

NEWS RELEASE

**CLARK
PRESIDENT**

2300 Wisconsin Ave., N.W.
Washington, D. C. 20007
(202) 333-8263

Chairman
RAY CUNNINGHAM

Treasurer
JULE R. HERBERT, JR.

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CONTACT: Fred Esser (602) 254-5119

Statement of Ed Clark at the Phoenix Press Club

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President Carter's \$616 billion budget for 1981 -- an increase in spending of \$52 billion -- is an insult to the American people and a prescription for economic disaster. The solutions to America's problems of inflation, unemployment, national security, and energy demand immediate cuts in taxes and government spending. The President's budget gives us precisely the opposite - more taxes, more stifling bureaucracies, and another senseless layer of failed government programs. The annual grand theft of the American people's hard earned income and its devastating effects on our society will reach a new level of irresponsibility if this budget is approved.

The most audacious aspect of Carter's budget -- which he terms "prudent and responsible" -- is the \$40 billion tax increase which will result because of the absence of any tax cut. This massive tax increase is a shift in real wealth from individuals and businesses to government and it will happen the way the politicians like it to happen -- with no votes in Congress on new taxes. Inflation -- caused by Government -- pushes taxpayers into higher brackets even though their real income has not increased. In fact, with double-digit inflation, we now have a situation in which

individuals with declining real income are being forced to pay a higher percentage of that income. This is ludicrous and it must stop.

President Carter has taken a calculated gamble that the international situation has made Americans forget about the tax revolt. But he is wrong. During the course of this campaign I intend to present a detailed program calling for the largest tax and spending decrease in American history. That is what the people of this nation want and that is what I and the Libertarian party want to give them.

President Carter's proposed budget will add another \$16 billion to the total national debt of an incredible \$939 billion. This huge deficit and government's attempts to write it off by inflating the currency will yield yet another round of accelerating inflation. We will not solve inflation by intervening in the economy and directing businesses as to what prices they may charge or what wages workers may earn. We can end inflation by balancing the budget and stopping the Federal Reserve's printing presses. That is why I am supporting the National Taxpayers Union's fight for a Constitutional amendment to balance the budget.

Let me outline just a few examples of how this budget could be brought under control.

The elimination of the proposed \$8.7 billion for the Department of Energy would lower taxes and help revitalize our domestic energy industry. America needs a free market in energy. Instead, the Carter Administration proposes a windfall profits tax that will take over where stifling price controls and the perverse entitlement system left off. This new tax will continue to make it more difficult for domestic exploration and drilling operations to compete with foreign crude, and will help fund a corporate welfare package for synfuels and an Energy Security Corporation.

Government policies have made shambles of our industry and economy. The idea that a few individuals can coercively control and manage our economy has had its test and has predictably, and rightfully, failed. We do not need \$5.1 billion in taxes for research. We need a free market and less taxes on business that would give them both the incentive and the ability to invest in their own R&D. We do not need a \$13 billion Department of Education. We need tax credits for anyone who sends a child to a private, voluntary school. This will give the poor and middle class a choice for the better education of their children. The American people do not need any more regulation or taxes. We need a free and unfettered system shorn of government monopoly and privilege.

Today, there are 7 million Americans unemployed. Among young Blacks the unemployment rate is over 40% and growing. President Carter's \$2 billion youth employment program is a callous and token replication of past failures in employment policy. It is throwing tax dollars at a problem that is in large part created and intensified by the federal government's own minimum wage law. Whatever the original intentions, this law has institutionalized unemployment in America. Unemployment is the fallout of an over-regulated, over-taxed, cartelized economy. If we are to give our young people a real chance at jobs and dignity we must free up the system. This means drastic cuts in taxes and spending and the elimination of job-destroying programs and regulations.

Finally, President Carter has proposed an incredible 12% increase in the military budget over 1980 -- from \$130 billion to \$146 billion. This bloated budget is totally out of touch with any of our legitimate defense needs. The President who campaigned in 1976 on a platform of cutting military spending has now proposed the largest peace time increase in the military

budget ever -- \$90 billion in the next four years alone. Politics motivated candidate Carter in 1976 and it is politics that motivates him now. The President is hoping to rally the support of the American people by beating the war drum and leading us into an escalating arms race with the Soviet Union.

Rather than pumping more and more dollars into an already gargantuan military budget, the President should live up to his 1976 campaign promise of cutting the military budget without impairing our defense posture. Our many wealthy allies throughout the world could easily sustain the costs of their own defense. Insisting that they do so would allow the United States to significantly reduce our military budget with no accompanying decline in American defense capabilities. New missile programs like the MX, budgeted for FY 1981 at over \$1.5 billion and overall at \$34 billion -- not counting the inevitable cost overruns -- should be scrapped. The tremendous overkill capabilities of our missile force is an established fact.

Indeed, we have reached the point of negative marginal returns in military spending. As we allocate more to our military budget our overall national security declines. More spending on tactical offensive forces invites open armed confrontation with the Soviet Union in the Third World, while expensive strategic weapon systems like the MX only court nuclear annihilation.

Is it any wonder, then, that American voters have lost their faith in the promises of the Republicans and Democrats?

The American people demand tax cuts: the government responds with tax increases. The American people demand jobs: the government responds

with policies which can only constrict our economy. The American people demand peace: the government responds with foreign intervention and an escalation of the arms race.

The American people are looking for a real alternative to the old politics of inflation, taxation, and war. My campaign, as the Libertarian candidate for President, will be that alternative.

Boiled down to its essentials, the Libertarian alternative in 1980 is simply this; a return to the basic principles of individual freedom and individual responsibility on which the United States was founded, and a recognition that government, for all its promises and power is the cause of our problems, not the solution.