



CONGRESSMAN'S REPORT

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Preparing for Peace--III

The Tough Problem of Priorities

There is a very old and very basic law of survival, and of success. *First things come first.* It applies to your family budget and your Federal budget. In a world where we can't have everything we want and must make choices, we have to decide what is vital, what is important, and what is merely desirable. The over-worked word for all this is "priorities."

But your priorities may not be the same as mine. Your scale of values may label something vital, while I think it is a luxury, or maybe even harmful. Our nation reviews and settles such arguments every year when we fix our Federal budget. There have been serious requests for more than \$250 billion in Federal spending, but if we are to contain inflation and avoid even more taxes, we're going to have to limit our spending this year to about \$190 billion. (This figure covers *all* Federal spending, including the Social Security trust fund, highway trust fund and other items not formerly part of the Federal budget.) When we allocate these funds among all the claims on the budget, we decide, as a people, what is important to our future -- and what is less so.

For many years now, and in increasing percentages and dollar amounts, our Federal budget has declared that the No. 1 priority of the United States of America -- taking more than half of all the taxes you pay -- is the thing we call defense or national security. Defense claims \$80 billion this year. For the last four years each Federal budget has said that what happens in Vietnam, one small country in Asia, is so essential to our future that we must allocate it some \$25-30 billion, or about 1/6 of all the money at our disposal.

Before he left for Texas in January, former President Johnson sent the Congress, as required by law, his budget for the 1969-70 fiscal year. After a long and careful review President Nixon made a few adjustments and changes, but the broad scale of priorities, domestic and military, in his new budget turns out to be about the same as LBJ's.

I believe that the Johnson-Nixon budget short-changes our serious domestic needs here at home -- and once again gives far too much to military demands and foreign adventures.

President Nixon recognizes, I think, that we have let our priorities get out of whack; there are clear signs that he is moving to phase-out the Vietnam War. He will have to swallow some of his old speeches to do it on a basis far short of the military victory we sought so long. Doing so will amount to an admission on our part that we made a mistake in becoming so thoroughly involved there. This is terribly distasteful, especially in view of the American lives that have been lost there, but I think we're big enough and smart enough to put this behind us. And I will support the President if he does what has to be done. There is, after all, a precedent in modern history: in 1959 Charles de Gaulle did the same thing for France when, mired in Algeria, it was a nation nearly torn apart by dissension.

HOW MUCH SECURITY IS ENOUGH?

In this series I'm exploring the possibilities that lie ahead if and when we have ended our enormously costly involvement in Vietnam. No one can know when that will come. Hopefully it will be in the next year. When it does come, it's vital, in my judgment, that we avoid heavy new military expenditures and that we re-direct these resources to our desperate domestic needs.

But let's not assume that such a shift is going to be easy. The Army, Navy and Air Force are standing in the wings with heavy new spending programs waiting to be funded. And if you take a really gloomy view of the future, a pretty good case can be made for nearly all of them. They're talking about more attack submarines, new long-range bombers, new helicopters, tanks and missiles. And, of course, they're talking about the anti-ballistic missile, discussed in my [last report](#).

In the name of "national security" and what former Secretary of State Dean Rusk called "organizing the peace" (!) we have spread soldiers, sailors and marines all over this world. *Not counting Vietnam*, we now have 900,000 Americans in uniform overseas in 119 countries. We have defense agreements with 48 nations. We maintain some 400 major military installations abroad, in addition to 476 at home. And all of this is costing money. Certainly, some of these expensive commitments and installations are justified and necessary; I suspect many are not.

In 1940 our total military manpower here *and* abroad was 428,000. Today we have 3,400,000 Americans in uniform, backed up by nearly 1,000,000 paid reservists and 600,000 National Guardsmen.

Just how much is enough?

A LINE OF DIMINISHING RETURNS?

In a world where *total security* cannot be bought at any price, defense spending sooner or later reaches a point of "diminishing returns." In other words, each additional billion in the defense budget buys less additional security than the last billion. Where is that point? I don't know, but I suspect we've already passed it.

