

# Radio Address to the Nation on Taxes and on the Budget Deficit

**March 3, 1984**

My fellow Americans:

If you had to choose between shrinking the size of government or shrinking the size of your paycheck, which would it be? Chances are you think you're paying enough taxes already. And I agree with you.

The trouble is, your opinions don't always count for much in Washington, DC. It seems to be taken for granted here that the Federal Government has an automatic right to grow at your expense. Listening to people talk, you'd almost think government owns your earnings. So, please be a little skeptical when you hear the moaning from Washington's born-again deficit fighters. The truth is, these are the same people who brought us big and bloated government in the first place, and they haven't changed a bit.

The Democrats use foggy language like "recovering revenue" or "stopping the revenue drain," but you don't need a Ph.D. in bureaucracy to know what they're offering: a choice between a tax increase, a tax increase, or a tax increase.

In the downpayment deficit reduction talks at the White House, suggestions were made on behalf of liberal House Democrats -- suggestions for making you pay more taxes. They added up to \$100 billion or more. Some examples: Liberal Democrats want very badly to eliminate indexing; that's the historic reform that will tie your tax brackets to the rate of inflation. Starting next year, you will no longer be pushed into a higher tax bracket just because you're receiving a cost-of-living raise. Keep in mind that indexing doesn't help the wealthy; they're already in the highest tax brackets. Indexing helps those who need help, but it deprives government of the automatic increase in its allowance, so the spenders want to get rid of it. I don't intend to let them.

Another suggestion of theirs is a 3-year postponement in additional estate tax reductions. This would be a cruel blow to surviving spouses of family-owned farms and businesses. Hasn't the farm community suffered enough with the last administration's grain embargo? And the liberals would raise personal tax rates on millions of families and small businesses. These tax increases are neither wise nor compassionate. And they wouldn't reduce the deficit, they'd just reduce the recovery. And none of us should want that.

Yes, deficits are a problem. I've been saying so for more than a quarter of a century now. But the problem is not the size of the deficit, it's the size of government's claim on our economy. Whether government borrows or increases taxes, it will be taking the same amount of money from the private economy. So, if we raise taxes before cutting spending, the money will just be spent, the deficit won't be reduced, and government will grow bigger.

Now, that's what the House Democrats tried to do last year. Their budget resolution would have raised your taxes, then squandered that money on new programs. Well, we have a better way to cut deficits -- cut the growth of government by cutting out the waste. This will reduce government's claim on the people's earnings, leaving more money for you to borrow, spend, invest, and to help our economy grow.

Don't let anyone tell you it can't be done. We've already cut spending by more than \$300 billion on a 5-year basis. Contrary to what you've heard, we haven't done this by hurting the needy. Total spending on social programs has increased by \$71 billion during these last 3 years.

To cite two examples frequently misrepresented, social security and Medicare benefits to America's senior citizens are higher than ever before, even after adjusting for inflation. We've been cutting the growth of government by eliminating waste. My Inspectors General have identified nearly \$31 billion in agency fraud, waste, and abuse; and we're going after it.

For example, we've almost stopped the growth of delinquencies on amounts owed the Federal Government. And we boosted collections by \$12\1/2\ billion last year. As part of its new "get tough" policy, the Department of Education is cracking down on people who defaulted on their student loans, and they're recovering \$390,000 a day. And believe me, there's plenty more waste to cut.

Those \$300 billion in budget savings I mentioned are barely half of what we asked for from the Congress. And the Grace commission made some 2,500 recommendations for reducing billions of dollars in wasteful government spending and subsidies.

I'll be speaking out on this topic in future radio talks, but one thing is clear: Raising taxes is a cop-out; cutting waste in government is the right way to go. And this is what we're doing and what we'll continue to do. With your support, we can shrink government and stop the spendthrifts from shrinking your paychecks.

Till next week, thanks for listening, and God bless you.

*Note: The President spoke at 12:06 p.m. from the Oval Office at the White House.*