



Why The President Must Do Better At **CUTTING SPENDING**

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■ WHEN running for President, Ronald Reagan pledged that if elected he would balance the federal Budget by the year 1983. He later revised the promised year of fulfillment to 1984, which has come and gone, with a balanced Budget further away than ever before. Federal deficits in the range of \$200 billion are practically taken for granted. We no longer hear talk

even from within the Administration about actually balancing the Budget. In fact, President Reagan has proposed a Budget for Congress to consider which contemplates spending \$974 billion — with \$180 billion of that as projected deficit.

Many financial analysts and political pundits maintain that the danger of massive deficits has been

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overblown by economic doomsayers and that our economy can tolerate these enormities without serious repercussions. For example, journalist Vermont Royster wrote in the *Wall Street Journal* for February 20, 1985: "I don't pay much attention . . . to the castigation of Mr. Reagan for his enormous budget. It has swollen to its present size from the accumulations of the past, the year-after-year sweetening of this program or that. I've yet to hear an outcry from farmers, veterans, old folks, educationists or anybody else that they were over-stuffed with morsels from the public trough. Rather, the outcry comes when anybody suggests putting any of these groups on a reducing diet."

He is certainly right on target there; but then he goes on to say this:

"Nor do I tremble at the warnings that the present deficit and the present national debt — measured now in the trillions — guarantee an economic disaster. I've heard all that, too, before. One reason for my seeming insensibility is that today we are talking about different dollars than those of the past. A dollar, let's face it, isn't what it once was after so many years of shrinking from inflation. For another, the total output of the country, the gross national product, has itself multiplied in nominal dollars (in part from the inflation), so the deficits (and the debt) haven't grown as much as the dollar figures may suggest. In 1946 President Truman had a deficit (horrendous) of \$16 billion — 7.8 percent of the GNP. In 1983 the Reagan deficit was \$195 billion. That was 6.1 percent of the GNP."

Not to worry! As a percentage of G.N.P., our present deficits are *smaller* than in 1946! So we shouldn't wring our hands over measly \$200 billion deficits. Right?

Dead wrong!

Let us for the moment put aside the fact that, while the Gross National Product is used by Keynesians and Monetarists alike to make themselves sound more "scientific," it is an arbitrary notion which has the scientific validity of Lysenkoism. What Royster and others overlook is the fact that it is not the G.N.P. which is called upon to fund the yearly accumulations of federal Debt. The wealth siphoned off by federal deficits comes out of our capital markets — our "seed corn" for future production and progress. This precious capital is made available through saving and investment by those seeking to earn a profit by lending to others. When that wealth goes into unproductive government programs it leaves less credit available for everybody else, whether they be businessmen ready to expand their plants, equipment, and job offerings, or couples courageous enough to try to make mortgage payments on a home.

With Big Government soaking up liquidity, interest rates are pushed higher or kept from falling. Deficits have consequences, and the evil they do is not easily measured by phony statistics used by econometricians.

The megadeficits we are experiencing are not only an assault on our nation's capital-generating capacity, but they also create a tremendous potential for inflation. Either the money to fund them is directly borrowed, choking the capital markets, crowding out private borrowers, and sending up interest rates, or new fiat money is created in the Federal Reserve System by "monetizing" the federal Debt. The Fed has been pursuing an "accommodative" monetary policy. This means that while there is heavy borrowing the Fed is also creating enough new money to maintain the illusion of prosperity. Without the continued injections of this arti-

President Reagan's proposed 1986 Budget of \$974 billion represents a spending increase of 1.5 percent, the lowest rate of growth in twenty-one years. But, with a projected deficit of at least \$200 billion, this is not enough. The President must fight for a balanced Budget and veto any increases passed by Congress.

ficial liquidity, we would experience almost instant economic crisis. The increasing fiat money and credit supplies keep interest rates lower in the short term, but guarantee renewed price inflation and higher real interest rates in the future. With \$200 billion deficits there is absolutely no way to avoid eventual double-digit price inflation or worse.