A nation's defense effort is always a relative thing; it has no particular meaning except as it relates to the effort of a supposed enemy. Recently I asked the Library of Congress to give me some figures on total defense spending of all the major nations of the world, including those we might class as "the enemy." Because we can't be too certain about Communist defense spending figures, and because total economic production is almost as important as defense production in assessing military strength, I also asked for estimates of Gross National Product. Here is what I learned about "the enemy":

Country	Gross National Product (1966)	Defense Spending (1967-68)
Soviet Union	\$357 billion	\$32 billion
China	74 billion	7 billion
Communist bloc countries of Eastern Europe	115 billion	5 billion
Total "Enemy"	\$546 billion	\$44 billion

Now, let's see what the comparable figures are for the United States and its allies in the North Atlantic Treaty Organization, ignoring for the moment our other treaty organizations and other friendly, capitalist countries around the world:

Country	Gross National Product (1966)	Defense Spending (1967-68)
United States	\$743 billion	\$73 billion
NATO Countries	481 billion	21 billion
Total "Our Side"	\$1,224 billion	\$94 billion

You will note that the United States alone has more than double the Gross National Product of the Soviet Union, and with our allies we have more than double the GNP of the Soviet Union and its allies (assuming China can be considered an "ally" these days). Also, remember that our GNP has continued to climb rapidly; at the end of 1968 it was \$861 billion, and it's expected to reach \$920 billion this year. Our defense spending is up, too; *excluding Vietnam*, it's going up \$4 billion this year.

Look at China on this scale. Its total GNP -- for food, housing, hospitals, transportation, defense production, nuclear weapons, the whole works -- is no more than our defense budget. And this has to take care of the needs of an estimated 750 million people, more than three times our population. Those who see China's great population as a source of great strength ought to ponder those figures. In a technological world or in a modern war sheer numbers of people may be a liability rather than an asset.

Seeing this comparison of production and military spending, one might ask: Just how much more security do we buy with the next \$10 billion or \$20 billion added to our defense budget? Many thought that the "mere" \$50 billion we were spending on defense just before Vietnam was too much. When Vietnam ends, wouldn't we be just about as secure with a \$60 billion budget as with one of \$80 billion?

Furthermore, because any step we take toward a higher level of defense spending most certainly will have a response in the spending of "the enemy", it's entirely possible that we might be just a little *safer* with the lower figure. And I *know* we'd be in a better position to lick inflation, to deal with the crisis in our cities, and to save our environment from destruction.

TWO WARS AT ONCE

The truth is that we are fighting two wars at once -- a war in Vietnam and an equally serious one here at home. (Some would say *more* serious.) And I believe that it's important to settle them both. The home front war has now spilled out of the inner cities and into the colleges; industrial plants may be next. I take the situation seriously and think that we may not have seen the worst yet. Situations can deteriorate; one should not always assume that better things are just around the corner.

For an example, let's go back to 1965. This was the year in which we made the major escalation in Vietnam -- and the year in which the war at home began. Let me try to recapture the mood of America as we entered that year.

The war in Vietnam was a fairly obvious cloud on the horizon, but still small and still far away. We were assured that we were winning. When a few voices were raised in criticism, they were put in their place. Even Richard Nixon, then only a former Vice President, endorsed the war policy; he advised President Johnson to "discipline" Democrats who dissented.

As we surveyed our country in that year, we saw that:

** After four years of continuous economic growth our economy was 30% larger than it had been in 1961, and inflation was at a postwar low.

** Taxes had been reduced by \$24 billion.

** The civil rights revolution was being won, and many Negroes were registering to vote for the first time in their lives. The old, rigid patterns of racial discrimination, the "White Only" signs, the "back of the bus" arrangements, were crashing down, their legal facade destroyed by the courts and the Congress.

** Total U.S. deaths in Vietnam stood at 267 at the start of that year! Few Americans would have predicted or believed that our death toll would eventually surpass the 33,000 of Korea or that our 50,000-man commitment would eventually rise to 540,000.

And then came August 11th. As we Americans sat down to breakfast that morning we had no way of knowing that by nightfall an era would have ended and another begun - - that a minor incident in a suburb of Los Angeles that afternoon would signal the start of a new and frightening time of troubles for the United States.

