

SPEECH BY: ROBERT MORGAN
ATTORNEY GENERAL

To: FAYETTEVILLE KIWANIS CLUB

JULY 26, 1974

I WOULD LIKE TO THANK YOU FOR INVITING ME TO VISIT WITH YOU TODAY.

VISITING WITH FAYETTEVILLE AND CUMBERLAND COUNTY FOLKS IS ALWAYS AN ENJOYABLE EXPERIENCE AND THE FACT THAT I KNOW MANY OF YOU PERSONALLY MAKES ME FEEL VERY MUCH AT HOME.

AS MOST OF YOU KNOW, I SPENT THIS PAST SPRING TRAVELLING ABOUT THE STATE, TALKING AND LISTENING TO PEOPLE AND TRYING TO FIND OUT WHAT THEY ARE THINKING.

I THOUGHT PERHAPS YOU MIGHT BE INTERESTED IN WHAT I FOUND OUT AND WHAT I FEEL CAN BE DONE IN WASHINGTON TO HELP CURE SOME OF THE AILMENTS THAT ARE BOTHERING US.

I EXPECT THAT IT ISN'T STARTLING TO YOU THAT THE THING THAT IS BOTHERING OUR PEOPLE MOST IS INFLATION.

THE WOMAN SHOPPING FOR GROCERIES TO FEED HER FAMILY IS CONFUSED AND ANGRY AS SHE SEES HER FOOD BUDGET BUYING LESS

AND LESS EACH WEEK.

THE MOTORIST WHO PULLS INTO THE FILLING STATION IS ANGRY WHEN HE FINDS HIMSELF PAYING 60 CENTS A GALLON FOR GASOLINE.

THE OLDER PEOPLE LIVING ON PENSIONS OR SOCIAL SECURITY OR SOME OTHER TYPE OF FIXED INCOME BEGINS TO PANIC WHEN HIS CHECK WON'T MEET HIS BASIC NEEDS.

ALL OF US ARE AFFECTED BY THIS AND ALL OF US ARE RIGHTLY CONCERNED.

AND WE GROW MORE CONCERNED WHEN IT BECOMES APPARENT THAT THE LEADERSHIP IN WASHINGTON SEEMS UNABLE TO DO ANYTHING ABOUT IT.

THE INABILITY IS NOT LOST ON THE AMERICAN PEOPLE. THE LATEST HARRIS POLL, RELEASED EARLIER THIS WEEK, SAID THAT 83 PERCENT NOW HAVE NO CONFIDENCE IN THIS ADMINISTRATION'S ABILITY TO HANDLE THE ECONOMIC PROBLEMS THAT FACE US.

LET ME CITE JUST TWO INSTANCES, NOT BECAUSE THEY ARE OVERWHELMINGLY IMPORTANT BUT BECAUSE THEY ARE SYMPTOMATIC, I THINK, OF HOW THE FEDERAL GOVERNMENT IS GOING ABOUT HANDLING THE PROBLEM OF YOUR MONEY.

LAST YEAR, THE SECRETARY OF AGRICULTURE SENT A BULLETIN TO TURKEY GROWERS TELLING THEM TO CUT PRODUCTION IN ORDER TO KEEP THE PRICE UP.

AS A RESULT, TURKEYS LAST THANKSGIVING AND CHRISTMAS WERE ABOUT TWICE AS EXPENSIVE AS THEY WERE THE PREVIOUS YEAR.

IS THAT HELPING THE CONSUMER WHO IS TRYING TO FEED HIS FAMILY?

ALSO, LAST YEAR THE UNITED STATES, THROUGH THE COMMODITY CREDIT CORPORATION, EXTENDED SOME \$250 MILLION DOLLARS IN CREDITS TO IRAN FOR THE PURCHASE OF GRAIN.

IRAN, AS YOU KNOW, IS SELLING US OIL AT A PRICE THAT IS RIPPING OFF EVERYBODY WHO DRIVES A CAR OR HEATS HIS HOME WITH OIL.

