

Chronological: Hotel Employees and Restaurants Employees International Union, Palm Springs, California

Senator Daniel K. Inouye Papers
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REMARKS OF SENATOR DANIEL K. INOUE
BEFORE THE ANNUAL MEETING OF THE EXECUTIVE BOARD,
HOTEL EMPLOYEES AND RESTAURANT EMPLOYEES
INTERNATIONAL UNION, AFL-CIO
PALM SPRINGS, CALIFORNIA
JANUARY 20, 1983

I WISH TO THANK ED HANLEY AND THE EXECUTIVE BOARD
FOR THE OPPORTUNITY TO VISIT WITH YOU ONCE AGAIN, AND SHARE
SOME OF MY THOUGHTS ON THE STATE OF THE UNION, AND WHAT LIES
AHEAD IN THE NEXT TWO YEARS FOR THE MILLIONS OF AMERICANS WHO
ARE WORKING; THE INCREASING MILLIONS WHO ARE NOT WORKING; AND
THE GROWING NUMBER OF MEN AND WOMEN WHO ARE SO DISCOURAGED
THEY HAVE SIMPLY GIVEN UP TRYING TO FIND WORK.

ALTHOUGH I AM AN OPTIMIST BY NATURE, I AM ALSO A REALIST. ON SIMILAR OCCASIONS IN THE PAST, I HAVE ALWAYS TRIED TO PRESENT WHAT I FELT WERE THE PLUSES AND MINUSES, AND SOME OF THE TIME THERE WERE QUITE A FEW MINUSES. I AM SAD TO SAY, HOWEVER, THAT NEVER HAS THE PICTURE BEEN SO BLEAK.

THE LATEST STATISTICS TELL US THAT 10.8% OF THE WORK FORCE IS UNEMPLOYED. AMONG BLACK CITIZENS THAT FIGURE IS MUCH HIGHER:

- 0 20.5% FOR BLACK MALES;
- 0 16.5% FOR BLACK FEMALES;
- 0 49.5% FOR BLACK TEENAGERS.

THESE, OF COURSE, ARE ONLY STATISTICS. IN HUMAN TERMS IT MEANS THAT 12 MILLION PEOPLE ARE OUT OF WORK. AND ADDED TO THAT 12 MILLION ARE 1.8 MILLION PEOPLE WHO ARE SO DISCOURAGED THEY HAVE GIVEN UP TRYING TO FIND WORK.

THE HUMAN MISERY AND DESPAIR THAT ACCOMPANIES UNEMPLOYMENT CANNOT, OF COURSE, BE QUANTIFIED. THERE ARE MANY, MANY EFFECTS -- LONG TERM, AND SHORT TERM; TANGIBLE AND INTANGIBLE. ALL OF THEM ARE BAD. AT A TIME WHEN WE, AS A COUNTRY, SHOULD BE MOST UNDERSTANDING AND HELPFUL, IT SEEMS TO ME WE HAVE BEEN JUST THE OPPOSITE.

OVER THE PAST TWO YEARS, FOR EXAMPLE:

O AID TO MOTHERS WITH DEPENDENT CHILDREN
HAS BEEN CUT BY 8% (\$635 MILLION);

O THE FOOD STAMP PROGRAM HAS BEEN CUT APPROXIMATELY \$7 BILLION. THAT AMOUNT WOULD HAVE BEEN OVER \$10 BILLION, IF CONGRESS HAD GONE ALONG WITH WHAT THE REAGAN ADMINISTRATION PROPOSED.

I AM NOT HERE TO POINT AN ACCUSING FINGER AT ANY ONE PERSON OR GROUP FOR THE SAD AND DISMAL STATE OF OUR ECONOMY. THERE IS ENOUGH BLAME TO GO AROUND: REPUBLICANS AND DEMOCRATS; THE PRIVATE SECTOR AND THE PUBLIC SECTOR; MANAGEMENT AND LABOR; WALL STREET AND THE "STREET ON THE OTHER SIDE OF THE RAILROAD TRACKS".

BUT WHAT HAVE 'THOSE IN CHARGE' PROPOSED TO DO ABOUT OUR NATIONAL DISTRESS? AND BY 'THOSE IN CHARGE' I MEAN THE PRESIDENT AND THOSE IN CONGRESS WHO HAVE MARCHED 'LOCK-STEP' TO HIS 'DRUM BEAT'.

I THINK IT IS ABOUT TIME TO POINT THE FINGER AT THE PRESIDENT, INSTEAD OF HIS SUBORDINATES.

IF THEY HAD NOT RECEIVED THE 'GREEN LIGHT' FROM THE PRESIDENT, DO YOU THINK THAT SECRETARY WATT WOULD PROPOSE TO SELL THE NATION'S PUBLIC LANDS, OR THAT THE SECRETARY OF HEALTH AND HUMAN SERVICES WOULD CUT AID TO OUR NATION'S POOR AND NEEDY?

