

REMARKS OF SENATOR BOB DOLE
PREPARED FOR DELIVERY AT
RETIRED MACHINISTS AND AERO SPACE WORKERS
MEETING at 1:30 P.M.
MACHINISTS BUILDING
Wichita, Kansas
THURSDAY, AUGUST 29, 1974

DURING MOST OF THE LAST FORTY YEARS, WE IN THE UNITED STATES HAVE ENJOYED RELATIVE ECONOMIC STABILITY WITH THE EXCEPTION OF WAR-TIME. AND THIS STABILITY LED RIGHT UP INTO THE 1960's UNTIL THE VIETNAM WAR CAME ALONG AND THE ADMINISTRATION THEN IN OFFICE TRIED TO PAY FOR THE WAR WITHOUT RAISING TAXES. INSTEAD, WE SIMPLY PRINTED MORE MONEY

ALSO, WITH TWENTY YEARS OF FOREIGN AID, WITH AMERICAN ARMIES STATIONED AROUND THE WORLD, WITH INCREASED TOURISM AND OVERSEAS INVESTMENT, A HUGE PILE OF DOLLARS HAS ACCUMULATED OVERSEAS. SO EVEN IF FOREIGN GOVERNMENTS DID NOT RUN THEIR PRINTING PRESSES OVERTIME, THEY STILL ENDED UP WITH MORE PIECES OF SOMEBODY'S MONEY, WHICH MEANT EACH PIECE WAS WORTH LESS.

ALL OF WHICH EXPLAINS WHY ARTHUR BURNS, CHAIRMAN OF THE FEDERAL RESERVE BOARD, WASN'T KIDDING WHEN HE SAID, "INFLATION NOW IS THE DOMINANT ECONOMIC FORCE IN EVERY MAJOR NATION AROUND THE WORLD."

NO RETURN TO DEPRESSION

IT HELPS TO HAVE SOME UNDERSTANDING OF WHERE INFLATION COMES FROM. SOME PEOPLE THINK IT COMES FROM BIG BUSINESS PRESSURES FOR EVER HIGHER PRICES. OTHERS SAY IT'S BECAUSE OF THE POWER OF UNIONS TO PUSH WAGES EVEN HIGHER. BUT NEITHER THEORY EXPLAINS WHY PRICES GO UP WHEN WAGES DON'T, OR WAGES GO UP WHEN PRICES DON'T, OR WHY BOTH RISE MUCH FASTER AT SOME TIMES THAN THEY DO AT OTHERS.

WE REALLY HAVE TO GO BACK TO 1946 WHEN CONGRESS PASSED THE EMPLOYMENT ACT MAKING IT THE AIM OF FEDERAL GOVERNMENT TO PROMOTE "MAXIMUM EMPLOYMENT, PRODUCTION AND PURCHASING POWER."

AT THE TIME, THIS WAS VERY SENSIBLE. NO ONE WANTED A RETURN TO THE DEPRESSION OF THE 1930's. BUT THE ACT SET IN MOTION AN ORDER OF PRIORITY THAT HAS PERSISTED. AGAIN, TO QUOTE ARTHUR BURNS:

"PUBLIC POLICIES NOWADAYS ARE EXPECTED TO MAINTAIN PRODUCTION AT A HIGH AND RISING LEVEL, TO LIMIT SUCH DECLINES IN EMPLOYMENT AS MAY OCCASIONALLY OCCUR, TO EASE THE BURDEN OF JOB LOSS OR ILLNESS OR RETIREMENT, TO PROTECT BUSINESS FIRMS FROM THE HARDSHIPS OF ECONOMIC DISPLACEMENT, TO SUSTAIN THE INCOMES OF FARMERS AND WAGE EARNERS, TO PROVIDE SPECIAL CREDIT FACILITIES AND OTHER ASSISTANCE TO SMALL BUSINESSES AND HOME BUILDERS AND SO ON."

GOVERNMENT BORROWING

TO DO ALL THESE THINGS MEANS GOVERNMENT IS GOING TO HAVE TO SPEND MONEY. AND IF GOVERNMENT DOESN'T HAVE THE GUTS TO RAISE THAT MONEY WITH HIGHER TAXES, THEN GOVERNMENT IS GOING TO GO OUT AND BORROW WHAT'S AVAILABLE ON THE MARKET. YOU KNOW WHAT HAPPENS THEN. EVERYBODY ELSE HAS TO PAY MORE FOR THE LITTLE BIT OF MONEY THAT'S LEFT, AND THAT'S WHAT CAUSES RISING INTEREST RATES.