The dollar is only "strong" relative to other fiat national currencies. From all the discussion in the financial press, one gets the impression that the U.S. dollar has increased in value in some absolute sense. In fact, of course, it has continued to decline in absolute terms, but only at a lower rate of depreciation than previously. Scared money, fleeing instability and turmoil in foreign lands, is going into dollars as the best of a bad lot of currencies. And this has temporarily strengthened the dollar compared to the franc of socialist France and the pound of socialist Britain, as foreigners opt for dollars to lend the U.S. Treasury at high rates of interest or to invest in the artificially stimulated U.S. stock market. Sooner or later people will realize the inherent weakness of even the dollar and abandon it as many are now abandoning other fiat currencies. This is why the bloated Budget deficit is such an important issue.

These huge Debt increments will eventually trigger a crisis of the American dollar. And when the Yankee dollar goes the way of the Israeli shekel (recently running at a reported inflation rate of 1,260 percent a year), the entire world will face a monetary holocaust unprecedented in history. This is so because the other Western currencies are linked to the dollar as the world's reserve money. They are anchored in the dollar, while the dollar is anchored to... nothing except the exploding Debt crisis.

When the supply of money is based on Debt, and Debt is shooting up at astonishing rates, then monetary explosion is certain to follow. Significant cuts in federal spending and deficits could postpone the day of reckoning by slowing the rate of Debt buildup. The big question is: Will the politicians and interest groups permit it? Is the spending roller-coaster racing too swiftly for us to be able to slow it before the cargo off the rails?

The answers to these and other profoundly important questions hinge on the federal Budget and whether there is the political will to enact major cuts. If the politicians fail to act now, a day may come when the American people take a Bernhard Goetz approach to the politicians.

With this in mind, let us examine

the chances for sufficient reform within the system — and outline a few places where cuts could be made.

The Battle Of The Budget

In February the President sent to Congress his recommended Budget for the Fiscal Year beginning October first. He proposed an overall spending increase of 1.5 percent, which if enacted would be the lowest rate of spending growth in twenty-one years. Of course, we know it won't happen. By the time the vested interests and pork barrelers get through with the Reagan proposals, total federal spending will be much higher.

While President Reagan is not proposing a cut in the level of spending, we must at least give him credit for trying to reduce the rate of increase. But Mr. Reagan is still enamored of the "supply-side" vision that contends mere adjustment of the rate of increase will permit tax revenues to catch up with outlays. As we predicted four years ago, this is like taking a five-foot leap over a ten-foot ditch. The present \$200 billion federal deficits attest to that.

The President's proposed Budget is based on very optimistic assumptions about price inflation (3.6 percent), economic growth (6.7 percent), and low interest rates. Even with all these ideal conditions, the White House projects, the deficit will be \$180 billion. Under more realistic assumptions about inflation, interest rates, and economic growth, the deficit for next year will likely wind up in the range of \$300-\$400 billion. And this assumes the President gets all the cuts for which he is asking!

While calling for a whopping thirteen percent increase in the Pentagon's take, President Reagan is asking for reductions in several domestic programs — many of which are near and dear to the hearts of en-

trenched constituencies. Consider:

Many farmers face the prospect of bankruptcy, threatened as they are from the triple whammy of high debt payments, reduced foreign demand, and low farm commodity prices. Some farmers are screaming for more subsidies and price supports from Uncle Sam. Yet the President has proposed a thirty-seven percent cut in agricultural subsidies. Farmers are in their present troubles largely because of their long-standing dependency on Big Government and the Debt Trap. Just as a drug addict experiences the pain of withdrawal when he comes off of his addiction, the transition from subsidized agriculture to Free Enterprise agriculture will involve pain. The farm lobby is applying immense pressure on Congress to prevent this — demanding further spending that will in turn help keep interest rates high, attract more foreign investors, and cause American farm products to be even more expensive abroad.

Another large and powerful interest group is the federal bureaucracy. The bureaucrats have generous pension plans and built-in salary escalators. Reagan is asking federal employees to take a five percent cut in their pay and the unions of government workers are raising Cain.

Mayors and governors augment their own spending sprees with money from Revenue Sharing funds confiscated from federal taxpayers. The best way to destroy our cities, or other institutions for that matter, is to make them dependent on federal aid. That was one of the worst effects of Revenue Sharing, as we warned years ago. To his credit, Mr. Reagan wants to phase out this program, but the moans from local politicians are deafening.