PRESIDENT REAGAN, OF COURSE, CAME TO OFFICE TWO YEARS AGO WITH AN AGENDA TO MAKE LIFE BETTER FOR ALL AMERICANS. IN THE WORDS OF A GREAT AMERICAN, AND, I MIGHT ADD, A DEMOCRAT, WHO WAS A GOVERNOR OF NEW YORK, AL SMITH: "LET'S TAKE A LOOK AT THE RECORD".

FIRST THERE WAS THE PRESIDENT'S TAX CUT WHICH WAS TO AFFECT EVERYONE EQUALLY -- A 25% CUT ACROSS THE BOARD SPREAD OVER 3 YEARS. IN PRACTICE, HOWEVER, IT IS ANYTHING BUT EQUAL. OVER THE 3 YEAR PERIOD HERE IS WHAT THE TAX CUT MEANS TO VARIOUS INCOME GROUPS:

\$ 15,000	-	\$ 604
\$ 25,000	-	\$ 1,387
\$ 35,000	-	\$ 2,358
\$ 50,000		\$ 4,178
\$ 75,000		\$ 7,822
\$100,000		\$12,118

WHO NEEDS TAX RELIEF MORE, AND WHERE IS THE EQUITY?

PRESIDENT REAGAN'S RATIONALE FOR THIS KIND OF "EQUITY" WAS THAT THE RICH WOULD INVEST THEIR TAX SAVINGS IN STOCKS, BONDS, AND CAPITAL EQUIPMENT; AND THIS SURGE OF CAPITAL INVESTMENT WOULD RESULT IN INCREASED PRODUCTIVITY IN OUR ECONOMY.

HISTORY SADLY TELLS US THIS DID NOT HAPPEN. INSTEAD OF INCREASED PRODUCTIVITY, WE SAW AN INCREASE IN MERGERS AND TAKEOVERS, WHICH DID NOT CREATE ANY NEW JOBS. WE ALSO SAW A DRAMATIC INCREASE IN THE NUMBER OF BANKRUPTCIES, ESPECIALLY SMALL BUSINESSES WHICH ARE THE BACKBONE OF OUR ECONOMY.

THEN, IN 1982, AS PART OF ITS TAX EQUITY PROGRAM, THE ADMINISTRATION SINGLED OUT THE BROTHERS AND SISTERS WHO WORK IN THE FOOD AND BEVERAGE INDUSTRY FOR 'SPECIAL TAX TREATMENT'.

APPARENTLY YOU ARE NOT AS TRUSTWORTHY AS OTHER TAXPAYERS,
SO THE TREASURY DEPARTMENT PROPOSED ONEROUS REPORTING
REQUIREMENTS TO "ASSURE" THAT YOU COMPLIED WITH THE LAW
AND FULLY REPORTED TIP INCOME. THE SENATE REJECTED THIS
PROPOSAL. IN ITS PLACE, HOWEVER, THE REPUBLICAN LEADERSHIP
PASSED THE '1½ MARTINI LUNCH' WHICH WOULD HAVE BEEN ONLY
HALF AS DEVASTATING TO THE ECONOMY AS THE '3 MARTINI LUNCH'.
IN THE END WE WERE ABLE TO COMPROMISE BY DROPPING THE 1½
MARTINI LUNCH; BUT ACCEPTING TIP REPORTING REQUIREMENTS
WHICH ARE MORE STRINGENT THAN WHAT THE LAW WAS, BUT LESS
BURDENSOME THAN WHAT THE ADMINISTRATION PROPOSED.

THAT 'TAX EQUITY PROGRAM' ALSO RAISED THE TOBACCO
TAX FROM 8¢ A PACK TO 16¢ A PACK. WHO WAS HURT? THE POOR
AND THE LOWER MIDDLE CLASS.

WHEN THE PRESIDENT'S ADVISORS SUGGESTED THE TAX CUT WAS TOO DEEP, AND WOULD RESULT IN HORRENDOUS DEFICITS, PRESIDENT REAGAN CAME UP WITH HIS PLAN TO INCREASE REVENUES.

O THE 5¢ A GALLON GAS TAX. I NEED NOT TELL YOU WHO FEELS 'THE BITE'. AND ON TOP OF THAT, THE TRUCKING INDUSTRY IS HIT, AND WILL HAVE TO PASS ON ITS INCREASED COSTS TO -- GUESS WHO -- THE LITTLE PEOPLE!

IN THE PAST FEW WEEKS EVEN THOSE WHO HAVE 'MARCHED IN LOCK STEP' WITH THE PRESIDENT HAVE COME TO REALIZE THAT, IF THEY CONTINUE TO DO SO, IT WILL BE COMPLETE ECONOMIC DISASTER FOR THE COUNTRY. SO THEY HAD TO TELL PRESIDENT REAGAN THE BUDGET DEFICIT FORECAST FOR FISCAL 1984 WOULD MEAN ECONOMIC RUIN, AND CUTS IN DEFENSE WOULD HAVE TO BE MADE.

