

Ford budget will hit poor, won't attack joblessness

By Bill Neikirk
Chicago Tribune

WASHINGTON — All President Ford's new budget needs, one critic remarked caustically the other day, is a heart.

Ford's budget for fiscal 1977, his second in the White House, will be sent to Congress Wednesday morning, and is already being nipped at from all sides.

The basic outlines for the budget are known. It will total

just under \$395 billion, with a reported deficit of \$40 to \$45 billion.

That's an increase of \$25 billion over fiscal 1976, and makes Ford the biggest spending president in history, for all his rhetoric about holding down spending. But that's not where the criticism will come.

The budget, according to the advance reports, asks society's

—Turn to Page 21, Col. 1

—From Page 1

most economically deprived to lead the fight against inflation.

As insiders tell it, the budget will not attack one of the major problems facing the nation — unemployment.

Instead, it reflects the feelings of economic advisers Alan Greenspan and William F. Simon that federal spending must be kept under such tight control that inflation will be wrung out of the economy as it recovers from the recession.

Furthermore, Ford and his

advisers are extremely suspicious of the theory that heavy federal spending can, in times of a slack economy, push the nation's business output to bigger and better things, producing a lower unemployment rate. They believe that such dogma only produces a higher rate of inflation.

They trot out this arithmetic: Without Ford's budget-cutting, they say, the budget would grow to \$423 billion in fiscal 1977, an increase of \$53 billion over fiscal 1976.

So here Ford has his plat-

form: a tight federal budget, a pledge to balance it in three years, a series of cuts that literally span the federal bureaucracy, an effort to cut the size of the federal government.

He has a catchword to go with it: "You will have a chance to spend your own money. What it means is this: "Middle-class America, I'm cutting back on some of those social programs you're paying for and rebating the money to you."

Here's how it will work:

ks a heart

Ford will renew his call for a \$10 billion cut in federal income taxes, most of which would go to the middle-class. He would get that money by a variety of means — but most of it would come from programs now helping the poor, the elderly and the sick.

The President is reported ready to renew his call for a flat ceiling on payments to Social Security beneficiaries. Instead of an eight per cent increase in benefits, they would get perhaps five per cent.

He also has cooked up new

ways to restrain the growth in Medicare and Medicaid payments. Medicare beneficiaries, sources report, would have to pay more of the cost of federal insurance. Medicaid may be folded into a health-revenue sharing program and even may be the subject of a new spending limitation.

An official for the National Governor's Conference said any effort by Ford to pass the buck — literally — to the states for financing social programs can mean only one thing: Higher state taxes. In several areas, sources report, Ford has stolen a part of Ronald Reagan's plan of transferring some of the responsibility for financing federal programs to the

☆☆☆ Section A Page 21

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states.

One of the most critical aspects of Ford's budget will be defense spending. Sources indicate that the President will let defense spending rise significantly.

Ford's budget will be widely viewed as unrealistic when it's released — primarily because most politicians believe that \$395 billion is much too low to sustain the economic recovery and because Democrats aren't about to buy all the cuts.