August 11, 1965 marked the start of the Watts riot, a conflagration which took the lives of 34 persons and inflicted \$35 million in property damage. It was our worst riot since the Detroit race riot of 1943. We didn't know it then, but it was the forerunner of dozens of big-city eruptions, destroying lives and property in most of the nation's metropolitan centers, even including the nation's capital.

On that day Americans, already half-committed to an Asian land war we would never win, began another and equally serious kind of war right here at home.

I believe that Watts, Newark, Detroit, Washington, countless instances of campus unrest, and many more of our recent difficulties can be traced, in part, to the tragic mistakes and dislocations of Vietnam. President Johnson was probably sincere in believing that we could finance both a huge escalation of that war and essential domestic programs designed to fight our "war at home." It is ironic that the same President who fathered those programs was the one who, through miscalculation, nearly starved them to death. Yet no one, not even a President, could know in 1965 that Vietnam would prove so costly or that it would arouse such enormous opposition and resentment.

PROGRESS ON PAPER

As we survey our country today and see its many problems, it isn't that we're in such bad shape; on the contrary, we have never had as little poverty, incomes have never been higher, and production has never been so abundant. Since 1960 our per-capita, after-tax income has climbed nearly \$1,000. Unemployment has been cut in half. And

the number of persons living in poverty, as officially defined, has been reduced by a third. But these statistics don't mean much to those persons who are still waiting for the opportunity to escape from despair.

For many the rhetoric of the war on poverty has combined with some slight improvement in their living conditions to create that most unstable of social circumstances -- the realization that life *can* be better. As the longshoreman's philosopher, Eric Hoffer, has said, "Discontent is likely to be highest when misery is bearable; when conditions have so improved that an ideal state seems almost within reach. A grievance is most poignant when almost redressed."

I think it's quite clear that we're dealing with a highly volatile situation -- not just a handful of minor grievances that will pass over. The devastation left in many of our cities is evidence of that.

BACKGROUND OF THE CRISIS

Why is it that we should have these difficulties now? The highly unpopular war in Vietnam is one reason. Another is cited by Professor James Tobin of Yale, writing in *Agenda for the Nation*:

"Poverty in the United States in the second half of the twentieth century is in substantial degree a final and painful phase of the liquidation of the nineteenth century agricultural system of the South."

In 1870 agriculture utilized 53% of the U.S. labor force. By 1920 that figure has dropped to 27%. It was down to 5% two years ago. As a result, there has been a tremendous drop in agricultural jobs, with virtually no employment to take its place in rural areas. In the South, where the work force had been organized in a more-or-less feudal manner, with a great abundance of cheap human labor, the shift to modern technology has had enormous consequences in human lives. It has generated a migration to metropolitan areas, in search of greater opportunities, that has been running at a rate of 100,000 rural Negroes a year.

It is said that between 1940 and 1967 a total of 20 million people, including 3.8 million southern Negroes, moved from the farms to the cities of this country. In terms of sheer magnitude this movement ranks in American history with the wave of immigration from Europe between 1890 and 1930, in which 22 million aliens landed on our shores.

Any such movement of great numbers of people causes dislocations and requires adjustments; we have seen many of them as successive waves of immigrants have passed through our big-city ghettos. But the adjustment of rural Negroes into city life is especially difficult because of the long history of exploitation and neglect which characterized their lives, and the lives of their ancestors, for the past 349 years.

Enabling rural people, with little education and virtually no sophistication, to fit into a society that is as rough, tough and competitive as ours is a very big order. Expecting them to make that transition without help, to "pull themselves up by their bootstraps," would seem to be highly unrealistic. And yet doing anything really meaningful about their plight is going to require more than words, more than good will; among other things, it's going to require lots of money.

But Negroes aren't the only poor people; actually, there are more poor whites than poor blacks. Yet it is in the rising Negro population of our urban ghettos that these problems are most acute. Unemployment among Negroes is double that of whites; families in poverty represent 1/10 of our white population but over 1/3 of our black. If you combine those statistics with the many perverse forms of discrimination still persisting in this country, you can perhaps understand -- if not condone -- some of the impatience and ferment being shown in our cities and on our college campuses today.