SOUND ADVICE: BUT WHAT DID HIS SUBORDINATES IN THE DEPARTMENT OF DEFENSE RECOMMEND? AN IMPRESSIVE \$8 BILLION CUT. IMPRESSIVE, THAT IS, UNTIL YOU ANALYZE IT. \$4 BILLION IS THE RESULT OF 'LOWER INFLATION ESTIMATES', PARTICULARLY IN THE COST OF FUEL.

OIL AND GASOLINE PRICES DID NOT DROP THIS MONTH. THEY DROPPED LAST MARCH, AND HAVE BEEN STABLE SINCE THEN. IF THE DEFENSE BUDGET GOT TO THE FINAL REVIEW IN THE PRESIDENT'S OFFICE WITHOUT ANY CHALLENGE TO THE FUEL FIGURES, YOU HAVE TO WONDER HOW RIGOROUS THE PREVIOUS EXAMINATIONS WERE.

HAD PRESSURE NOT BEEN BROUGHT ON THE DEPARTMENT OF DEFENSE, I BELIEVE IT IS REASONABLE TO ASSUME IT WOULD HAVE USED THAT \$4 BILLION WINDFALL FOR OTHER EXPENSES.

THE REMAINING \$4 BILLION IS SAVED BY FREEZING MILITARY PAY RAISES AND CERTAIN CONSTRUCTION.

SIGNIFICANTLY, I BELIEVE, NOT A SINGLE PENNY WAS CUT FROM THE PROCUREMENT BUDGET FOR BOMBS, BULLETS, TANKS, MISSILES, ETC.

DOESN'T THIS PAY FREEZE AGGRAVATE THE IMBALANCE BETWEEN MONEY FOR HARDWARE AND MONEY FOR PEOPLE CAPABLE OF USING IT? THE RAPIDLY RISING EXPENDITURES FOR WEAPONS ARE BEGINNING TO TAKE ON A LIFE OF THEIR OWN, SQUEEZING EVERYTHING ELSE IN THE BUDGET.

BUT CONTRARY TO MUCH THAT YOU HAVE HEARD FROM THE NAVY DEPARTMENT, THE NAVY'S TRULY CRITICAL NEED WHEN THIS ADMINISTRATION TOOK OFFICE WAS NOT MORE AND BIGGER SHIPS. IT WAS SAILORS. THE NAVY DID NOT HAVE -- AND STILL DOES NOT HAVE -- ENOUGH PEOPLE TO TAKE TO SEA THE SHIPS THAT IT ALREADY HAS IN COMMISSION.

THERE HAVE BEEN A NUMBER OF OTHER 'PROPOSALS' OR 'TRIAL BALLOONS' WHICH THE PRESIDENT OR MEMBERS OF HIS ADMINISTRATION HAVE PUT FORWARD TO IMPROVE THE ECONOMY AND REDUCE UNEMPLOYMENT:

- O A SUBMINIMUM WAGE FOR TEENAGERS OF \$1.67 AN HOUR, JUST LESS THAN ONE-HALF OF THE MINIMUM WAGE (\$3.35).

YOU CAN ALMOST SENSE THE CHANGE THAT WILL OCCUR IN SOME OF THE NON-UNION RESTAURANTS AND FAST FOOD OUTLETS -- TEENAGERS FOR WAITERS, COOKS, AND BUSBOYS. GUESS WHAT WILL HAPPEN TO THE UNEMPLOYMENT RATE AS IT RELATES TO THE HEADS OF HOUSEHOLDS.

- SALE OF OUR NATIONAL RESOURCES -- PUBLIC LANDS-- TO BALANCE THE FEDERAL BUDGET. IN OTHER WORDS, DISPOSAL OF ASSETS WHICH NOT ONLY BELONG TO ALL LIVING AMERICANS, BUT TO FUTURE GENERATIONS YET UNBORN.

- REMOVING THE TAX DEDUCTION FOR INTEREST WHICH CONSUMERS PAY ON THEIR CREDIT ACCOUNTS. THIS WOULD NOT ONLY DISCOURAGE CONSUMPTION AND THEREFORE PRODUCTIVITY, BUT THE BURDEN WOULD FALL ON THOSE WHO CAN LEAST BEAR IT.

O REMOVING THE TAX DEDUCTION FOR INTEREST
PAID ON HOME MORTGAGES. OBVIOUSLY,
THIS WOULD MEAN ADDITIONAL REVENUE FOR
THE GOVERNMENT, BUT ITS EFFECT ON THE
HOUSING INDUSTRY IS EQUALLY APPARENT.

SO THE LAST TWO YEARS HAVE SEEN INSTANCE AFTER
INSTANCE OF 'DOUBLE SPEAK' BY THE PRESIDENT AND HIS TEAM. SOME
OF IT CAN BE EXPLAINED BY THE NEED TO 'PATCH UP' POLICIES THAT
MANY OF US KNEW WOULD NOT WORK IN THE FIRST PLACE.

