

W. S. Latta

Special Order

FLOOR STATEMENT in OPPOSITION
Latta Amendment to First Budget Resolution
May 1, 1980

LATTA AMENDMENT WILL NOT
PRODUCE A BALANCED BUDGET

Mr. Chairman, I rise today in opposition to the Latta Amendment, the Republican substitute to the First Budget Resolution. In opposing the Latta Amendment, I must say I also have misgivings about the committee version of the Budget Resolution.

My misgiving is simply this: As a fiscal conservative, I believe the way to achieve a truly balanced federal budget is to estimate revenues conservatively and expenditures liberally. This creates a cushion for the unexpected.

In these times, the unexpected comes as no surprise. During a recession, tax revenues can be expected to fall while expenditures, many of them to blunt the impact of recession, will certainly increase.

I understand the difficulty in predicting in budget terms what lies down the road. I also understand that budgeting, in the final analysis, is just sophisticated estimation. But I believe a better budget document should have been placed before this body — a document that was sounder in its assumptions, and truer to the course of achieving a balanced federal budget.

The committee version of the Budget Resolution calls for a balanced budget, but achieving that balance hangs by a tender thread. Frankly, I am convinced that if we spend up to the targets contained in this budget we will fail to realize a balanced federal budget.

Because I see no other practical choice, I will vote for committee version of the Budget Resolution, but only with the understanding that I also will vote for necessary appropriation cutbacks to keep faith with my pledge to my constituents to vote for a truly balanced federal budget.

I wish I could vote for the Latta Amendment, but I can't in good conscience. First, it calls for an unprecedented increase in peacetime military spending — an increase that in my view is absolutely unwarranted. We need to strengthen and streamline our national defense. But surely the lessons of the past have shown we don't solve complex problems by simply hurling money at them. It doesn't work for social programs, and it doesn't work for military programs. We will not be any safer if we hand over unspecified billions of dollars to the Pentagon, yet sadly some think so.

Even more fundamentally I cannot support the Latta Amendment because it calls for a major tax cut, even though evidence indicates this tax cut will fuel inflation. I would love to bestow an election-year gift on the voters in my district. But I won't lie to them that they can have a major tax cut and curb inflation, too. And to say we can do both is a deception.

Backers of this major tax cut adhere to the "supply side" economics. So do I. That's why I cannot understand why these advocates are trying to do everything they can to stimulate demand at a time when our problem is to stimulate increased supply. If we are to have a tax cut, and I think we should have an intelligent tax cut this year, it should be one that stimulates increased productivity — without inflaming inflation.

No matter what anyone says here today, the Latta Amendment will not produce a balanced federal budget. It talks big about slashing spending so voters can get a few dollars in their pocket from a tax cut. But when the crunch comes, and recession is firmly set in, spending will increase and the federal government once again will be in the business of running deficits.

The people of America don't want snake oil. They want results. They understand the straightforward economics of going without a tax cut, in return for a better tomorrow with inflation arrested so a dollar is worth a dollar.

The way we get to that tomorrow is through a real balanced federal budget — a balance that will stick. The options before us are not perfect. But on balance, the Latta Amendment runs the greater risk of returning to deficits than the committee version of the Budget Resolution, and that's why I oppose it.