IN THE LAST FEW MONTHS, IRAN AGREED TO ADVANCE ONE BILLION DOLLARS TO FRANCE AS THE START OF A FIVE BILLION DOLLAR ARMS DEAL; BOUGHT A MAJOR INTEREST IN THE KRUPP STEEL EMPIRE IN GERMANY AND AGREED TO LEND GREAT BRITAIN OVER A BILLION DOLLARS.

WHY IN THE WORLD IS THIS COUNTRY SUBSIDIZING ANY SORT OF DEAL WITH THE SHAH OF IRAN? WHY SHOULD WE FRITTER AWAY OUR CREDITS ON DEALS SUCH AS THIS WHEN WE ARE PILING UP HUGH DEFICITS IN OUR OWN BUDGET EACH YEAR?

THERE ARE MANY OTHER EXAMPLES OF THE ECONOMIC THINKING THAT IS PREVALENT IN WASHINGTON, BUT THOSE TWO GIVE US AN IDEA.

I BELIEVE THAT MOST PEOPLE AGREE THAT, WHILE THERE ARE MANY CONTRIBUTING CAUSES TO OUR ECONOMIC PROBLEMS, THE CHIEF CAUSE IS POLITICAL AND STEMS FROM THE NATION, YEAR AFTER YEAR, SPENDING MORE MONEY THAN IT TAKES IN.

BOTH THE CONGRESS AND THE EXECUTIVE BRANCH MUST SHARE THE RESPONSIBILITY FOR THIS PROBLEM THAT HAS NOW REACHED CRISIS PROPORTIONS.

UNDER THE CONSTITUTION, THE RESPONSIBILITY IS PLACED ON THE CONGRESS VERY CLEARLY.

ARTICLE I, SECTION 8 SAYS THAT "THE CONGRESS SHALL HAVE POWER TO LEVY AND COLLECT TAXES."

AND SECTION 9 OF THE SAME ARTICLES SAYS, "NO MONEY SHALL BE DRAWN FROM THE TREASURY BUT IN CONSEQUENCE OF APPROPRIATIONS MADE BY LAW."

THAT'S CLEAR ENOUGH.

CONGRESS WAS GIVEN THE POWER TO DETERMINE HOW MUCH THE PEOPLE SHOULD BE TAXED AND TO SAY FOR WHAT PURPOSES THE PEOPLE'S MONEY SHOULD BE SPENT.

BUT THROUGH THE YEARS, THE CONGRESS HAS ALLOWED THIS POWER TO SHIFT AWAY FROM IT AND BE DRAWN MORE AND MORE INTO THE EXECUTIVE BRANCH.

IN 1921, CONGRESS PASSED THE BUDGET AND ACCOUNTING ACT, WHICH ESTABLISHED THE BUREAU OF THE BUDGET (NOW CALLED THE OFFICE OF BUDGET AND MANAGEMENT OR "OBM") AND GAVE THE PRESIDENT POWER TO COORDINATE AND SUBMIT A SINGLE BUDGET. IT WAS A MAJOR REFORM AND IS THE BASIS FOR THE EXECUTIVE BUDGET IN USE TODAY.

THE AIM OF THE 1921 ACT WAS TO IMPROVE CONGRESS'S ABILITY TO COORDINATE AND MANAGE SPENDING.

BUT IT WAS NEVER INTENDED TO GIVE THE WHITE HOUSE THE AUTHORITY IT NOW HAS IN BUDGET AND FISCAL MATTERS.

AN ATTEMPT WAS MADE IN 1946 TO ENABLE CONGRESS TO DEAL MORE EFFECTIVELY WITH FEDERAL SPENDING. THE LEGISLATIVE REORGANIZATION ACT OF 1946 PROVIDED FOR THE ANNUAL ADOPTION OF A LEGISLATIVE BUDGET--BUT IT DIDN'T WORK AND WAS LATER REPEALED.