TO PAY FOR ALL THESE THINGS, GOVERNMENT HAS TO BORROW MOST OF THE MONEY THAT'S AVAILABLE TO LEND, MAKING THE INTEREST HIGHER ON WHATEVER IS LEFT OF THE NATION'S MONEY FOR THE PUBLIC TO BORROW.

IT'S EITHER THAT, OR RAISE TAXES, OR SAY "NO" WHEN PEOPLE COME ASKING FOR THE GOVERNMENT TO PAY FOR THIS OR THAT, WHICH TOUCHES ON ANOTHER SIDE OF THE SAME POINT: THE TAXPAYER IS EARNING MONEY FIVE DAYS A WEEK AND THE GOVERNMENT IS SPENDING IT SEVEN.

THERE HAS TO BE SOMETHING WRONG WITH AN ECONOMY WHERE THE ONLY THING YOU CAN AFFORD IS TAXES!

LET'S LOOK AT SOME OF THE CAUSES OF INFLATION.

MONETARY AND FISCAL CAUSES

MONETARY POLICY? THE INCREASE OR DECREASE IN OUR MONEY SUPPLY IS DECIDED BY THE INDEPENDENT FEDERAL RESERVE BOARD.

OUR MONEY SUPPLY, WHICH IN THE YEARS AFTER WORLD WAR TWO HAD GROWN AT A RATE OF 3 PERCENT A YEAR, OR LESS, GREW BY 6 PERCENT IN 1970, 6 PERCENT IN 1971, AND THEN BY MORE THAN 8 PERCENT IN 1972. ECONOMISTS AGREE THAT SUCH AN ACCELERATION OF MONETARY GROWTH PORTENDS INFLATION AS THE ECONOMY BEGINS TO RUN OUT OF THINGS TO BE PURCHASED WITH THE EXPANDED MONEY SUPPLY. CONSUMERS AND BUSINESSMEN SIMPLY BID UP THE PRICES OF THE PRODUCTS AND SERVICES THAT ARE AVAILABLE.

AND SURE ENOUGH, SUPPLY SHORTAGES AND GROWING ORDER BACKLOGS PROVE THAT WE ARE RUNNING SHORT OF PRODUCTION CAPACITY. NOT ENOUGH FACTORIES. NOT ENOUGH MACHINERY.

UNCONTROLLABLES

AND THEN THERE'S FISCAL POLICY. CONGRESS DECIDES HOW MUCH WE'LL SPEND, AND HOW MUCH WE'LL TAX, AND MEMBERS OF PREVIOUS CONGRESSES -- SENATORS AND CONGRESSMEN SITTING IN WASHINGTON IN THE 1940's and 1950's -- HAVE WRITTEN SO MANY PERMANENT SPENDING PROGRAMS INTO LAW THAT TODAY OVER 73 PERCENT OF OUR \$305 BILLION BUDGET IS UNCONTROLLABLE. THAT'S

\$223 BILLION THAT'S GOING TO BE SPENT ON THE POOR, THE NEEDY, THE SICK, THE HANDICAPPED, THE AGED, THE FARMER, THE VETERAN, THE STUDENT, THE ORPHAN, THE WORKER, THE UNEMPLOYED, THE RETIRED, THE MOTHER, THE CHILD, THE FOREST, THE RIVER, AND THE SEA.

UNDERSTAND, THESE ARE NOT BAD PROGRAMS. MANY ARE NEEDED, NECESSARY, AND GOOD FOR THE REPUBLIC. IT'S JUST THAT THEY ARE LOCKED IN, RIGID, AND VERY, VERY, DIFFICULT TO CHANGE TO MEET CHANGING NEEDS.

THE OTHER SIDE OF FISCAL POLICY IS, OF COURSE, TAXES, AND IT IS HERE THAT THE WORST OF INEQUITIES ABOUND.

INFLATION TAX

TAKE A FAMILY OF FOUR, MOTHER AND FATHER BOTH WORKING. TWO CHILDREN. SAY THEIR JOINT INCOME WAS \$20 THOUSAND IN 1967. SAY ALSO THAT BOTH MOTHER AND FATHER ARE GOOD UNION MEMBERS WORKING UNDER COST-OF-LIVING WAGE INCREASE CONTRACTS.

