

Remarks by the Honorable Les AuCoin
To the Oregon House of Representatives
February 11, 1985

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I'm delighted to see what a great start the Oregon Legislature is off to. My purpose in being here is only to extend to you at the beginning of your session my best wishes and my offer of cooperation, not just for myself but also for the whole of the Oregon delegation, in facing common problems that beset the State of Oregon.

We really do, as Democrats and Republicans, as federal officials and as state officials, have a common task. And that simply is to build a future of growing wealth and prosperity for this state and to make sure that Oregon has a place in the economic recovery we all hope will endure.

I don't have to tell you that budgeting is going to be a very important part of that. I'm very keenly aware of the problems you're facing with your own budget. I don't have to tell you either that we have some very chronic problems in budgeting at the federal level as well.

Let me give you my own view of how I think this dilemma, the budget crisis at the federal level, is going to be solved if it's going to be solved at all.

I don't believe it's going to be solved with the budget that's been presented to the Congress. Should it be adopted as it has been presented, I think your problems in budgeting at the state level, and the problems for cities and local governments in Oregon and all over the country, are going to be extremely aggravated. You cannot take away community development block grants, urban development action grants, general revenue sharing and expect to have strong, viable local units of government with all of the problems local governments have already. And they are the big losers in this budget.

It seems to me that the answer really must come down to dealing with the two polar ideological camps that have created the paralysis that has existed now for a number of years and has prevented effective action in reducing significantly the magnitude of the federal deficit.

One of those camps is the liberal camp, which wants to balance the federal budget but does not want to touch some of the very sacred cows such as domestic spending and entitlements. The other polar camp is the conservative wing of the Congress, made up of Democrats and Republicans. They're saying we've got to solve these deficits, but you can't touch their sacred cow, military spending. The military buildup must go forward and can't be touched.

It seems to me that the only way out of this problem, inasmuch as both sides have just enough political muscle to keep the other side from balancing the budget its own way, is for Democrats and Republicans, liberals and conservatives, to do that which may not be pretty, but will be effective. And that is to effect a budget freeze across the board, not just in the aggregate — allowing some areas to grow within the context of an overall freeze — but a literal freeze across the board, applying to cost of living adjustments on entitlements and applying to the military budget as well.

That's stern medicine. It is difficult medicine. There are people who are going to be discomforted, to say the very least, by a lack of cost of living adjustments on entitlements. But they will be better off than under the wholesale cannibalization of entitlement programs and domestic programs which will be the result of the budget that's been presented to the Congress.

We will not balance the budget without having that kind of equality of sacrifice. Unless people on the left can go to their constituents and say, "I didn't want to touch COLAs and domestic spending but I did so because as a part of the bargain we were able to restrain the largest military arms buildup in history, which is what we've been working for," and unless less people on the right are able to go to their constituents and say, "I didn't want to touch military spending but we did it because it was the only way we could get people over on the left to give some ground on domestic spending and entitlements."

Unless we can do those two things in a single package, I think we are simply going to muddle through and see the perpetuation of budget deficits that will be somewhere in the range of \$150 billion to \$250 billion each and every year for the next several years to come.

What that means to us as Oregonians is obvious. It means we have no ability to diversify our economy, no ability, meaningfully, to develop growth strategies for this state and to provide an economic future for ourselves and for our children who follow us.

I hope very much as we face these tasks that the Legislature and the Oregon delegation will take greater steps than ever before to work together, to share information, to make sure the delegation knows the precise effects of the decisions would be made in Washington, and vice versa.

I extend to you that offer of cooperation at this point in your legislative session, because that kind of cooperation has never been needed as much as it's needed now, for the State of Oregon and its people. I wish you all an extremely successful session and I look forward to seeing you in Washington when your travels may take you there.