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NEWS

U. S. SENATOR FOR KANSAS

FROM:

SENATE REPUBLICAN LEADER

FOR IMMEDIATE RELEASE  
FEBRUARY 20, 1992

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## CBO DEFENSE CUTS STUDY

YESTERDAY, SENATOR WARNER, SENATOR DOMENICI, SENATOR STEVENS, AND I RELEASED A CONGRESSIONAL BUDGET OFFICE STUDY REQUESTED TWO YEARS AGO TO STUDY THE EFFECTS OF DEFENSE CUTS ON AMERICA'S ECONOMY. IT SEEMED LIKE A REASONABLE QUESTION TO ASK, WHAT WITH MILLIONS OF AMERICANS DEPENDING ON DEFENSE PLANTS AND THE MILITARY FOR THEIR LIVELIHOOD, AND DEMOCRATS DEMANDING A MASSIVE \$100 BILLION CUT IN THE DEFENSE BUDGET.

UNFORTUNATELY, SOME PEOPLE DIDN'T LIKE ME ASKING THESE QUESTIONS. I HAVE BEEN ACCUSED OF SEEKING PARTISAN ADVANTAGE BY WANTING TO KNOW -- IN ADVANCE -- WHO MIGHT BE HURT IF SUCH SUCH DRASTIC CUTS WERE ENACTED. I HAVE BEEN ACCUSED OF WASTING THE TAXPAYERS' MONEY FOR WANTING TO KNOW -- IN ADVANCE -- HOW BEST TO USE ANY SAVINGS WE MIGHT ACHIEVE FROM DEFENSE REDUCTIONS. SOME PEOPLE BELIEVE THAT YOU SHOULDN'T ASK THE QUESTION IF YOU CAN'T STAND THE ANSWER. BUT IN MY VIEW, THAT WOULD BE IRRESPONSIBLE. SO, BEFORE WE GO BLINDLY GUTTING THE DEFENSE BUDGET AND START SPENDING THE SO-CALLED "PEACE DIVIDED", I THINK WE OUGHT TO TAKE A LOOK AT IT -- STUDY IT, AND FACE UP TO ANY DAMAGE THAT MIGHT BE CAUSED -- AHEAD OF TIME, NOT AFTER THE FACT, WHEN THE USUAL REACTION AROUND THIS PLACE IS, "GEE, LOOK AT ALL THOSE PEOPLE WE JUST PUT OUT OF WORK. LET'S BILL THE TAXPAYERS FOR SOME MORE UNEMPLOYMENT COMPENSATION".

FIRST, LET ME GIVE MY COLLEAGUES A LITTLE BACKGROUND. IN JUNE OF 1990, BOTH THE HOUSE AND SENATE WERE DELIBERATING BUDGET PROPOSALS, MOST OF WHICH INCLUDED RADICAL CUTS IN OUR NATIONAL DEFENSE, ALWAYS A TEMPTING TARGET FOR FOLKS WHO JUST DODN'T WANT TO CUT ANYTHING ELSE.

AS I RECALL, THE TERM "PEACE DIVIDEND" HAD JUST SURFACED, SADDAM HUSSEIN WAS UNKNOWN TO MOST OF THE WORLD, THE ECONOMY WAS STILL STRONG, GORACHEV WAS STILL IN POWER, AND THE RUSH WAS ON TO GRAB DEFENSE DOLLARS TO FUND AN ENDLESS LIST OF NEW SOCIAL PROGRAMS. IT OCCURED TO ME THAT WE SHOULD TAKE A CAREFUL LOOK AT THE POTENTIAL ECONOMIC IMPACT OF SOME OF THESE PROPOSALS.

IN MY TASKING LETTER TO THE CONGRESSIONAL BUDGET OFFICE DATED JULY 10, 1990, I STATED, "I AM CONCERNED THAT A TOO-RAPID DECLINE IN OUR DEFENSE SPENDING MAY PRECIPITATE SEVERE ECONOMIC DISLOCATIONS ON LOCAL, REGIONAL, AND POTENTIALLY, THE NATIONAL ECONOMY. WHILE OUR DEFENSE SPENDING SHOULD BE PREDICATED UPON OUR NATIONAL SECURITY NEEDS, IT IS THE RESPONSIBILITY OF CONGRESS TO FULLY ASSESS THE ECONOMIC RAMIFICATIONS OF THE DEFENSE BUDGET PROPOSALS NOW UNDER CONSIDERATION AND SELECT A COURSE FOR OUR DEFENSE SPENDING WITH ALL OF THE FACTS IN HAND." I ASK THAT A COPY OF MY ENTIRE LETTER BE MADE A PART OF THE RECORD.

I WANT TO TALK ABOUT THE RESULTS OF THIS STUDY, BUT FIRST LET ME TAKE A MOMENT TO REVIEW WHAT HAS HAPPENED SINCE I MADE THAT REQUEST TO CBO: SADDAM HUSSEIN INVADED KUWAIT, AN HISTORIC BI-PARTISAN BUDGET AGREEMENT WAS REACHED, AND DESERT SHIELD AND DESERT STORM DEMONSTRATED THAT AMERICA'S MILITARY INVESTMENT WAS BOTH PRUDENT AND EFFECTIVE -- THAT DESPITE ALL THE PARTSIAN HEAT AND LIBERAL RHETORIC, RONALD REAGAN'S VISION OF STRENGTH FOR AMERICA WAS THE RIGHT POLICY AT THE RIGHT TIME .

BUT, IN LESS THAN TWO YEARS, WE HAVE COME FULL CIRCLE. MOST DEMOCRATS HAVE ALREADY DISMISSED OUR DRAMATIC VICTORY IN THE PERSIAN GULF, ONCE AGAIN DECLARED THAT NO THREATS EXIST TO OUR SECURITY, ARE POISED TO TRASH THE BUDGET AGREEMENT, STAND READY TO GUT OUR MILITARY, AND BEGIN ANOTHER WILD SOCIAL SPENDING SPREE THAT WILL NOT ONLY WRECK OUR ECONOMY IN THE NEAR TERM, BUT FRITTER AWAY OUR FUTURE ECONOMIC GROWTH AS WELL. SOME THINGS NEVER CHANGE.

THE DIFFERENCE IN 1992, HOWEVER, IS THAT THE AMERICAN PEOPLE ARE WAKING UP. ACCORDING TO THE CBO, DEFENSE CUTS ALREADY ENACTED BY THE CONGRESS ARE GOING TO CAUSE AT LEAST 600,000 DEFENSE RELATED JOBS TO DISAPPEAR. ALREADY, TENS OF THOUSANDS OF AMERICAN AEROSPACE WORKERS -- THE BACKBONE OF AMERICA'S TECHNOLOGICAL CROWN JEWEL -- HAVE FOUND THEMSELVES IN THE UNEMPLOYMENT LINE. THEY FIND THEMSELVES LAID OFF NOT BECAUSE OF THE FALL OF COMMUNISM, BUT BECAUSE YEAR AFTER YEAR, SINCE 1985, SOME DEMOCRATS HAVE DEMANDED BIG CUTS IN THE DEFENSE BUDGET. THESE ARE THE SAME PEOPLE WE HEAR THE DEMOCRATS NEVER STOP TELLING US ARE "HURTING". YES, THEY ARE HURTING. WHY?