THE EXPLANATION FOR OTHER INSTANCES IS EVEN MORE
DISCONCERTING. THE REVELATIONS ABOUT THE ADMINISTRATION'S
BUDGET PROCESS WHICH THE DIRECTOR OF OMB MADE TO THE WASHINGTON
POST CAN ONLY LEAD TO ONE CONCLUSION -- A DELIBERATE EFFORT
TO MISLEAD THE CONGRESS AND THE AMERICAN PEOPLE.

THESE MISREPRESENTATIONS WERE NOT ABOUT MINOR MATTERS,
AND THINGS THAT DID NOT COUNT. THEY WERE THE BASIS FOR POLICIES
THAT, WE WERE TOLD, WOULD TAKE US OUT OF THE ECONOMIC DOLDRUMS,
AND LEAD TO RECOVERY AND PROSPERITY.

SOME HAVE SUGGESTED THAT WE DEMOCRATS ARE NEGATIVE.
THAT WE JUST CRITICIZE WITHOUT PROPOSING ALTERNATIVES. TO
THE CONTRARY, WE HAVE MADE PROPOSALS. WE DO NOT, HOWEVER,
HAVE WIDE AND INSTANT ACCESS TO THE MEDIA. NOR IS PRESIDENT
REAGAN DISPOSED TO LISTEN TO US.

FOR EXAMPLE, WE PROPOSED:

O THREE YEAR DELAY IN THE LAST YEAR INCOME
TAX CUT FOR THOSE IN THE OVER \$65,000
BRACKET, UNTIL THE ECONOMY IMPROVES.
ACCORDING TO ESTIMATES I HAVE SEEN,

THIS WOULD HAVE AMOUNTED TO ABOUT AN
ADDITIONAL \$23.8 BILLION IN REVENUES
OVER THREE YEARS.

I AM NOW PROPOSING:

O REDUCTION OF OUR WEAPONS PROCUREMENT BUDGET
BY 5%. AGAIN, ACCORDING TO ESTIMATES I HAVE
SEEN, THIS WOULD AMOUNT TO A REDUCTION IN
BUDGET AUTHORITY FOR FISCAL YEAR 1984, OF
\$101.9 BILLION. THIS \$101.9 BILLION SAVINGS
WOULD, OF COURSE, BE SPREAD OUT OVER THREE YEARS.

WHAT IS THE DIFFERENCE BETWEEN HAVING 100
MISSILES AS OPPOSED TO 95; OR 20 DESTROYERS AS
OPPOSED TO 19?

O THREE YEAR DELAY IN THE LAST YEAR INCOME TAX CUT
FOR THOSE IN THE \$50,000 AND OVER BRACKET. ESTIMATES
ARE THAT THIS DELAY WOULD AMOUNT TO AN ADDITIONAL \$7-8
BILLION ANNUALLY IN FEDERAL REVENUES, OR ABOUT \$24
BILLION OVER A 3 YEAR PERIOD.

THESE ACTIONS ALONE WOULD DRAMATICALLY IMPROVE THE OUTLOOK FOR THE FEDERAL BUDGET. IT WOULD REDUCE THE GOVERNMENT'S NEED TO GO INTO THE MARKETPLACE TO BORROW MONEY. THAT REDUCTION, IN TURN, WOULD LOWER INTEREST RATES. LOWER INTEREST RATES, IN TURN, MAKE IT POSSIBLE FOR MORE PEOPLE TO BUILD HOMES. THAT, IN TURN, AIDS THE CONSTRUCTION INDUSTRY, WHICH TRANSLATES INTO MORE CONSUMPTION. AND THE BOTTOM LINE IS INCREASED PRODUCTIVITY.

OUR RECOMMENDATIONS ARE SIMPLE, AND EASILY UNDERSTOOD BY THE AVERAGE AMERICAN. THEY DO NOT INVOLVE ESOTERIC ECONOMIC CURVES, OR UNTESTED THEORIES WHICH CAN ONLY BE SUPPORTED BY ECONOMIC FORECASTS WHICH EVEN THEIR AUTHORS KNOW ARE DISTORTED AND UNREALISTIC.

MOST IMPORTANTLY, OUR RECOMMENDATIONS WILL WORK BECAUSE THEY ARE SOUND. THEY ARE BASED ON THE SIMPLE MATHEMATICAL TRUTH THAT $2 + 2 = 4$, AND THE OBVIOUS FACTS OF ECONOMIC LIFE, THAT IF YOU SPEND MORE THAN YOU TAKE IN YOU WILL HAVE A DEFICIT, AND IF YOU SPEND CONSIDERABLY MORE, YOU WILL HAVE A HUGE DEFICIT.

SO FAR THIS MORNING I HAVE BEEN A REALIST. I WOULD LIKE TO CONCLUDE MY REMARKS AS AN OPTIMIST. THERE IS A SILVER LINING TO THE DARK CLOUD THAT HOVERS OVER OUR GREAT COUNTRY.