The educationist establishment, spearheaded by the militant union-

ists of the N.E.A., is already wailing and gnashing its teeth against Reagan's proposed 3.7 percent cutback on school subsidies. An angry American middle class should demand the total abolition of the Department of Education and elimination of all federal aid to education. But a mere 3.7 percent reduction in that spending results in squeals of horror from the armies of pedagogues.

Swarms of poverty pimps, Welfare pushers, and assorted social workers are meanwhile anguished over the fact that Mr. Reagan wants to phase out the federally subsidized school-lunch program. The farm lobby is joining them in opposing this.

And these are just a few of the interest groups whose toes are being stepped on by President Reagan's proposals. There is little chance of Reagan getting his Budget through Congress without major changes, and he knows it. Most of the Budget cuts that have been proposed will be restored, even as the Defense Department will get less than Defense Secretary Weinberger says is needed to protect us from Soviet attack.

It is reported that the only reason President Reagan went as far as he did in his Budget proposal is that he is a "lame-duck" President, no longer looking toward another re-election campaign. Members of the President's party, themselves looking to the next election, have joined the opposition chorus. Leading Senate Republicans have rejected his proposals to abolish the Small Business Administration and the Job Corps, sell Conrail, and eliminate subsidy of Amtrak. Congressional Republicans are not "lame-duck" officeholders, so they feel the pressure from interest groups most acutely.

The Democrats, seeing the G.O.P. leaders in a mood to compromise, are bringing out violins to accompany

sad songs about the terrible plight of those to be deprived. Robert Byrd, the Democratic Leader in the Senate, warns: "When government cuts programs that are an investment in America's future, the priorities are wrong." Translation: "Don't touch the transfer payments!" Representative Joe Addabbo moans: "The Budget amounts to almost the entire elimination of the middle class." This means: "Government spending is the opiate of the people, and let's not try to kick the habit."

Spending Gone Mad

While it is extremely difficult to do away with a program once it has been established and has gathered constituents to defend it, stopping boondoggles before they have been enacted sometimes works. One such success involved a program proposed by the National Aeronautics and Space Administration to spend more than \$15 million to find out whether there is intelligent life in outer space. Find intelligence in outer space, and do what? Send them foreign aid? As far as we are concerned, it is still debatable whether there is intelligent life in Washington.

To illustrate, consider that the federal government has spent untold billions on studies and experiments of highly questionable value. The Department of Agriculture actually doled out \$46,000 on a project to learn how long it takes to cook breakfast. Among its most relevant findings was the fact that it takes twenty-two Time Measurement Units (.792 seconds) to take an egg out of the refrigerator! The Law Enforcement Assistance Administration lavished \$27,000 on a study to determine why convicts want to escape. The U.S. Army paid \$6,000 for a seventeen-page report giving directions on how to buy a bottle of Worcestershire

To his credit Reagan has asked for spending cuts in subsidies to agriculture, education, and transportation; a reduction in the Ex-Im Bank's lending authority; and, elimination of such boondoggles as Revenue Sharing, the Economic Development Administration, and the Small Business Administration.

sauce. And the National Science Foundation gave away \$84,000 for a study to figure out why people fall in love!

These are just a few examples. Alone they do not amount to much compared to the total billions being spent, but together with hundreds or thousands of other such schemes they amount to big money.

One of the worst offenders has been the Commerce Department's Economic Development Administration. Even aside from the fact that there is no provision in our Constitution for the federal government to be involved in "economic development," the E.D.A.'s projects boggle the mind with their uselessness. For instance, this mad bureaucracy shelled out \$700,000 of *your* money to erect replicas of the Great Wall of China and an Egyptian pyramid as a tourist attraction in Bedford, Indiana. Apparently Bedford did not have any indigenous attractions of its own.

The E.D.A. wasted yet another \$279,000 on a "community center" in a place where there was no community. In fact, the building was constructed in a forest between two small towns in rural Michigan. It was used so rarely that when it collapsed no one learned about it for days. Finally, a woodsman stumbled upon the fallen building.

