand and taking it back with the left.

It is the responsibility of the Congress to be frugal with the taxpayer's dollar, to search out waste and not to overspend. I am confident that it can continue to do these things without Executive Branch interference or handing the President an item veto over our appropriations.

HILL TO GET BLAME IF TAXES RISE

(By Peter Milius)

The White House said yesterday that the coming vote in the House on President Nixon's proposed $250 billion spending ceiling is, "in a real sense, a vote on whether or not there will be higher taxes next year."

The statement marked the closest the President's spokesmen have yet come to conceding that a tax increase may be in the offing. They sought to suggest a month ago that the President would not propose a tax increase if elected to a second term.

Their modified position was set out at a press conference on the spending ceiling by presidential assistant John D. Ehrlichman. The presidential adviser also told reporters that the administration is not willing to tell Congress in advance what specific spending cuts it will make if the overall ceiling is adopted.

House Democrats, led by Speaker Carl Albert, have insisted that the President say what he wants to cut before they will give him the cutting power.

Ehrlichman's remarks thus firmed up party lines for a likely pre-election showdown on the spending-and-taxes issue when the proposed ceiling reaches the House floor, which it may do as early as Wednesday.

Ehrlichman said the White House would not submit a list of proposed spending cuts because the vote on the spending ceiling would then become "a vote on the pros and cons of a number of fractioned proposals, and that is not the way this kind of a decision should be made in our opinion."

As sent to the Hill by the White House, and approved last week by the House Ways and Means Committee, the proposed spending ceiling would empower the President to cut back or impound whatever congressional appropriations he chose, in order to hold overall outlays to $250 billion in the current fiscal year.

Albert and other opponents say it would cede to the President Congress' constitutional power of the purse.

Beyond that, they object to giving the President a free ride on the spending issue this close to the election. They don't want him to be able to say he is against spending without saying which spending. They say he is as responsible as the governing Democrats in Congress for the current spending level. No spending bills have been passed over his veto, they note.

Ehrlichman did not quite say, at yesterday's press conference, that there will have to be a tax increase if Congress fails to approve the spending ceiling.

Instead, he said that "there are basically only three ways to avoid higher taxes."

"One," he said, "is through great restraint on the part of the Congress," and "I might say parenthetically we have seen very little evidence of such restraint in this Congress."

"Secondly," he went on, "the President would be required to veto authorizations and appropriations which substantially exceed his budget, and third, as an alternative, is the route which the Congress has under consideration this week . . . an overall limitation on spending. . . ."

He was then asked, "If the Congress fails to pass this spending ceiling, can the President, or will the President veto enough bills to avoid a tax increase or is it inevitable that if the spending ceiling does not pass, we are going to have a tax increase?"

"That is a very hypothetical question at this point," he replied. "We just don't know."

Ehrlichman was one of the spokesmen who sought to suggest last month that the President would not propose a tax increase in a second term. By contrast, the White House has asserted that Democratic presidential candidate George McGovern's spending plans would force a major tax increase.

All that was meant last month, Ehrlichman said yesterday, was "that the President will do nothing to cause a tax increase . . . There are obviously forces in the three coordinate branches of the federal government beyond the President's control, and the Congress is one of those . . . That was implicit in what we said here. . . ."

With Ehrlichman at the White House yesterday was Caspar W. Weinberger, director of the Office of Management and Budget.

Weinberger was less equivocal about a tax increase. "In case there is the slightest question in anyone's mind," he said, "the President does not intend to propose any new taxes next year."

He was asked whether he meant to include in that assertion a value-added tax, or national sales tax, which the White House has occasionally held out as a possible partial replacement for local property taxes.

Weinberger replied, "That is my understanding, yes."

Ehrlichman, however, said that what Weinberger meant was that "there would be no way that (a value-added tax) could be put into place and into operation in the coming fiscal year, just mechanically and physically."

"I don't want to preclude the possibility of its being considered as an option," Ehrlichman said, "because no decision has been made."

[From the New York Times, Oct. 3, 1972]

TAX VOW IS TIED TO DEBT CEILING

(By Eileen Shanahan)

WASHINGTON.—Key officials linked today the Nixon Administration's pledge not to increase taxes with Congressional enactment of the $250-billion ceiling on Federal spending this year.

John D. Ehrlichman, assistant to the President for domestic affairs, and Caspar W. Weinberger, director of the Office of Management and Budget, said that enactment of the spending ceiling would constitute "insurance" against a tax increase next year.

The statements were milder than some of those made earlier by Mr. Ehrlichman and by Ronald L. Zeigler, the White House Press Secretary, in which they promised that the President would not propose any tax increase throughout a four-year second term.

