

U.S. Senate Republican Policy Committee Legislative Notice: Supplement 35-3

Senator Hiram L. Fong Papers

Party Politics, National, Senate Republican Policy Committee, Box PP7, Folder 12

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LEGISLATIVE NOTICE

SUPPLEMENT 35-3

NOVEMBER 19, 1975

U.S. SENATE REPUBLICAN POLICY COMMITTEE

John Tower, Chairman

Calendar 442

S. CON. RES. 76: SECOND CONCURRENT RESOLUTION ON THE BUDGET -- FISCAL YEAR 1976 AND TRANSITION QUARTER

REPORTED: November 12, 1975, Budget Committee (Sen. Rept. 94-453)

PURPOSE: For FY '76:

1. Appropriate Budget outlays set at \$375,600,000,000 (B)
2. Total new budget authority set at \$406,200,000,000 (B)
3. Amount of deficit set at \$74,800,000,000 (B)
4. Federal revenues set at \$300,800,000,000 (B)
5. Recommends cut in revenues of \$6,400,000,000 (B)
6. Public debt level set at \$623,200,000,000 (B)
7. House Ways and Means and Senate Finance to submit legislation reducing revenues by \$6,400,000,000 (B)

For Transition Quarter:

1. Budget outlays set at \$100,100,000,000 (B)
2. Budget authority set at \$92.2 billion
3. Deficit set at \$15.3 billion
4. Appropriate level of Federal Revenue set at \$84.8 billion
5. Public debt level set at \$639.5 billion.

ADDITIONAL VIEWS: Senator Biden. Has reservations about fiscal program contained in resolution. No reservations about success of budget process to date. Main reservation concerns extension of 1975 tax cuts into 1976.

ADDITIONAL VIEWS: Senator Cranston. Despite the apparent inconsistency the Committee has raised by a substantial amount the already overgrown budget for the Department of Defense. This budget should be cut.

MINORITY VIEWS: Senators Buckley and McClure. Since passage of First Concurrent Resolution on the budget, recovery has been more vigorous than anticipated. Yet we find the Committee recommending a deficit of \$74.8 billion, even higher than the \$68.8 billion deficit in the 1st resolution. This larger deficit makes no sense in the light of present economic conditions even if one uses the basic assumptions of the past 30 years. It makes even less sense based on our understanding of economics, recovery came despite, not because of deficit in 1st resolution.

This Budget resolution will: Trade-off high levels of persistent, long-term unemployment for a short-lived decrease in unemployment; put pressure upon the Federal Reserve to increase the supply of money to accommodate the deficit, thus leading to a return to the high rates of inflation which have brought us to our present situation; eliminate the option for either short-term or long-term interest rates to fall for any significant period of time through 1976; expand the Government sector of the economy relative to the private sector while at the same time doing nothing to stimulate the economy toward greater sustainable levels of employment and rates of growth; and threaten the long-term productive potential of the American economy by reducing the amount of funds available for private investment.

SUPPLEMENTAL VIEWS: Senators Buckley and McClure. Defense reductions by the Committee makes funding inadequate to meet our primary adversaries. Real spending for RDT&E are at 50 percent of 1964 level, last year before Vietnam war. General purpose forces of Army, Navy, Air Force, Marine Corps reduced to half Vietnam strength, yet evidence shows Soviet Union has increased ground forces to five times 1960's levels doubled capacity of major surface vessels, increased tactical Air Force ability, and has developed a series of alliances which could provide bases for operations against the U.S. We believe there are areas within Defense where economies could be realized. However, Budget Committee cuts will necessitate cuts in vital elements of our defense program. This could place the U.S. in critical disadvantage in a future confrontation with Soviet Union such as the Cuban Missile crisis.

ADMINISTRATION POSITION: Strongly opposes.

AMENDMENT #1150: Kennedy. (1) Reduces budget deficit by \$200 million (m). (2) Increases appropriate level of Federal revenues from \$300.8 billion to \$301 billion. (3) Would change decrease in Federal revenues from \$6.4 billion to \$6.2 billion. (4) Reduces amount House Ways and Means and Senate Finance to lower taxes from \$6.4 billion to \$6.2 billion. (5) In transition period reduces amount of deficit from \$15.3 billion to \$15.2 billion. (6) Raises transition quarter appropriate revenues level from \$84.8 billion to \$84.9 billion.