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Congress of the United States
House of Representatives
Washington, D. C.

COMMITTEE:
PUBLIC WORKS

CONSOLIDATION OF FORMER
COMMITTEES ON
RIVERS AND HARBORS
FLOOD CONTROL
ROADS
PUBLIC BUILDINGS AND GROUNDS
WATER POWER AND DAMS

June 17, 1959

NOTE TO EDITORS:

The House Public Works Committee has approved a bill with a "do pass" recommendation that would reimburse the states for any toll roads or freeways built on the 41,000 mile interstate highway system.

The bill will cost the nation's taxpayers $4 billion 300 million.

Most of this money will go to the big states. New York, for example, where there are many costly miles of toll roads will get almost $800 million. Many other states very little.

The bill provides that even after the Federal government pays for the toll roads the states may keep these roads and continue to collect tolls on them for the enrichment of their state treasuries. Thus, the taxpayers in fact will be paying twice for them, once with taxes and again with tolls.

The bill was reported favorably by almost a straight party vote, the democrats for the bill and the republicans against it.

I called it a budget-busting bill. The enclosed speech gives you more of the details which you are at liberty to use in any way you see fit.

RUSSELL V. MACK, M. C.

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United States of America PROCEEDINGS AND DEBATES OF THE 86th CONGRESS, FIRST SESSION

Congress Should Stop Its Reckless Spending

SPEECH
OF
HON. RUSSELL V. MACK
OF WASHINGTON
IN THE HOUSE OF REPRESENTATIVES

Thursday, June 4, 1959

Mr. MACK of Washington. Mr. Chairman, the press a few days ago reported that our distinguished Speaker, the gentleman from Texas [Mr. RAYBURN], had been disturbed by charges made over the Nation that this is a spending, budget-busting Congress. The Speaker said these charges are not true. The Speaker was quoted as saying that the record shows that the Committee on Appropriations of the House of Representatives has reduced every appropriation bill it has reported to the House of Representatives.

The Committee on Appropriations has reduced all of the appropriation bills which it has so far considered as stated by the Speaker, but the other legislative committees of the House of Representatives, which, like the Committee on Appropriations, are Democratic dominated and controlled, have in the mill bills that authorize the expenditure of many billions of additional dollars on new programs. Whereas the Democratic controlled Appropriations Committee is reducing some spending by a few millions in an effort to balance the budget other Democratic controlled committees are bringing out bills that will cost hundreds of millions to billions of additional dollars to bust the budget. The Committee on Banking and Currency recently reported and secured the passage of a public housing bill that exceeded the Budget Bureau's and the President's recommendation by $800 million. This one bill probably will increase Federal spending by more millions than the Appropriations Committee will be able to trim from all of the appropriation bills it considers this year. The Committee on Banking and Currency also, I understand, is considering a bill like one it brought forth last year known as the Community Facilities bill. Under the Community Facilities bill the Federal Government would borrow $1 billion at 4½ percent interest and add that billion to the Nation's debt and then loan this billion to the municipalities at 3 percent or less than 3 percent interest with the taxpayers losing every year 1 percent interest on every dollar of the billion loaned. If a banker or savings and loan official were to pay 4 percent interest on deposits and then turn around and loan money to anyone and everyone who wanted it for 3 percent, his depositors would have him examined by physicians as to his sanity. When Congress proposes to do the same thing some call it statesmanship.

The Committee on Public Works has proposed a bill authorizing the expenditure of an additional $300 million next year on the interstate highways of the Nation.

In 1952 and prior years the Federal Government never gave the States more than $550 million in any one year. This year Congress is providing the States $3.1 billion for the construction of highways, 6 times as much Federal money as the States received in 1952. Now we are told that even this huge increase is not enough. The Works Committee has approved a bill for $300 million additional.

Only yesterday the biggest budget-busting bill that has so far been submitted to the House of Representatives came out of the Committee on Public Works. It provides that the U.S. Government shall pay $4,295,600,000 to the States to reimburse them for money they have spent in building toll roads and building freeways. Under this bill eight States that have about 15 percent to 20 percent of the Nation's highway mileage will receive 65 percent of all of this, more than $4 billion. New York State alone, under this toll road reimbursement bill will receive $799,100,000 from the Treasury of the United States to buy its toll roads and its freeways. After the taxpayers of this country have put up, under this bill, $799 million to buy the New York toll roads and freeways, New York State will continue to own the toll roads and collect tolls on them, presumably to fill the coffers of that State's treasury. The people will pay taxes to buy these New York State toll roads and then, having bought and paid New York State for these roads, still will have to pay tolls to ride on these roads. If that isn't an absurdity, what is?

The money to buy the toll roads and free roads provided by this $4-billion-plus bill is not to be equally distributed among the States.

New York State, under the House Public Works Committee approved bill will receive $799 million of Federal money in the bill.

Montana will get $2,600,000 from this road-buying bill; Iowa, $3,900,000; Missouri, $4,700,000; South Carolina, $3,200,000; and Nebraska, which probably has about as many miles of interstate roads as New York, will receive only $700,000.