BY 1974, COST-OF-LIVING WAGE INCREASES HAD INCREASED THEIR JOINT INCOME 44 PERCENT, UP TO \$28,000.

THEY'RE EVEN WITH THE GAME, RIGHT?

WRONG. COST OF LIVING INCREASES MAY HAVE INCREASED THEIR JOINT INCOME BY 44 PERCENT, BUT NOW THEY'RE IN A MUCH HIGHER TAX BRACKET SO THEIR SOCIAL SECURITY AND FEDERAL INCOME TAXES COMBINED ARE UP BY 76 PERCENT.

RESULT? THIS MOTHER AND FATHER ARE WORSE OFF -- EVEN AFTER RECEIVING COST-OF-LIVING INCREASES -- SIMPLY BECAUSE OUR TAX LAWS WERE WRITTEN YEARS AGO IN AN AGE WHEN A FAMILY MAKING \$20 THOUSAND A YEAR WERE VIRTUAL MILLIONAIRES, SO TAX BRACKETS WERE STEEPLY PROGRESSIVE.

THIS, IN ITSELF, IS A TAX CONGRESS NEVER INTENDED.

AN INFLATION TAX, BEING DRAWN FROM EVERY WAGE EARNER IN AMERICA TODAY! AND IT'S A TAX WE'VE GOT TO END!

GOVERNMENTS, NOT GOVERNED

THESE ARE ACTIONS OF GOVERNMENTS, NOT ACTIONS OF THE GOVERNED. THE PREDICTIONS OF HOW EASY IT WOULD BE TO FIGHT A MAJOR LAND WAR IN ASIA, INCREASE SOCIAL WELFARE PROGRAMS HERE AT HOME, AND DO BOTH WITHOUT RAISING TAXES WERE PREDICTIONS MADE IN WASHINGTON, NOT IN TOPEKA, OR WICHITA.

BY THE TIME PRESIDENT JOHNSON FINALLY ASKED FOR A TAX INCREASE, AND PUSHED IT THROUGH CONGRESS IN 1968, THE PRICE SPIRAL HAD GAINED MOMENTUM.

BUT THE RESTRICTIVE FISCAL AND MONETARY POLICIES OF THE NIXON ADMINISTRATION, WHICH LED TO A MILD RECESSION, BEGAN TO TAKE HOLD. INFLATION SUBSIDED THE 5.5 PERCENT IN 1970, AND FINALLY DOWN TO 3.8 PERCENT FOR THE FIRST SEVEN MONTHS OF 1971.

THIS WASN'T GOOD ENOUGH, THOUGH, FOR THE CRITICS THOUGH THERE WAS INCREASING DEMAND FOR FASTER PROGRESS AGAINST INFLATION, AND A STRONGER RECOVERY FROM RECESSION. SO THE NIXON ADMINISTRATION TRIED A SHORT CUT AND IMPOSED WAGE AND PRICE CONTROLS. BY 1972, INFLATION WAS DOWN TO 3.4 PERCENT, BUT THE PRESSURE OF HIGH GOVERNMENT SPENDING, AND RAPID EXPANSION OF THE MONEY SUPPLY, WAS STILL THERE, JUST BUILDING AND BUILDING, RIGHT BENEATH THE SURFACE.

WHEN CONTROLS WERE RELAXED IN 1973, INFLATION EXPLODED AT AN 8.8 RATE FOR THE YEAR.

NOT A GOOD SUBSTITUTE

I BELIEVE NOW, AS I HAVE ALWAYS BELIEVED, THAT NO GROUP OF BUREAUCRATS SITTING IN WASHINGTON, D. C. CAN POSSIBLY MAKE THINGS BETTER FOR THE AVERAGE MAN AND WOMAN.

THEY DON'T CREATE, YOU SEE, THEY DON'T BUILD.

ALL THEY CAN DO IS REARRANGE.

AND IN THE BELIEF THAT THE BEST REARRANGEMENT FOR KANSANS IS DONE HERE IN KANSAS BY KANSANS. I'VE LOOKED ON MY JOB IN WASHINGTON AS -- IN PART -- TRYING TO KEEP THE LID ON.

I SAID IN 1969 THAT DURING CONGRESS' UNPRECEDENTED SPENDING SPREE, IT HAD IGNORED THE CRUELEST TAX OF ALL, INFLATION.