FIGHTING OUR DOMESTIC WAR

There, isn't space in this newsletter to go into the logistics or the strategy of this war in our own backyards. The fact is that there are many different strategies we might follow, and each could take up a newsletter by itself. The point I want to make is that this is a war, and it can't be ignored; it requires our attention -- and a lot bigger share of our budget than it has received to date.

In my [first report](#) in this series I listed a number of possibilities for the "fiscal dividend" we should gain when the Vietnam War ends -- a budget surplus ranging from a possible \$8 billion in 1971 to perhaps \$40 billion in 1974. (These figures assume the 10% surtax will end next year.) Let me review and comment briefly on three of the alternatives now being discussed:

Funding existing programs. It has been estimated that it would take over \$6 billion annually to bring existing

programs of education, welfare, manpower training, housing, etc., up to levels authorized by Congress. But many feel these programs are essentially 1932 solutions to 1969 problems; they want to see new approaches that are more relevant to the problems facing us in Bedford-Stuyvesant, Harlem and migrant shanty towns in Arizona.

Sharing federal revenues. A liberal economist, Walter Heller, was one of the authors of this essentially conservative idea. Noting that the Federal government dispenses billions of dollars through some 300 categories of grants-in-aid -- many of them overlapping each other -- he proposed that the Federal government replace many of these with a system of revenue sharing. States would receive a specified portion of Federal income tax collections, *no strings attached*, giving them maximum flexibility in meeting their needs. However, cities generally oppose this approach, fearing that money they now receive will be short-circuited by the states. Others fear some states would simply reduce their own taxes, pocket the Federal money, and do nothing about the poverty, hunger and suffering in their midst. A suggested variation of this approach, not nearly so popular, is that of nationalizing the present welfare system, providing uniform treatment for all welfare cases and freeing state funds for other needs.

Income maintenance. Some wag once said there is nothing the poor need quite so much as money. And the fact is that adequate income -- something above the official poverty line -- would solve most of the problems we face in our cities. There is in progress today the beginning of a national debate on such things as a "guaranteed annual wage" and "guaranteed annual income." Such programs may not be "just around the corner," but they're going to get a thorough airing in the months ahead. Support for various of these proposals ranges from conservatives like Milton Friedman, former advisor to Barry Goldwater, to liberals like Daniel Moynihan, advisor to President Nixon. Involved are the people who obviously can't work, those who can work but can't find or hold a job, and those who work but can't make enough to support their families.

Which of these approaches, or what combination of them, might be the best way of waging our domestic war I don't know. But I think it's time we realized that, one way or another, that war *must* be fought.

OTHER PRIORITY PROBLEMS

The more you look at our Federal budget the more you will find yourself questioning the value judgments reflected in it. In a later report I'm going to discuss what mankind is doing, and has done, to the fragile environment of this planet. Here again I believe we have distorted our priorities. Most of you know the dreary facts and statistics:

- ** Every one of our major river systems is polluted. Lake Erie is "dead," and other lakes are dying.
- ** The air being breathed in every large city in the country is loaded with pollutants.

** Pesticide residues are threatening to contaminate our food and destroy much of our wildlife.

** The opportunities for ordinary citizens to enjoy the out-of-doors, to find a quiet beach or park or forest, are lessening every day.

Yet, in the face of all this, our budget this year cuts back on all sorts of programs which are critical to the cause of conservation. The Federal-state campaign against water pollution is under-funded by \$780 million -- a slash of 75% from the amount authorized by Congress. The Land and Water Conservation Fund has been cut by \$76 million, including nearly *all* of the money intended for acquisition of lands for national lakeshores, national seashores and other long-delayed facilities for the public.

One victim I know about is the Indiana Dunes National Lakeshore, which I helped to authorize three years ago. To date no money has been appropriated for this desperately-needed beach area not far from Chicago. Now, because of the delay, land prices have skyrocketed, and a steel company is trying to take over an important segment of it, a step which would destroy the character of the whole lakeshore area. This kind of thing is being repeated throughout the country.

There are many effects of this sort of priority disarray in our own state of Arizona. One of the worst involves 10 day-care centers operated by the Migrant Opportunity Program, an activity of the Arizona Council of Churches. These centers have provided square meals, nursery classes and some spark of hope to the children of migrant workers in places like Eloy, Somerton, Willcox and Marana. Last year they were under-funded by 75%; now apparently they are going to be cut off completely.