Those who say there is nowhere else to cut are not living in the real world. They have certainly not read Donald Lambro's books *Fat City* (Regnery/Gateway, 1980) and *Washington: City Of Scandals* (Little, Brown, 1984). Nor have they examined the voluminous recommendations for savings put forth by the Grace Commission and summarized by Bill Kennedy and Bob Lee in *A Taxpayer Survey Of The Grace Commission Report* (Green Hill, 1984).

While President Reagan has slowed the *rate of growth* in a few areas, overall spending has soared. In fact, under the Reagan Administration, federal spending is accounting for a larger share of the U.S. economy than in any year since World War II; more than under Jimmy Carter and even more than under Lyndon Johnson's spending spree! The latest Reagan Budget plan assures that total federal spending will have increased from \$678 billion in 1981 to \$974 billion in 1986, a hike of almost forty-four percent!

We realize that the Congress and the bureaucracy are even more to blame, but here we are talking about Budgets *proposed* by the Reagan White House. President Reagan's own 1984 Budget requests, for example, asked for a \$400 million raise in outlays for the Justice Depart-

ment, a \$400 million increase for the State Department, and an additional \$1.3 billion for the Veterans Administration. Donald Lambro observes that "even the most hated agency in Washington, the \$200 million a year Occupational Safety and Health Administration that Mr. Reagan himself railed against in his speeches, syndicated column, and radio broadcasts, received a modest increase

"The thick budget documents Ronald Reagan sent to Capitol Hill in February, 1983 and again in 1984 did not propose the *true* elimination of any government department or major agency, and in fact not one has occurred as a result of his administration." The Civil Aeronautics Board was eliminated, but its personnel were simply transferred.

Never forget that, while on the Presidential campaign trail, Ronald Reagan promised to abolish the Department of Education and the Department of Energy. They are not only still in place but their budgets have been increased during the Reagan reign. In one year alone the abolition of just these two bureaucracies could save \$23 billion!

Too Little, Too Late?

It is largely due to private Budget watchers that Ronald Reagan has been emboldened even to reduce the rate of spending increases in his most recent Budget plan. A number of cuts recommended by the Grace Commission, or by David Lambro in *Washington: City Of Scandals*, have in fact been included in the Reagan Budget for 1986 that Congress is now debating.

For example, the infamous Export-Import Bank is a federal agency which subsidizes a few Establishment corporations by underwriting their trade ventures, including those

with Communist regimes. It engages in direct lending operations to facilitate "trade" at the expense of American taxpayers. This not only fuels technological transfers to the military-industrial complex of our enemies abroad, but it drains the American economy of wealth which could be used to increase our own standard of living at home. To its credit, the Reagan Administration is asking Congress to cut Ex-Im's direct lending authority, saving an estimated \$400 million. The whole thing should be abolished, but Mr. Reagan is taking a step in the right direction.

The previously mentioned Economic Development Administration also comes under attack in the Reagan Budget plan. This agency caters to influential political and business interests in state and local governments. Plenty of gravy has been sopped up by E.D.A. development schemes. Again, to his credit, President Reagan wants to terminate the agency before it gets even bigger, saving at least \$100 million in Fiscal 1986.

As we have noted, the Reagan Administration wants to eliminate the Revenue Sharing giveaway, saving \$3.4 billion. With a \$200 billion deficit the federal government has no revenue to share. We strongly support the President on this one.

The Farmers Home Administration, originally set up to help distressed farmers, now underwrites virtually every municipal service, including sewers and water lines. The Administration is asking to cut out these subsidies to what are, after all, local projects, and save \$55 million in 1986. Again, bravo!

The Small Business Administration is another unconstitutional boondoggle. It provides tax-financed loans and loan guarantees to barely 1.5 percent of our nation's small busi-

nessmen. Reagan wants to end this scam and its nearly \$1.5 billion in expenditures. We certainly support the President here!

As we have observed, the President is also asking for cuts in agricultural subsidies. America's farmers received a record \$31.2 billion in taxpayer handouts in 1983. Ronald Reagan wants to shave off a mere \$2 billion. In view of the high-decibel protests we have been hearing from the farm lobby, we have to hand it to the President for seeking even this modest reduction!

The Administration is asking for cuts in Urban Mass Transit subsidies and Amtrak. These money-losing transportation systems waste energy and drain the taxpayers' hard-earned wages. Furthermore, Ronald Reagan is calling for reductions in, or elimination of, such programs as the anachronistic Rural Electrification Administration, the Urban Development Action Grants (subsidies to favored business interests), and aid to students from upper-income families. All to the good.

