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DOLE: CLOSING THE DEFICIT GAP HAS BEGUN

ORLANDO -- Senate Finance Committee Chairman Bob Dole (R-KS) told an audience of realtors today that Congress has at last taken the first step toward reducing the soaring federal deficits that threaten economic recovery. Dole cautioned, however, that there was still a long way to go before the deficit problem was solved. He made his remarks at the Century 21 Annual Convention in Orlando, Florida:

No doubt some of you have been following the action of the Senate in the past few weeks in trying to implement the so-called "down-payment" budget. If so, you have probably heard Senators complain that the package is not big enough. Many of you have similar views and I, too, wish we could do more this year. Nevertheless, I don't believe we should denigrate what has been accomplished this year.

The \$72 billion plus package of tax and spending measures recently approved by the Senate is designed not just to reduce the deficit, but also to ensure more equitable treatment of all Americans.

Last fall, we were in budget gridlock. The budget resolution was dead, and the prospects for any action to reduce deficits before 1985 appeared remote. The consensus view was that this year's budget battle would be a bloody, partisan standoff, producing nothing more than election year press releases.

But two things turned that bleak outlook around. First, we got together in the Finance Committee and discovered that there was a remarkable consensus that a deficit reduction package of at least \$150 billion had to be enacted before the 1984 election. In the best tradition of bipartisan cooperation, last fall's Finance Committee deliberations laid the groundwork for the down-payment budget package.

But for all our hard work, we would not have gotten off the ground had the President not endorsed our approach in his State of the Union message. By calling for a deficit down-payment, he gave us the green light to begin marking up our Finance Committee package in earnest.

The bipartisan spirit of cooperation continued as the \$72 billion Finance Committee package was reported out unanimously, and approved by the full Senate two weeks ago by a vote of 76-5.

But it hasn't been an easy job. Many Congressmen

(more)

seem to be against deficits in theory, but are hard to please in practice. But we have come a long way in six months, and I believe that we can carry over the bipartisan spirit into next year and complete the job of closing the budget gap.

It is important to emphasize that the bulk of the revenue raised under the Deficit Reduction Act of 1984 comes through real tax reforms, including limits on tax shelters, changes in special corporate provisions and accounting rules and measures to make the tax system more fair by reducing special benefits to a privileged few. The only impact on the average taxpayer, of the more than \$47 billion in revenue increases in the package, is about \$1 billion from a \$2 per proof gallon increase in the distilled spirits tax and \$3.2 billion from a three-year extension -- not an increase -- in the telephone tax.

Additionally, the Dole bill features \$24 billion in spending restraints, including \$3.1 billion in savings as recommended by the Grace Commission, and about \$10 billion in federal debt service reductions due to the lower deficits.