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NEWS RELEASE

FOR IMMEDIATE RELEASE:

Friday, September 5, 1980

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STATEMENT BY THE HONORABLE RONALD REAGAN REGARDING WASTE AND FRAUD IN THE FEDERAL GOVERNMENT

Today the Republican Study Committee is releasing a report that finds \$34 billion in waste, fraud, abuse, and mismanagement in federal expenditures.

This report is largely based on a compilation of 107 items mentioned from January 1979 to July 1980 in reports and letters by various Inspectors General and the Government Accounting Office.

Items listed in the report range from \$202,000 in waste found at several military installations by the GAO to \$4 billion in abuse and mismanagement cited by the HEW Inspector in Health Care programs.

This report needs little comment from me. I am delighted to note that several House Republicans are bringing this program to public attention. In contrast we can expect Mr. Carter and his administration to ignore it and perhaps even belittle it.

The fact is, however, that reports like this show that the problem of waste and fraud is an unrelenting national scandal, one that sickens and angers millions of Americans.

Last week, I challenged Mr. Carter to address himself to this issue. I challenged him to acknowledge the enormity of the problem of waste

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and fraud in the federal government. I asked him to account for his administration's four-year failure to cope with this scandal.

Mr. Carter has chosen to ignore that challenge. Today I issue it again.

Waste and fraud in the federal government is a problem that marks not only another serious failure by the Carter administration and another broken promise from 1976, it is a problem that is undermining the faith of the American people in our governmental process.

Mr. Carter must explain his inept handling of the GSA scandal, his failure to streamline the executive branch, his failure to introduce systematic management and auditing procedures for hundreds of federal programs.

Mr. Carter is responsible for government where fraud and waste prosper!

--A May 31, 1979, Joint Economic Committee report cited a Justice Department estimate that deliberate fraud and abuse accounted for one to ten percent of the federal expenditures. "That excludes waste," the report noted, "including it would give a much higher figure."

--The same report said that fraud, abuse, and waste in HEW's programs alone ranged between \$6.3 billion and \$7.4 billion. Jimmy Carter's own Secretary of Health, Education, and Welfare estimated a few years ago that at least \$7 billion was wasted every year by his department.

No one has to take the word of the Republican Study Committee about the Carter administration's failure to control waste and fraud:

--The Joint Economic Committee noted that in the opinion of Comptroller General Elmer Staats, fraud, waste, and abuse continue in the federal government because of a lack of adequate management systems, low priority given to fraud detection, and the inadequacy of agency investigators.

--In his annual report, the Inspector General of HEW noted that he had relatively few investigators chasing after billions in fraud and noted--after projected staff losses to the new Department of Education--that it is "impossible to develop any meaningful anti-fraud program given this staff size."

--A November 13, 1979, GAO report noted that of its 262 cost-cutting recommendations in the health care field less than half had been implemented even though some were first proposed in 1974.

There is something fundamentally wrong with an administration that fails to cope with the problem of billions lost to waste and fraud, and then tells the American people--who are concerned about naval ships that can't leave port, fighters that can't fly, helicopters that don't work--that the money isn't there for military readiness or for strategic programs vital to our national security.

There's something wrong with an administration that won't deal seriously with waste and fraud, and then tells the American people--in the face of record unemployment, inflation, and taxes--that the money isn't there for substantial tax cuts.

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