In Yuma County the Parker school district has been found eligible for Federal-impact assistance in remodeling and building new school facilities, yet there is no prospect of any money actually forthcoming. Meanwhile, children are attending classes in substandard and inadequate buildings.

Although Congress has authorized programs for construction of needed public and school library facilities, no library in Arizona will get a cent this year; the new budget eliminates all library construction funds.

Arizona Indian tribes in cooperation with the Western Apprenticeship Association, established an apprenticeship program to help Indians develop marketable skills so they can increase their income potential and play more of a

part in our competitive economy. The Labor Department now says there will be no funds for the program this year.

I could go on with many more examples, for hardly a day passes that another problem of this kind doesn't come to my attention. In nearly all of these cases I think we see more evidence of the distortion of values that is inherent in our current assignment of national priorities.

WHICH DOMESTIC NEEDS COME FIRST?

Even if we put our military budget aside, even if we forget about Vietnam and the escalation of military spending, I think we have some of our priorities misplaced. And I think we ought to take another look at them. For example:

** In July we hope to achieve President Kennedy's goal of putting a man on the moon. The space program has accomplished some great things for this country; it has had a lot of "technological fallout," many side benefits. But in the light of the things I've mentioned above I question whether we can really justify \$3.9 billion for this program this year or increasingly larger amounts to go on to the planets in future years. It's useful and interesting to be able to do these things, but does this satisfaction deserve such a high place in our scale of priorities?

** If there is one thing the less-developed nations of this world don't need, it's military hardware -- tanks, guns and jet aircraft. And yet our budget says we must pay out \$375 million in foreign-aid grants this year so countries like Senegal and Mali can purchase such equipment from American manufacturers. I think we've got to ask ourselves

whether this is as important as some of the things we're neglecting, such as those 10 day-care centers.

** Our country will spend nearly \$4 billion for farm price supports and related programs this year, some of it going to very large farms in checks exceeding \$100,000 each. As the system operates, it makes no sense to exclude such farm operations from crop-reduction payments. But is this the only way we can keep production and demand in balance? If the income of farmers deserves such protection, what about the income of merchants, workers and those who can't work?

** This year we will spend \$28 million promoting the sale of U.S.-grown tobacco overseas. Meanwhile, we are spending more millions to warn our citizens of the hazards of smoking!

** A powerful highway lobby has effectively blocked Federal grants for desperately-needed mass transit systems in many cities, including Washington. Meanwhile, the Federal government will spend \$5.8 billion this year on more highways and freeways to spill more cars onto our already overloaded city streets and parking facilities.

Are these priorities in the proper order?

We have a great country, and we do many things very well. But I don't think it hurts to take stock occasionally of our weaknesses along with our strengths. And this even applies to the decisions we make every day as private citizens. Howard Samuels, former Under Secretary of Commerce, pointed out last year that as a people we spend as much on chewing gum as we do on low-rent housing, as much for hair dye as for mass transit, as much for pet food as for food stamps for the poor. No one should question our right to buy these things; the question is simply: should they take such priority?

THE NEED FOR TAX REFORM

Any discussion of national priorities has to include, not only the way we spend our money, but also how we collect it. For a decision *not to collect* certain tax revenues is just as much of a value judgment as is a decision to *spend* a like amount.

For example, we give this country's oil landowners the right to deduct 27 1/2% of their gross income before paying their Federal taxes. This reduces our total tax revenues by about \$1.2 billion a year. By retaining this allowance in our tax code we are saying that this subsidy to oil producers is twice as important as economic aid to Latin America, six times as important as urban mass transit, and 10 times as important as land and water conservation.

And there are many more examples of this kind; in fact, our Federal tax code is loaded down with special concessions that greatly reduce our revenues and shift more and more of the tax burden to low and moderate-income taxpayers. I think it's time we took a good, hard look at this tax system of ours and weighed its priorities along with the priorities reflected in our budget.

In my [next report](#) I intend to do just that. As always, I'll appreciate your comments.

A handwritten signature in black ink, appearing to read "Howard S. Lee". The signature is fluid and cursive, with a horizontal line extending from the end of the "ee" to the right.