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DOLE CALLS FOR QUICK ACTION ON BUDGET--DEFICITS TOO HIGH, TIME TOO SHORT

SPECIAL FINANCE COMMITTEE WITNESSES AGREE

WASHINGTON -- Dramatic gains against inflation, the chance for economic recovery and significant deficit reduction could be squandered if Congress continues to promote a budget stalemate.

Calling on Congress to stop political gamesmanship, Senator Robert Dole (R.-Kan.) today said continued paralysis on a budget will spell disaster.

"Assuming there is general agreement on the scope of the deficit problem and the need for swift action--and I believe such agreement exists--why has nothing been done? The problem may be twofold: People disagree on the proper mix of tax and spending measures needed to do the job; and they disagree on the strength of the measures we have to take in order to convince the nation, including the financial markets, that the deficit will be controlled in the years ahead. By this I mean that one-year cuts, rescissions, assumptions of management savings, and things of that nature will not do the job. We have to address the sensitive areas of the budget in order to do the job. The markets are betting that Congress does not have the will to do that--that is why we must do it if we are to succeed. Recent developments in the House appear to confirm the fears of the markets: we must and, I believe, will reverse that."

Dole's remarks came at a special Finance Committee hearing which featured two former U.S. Cabinet secretaries and key business leaders who appeared before the Committee to urge prompt action on a budget. Former Secretaries Michael Blumenthal and Peter Peterson and members of the Business Roundtable, The American Business Conference, the National Federation of Independent Business, and the National Association of Realtors all agreed that without a budget and the prospect of lower deficits, economy recovery will be dealt a crushing blow.

The Chairman of the Finance Committee said tampering with the President's across-the-board tax cut for working men and women of America should not fall victim to quick-fix budget cutters.

"Revenues must also play a role--partly to ensure an equitable program of deficit reduction, and partly because the onset of recession has undermined our revenue base in a way that could not have been predicted last year when we passed the tax cut. The tax cut is not at fault--an income tax base riddled with exceptions and special privileges is. That is where we ought to look, first and foremost, to increase revenues. No options are ruled out, but I have said--and the President has said--that the individual tax cut, plus indexing, the last place we ought to look. That is the only significant relief we have granted the average taxpayer in recent years, and without aiding our working people we cannot set the stage for recovery."

(over)

Dole also pointed out that some entitlement programs have simply grown too big and too costly, and that these programs must be targeted for reduction.

"Medicare was originally expected to cost \$9 billion by 1990. Already it costs about \$50 billion. Medicaid costs \$35 billion and is one of the fastest-growing federal programs. We have to get a handle on this, and we have to do something about health care costs. We don't improve the nation's health by feeding inflation in the health care industry."

Dole hoped that today's testimony by concerned business leaders and former Cabinet secretaries would serve as a reminder to the House that continued inaction by Congress on a budget is not in the nation's best interest.