

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 care-free 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.

September 29, 1972

Mr. Philip L. Geyelin
Editorial Page Editor
WASHINGTON POST
1515 L Street
Washington, D. C.

Dear Phil:

Enclosed is the piece that Dan Spiegel discussed with you.

Although I am encouraged by the position taken by the House leadership on this issue, I still believe that a large battle looms and that the public must be informed about the dangers of this rather simplistic mechanism.

With every good wish.

Sincerely,

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 "spend-thrifts." In an election year, being labelled 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. And 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 let's take a look at the facts.

The Nixon Administration's spending ceiling should be exposed for what it really 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 1960's 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 offset, 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? Let's look at the facts.

The fact is that 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.

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.

The Congress has never failed in the past 25 years to cut a President's budget.

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.

Even Deputy Treasury Secretary Walker admits that the spending ceiling is a handy device to eliminate the people-oriented programs of the 1960's.

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. Like so many other programs the administration has attacked in the fields of human resources, education, health and social services, the spending ceiling provides the rationale that these programs need to do in the name of eliminating waste and unnecessary spending.

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.

If there ever were a time for Congress to stand up and say "NO" to a President of the United States, it is now.

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