But there are a great many targets for cutting or elimination which have been missed in President Reagan's 1986 Budget. Not only is the irrational boondoggle known as the National Science Foundation being subjected to no cuts, but Mr. Reagan is demanding that this \$1.4 billion agency — whose budget has already grown by almost a half-billion dollars over the Reagan years — be given another \$110 million raise. It should be abolished.

The State Department, under the new Reagan Budget, would get a raise of \$240 million in its operating budget. Whatever for? We are not anxious to give another quarter of a billion dollars to that flight of socialist bureaucrats busily selling out U.S. interests all over the world.

And, even though President Reagan proudly tells the American people that violent crime has been on the wane in recent years, he wants the Justice Department's \$3.8 billion budget fattened by another \$100 million next year. Will someone ask Ed Meese how this can be justified?

Consider also our increasingly nosy Census Bureau. Does this agency really need \$11 million more next year, with the next census not due until 1990? The scope of the questions these bureaucrats asked in the last census goes far beyond any authority given to the federal government in the U.S. Constitution. And the Constitution, we must always remember, is the *only* charter for the federal government.

It is shameful not only that the Department of Health and Human Services was *exempted* from cuts but that President Reagan is demanding a whopping \$12 billion increase in the budget for H.H.S. The Pentagon, likewise, was also exempted. Hiking U.S. military spending to \$313.7 billion assures that we will continue massive military expenditures to protect prosperous nations including Japan and West Germany. Make no mistake, we do need a true national defense. We need High Frontier and the MX, augmented by a fleet of Cruise missiles. But much of what goes under the label of spending for national defense goes to defend foreigners who can well afford to defend themselves.

Refusing to trim Social Security leaves a great deal of federal spending untouched. But Social Security and Medicare are such emotional hot potatoes that few politicians dare to handle the issue. The most daring action that might be considered politically viable with respect to these sacred cows would be to postpone scheduled cost-of-living hikes in ben-

On the other hand, the President wants to give the Census Bureau \$11 million more; increase the Health and Human Services take by \$12 billion; give another \$110 million to the National Science Foundation; raise the State Department by \$240 million; and, give another \$100 million to the Justice Department.

efits for 1986. How much would that save the taxpayers? About \$23 billion.

While that is a great deal of money, it would still not balance the Budget. And, just in case you are wondering, even if we cut *every dollar* in the President's proposed Budget marked for nuclear-weapons research and development, and also *every dollar* marked for the Strategic Defense Initiative ("Star Wars"), in that same proposal, we would be reducing the Defense Budget by only \$12 billion.

The truth is that *half* of the proposed federal Budget is absorbed by Social Security and Defense all by themselves! And both Social Security and Defense spending are getting *increases* in the Reagan Budget.

Is balancing the federal Budget an impossible dream? Not if we really mean business. In *Washington: City Of Scandals*, Budget-hawk Lambro lists fifty-two specific ways to cut the federal Budget. He claims that "we can have a balanced budget any time we want. And it can be done without raising taxes, savaging the poor, or gutting our needed military defense buildup." These cuts recommended by Mr. Lambro add up to \$200 billion — enough completely to eliminate the federal deficit at its current and projected levels.

After listing those fifty-two recom-

mended cuts, Donald Lambro observes: "Obviously, there is room here for disagreement over spending priorities and need. But even if my budget-cutting proposals were to be cut in half, that would still wipe out the structural deficits of about \$100 billion, which even the most optimistic level of economic recovery would not eliminate.

"Of course, the spending cuts and savings I have listed cover only a relatively small number of potential programs, agencies, and expenditures where budget reductions and savings can be achieved. A fuller examination of spending programs would yield much larger savings. The point that they serve to make, however, is that the budget is not some monolithic fiscal entity that defies reductions and budgetary controls. Even among entitlement programs, I do not propose cutting benefits, but simply placing a moratorium on future cost-of-living raises until the government can slash the deficit, catch its fiscal breath, and give the economy a much-needed boost by allowing it to nurture itself on the newly-freed savings that would become available."