IN SHORT, NOT SINCE 1921 HAS THERE BEEN ANY BASIC CHANGE IN THE MANNER IN WHICH CONGRESS TREATED ITS RESPONSIBILITY TO SPEND THE PEOPLE'S MONEY. WE ARE USING TODAY THE SAME SYSTEM THAT WE DID THEN WHEN THE TOTAL BUDGET WAS FIVE BILLION.

THE TOTAL FIGURE NOW IS \$305 BILLION FOR FISCAL 1975 AND AT THE RATE THE BUDGET IS GROWING, IT WILL BE \$400 BILLION BY 1980.

TO SUPPORT THIS SPENDING, WE HAVE HAD DEFICITS DURING 16 OF THE LAST 20 YEARS.

THE NEW BUDGET WILL LIFT THE NATIONAL DEBT TO MORE THAN ONE-HALF TRILLION DOLLARS AND THE INTEREST COSTS EACH YEAR WILL BE \$30 BILLION DOLLARS. OUR FUTURE HAS BEEN MORTGAGED BY OUR PAST SPENDING.

THE CUMULATIVE DEFICITS HAVE DONE MORE TO FEED
INFLATION THAN ANY OTHER SINGLE FACTOR.

AND INFLATION IS TAKING ITS TOLL BECAUSE PEOPLE
CANNOT EXIST IN THE PRESENT OR PLAN FOR THE FUTURE AS
THEY HAVE BEEN ABLE TO DO IN THE PAST.

I READ THE OTHER DAY WHERE IT MAY BE AFFECTING PEOPLE
PSYCHOLOGICALLY.

AND PEOPLE ARE ASKING, "WHO IS DOING THIS TO ME AND
WHY?"

THEY FEEL THEIR GOVERNMENT IS RESPONSIBLE--AND THEY
HAVE CAUSE.

IN WASHINGTON, NO ONE WANTS TO ACCEPT THE RESPONSIBILITY.

THE PRESIDENT BLAMES CONGRESS, CALLING IT FISCALLY
IRRESPONSIBLE.

THE CONGRESS BLAMES THE ADMINISTRATION WHOSE PHASE ONES
AND PHASE TWOS HAVEN'T POINTED THE NATION IN ANY DIRECTION
THAT WOULD SEEM TO HELP.

BUT CONGRESS MAY HAVE MOVED AT LONG LAST TO A BETTER POSITION.

IT HAS NOW PASSED A BUDGET REFORM ACT AND THIS COULD WELL MEAN THAT CONGRESS IS NOW ABOUT TO LIVE UP TO ITS CONSTITUTIONAL OBLIGATION OF SPENDING THE PEOPLE'S MONEY.

HERE IS HOW IT WILL WORK.

FOR THE FIRST TIME, CONGRESS WILL HAVE ITS OWN BUDGET OFFICE.

FOR THE FIRST TIME, THE HOUSE AND SENATE WILL FIX THEIR OWN SPENDING LEVELS.

FOR THE FIRST TIME, CONGRESS WILL HAVE A COMPREHENSIVE PICTURE OF REVENUES COMING IN AND EXPENDITURES GOING OUT.

EARLY IN MY CAMPAIGN FOR THE SENATE, I URGED PASSAGE OF THIS ESSENTIAL REFORM.

NEEDLESS TO SAY, IT DEPENDS ON THE DETERMINATION OF THE MEMBERS OF BOTH HOUSES TO MAKE IT WORK.

BUT IF CONGRESS WILL DISCIPLINE ITSELF, AND SEE TO IT THAT EXPENDITURES CONFORM TO REVENUES, THEN THESE YEARLY DEFICITS CAN BE ELIMINATED.

I BELIEVE THAT THE FEDERAL GOVERNMENT HAS GROWN TOO BIG, TOO POWERFUL.

I THINK THERE SHOULD BE A CEILING ON THE HIRING OF FEDERAL PERSONNEL--THE GROWTH OF BUREAURACY SHOULD BE CHECKED.

GOVERNMENT MUST BE MADE MORE RESPONSIBLE.

CONGRESS CAN ACCOMPLISH THIS IF IT WILL BRING FEDERAL SPENDING INTO LINE.