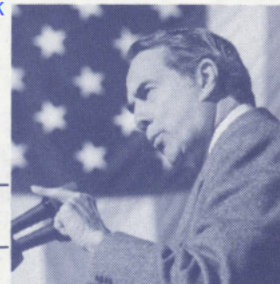


Bob Dole



NEWS

U. S. SENATOR FOR KANSAS

FROM:

SENATE REPUBLICAN LEADER

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DOLE ON CLINTON ECONOMIC PLAN

Washington -- Senate Republican Leader Bob Dole today made the following statement at the Senate Finance Committee hearing:

Mr. Secretary, it's good to see you again this morning. As a former Chairman of this committee who has wrestled with some major deficit reduction proposals, you know the difficulties that await us as we try to reach agreement on a serious proposal to attack the deficit.

TOO HEAVY ON THE TAX SIDE

I have to tell you that a lot of Senators on both sides of the aisle are going to have a difficult time voting for any plan containing a record \$360 billion in tax increases.

Take a look at this pie chart. This chart shows how the Clinton plan would reduce the deficit between 1993 and 1998. As you can see, most of the deficit reduction -- 63 percent -- comes from a net tax increase totalling \$293 billion. You have another 5 percent from user fees, and only 18 percent from spending cuts -- and almost all of the real cuts come out of Defense. In fact, as I understand it, if you take away the defense cuts, President Clinton's plan would actually increase domestic spending above inflation over the 5-year period.

ECONOMIC STIMULUS

I have to question why the President insists on including an economic "stimulus" package in a plan that is supposed to reduce the deficit. Frankly, most economists agree that a \$31 billion stimulus package is too small to have any measurable, positive effect on a six trillion dollar economy.

This traditional, tax-and-spend package may create some short-term government make-work jobs this summer, but it will not create good high-wage jobs that will last. In fact, a \$360 billion tax hike could easily stall the recovery that is under way.

Don't get me wrong. Republicans support a number of the provisions in the stimulus package -- more spending on WIC, more highway spending, a permanent R&D tax credit, capital gains, and enterprise zones. In fact, we have a few of our own that we may want to add -- like repeal of the so-called luxury tax. As I look around the room, that is one change that would actually create jobs in Louisiana, Maine, Rhode Island, Kansas,.....

But, if the trade-off for \$15 billion in tax incentives is going to be a \$360 billion tax increase, I believe the price is simply too high.

REPUBLICAN RECOMMENDATIONS

Although we were not consulted while the Clinton plan was being developed, we are serious about reducing the deficit, and we want to be helpful.

The first step you should consider is eliminating the \$178 billion in spending increases contained in the Clinton plan. The American people don't want to pay higher taxes to finance more government spending. Taking this one step would produce the same deficit reduction as the President's proposal with half the taxes.

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