Today, Mr. Ehrlichman and Mr. Weinberger not only linked avoidance of a tax increase next year to enactment of the spending ceiling, but they also avoided most forecasts of tax policy beyond next year.

Mr. Ehrlichman did say that there was no chance whatever that a value-added tax—a type of national sales tax—could be enacted and put into effect next year.

His reason was simply that "mechanically and physically, it would be impossible to impose a complex tax of that kind within such a short time span."

He said that no decision had been reached on whether such a tax should be imposed for use after next year.

The prospects for Congressional passage of the spending ceiling continued to be uncertain.

The House Ways and Means Committee, which last week approved such a ceiling in precisely the no-exceptions form requested by the Administration, was scheduled to meet tomorrow to reconsider their action.

A growing number of House members have expressed doubts about the wisdom of the ceiling, primarily because it would give the President unlimited authority to cut spending in whatever programs he chose, to get total outlays down to the $250-billion figure. The ceiling would apply to the current fiscal year, which began July 1.

Opponents of the Ways and Means version of the ceiling want to add a requirement that President Nixon report in advance to Congress on where he will make the spending cuts to give Congress a chance to veto his plans.

It was not immediately clear whether Ways and Means would actually rewrite the ceiling proposal. The committee's chairman, Wilbur D. Mills of Arkansas, said that he opposed such a step.

Another possibility was that the committee would approve a chance in the restrictive parliamentary procedure under which its bills are considered in the House. Ordinarily, no amendments are permitted.

POSSIBLE AMENDMENT

In this case, however, it appeared possible that the committee might decide to propose that a single amendment be allowed—an amendment that would substitute the opposition version of the spending ceiling and thus give Congress some control over where the spending cuts were made.

Neither side seemed confident of the outcome.

Mr. Ehrlichman, obviously seeking to allay Congressional fears that some social programs would be cut to nothing if the President got the power he seeks, said that what would be involved "is not drastic elimination of programs but simply a limitation of excessive growth of Federal programs."

He noted that the ceiling "is designed to hold expenditures to an $18.5-billion increase over the prior fiscal year. So it really isn't all that much of a starvation program."

Mr. Weinberger said that enactment of the spending ceiling would not only provide insurance against a tax increase between now and next June 30—the end of the current 1973 fiscal year—but also "would enable us to get a good start with respect to '74 so that we could have the same kind of offer of insurance against a higher taxation for that and succeeding fiscal years."

[From the Minneapolis Tribune, Sept. 27, 1972]

WILL CONGRESS ABDICATE ON FINANCE?

Considering the usual jealously with which the Congress views its authority in relation to presidential powers, the House Ways and Means Committee made an astounding decision Monday. It approved, on a 20-to-5 vote, a bill that would give President Nixon unlimited authority to cut whatever programs he desires in order to keep federal spending below $250 billion during the fiscal year ending June 30.

If this bill becomes law, it will mark the broadest delegation (or surrender, if you will) ever made of Congress's constitutional authority over spending levels—a kind of Gulf of Tonkin measure in domestic affairs. The one-sided committee vote indicates the degree to which many representatives believe there may be no other way to keep spending under $250 billion this fiscal year, according to one analysis. If this is true, it suggests that Congress, with its two houses, multiple specialized committees, numerous special interests and frequent need for compromises and trade-offs, is no longer capable of making difficult decisions on economic matters. We don't believe that's necessarily the case.

For one thing, the bill reflects the weak leadership exhibited by the majority and minority leaders in both houses, it seems to us. For another, policitics is an important behind-the-scenes factor.

A White House aide already has declared that if the President gets the unlimited authority he wants, he'll simply end (by not funding) what's left of the Office of Economic Opportunity programs. Congressmen who would like to see that happen, but don't want to vote outright for it, can be expected to favor the bill. The Democrats who control Congress, faced with election-year charges of high spending from a Republican administration, are looking for ways to force the President to make politically unpopular cuts in programs. In addition, the bill would allow all incumbent congressmen to campaign as fiscally responsible while avoiding the need to vote on specific reductions—reductions that nearly always offend one affected group or another.

The bill also creates a new joint committee to recommend procedures under which Congress could improve its control of "budgetary receipt and outlay totals." That may be a good step, although it seems to us that the need is less for new "procedures" than for congressmen to make hard decisions. Although no formal procedures exist for joint House-Senate review of the over-all result of spending bills, which are approved independently, this responsibility in practice is vested in two committees—Senate Finance and House Ways and Means.

Those committees, and congressional leaders of both parties, should discipline themselves and begin to decide priorities on programs and spending, not abdicate their constitutional responsibility by granting additional authority to the White House, whose power has grown enormously in the post-World War II years.

United States Senate

WASHINGTON, D.C. 20510

Hubert H Humphrey

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