Could it be that Mr. Reagan does not *want* to balance the federal Budget?

What about all the special-interest

toes that would be slashed by such cuts? Lambro acknowledges that political problems exist, but he stands solidly by his case, admitting: "True, my list contains some very controversial spending reductions. Yet it eliminates the deficit without touching some of the government's biggest and most costly social programs, such as food stamps, aid-to-dependent children, Medicare and Medicaid, and other major components of the social safety net for the needy. It does not weaken our basic defense establishment, nor does it weaken applied medical research.

"What my list seeks to do is to show that the budget is filled with many expenditures that are not necessarily vital to the health and safety and defense of our nation — spending that can be cut. Nonessential agencies can be zeroed out. Automatic cost-of-living adjustments can be withheld. Low-priority expenditures, unproductive research, and no-strings-attached grants to undeserving communities can be reduced or eliminated."

I have written a number of articles in these pages discussing the savings recommended by the President's Private Sector Survey on Cost Control. The Grace Commission found more than \$400 billion in cuts and savings to be obtained from instituting 2,400 specific proposals. It has been widely attacked in the "Liberal" media, but it does get lip service on Capitol Hill. Why was the President too timid to present to Congress a really tight Budget with the full array of spending cuts proposed by Lambro and the Grace Commission?

President Reagan has not been sufficiently bold in seizing upon his enormous election mandate to push for major change. He is afraid to do so, perhaps believing that a balanced Budget would stop the spendathon so

abruptly as to wreck the economy on the reef of its current misallocations. As financial guru Howard Ruff put it recently, "Lord Keynes was not all wrong. Deficits do stimulate economies and postpone recessions and depressions, once nations take that fateful, politically irreversible step to become dependent on such a stimulus. Just as a little bit of heroin or cocaine gives quick relief to those who have become dependent upon them, the newly-created money to fund the deficit gives Americans more to spend on goods and services, which works like a main-line fix.

"The political price is paid years later, usually by the next president — in this case, four to five years after we began creating the deficits (1982-83). After about a two-year-plus time lag, we'll get about three years of inflationary good times (1985-87?), then a crash into a recession or depression (1987-?)."

President Ronald Reagan is astute enough to know all this, no matter what he says. The stimulation from the deficits has created the appearance of prosperity only for the moment — while he is President.

Meanwhile, Ronald Reagan uses the deficit as a polemical bogeyman. As Allan Schick of the American Enterprise Institute points out: "The deficit gives the President a convenient political target to attack. Reagan rarely misses an opportunity to blame the Democrats in the Congress for reckless spending. He blasts Congress for refusing to add a balanced budget requirement to the Constitution, and for not giving him an item veto. It does not seem to bother him that his own budget is \$180 billion in the red."

Really Getting Serious

If President Reagan wants to get serious about reducing or eliminat-

ing the deficit, he must base his Presidency on sound principles. Drowning our nation in a sea of red ink is not the way to prosperity.

Being a politician, President Reagan is preoccupied with political "reality." When hardliners on spending ask him why he doesn't request all the Budget cuts that are needed, using the full power and influence of the Oval Office to press Congress to act responsibly, he exclaims that one must "face reality." By this he means that Congress would not even consider a Budget which asked for big enough cuts. Perhaps so, but to know for certain he would first have to try.

I agree wholeheartedly with Don Lambro, who writes: "There is, of course, nothing wrong with facing 'reality' except when it gets in the way of achieving your objectives. The reality that Reagan characterized as supporting a safety net for the needy certainly does not square with the deeper reality . . . of a federal spending machine that is spewing out billions of dollars, not just for the needy, but for the middle class, for the upper class, for the corporate welfare class, and for hundreds of government programs of dubious effectiveness, efficiency, and value. Moreover, Reagan's curiously un-Reagan-like acquiescence to 'the reality' of Congress's resistance to truly substantive spending reductions — in sharp contrast to his thus-far much tougher posture against significant tax increases — is strange when one considers that it is the very reality of Congress's spending that has in fact brought America to its present fiscal catastrophe."

Indeed, depending on how well one understands fundamental principles, one man's "reality" can be another man's illusion. America's Founding Fathers did not adjust to unacceptable "realities." They were

men of character and vision. Instead of accepting the "reality" of a Washington gone through the looking glass, President Reagan must resolve to be the leader Americans thought they re-elected.