I SAY NOW AS I SAID THEN THAT THERE IS SCARCELY A CITIZEN WHO HAS NOT FELT THE HORRIBLE EFFECTS OF CONTINUED DEFICIT SPENDING BY THE FEDERAL GOVERNMENT.

TODAY -- NOW THAT THEY'VE TRIED ALL THEIR THEORIES, AND LISTENED TO ALL THEIR ECONOMISTS -- MORE AND MORE OF MY COLLEAGUES ARE AGREEING WITH ME.

ECONOMY EFFORT

THIS SUMMER, AS VARIOUS APPROPRIATIONS OR "MONEY" BILLS CAME BEFORE THE SENATE, A FEW OF US BEGAN A CONCERTED EFFORT TO CUT BACK ON EXCESS FEDERAL SPENDING. WE STARTED OFF WITH AN EFFORT TO CUT A HALF BILLION FROM THE AGRICULTURE DEPARTMENT APPROPRIATIONS BILL. THAT EFFORT FAILED, SO I AND 25 OTHER SENATORS VOTED AGAINST THE BILL. THE PRESIDENT VETOED IT, FOR THE SAME REASONS WE OPPOSED IT. IT WAS NOT A GOOD BILL AND IT WAS INFLATIONARY.

AND NOW, INSTEAD OF TRYING TO OVERRIDE THAT VETO, THE COMMITTEE IN THE HOUSE OF REPRESENTATIVES IS REWORKING THE BILL, TRYING FINALLY TO TRIM SOME OF THE FAT THAT I DIDN'T THINK SHOULD HAVE BEEN THERE IN THE FIRST PLACE.

ANTI-INFLATION MOOD

WE HAVE TRIED THE SAME THING WITH OTHER MONEY BILLS. AND WE HAVE LOST SOME AND WON SOME. WE LOST ON THE TREASURY BILL AND THE PUBLIC WORKS BILL, WHICH WE TRIED TO CUT BY A TOTAL OF \$280 MILLION DOLLARS.

BUT EVEN THOUGH WE WEREN'T SUCCESSFUL ON THESE EARLY ATTEMPTS, THE REST OF THE SENATE GOT THE MESSAGE. ONLY A FEW DAYS AFTER WE STARTED THIS EFFORT, WE SUCCEEDED BY A 58-15 VOTE, IN GETTING THE TRANSPORTATION BILL REDUCED BY ABOUT \$100 MILLION DOLLARS. AND LAST WEEK, THE SENATE PASSED A DEFENSE BILL WHICH THE APPROPRIATIONS COMMITTEE -- AFTER IT GOT OUR MESSAGE LOUD AND CLEAR -- REDUCED ON ITS OWN BY ABOUT \$5 AND A HALF BILLION DOLLARS.

NO SIMPLE ANSWER

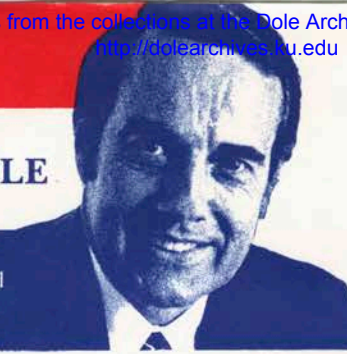
I DON'T PRETEND THAT CUTTING FEDERAL SPENDING IS THE TOTAL CURE FOR INFLATION. IN OPENING HEARINGS OF THE NEW SENATE BUDGET COMMITTEE, I HAVE ASKED VARIOUS EXPERTS ON THE ECONOMY WHAT IMPACT SUCH CUTS WOULD BE EXPECTED TO HAVE ON THE COST-OF-LIVING. THEIR ALMOST UNANIMOUS JUDGMENT SEEMS TO BE THAT CUTTING THE BUDGET BY FROM FIVE TO TEN BILLION DOLLARS WILL HELP. IT WILL HAVE A SMALL IMPACT ON THE RATE OF INFLATION THIS YEAR. BUT, THEY ADD, THIS IMPACT WILL GROW. IF WE CAN KEEP THIS ECONOMY EFFORT UP, AND MAKE IT A PART OF A COMPREHENSIVE EFFORT TO BRING OUT FISCAL AND MONETARY POLICIES IN THIS COUNTRY INTO A MORE REASONABLE BALANCE WITH OUR RESOURCES, THEN WE CAN BEAT INFLATION AND RESTORE ECONOMIC STABILITY.