IN TWO YEARS WE WILL HAVE A NEW PRESIDENT. HE WILL BE A DEMOCRAT, AND HE WILL BE A PEOPLE'S PRESIDENT.

SO EVEN THOUGH THE NEXT 2 YEARS WILL BE LONG AND
TORTUOUS, THERE IS A LIGHT AT THE END OF THE TUNNEL. IT
IS OUR JOB TO BEGIN THE JOURNEY TOWARDS THE END OF THAT
TUNNEL NOW.

REMARKS OF SENATOR DANIEL K. INOUE

I WISH TO THANK YOU FOR YOUR INVITATION TO SHARE
SOME OF MY THOUGHTS ON THE STATE OF THE UNION, AND WHAT
LIES AHEAD IN THE NEXT TWO YEARS FOR THE MILLIONS OF
AMERICANS WHO ARE WORKING; THE INCREASING MILLIONS WHO ARE
NOT WORKING; AND THE GROWING NUMBER OF MEN AND WOMEN WHO ARE
SO DISCOURAGED THEY HAVE SIMPLY GIVEN UP TRYING TO FIND WORK.

ALTHOUGH I AM AN OPTIMIST BY NATURE, I AM ALSO A REALIST. ON SIMILAR OCCASIONS IN THE PAST, I HAVE ALWAYS TRIED TO PRESENT WHAT I FELT WERE THE PLUSES AND MINUSES, AND SOME OF THE TIME THERE WERE QUITE A FEW MINUSES. I AM SAD TO SAY, HOWEVER, THAT NEVER HAS THE PICTURE BEEN SO BLEAK.

THE LATEST STATISTICS TELL US THAT 10.8% OF THE WORK FORCE IS UNEMPLOYED. AMONG BLACK CITIZENS THAT FIGURE IS MUCH HIGHER:

- 0 20.5% FOR BLACK MALES;
- 0 16.5% FOR BLACK FEMALES;
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THESE, OF COURSE, ARE ONLY STATISTICS. IN HUMAN TERMS IT MEANS THAT 12 MILLION PEOPLE ARE OUT OF WORK. AND ADDED TO THAT 12 MILLION ARE 1.8 MILLION PEOPLE WHO ARE SO DISCOURAGED THEY HAVE GIVEN UP TRYING TO FIND WORK.

THE HUMAN MISERY AND DESPAIR THAT ACCOMPANIES UNEMPLOYMENT CANNOT, OF COURSE, BE QUANTIFIED. THERE ARE MANY, MANY EFFECTS -- LONG TERM, AND SHORT TERM; TANGIBLE AND INTANGIBLE. ALL OF THEM ARE BAD. AT A TIME WHEN WE, AS A COUNTRY, SHOULD BE MOST UNDERSTANDING AND HELPFUL, IT SEEMS TO ME WE HAVE BEEN JUST THE OPPOSITE.

OVER THE PAST TWO YEARS, FOR EXAMPLE:

O AID TO MOTHERS WITH DEPENDENT CHILDREN
HAS BEEN CUT BY 8% (\$635 MILLION);

O THE FOOD STAMP PROGRAM HAS BEEN CUT APPROXIMATELY \$7 BILLION. THAT AMOUNT WOULD HAVE BEEN OVER \$10 BILLION, IF CONGRESS HAD GONE ALONG WITH WHAT THE REAGAN ADMINISTRATION PROPOSED.

I AM NOT HERE TO POINT AN ACCUSING FINGER AT ANY ONE PERSON OR GROUP FOR THE SAD AND DISMAL STATE OF OUR ECONOMY. THERE IS ENOUGH BLAME TO GO AROUND: REPUBLICANS AND DEMOCRATS; THE PRIVATE SECTOR AND THE PUBLIC SECTOR; MANAGEMENT AND LABOR; WALL STREET AND THE "STREET ON THE OTHER SIDE OF THE RAILROAD TRACKS".

BUT WHAT HAVE 'THOSE IN CHARGE' PROPOSED TO DO ABOUT OUR NATIONAL DISTRESS? AND BY 'THOSE IN CHARGE' I MEAN THE PRESIDENT AND THOSE IN CONGRESS WHO HAVE MARCHED 'LOCK-STEP' TO HIS 'DRUM BEAT'.

I THINK IT IS ABOUT TIME TO POINT THE FINGER AT THE PRESIDENT, INSTEAD OF HIS SUBORDINATES.

IF THEY HAD NOT RECEIVED THE 'GREEN LIGHT' FROM THE PRESIDENT, DO YOU THINK THAT SECRETARY WATT WOULD PROPOSE TO SELL THE NATION'S PUBLIC LANDS, OR THAT THE SECRETARY OF HEALTH AND HUMAN SERVICES WOULD CUT AID TO OUR NATION'S POOR AND NEEDY?

