

News from Senator

BOB DOLE



(R - Kansas)

2213 Dirksen Building, Washington, D.C. 20510

FOR IMMEDIATE RELEASE:
TUESDAY, MARCH 17, 1981

CONTACT: BILL KATS
(202) 224-6521

STATEMENT OF SENATOR DOLE: HEARINGS ON THE REAGAN BUDGET CUTS

WASHINGTON -- Senator Bob Dole (R.-Kan.) made the following statement today at the beginning of the Senate Finance Committee hearings on the Reagan budget cuts:

"We are today commencing several days of hearings on the spending cut part of the Administration economic recovery program. After these hearings are finished I hope we can move quickly to marking up legislation that will encompass most of the savings that the President requests. I anticipate that that Finance Committee can begin consideration of the revenue part of the proposal later in the spring.

"The committee will hear from Richard Schweiker, the Secretary of Health and Human Services, today and David Stockman, the Director of the Office of Management and Budget, tomorrow. Raymond Donovan, who was scheduled for tomorrow, developed a conflict and was rescheduled for March 25. A number of non-government witnesses will also appear.

"Before we begin, I would like to make a few comments. There seems to have developed in this country a clear mandate for the reversal of the staggering growth in federal government spending that we have experienced in recent years. I applaud President Reagan and others, including several members of this committee, for their leadership in bringing about this change in attitude on the part of most Americans.

"During the 10-year period from 1971 to 1980, federal government outlays grew from \$211 billion to almost \$580 billion. In 1981 spending is estimated to reach \$655 billion and even in the Reagan budget it is estimated to be \$695 billion next year. By contrast to the Reagan budget, the current policy estimate for F.Y. 1982 is \$735.9 billion in federal spending. This current policy number is more than double federal outlays as recently as 1976. During the last two years government spending has grown by an average rate of 16 percent.

"No one on this committee needs to be reminded that while spending grew deficits have also been a major problem. During the last two decades we have had one year when our federal budget was not in deficit. In the years from 1971 to 1980 we had deficits over \$40 billion five times. It is significant that prior to this 10-year period we only had a deficit as big as \$40 billion during World War II. This fiscal year the deficit is estimated to run near \$60 billion.

"The explosive growth of federal spending has had an adverse effect on this country in a number of ways. It has tended to tilt the balance of power in federal-state relationships toward Washington and away from the states, further distorting our federal system. The growth of spending has also tended to increase the intrusion of government into the life of every American. Who on this committee has not had constituents complain about seemingly unnecessary federal regulations and bureaucratic interference?

"The most pernicious effect of the growth in federal spending, however, has been the adverse consequences it has had for our economy. The incredibly high levels of spending have added pressure to keep taxes high, thus stifling investment incentive and ultimately productivity. Federal spending has led to the huge federal budget deficits which have fed inflation by sending the government to the capital markets to borrow and too often, to the printing presses.

"In an attempt to change direction, President Reagan has proposed \$48.6 billion in spending cuts. Of this amount about \$9.3 billion is in programs that require Finance Committee action. Most of these cuts will be difficult to make. Indeed some may not be advisable. We may want to substitute cuts of our own for some of those recommended by the President. I hope, however, that we come as close as possible to achieving the same bottom line expenditure reduction figure."