WITH INFLATION THE PERSISTENT PROBLEM THAT IT IS, BELIEVE
THAT NOW, MORE THAN AT ANY OTHER TIME IN THE RECENT MEMORIES OF MOST
OF US IN THIS ROOM, WE HAVE TO TAKE A CLOSER LOOK AT GOVERNMENT SPENDING.
WE HAVE TO WEIGH EVERY AGENCY BUDGET SUBMITTED, EVERY DOLLAR PROPOSED
TO BE SPENT. WE HAVE TO JUDGE IT NOT JUST IN TERMS OF THE GOODS AND
SERVICES GOVERNMENT CAN BUY FOR OUR PEOPLE, BUT EQUALLY IN TERMS OF
THE GOODS AND SERVICES PEOPLE WILL BE ABLE TO BUY FOR THEMSELVES IF
INFLATION IS ALLOWED TO CONTINUE AT CURRENT LEVELS.

I HAVE TRIED TO DO THAT AND I WILL CONTINUE THAT EFFORT.

KANSANS FOR SENATOR DOLE

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NEWS RELEASE

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During most of the last forty years, we in the United States have enjoyed relative economic stability with the exception of war-time. And this stability led right up into the 1960's until the Vietnam war came along and the administration then in office tried to pay for the war without raising taxes. Instead, we simply printed more money.

Also, with twenty years of foreign aid, with American armies stationed around the world, with increased tourism and overseas investment, a huge pile of dollars has accumulated overseas. So even if foreign governments did not run their printing over-time, they still ended up with more pieces of somebody's money, which meant each piece was worth less.

All of which explains why Arthur Burns, chairman of the Federal Reserve Board, wasn't kidding when he said, "Inflation now is the dominant economic force in every major nation around the world."

No Return to Depression

It helps to have some understanding of where inflation comes from. Some people think it comes from big business pressures for ever higher prices. Others say it's because of the power of unions to push wages even higher. But neither theory explains why prices go up when wages don't, or wages go up when prices don't, or why both rise much

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faster at some times than they do at others.

We really have to go back to 1946 when Congress passed the employment act making it the aim of federal government to promote "maximum employment production and purchasing power."

At the time this was very sensible. No one wanted a return to the depression of the 1930's. But the act set in motion an order of priority that has persisted. Again to quote Arthur Burns:

"Public policies nowadays are expected to maintain production at a high and rising level, to limit such declines in employment as may occasionally occur, to ease the burden of job loss or illness or retirement, to protect business firms from the hardships of economic displacement, to sustain the incomes of farmers and wage earners to provide special credit facilities and other assistance to small businesses and home builders and so on."

Government Borrowing

To do all these things means government is going to have to spend money. And if Government doesn't have the guts to raise that money with higher taxes then government is going to go out and borrow what's available on the market. You know what happens then. Everybody else has to pay more for the little bit of money that's left, and that's what causes rising interest rates.

To pay for all these things government has to borrow most of the money that's available to lend, making the interest higher on whatever is left of the nation's

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money for the public to borrow.

It's either that or raise taxes or say "no" when people come asking for the government to pay for this or that, which touches on another side of the same point: The taxpayer is earning money five days a week and the government is spending it seven.

There has to be something wrong with an economy where the only thing you can afford is taxes!

Let's look at some of the causes of inflation.

Monetary and Fiscal Causes

Monetary Policy? The increase or decrease in our money supply is decided by the independent federal reserve board.

Our money supply, which in the years after World War Two had grown at a rate of 3 percent a year, or less, grew by 6 percent in 1970, 6 percent in 1971, and then by more than 8 percent in 1972. Economists agree that such an acceleration of monetary growth portends inflation as the economy begins to run out of things to be purchased with the expanded money supply. Consumers and businessmen simply bid up the prices of the products and services that are available.

And sure enough, supply shortages and growing order backlogs prove that we are running short of production capacity. Not enough factories. Not enough machinery.

Uncontrollables

And then there's fiscal policy. Congress decides how much we'll spend, and how much we'll tax, and members of previous congresses -- senators and congressmen sitting in

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Washington in the 1940's and 1950's -- have written so many permanent spending programs into law that today over 73 percent of our \$305 billion budget is uncontrollable. That's \$223 Billion that's going to be spent on the poor, the needy, the sick, the handicapped, the aged, the farmer, the veteran, the student, the orphan, the worker, the unemployed, the retired, the mother, the child, the forest, the river, and the sea.

Understand, these are not bad programs. Many are needed, necessary, and good for the republic. It's just that they are locked in, rigid, and very, very, difficult to change to meet changing needs.

