

Democrat Says Budget Will Lead to a Tax Rise

1-25-72
NYT

WASHINGTON, Jan. 24 (UPI)—The chairman of the House Appropriations Committee Representative George H. Mahon, Democrat of Texas, accused President Nixon today of trying to "sugar coat" his new budget to hide record deficit spending, and warned that a tax increase was inevitable.

The House Speaker, Representative Carl Albert of Oklahoma, said he found it "most unfortunate" that Mr. Nixon, faced with what Mr. Albert called a "sick economy," had recommended spending cuts in some areas of public health, housing, education, antipollution and economic development.

Republicans, on the other hand, defended the President's proposed plan to continue spending at levels exceeding income as—in Mr. Nixon's words—"strong but necessary medicine" to balance the economy.

\$44.7-Billion Debt

Delivering the Democrats' strongest attack, Mr. Mahon told the House that Mr. Nixon had exhausted every device left to hide the fact that the Government would run \$44.7-billion deeper in debt this year.

The Texas Democrat said this meant that, to avoid "fiscal collapse," taxes must be raised to pay for the cost of Government. "We've got to do something before we go over the cliff," he told House members.

Mr. Mahon's \$44.7-billion figure, compared with the President's estimate of \$38.8-billion for the current fiscal year, resulted from Mr. Mahon's using an accounting method that includes in the deficit money the Government borrows from Federal trust funds, such as Social Security. Mr. Nixon estimated the deficit for the fiscal year 1973 at \$25.5-billion, but Mr. Mahon's bookkeeping system raised that figure to \$36.2-billion.

Noting Mr. Nixon's remark about "strong but necessary medicine," Mr. Mahon said he considered that "holding the line and exercising self-restraint is strong medicine." He added, "The question now arises, what will be the next device to sugar coat the very real and very dangerous fiscal situation we face?"

Mr. Albert took another view. "I really feel that the President is on the wrong track," he said in a statement predicting that this year, as it did last year, Congress would try to increase

the President's recommendations in spending for domestic programs.

Senator Edward M. Kennedy, Democrat of Massachusetts, said Congress would debate the budget request, "especially the promiscuous increase of billions for defense, when what we really need is billions for schools and homes and health if we are ever to meet our true priorities for the spending of Federal dollars."

Senator Jacob K. Javits, Republican of New York, called for "the most searching inquiry" into the \$6.3-billion increase in defense spending requested by Mr. Nixon.

The chairman of the Joint Economical Committee, Senator William Proxmire, Democrat of Wisconsin, said Mr. Nixon's proposed increase in the military budget "is indefensible at a time when the incremental cost of the Vietnam war has dropped by \$20-billion."

Senator Edmund S. Muskie of Maine, who is regarded as the front-running candidate for Democratic Presidential nomination, said the proposed budget showed a "disastrous management of the nation's economy." He said the President had "turned around so often that he resembles a pin wheel more than a President with a sense of direction."

Praise From Ford

The House minority leader, Representative Gerald R. Ford of Michigan, called the budget proposal "a balanced, positive and constructive program to heal the economic wounds of war and deal with this nation's pressing domestic programs."

Mr. Ford conceded that it was a deficit budget, but one that was "aimed at restoring our economy to full employment and maximizing the output of our industrial resources."

Anticipating Democratic criticism, Mr. Ford added: "We can expect to hear the usual cries of derision from the President's opponents. Yet, it is they who brought this nation to the brink of economic collapse. The American people know who is ending the runaway inflation of the Johnson Administration and replacing the phony prosperity of war with the permanent prosperity of peace."

Representative Guy Vander Jagt, Republican of Michigan, said it was difficult to accept a deficit budget, but that it was "necessary to keep unemployment from rising."