FROM: Phyllis Schlafly

68 FAIRMOUNT, ALTON, ILLINOIS 62002 / (618) 462-5415

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THE REAGAN-DOMENICI BUDGET

A recent gathering of high-ranking Washington conservatives was presented with the figures on the Reagan-Domenici budget without identifying the authors or supporters of that budget. When asked to vote on who had proposed the budget, one-fourth of them mistakenly thought it was the budget proposed by House Speaker Tip O'Neill. Another quarter guessed the Communist Party.

The Reagan-Domenici budget embodied in the Senate's First Concurrent Budget Resolution would raise taxes over three years by a total of $359,000,000,000, and it would raise federal government spending by $260,500,000,000 over three years. In other words, Ronald Reagan is endorsing a three-year tax increase of $359 billion.

You may have read about a $95 billion tax increase being supported by the President. But that $95 billion is only the increase in the increase already scheduled to take effect.

With the $95 billion added, federal taxes for the next three years, when compared with the current year, would look like this: $623 billion in 1982, $667 billion in 1983, $739 billion in 1984, and $822 billion in 1985.

You can see that taxes in 1983 will be $44 billion above the 1982 level; taxes in 1984 will be $116 billion above what you are paying now; and taxes in 1985 will be $199 billion more than the government's current tax income. The total increase for these three years alone is a $359 billion tax increase.

Talking about a "$95 billion tax increase" is simply a way of hiding from the American people the real magnitude of the additional tax burden.

It took the federal government 183 years -- from 1789 to 1972 -- to raise its total annual tax burden above $199 billion. In three years, the Reagan budget would increase the yearly tax burden by that amount -- $199 billion.

You may have also heard something about "painful" cuts in federal spending. Under the Reagan-Domenici plan, spending for the next three years, when compared with spending in 1982, would look like this: $740.7 billion in 1982, $779.1 billion in 1983, $825

billion in 1984, and $878.5 billion in 1985.

Most people would look at these figures and say that federal spending increased by $38.4 billion in 1983. They would also say that the 1984 figure represented an $84.3 billion increase over the 1982 level, and that the 1985 figure was $137.8 billion above the current level of spending.

Adding these three numbers together, this means that the Reagan-Domenici budget calls for an additional $260,500,000,000 in federal spending over the next three years. Only in the "newspeak" of the liberal press could an additional $260.5 billion in spending be considered a "spending reduction."

The components of this $260.5 billion spending increase are just as interesting as the totals. You may have read about a $40 billion Social Security cut. Spending figures for the "income security" category of the budget during this year and the next three years are as follows: $251.5 billion in 1982, $272.5 billion in 1983, $288.2 billion in 1984, and $309.7 billion in 1985.

Notice that spending for "income security" in 1985 will be $58.2 billion above spending in 1982 under the President's plan. Notice also that the total by which spending in 1983, 1984, and 1985 will exceed current levels is $115.9 billion.

Much has been printed in the media about poor people being forced to eat dog food as a result of Reagan budget cuts. The amount by which "income security" spending would <u>increase</u> over three years would pay for nearly 374,000,000,000 cans of Ken-L-Ration, beef or chicken variety. Using the highest estimates of poverty in the United States, this would amount to a total of 14,952 cans for every poor man, woman, and child in the country -- or nearly 14 cans per day.

The simple fact is that the United States economy cannot continue to sustain tax and spending increases of the magnitude of those contained in the Reagan-Domenici proposal. Assuming the simplest case -- no GNP growth, no inflation -- a $199 billion per year tax increase every three years would lead to federal revenues that, in the year 2018, would exceed the Gross National Product.

Even assuming a slightly rosier economic outlook, such tremendous tax increases will guarantee that a greater and greater chunk of our national resources will go into the hands of the federal government.