I would not think the citizens of 14 of our States which will receive $5 million or less each will be very delighted to vote New York a whopping $799 million to buy New York's roads while getting little or nothing for their States.

Connecticut, which is not as large as my State of Washington congressional district, will receive $278 million of this Federal road-buying money carried in this huge $4 billion budget-buster bill. This bill already has been reported out of the House Public Works Committee. I hope it dies in the Rules Committee and is not passed by Congress to add another huge tax burden on the people of the Nation or be added to the national debt to fan the fires of more inflation.

The financial pages of our daily newspapers today are crowded with alarming news about the financial condition of our Nation and its money if one reflects upon what the financial news means.

Government bond prices are the lowest in a quarter of a century. The investor who paid $100 for a Government bond a few years ago cannot sell that $100 bond on the open market today for more than $83 to $98, depending on its date of maturity. Of every $100 an investor put into a bond a few years ago he has lost $2 to $17.

Stocks of great well-established businesses with famous names—Standard Oil, General Motors, Sears, Roebuck—are selling at prices that return from dividends only 3 to 4 percent to the investor. U.S. Government bonds are traditionally considered the soundest and safest investment in the world. Why, then, do big and little investors buy common stocks when they can obtain what appears to be a larger return on Government bonds? The answer is they are afraid of Government bonds—fear they will go down, and instead of buying bonds they take the greater risk of buying common stocks which, if inflation comes, may be much safer than bonds.

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Inflation is sapping the economic strength of the Nation and undermining the soundness of the American dollar. It is causing prices to go up, up, and up.

Some Congressmen blame the labor leaders who seek wage increases for their members. Other Members of Congress blame big business because it raises prices. Some say the moneychangers who are charging high interest rates are to blame. But we might as well face the fact honestly and fairly and admit that the people who are primarily and mostly responsible for inflation and rising prices and for Government bonds going down and interest rates up are the 436 Members of the House of Representatives and the 98 Members of the Senate. It is the extravagant spending of Congress that has put this Nation in the red. That is not only my own opinion. It is the opinion of a very distinguished and long-time Member of the House of Representatives who knows as much about the finances of this country as anyone else. He is not a Republican but a Democrat. He is the chairman of the House Committee on Appropriations, the gentleman from Missouri [Mr. CANNON]. Here is what Mr. CANNON said to you Members of the House of Representatives only a few months ago.

> When you (meaning the Members of the Congress) go home at the close of this session and your people complain about the high cost of living, do not pass the buck. Tell them, the people, the facts. Tell them that the national debt is higher because you (the Members of Congress) voted to make it higher. Tell them the dollar has gone down and the cost of groceries has gone up because you (the Congress) voted to depreciate the dollar and voted to raise prices.

Inflation is no Robin Hood who robs the rich and gives to the poor.

Inflation robs the poor—the widow living on insurance income, the veteran pensioner, the families on social security, those with savings in banks, insurance companies and savings and loan associations. Inflation makes their money worth less and less. Inflation keeps prices and the cost of living going up, up and up and the value of money and savings going down, down and down.

The only way to halt inflation and stop the dollar from further deflation is by eliminating needless spending and keeping the budget in balance.

I am convinced that on this subject of the dangers of inflation the thinking of the people at the grassroots is sounder than that of Congress.

I am taking a poll of public opinion among constituents of my district. The vast majority of whose people work in lumber mills, plywood plants, door factories, furniture plants, pulp and paper mills, aluminum plants and in logging camps. One of the questions I have asked my constituents is: "Do you think it essential that the national budget be balanced?" Five out of every six persons answering my questionnaire, and most of these are laboring men or laboring men's wives, reply that a balanced budget is essential.

I asked them also if the budget were balanced if they would prefer (1) a tax cut or (2) that the surplus be applied to reducing the national debt. Those who replied to the questionnnaire voted more than two to one in favor of reducing the national debt. Many Congressmen seem inclined to believe the people want a free spending Congress even if the free spending unbalances the budget. I do not think the people do.

Mr. Chairman, we need to do more work on the problem of stream pollution. There are many things that the Congress should do in many fields of effort, but the thing this country needs most at the present time, in my opinion, is a balanced budget and the assurance Congress will keep it balanced. Extravagant spending must be curtailed and spending that can be postponed must be delayed until the budget is balanced.

A balanced budget will do more than anything else to keep the Government bonds bought by American savers worth 100 cents on the dollar and from selling as they are today at 83 to 98 cents on the dollar. This will halt inflation that is causing prices to go up and up and the buying power of American money to go down and down.

Until that budget is balanced I hope the President will use the big stick of the veto pen to veto every increased or unnecessary expenditure that the Nation can get along without. It is the only way to save the 48 cent dollar we now have in this country from becoming a 25 cent or a 10 cent dollar.

Something like that happened in our own time to the money of Germany, France, and Italy. We should employ sound fiscal policies to see that it doesn't happen in the United States.

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