PRESIDENT REAGAN, OF COURSE, CAME TO OFFICE TWO YEARS AGO WITH AN AGENDA TO MAKE LIFE BETTER FOR ALL AMERICANS. I DO NOT IN ANY WAY QUESTION HIS SINCERITY OR INTEGRITY IN THE PRESENTATION OF HIS AGENDA. HOWEVER -- IS LIFE BETTER TODAY IN AMERICA -- THAN IT WAS TWO YEARS AGO

FIRST THERE WAS THE PRESIDENT'S TAX CUT WHICH WAS TO AFFECT EVERYONE EQUALLY -- A 25% CUT ACROSS THE BOARD SPREAD OVER 3 YEARS. IN PRACTICE, HOWEVER, IT IS ANYTHING BUT EQUAL. OVER THE 3 YEAR PERIOD HERE IS WHAT THE TAX CUT MEANS TO AN AVERAGE FAMILY OF FOUR, WITH ONE MEMBER WORKING:

\$ 15,000	-	\$ 281
\$ 20,000	-	\$ 464
\$ 30,000	-	\$ 914
\$ 40,000	-	\$ 1,438
\$ 50,000	-	\$ 2,158
\$ 60,000	-	\$ 2,928
\$100,000	-	\$ 5,822

WHO NEEDS TAX RELIEF MORE, AND WHERE IS THE EQUITY?

PRESIDENT REAGAN'S RATIONALE FOR THIS KIND OF "EQUITY" WAS THAT THE RICH WOULD INVEST THEIR TAX SAVINGS IN STOCKS, BONDS, AND CAPITAL EQUIPMENT; AND THIS SURGE OF CAPITAL INVESTMENT WOULD RESULT IN INCREASED PRODUCTIVITY IN OUR ECONOMY.

HISTORY SADLY TELLS US THIS DID NOT HAPPEN. INSTEAD OF INCREASED PRODUCTIVITY, WE SAW AN INCREASE IN MERGERS AND TAKEOVERS, WHICH DID NOT CREATE ANY NEW JOBS. WE ALSO SAW A DRAMATIC INCREASE IN THE NUMBER OF BANKRUPTCIES, ESPECIALLY SMALL BUSINESSES WHICH ARE THE BACKBONE OF OUR ECONOMY.

THEN, IN 1982, AS PART OF ITS TAX EQUITY PROGRAM, THE ADMINISTRATION SINGLED OUT WAITERS AND WAITRESSES FOR 'SPECIAL TAX TREATMENT'. APPARENTLY THEY ARE NOT AS

TRUSTWORTHY AS OTHER TAXPAYERS, SO THE TREASURY DEPARTMENT
PROPOSED ONEROUS REPORTING REQUIREMENTS TO "ASSURE" THAT
THEY COMPLIED WITH THE LAW AND FULLY REPORTED TIP INCOME.
THE SENATE REJECTED THIS PROPOSAL. IN ITS PLACE, HOWEVER,
WE WERE FORCED TO COMPROMISE BY ACCEPTING TIP REPORTING
REQUIREMENTS WHICH ARE MORE STRINGENT THAN WHAT THE LAW
WAS, BUT LESS BURDENSOME THAN WHAT THE ADMINISTRATION
PROPOSED.

THAT 'TAX EQUITY PROGRAM' ALSO RAISED THE
TOBACCO TAX FROM 8¢ A PACK TO 16¢ A PACK. WHO WAS HURT?
THE POOR AND THE LOWER MIDDLE CLASS.

WHEN THE PRESIDENT'S ADVISORS SUGGESTED THE TAX CUT WAS TOO DEEP, AND WOULD RESULT IN HORRENDOUS DEFICITS, PRESIDENT REAGAN CAME UP WITH HIS PLAN TO INCREASE REVENUES.

O THE 5¢ A GALLON GAS TAX. I NEED NOT TELL YOU WHO FEELS 'THE BITE'. AND ON TOP OF THAT, THE TRUCKING INDUSTRY IS HIT, AND WILL HAVE TO PASS ON ITS INCREASED COSTS TO -- GUESS WHO -- THE LITTLE PEOPLE!

IN THE PAST FEW WEEKS EVEN THOSE WHO HAVE 'MARCHED IN LOCK STEP' WITH THE PRESIDENT HAVE COME TO REALIZE THAT, IF THEY CONTINUE TO DO SO, IT WILL BE COMPLETE ECONOMIC DISASTER FOR THE COUNTRY. SO THEY HAD TO TELL PRESIDENT REAGAN THE BUDGET DEFICIT FORECAST FOR FISCAL 1984 WOULD MEAN ECONOMIC RUIN, AND CUTS IN DEFENSE WOULD HAVE TO BE MADE.

SOUND ADVICE! BUT WHAT DID HIS SUBORDINATES IN THE DEPARTMENT OF DEFENSE RECOMMEND? AN UNIMPRESSIVE \$8 BILLION CUT. \$4 BILLION IS THE RESULT OF 'LOWER INFLATION ESTIMATES', PARTICULARLY IN THE COST OF FUEL, AND \$4 BILLION BY FREEZING MILITARY PAY RAISES AND POSTPONING CERTAIN CONSTRUCTION PROJECTS SUCH AS THE REPAIR AND RESTORATION OF TRIPLER ARMY HOSPITAL.