The other side of fiscal policy is of course taxes and it is here that the worst of inequities abound.

Inflation Tax

Take a family of four, mother and father both working. Two children. Say their joint income was \$20 thousand in 1967. Say also that both mother and father are good union members working under cost-of-living wage increase contracts.

By 1974, cost-of-living wage increases had increased their joint income 44 percent, up to \$28,000.

They're even with the game, right?

Wrong. Cost of living increases may have increased their joint income by 44 percent, but now they're in a much higher tax bracket so their social security and federal income taxes combined are up by 76 percent.

Result? This mother and father are worse off -- even after receiving cost-of-living increases -- simply because our tax laws were written years ago in an age when a family making \$20 thousand a year were virtual millionaires so tax brackets were steeply

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progressive.

This, in itself is a tax congress never intended.

An inflation tax, being drawn from every wage earner in America today! And it's a tax we've got to end!

Governments, Not governed

These are actions of governments, not actions of the governed. The predictions of how easy it would be to fight a major land war in Asia, increase social welfare programs here at home, and do both without raising taxes were predictions made in Washington, not in Topeka, or Wichita.

By the time President Johnson finally asked for a tax increase, and pushed it through Congress in 1968, the price spiral had gained momentum.

But the restrictive fiscal and monetary policies of the Nixon administration, which led to a mild recession, began to take hold. Inflation subsided the 5.5 percent in 1970, and finally down to 3.8 percent for the first seven months of 1971.

This wasn't good enough, though, for the critics though there was increasing demand for faster progress against inflation, and a stronger recovery from recession. So the Nixon administration tried a short cut and imposed wage and price controls. By 1972, inflation was down to 3.4 percent, but the pressure of high government spending, and rapid expansion of the money supply, was still there, just building and building, right beneath the surface.

When controls were relaxed in 1973, inflation exploded at an 8.8 rate for the year.

Not a Good Substitute

I believe now, as I have always believed, that no group of bureaucrats sitting in Washington, D.C. can possibly make things better for the average man and woman.

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They don't create , you see, they don't build.

All they can do is rearrange.

And in the belief that the best rearrangement for Kansans is done here in Kansas by Kansans. I've looked on my job in Washington as -- in part -- trying to keep the lid on.

I said in 1969 that during congress' unprecedented spending spree, it had ignored the cruelest tax of all, inflation.

I say now as I said then that there is scarcely a citizen who has not felt the horrible effects of continued deficit spending by the federal government.

Today -- now that they've tried all their theories, and listened to all their economists -- more and more of my colleagues are agreeing with me.

Economy Effort

This summer, as various appropriations of "money" bills came before the senate a few of us began a concerted effort to cut back on excess federal spending. We started off with an effort to cut a half billion from the agriculture department appropriations bill. That effort failed, so I and 25 other senators voted against the bill. The president vetoed it, for the same reasons we opposed it. It was not a good bill and it was inflationary.

And now instead of trying to override that veto, the committee in the house of representatives is reworking the bill. trying finally to trim some of the fat that I didn't think should have been there in the first place.

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Anti-Inflation Mood

We have tried the same thing with other money bills. And we have lost some and won some. We lost on the treasury bill and the public works bill which we tried to cut by a total of \$280 million dollars.

But even though we weren't successful on these early attempts, the rest of the senate got the message. Only a few days after we started this effort, we succeeded by a 58-15 vote, in getting the transportation bill reduced by about \$100 million dollars. And last week, the senate passed a defense bill which the appropriations committee -- after it got our message loud and clear -- reduced on its own by about \$5 and a half billion dollars.

No Simple Answer

I don't pretend that cutting federal spending is the total cure for inflation. In opening hearings of the new senate budget committee, I have asked various experts on the economy what impact such cuts would be expected to have on the cost-of-living. Their almost unanimous judgment seems to be that cutting the budget by from five to ten billion dollars will help. It will have a small impact on the rate of inflation this year. But, they add, this impact will grow. If we can keep this economy effort up, and make it a part of a comprehensive effort to bring out fiscal and monetary policies in this country into a more reasonable balance with our resources, then we can beat inflation and restore economic stability.

With inflation the persistent problem that it is, I believe that now, more than at any other time in the recent memories of most of us in this room, we have to take a closer look at government spending. We have to weigh every agency budget submitted, every dollar proposed to be spent. We have to judge it not just in terms