What, specifically, must the President do? Donald Lambro put it well in the final chapter of *Washington: City Of Scandals*. We can think of no better conclusion for our analysis than to quote those remarks:

"First, Reagan can begin by more aggressively using the power of the veto to force deeper spending cuts. Sadly, despite his tough, gunslinger rhetoric about keeping his veto pen ready to shoot down big spending bills, Reagan actually used his veto authority only five times during 1983, none of which was against those big appropriations bills he scorned for so many years. In the entire two previous years he used the regular veto a mere seven times and the pocket veto eight times, of which only two were overridden. Yet he vetoed only three funding bills in 1982 and only one in 1981. In sharp comparison, President Gerald Ford used the veto sixty-six times over the two and a half years of his presidency against a totally Democratic Congress and only twelve were overridden. Seven of Ford's vetoes were against excessive appropriations bills.

"By failing to exploit the combined potential of his Republican majority in the Senate with his Republican and conservative Democratic allies in the House, Reagan wasted a unique opportunity to pound the budget into submission and force Congress to tame its appetites. On at least two separate occasions during the summer of 1983 letters were signed by House Democrats promising to uphold spending vetoes by Reagan. On June 9 a sizeable group of conserva-

tive Democrats — more than enough to give Reagan the votes he needed to make his vetoes stick — wrote to House Speaker Thomas P. ‘Tip’ O’Neill, balking over the then-pending Democratic budget while strongly indicating that they would be ready to back possible presidential vetoes supporting ‘judicious’ budget cuts. A second letter sent to Reagan in July, and spearheaded by Congressman Philip Gramm of Texas, the former Boll Weevil Democrat who switched to the Republican Party, was signed by an impressive bipartisan group of 146 House members who pledged to back the President’s vetoes of excessive spending bills. Thus, the President had an extraordinary chance to pursue a much more ambitious budget-cutting offensive during his first three years in office. Unfortunately, Reagan chose to keep his veto pen, which he said he kept under his pillow at night, under his mattress, using it very rarely in support of his war on the budget.

“Second, as long as presidents who get elected by promising to curb the growth of government dare to submit only budgets assured of winning congressional approval, then there is little hope of ever significantly curbing federal spending. The only way that Reagan can show a recalcitrant Congress that he means business about significantly curbing the

growth of spending is to back up his tough rhetoric with concrete, no-nonsense spending proposals. The idea that only budget proposals guaranteed to ‘win’ enactment should be sent to Capitol Hill accedes to the prevailing media mindset, which is also prevalent among Reagan’s chief aides, that budgets that fail to win approval from Congress must therefore be bad budgets. On the contrary, just the opposite may be true. Reagan would be better advised to submit a budget that goes significantly beyond what Congress would like to cut from nonessential and low-priority programs, taking his lumps in whatever Congress chooses to do with the budget, and then fight for his own set of lower spending figures through skillful and vigorous use of the veto. It would be a battle waged on principle, for fiscal sanity, and in behalf of good economic policy. And I suspect that it would be a struggle that the American people would enthusiastically support.”

We agree with Donald Lambro. If President Reagan really wants to cut spending and balance the federal Budget he should *propose* to do so. To make that politically advantageous he will need plenty of help from concerned taxpayers pressing Congress to support sound policy. Let’s get started! If not us, who? If not now, when? ■ ■

CRACKER BARREL

- Tax loopholes are like parking spaces. By the time you get there, they’ve disappeared.
- According to one wag, this was the position of the political Left on matters of church and state during the last election: “Ronald Reagan is not a good Christian. He is bent on Christianizing America. Walter Mondale wants to keep religion out of politics. His whole career has been impelled by his deep Christian convictions.”
- “The British never give up,” contends Bob Orben. “Two hundred and eight years ago we had to contend with King George. Now it’s Boy George.”
- A bachelor is a man who never makes the same mistake once. Which reminds us of Dr. Johnson’s crack about a second marriage being the triumph of hope over experience.
- “As an exponent of ruthlessness,” remarks candid historian Paul Johnson in *Modern Times*, “Mrs. Gandhi was more than a match for any [British] viceroy.”