OIL AND GASOLINE PRICES DID NOT DROP THIS MONTH. THEY DROPPED LAST MARCH, AND HAVE BEEN STABLE SINCE THEN. IF THE DEFENSE BUDGET GOT TO THE FINAL REVIEW IN THE PRESIDENT'S OFFICE WITHOUT ANY CHALLENGE TO THE FUEL FIGURES, YOU HAVE TO WONDER HOW RIGOROUS THE PREVIOUS EXAMINATIONS WERE.

HAD PRESSURE NOT BEEN BROUGHT ON THE DEPARTMENT OF DEFENSE, I BELIEVE IT IS REASONABLE TO ASSUME IT WOULD HAVE USED THAT \$4 BILLION WINDFALL FOR OTHER EXPENSES.

SIGNIFICANTLY, I BELIEVE, NOT A SINGLE PENNY WAS CUT FROM THE PROCUREMENT BUDGET FOR BOMBS, BULLETS, TANKS, MISSILES, ETC.

DOESN'T THIS PROPOSED PAY FREEZE AGGRAVATE THE IMBALANCE BETWEEN MONEY FOR HARDWARE AND MONEY FOR PEOPLE CAPABLE OF USING IT? THE RAPIDLY RISING EXPENDITURES FOR WEAPONS ARE BEGINNING TO TAKE ON A LIFE OF THEIR OWN, SQUEEZING EVERYTHING ELSE IN THE BUDGET.

BUT CONTRARY TO MUCH THAT YOU HAVE HEARD FROM THE NAVY DEPARTMENT, THE NAVY'S TRULY CRITICAL NEED WHEN THIS ADMINISTRATION TOOK OFFICE WAS NOT MORE AND BIGGER SHIPS. IT WAS SAILORS. THE NAVY DID NOT HAVE -- AND STILL DOES NOT HAVE -- ENOUGH PEOPLE TO TAKE TO SEA THE SHIPS THAT IT ALREADY HAS IN COMMISSION.

THERE HAVE BEEN A NUMBER OF OTHER 'PROPOSALS' OR 'TRIAL BALLOONS' WHICH THE PRESIDENT OR MEMBERS OF HIS ADMINISTRATION HAVE PUT FORWARD TO IMPROVE THE ECONOMY AND REDUCE UNEMPLOYMENT:

- O A SUBMINIMUM WAGE FOR TEENAGERS OF \$1.67 AN HOUR, JUST LESS THAN ONE-HALF OF THE MINIMUM WAGE (\$3.35).

YOU CAN ALMOST SENSE THE CHANGE THAT WILL OCCUR IN SOME OF THE NON-UNION RESTAURANTS AND FAST FOOD OUTLETS -- TEENAGERS FOR WAITERS, COOKS, AND BUSBOYS. GUESS WHAT WILL HAPPEN TO THE UNEMPLOYMENT RATE AS IT RELATES TO THE HEADS OF HOUSEHOLDS.

- O SALE OF OUR NATIONAL RESOURCES -- PUBLIC LANDS -- SUCH AS FT. DERUSSY -- TO BALANCE THE FEDERAL BUDGET. IN OTHER WORDS, DISPOSAL OF ASSETS WHICH NOT ONLY BELONG TO ALL LIVING AMERICANS, BUT TO FUTURE GENERATIONS YET UNBORN.
- O REMOVING THE TAX DEDUCTION FOR INTEREST WHICH CONSUMERS PAY ON THEIR CREDIT ACCOUNTS. THIS WOULD NOT ONLY DISCOURAGE CONSUMPTION AND THEREFORE PRODUCTIVITY, BUT THE BURDEN WOULD FALL ON THOSE WHO CAN LEAST BEAR IT.

O REMOVING THE TAX DEDUCTION FOR INTEREST PAID ON HOME MORTGAGES. OBVIOUSLY, THIS WOULD MEAN ADDITIONAL REVENUE FOR THE GOVERNMENT, BUT ITS EFFECT ON THE HOUSING INDUSTRY IS EQUALLY APPARENT.

SO THE LAST TWO YEARS HAVE SEEN INSTANCE AFTER INSTANCE OF 'DOUBLE SPEAK' BY THE PRESIDENT AND HIS TEAM. SOME OF IT CAN BE EXPLAINED BY THE NEED TO 'PATCH UP' POLICIES THAT MANY OF US KNEW WOULD NOT WORK IN THE FIRST PLACE.

SOME HAVE SUGGESTED THAT WE DEMOCRATS HAVE BEEN TOO NEGATIVE. THAT WE JUST CRITICIZE WITHOUT PROPOSING ALTERNATIVES. TO THE CONTRARY, WE HAVE MADE PROPOSALS. WE DO NOT, HOWEVER,

HAVE WIDE AND INSTANT ACCESS TO THE MEDIA. NOR IS PRESIDENT REAGAN DISPOSED TO LISTEN TO US.

FOR EXAMPLE, LAST YEAR WE PROPOSED:

O THREE YEAR DELAY IN THE THIRD YEAR'S TAX CUT FOR THOSE IN THE OVER \$50,000 BRACKET, UNTIL THE ECONOMY IMPROVES. ACCORDING TO ESTIMATES AT THAT TIME, THIS WOULD HAVE AMOUNTED TO ABOUT AN ADDITIONAL \$28 BILLION IN REVENUES OVER THREE CALENDAR YEARS.

I BELIEVE THAT PROPOSAL IS STILL SOUND, AND I WOULD ADD TWO MORE.

O CUT IN OUR WEAPONS PROCUREMENT BUDGET BY 10% IN FISCAL YEARS 1984, AND 1985. AGAIN,

ACCORDING TO ESTIMATES I HAVE SEEN, THIS WOULD AMOUNT TO A REDUCTION IN BUDGET AUTHORITY FOR FISCAL YEAR 1984, OF ABOUT \$10.9 BILLION, AND \$12.5 BILLION IN THE FOLLOWING FISCAL YEAR.

WHAT IS THE DIFFERENCE BETWEEN HAVING 100 MISSILES AS OPPOSED TO 90; OR 20 DESTROYERS AS OPPOSED TO 18?

O CUT OF 10% FOR R&D IN THE DEFENSE BUDGET FOR THE SAME TWO FISCAL YEARS. BASED ON BUDGET ESTIMATES I HAVE SEEN, THIS WOULD AMOUNT TO A REDUCTION IN BUDGET AUTHORITY OF \$2.7 BILLION FOR FISCAL YEAR 1984, AND \$3.1 BILLION FOR FISCAL YEAR 1985.

THESE TWO ACTIONS ALONE WOULD DRAMATICALLY IMPROVE THE OUTLOOK FOR THE FEDERAL BUDGET. IT WOULD REDUCE THE GOVERNMENT'S NEED TO GO INTO THE MARKETPLACE TO BORROW MONEY. THAT REDUCTION, IN TURN, WOULD LOWER INTEREST RATES. LOWER INTEREST RATES, IN TURN, MAKE IT POSSIBLE FOR MORE PEOPLE TO BUILD HOMES. THAT, IN TURN, AIDS THE CONSTRUCTION INDUSTRY, WHICH TRANSLATES INTO MORE CONSUMPTION. AND THE BOTTOM LINE IS INCREASED PRODUCTIVITY.

THESE RECOMMENDATIONS ARE SIMPLE, AND EASILY UNDERSTOOD BY THE AVERAGE AMERICAN. THEY DO NOT INVOLVE ESOTERIC ECONOMIC CURVES, OR UNTESTED THEORIES WHICH CAN ONLY BE SUPPORTED BY ECONOMIC FORECASTS WHICH EVEN THEIR AUTHORS KNOW ARE DISTORTED AND UNREALISTIC.

IMPORTANTLY, THESE RECOMMENDATIONS WILL WORK
BECAUSE THEY ARE SOUND. THEY ARE BASED ON THE SIMPLE
MATHEMATICAL TRUTH THAT $2 + 2 = 4$, AND THE OBVIOUS FACTS
OF ECONOMIC LIFE, THAT IF YOU SPEND MORE THAN YOU TAKE IN
YOU WILL HAVE A DEFICIT, AND IF YOU SPEND CONSIDERABLY
MORE, YOU WILL HAVE A HUGE DEFICIT.

MOST IMPORTANTLY, THESE RECOMMENDATIONS WILL
SERVE TO CONVINCING THE POOR AND LOWER MIDDLE INCOME TAXPAYER
THAT THE GOVERNMENT IS TRYING ITS BEST TO BE FAIR AND
EQUITABLE -- THAT EVERYONE IS CALLED UPON TO MAKE AN
EQUITABLE SACRIFICE. THE SUCCESS OF OUR REPUBLICAN FORM
OF GOVERNMENT REQUIRES THE SUPPORT OF THE MASSES.

IF THE MASSES BECOME CONVINCED THAT OUR LAWS ARE INEQUITABLE
AND UNFAIR -- OUR GOVERNMENT MAY LOSE THEIR IMPORTANT
SUPPORT.

THIS DECADE IS A CRUCIAL ONE. OUR FUTURE AS AN
IMPORTANT NATION MAY WELL BE DETERMINED BY WHAT OUR
GOVERNMENT DOES TO IMPROVE OUR ECONOMY.

THIS DECADE WILL BE A PAINFUL ONE. WE MUST BE
PREPARED FOR FURTHER CUTS. EVERY PROGRAM AND ACCOUNT MUST
BE SCRUTINIZED.

THIS DECADE WILL REQUIRE MUCH POLITICAL COURAGE.
OUR LEADERSHIP -- AT HOME AND ABROAD -- WILL BE TESTED LIKE
IT HAS NEVER BEEN BEEN TESTED BEFORE.