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NEWS

U. S. SENATOR FOR KANSAS

FROM:

SENATE REPUBLICAN LEADER

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REPUBLICAN BUDGET ALTERNATIVE

GOP OFFERS FUNDAMENTAL CHOICE:

WORLD-RECORD SPENDING RESTRAINT VS. WORLD-RECORD TAX INCREASE --
DOLE UNVEILS \$460 BILLION, 5-YEAR DEFICIT REDUCTION PLAN;
REPUBLICAN PLAN WINS BIPARTISAN SUPPORT

I rise today to offer an amendment on behalf of myself, Senator Domenici, Senator Packwood, Senator Shelby, Senator Roth, Senator Gramm, and each of our Republican freshmen -- Senators Bennett, Coverdell, Faircloth, Gregg, and Kempthorne. At last count we had 35 cosponsors on the long-anticipated Republican alternative, and I am pleased to say it has bipartisan support.

There is more than one way to reduce the deficit. You can take the Clinton approach and raise taxes. Or you can take the Republican approach and control government spending. You can choose between the President's world-record tax increase, or our world-record spending restraint. It's that simple.

Fundamental Differences: Taxes vs. Spending Restraint

This amendment highlights the fundamental differences we have with President Clinton's economic program. If adopted, we believe our plan would provide real, permanent deficit reduction for America. In putting this package together, our number one priority has been to lay the groundwork for a sound economic future by controlling government spending, holding the line on taxes, and creating good, private sector jobs that will last.

We do this by asking government, not the American people, to sacrifice. This plan relies on real cuts to reduce the deficit by \$460 billion over 5 years. We take the steps that President Clinton and those who support the president's plan should have taken if they were serious about controlling the deficit.

Eliminate Clinton Spending & Tax Hikes

We eliminate all of the president's new spending -- any spending increases must be paid for with additional spending cuts. We eliminate the president's entire record \$295 billion tax increase. We eliminate \$18 billion in proposed user fees. We accept all of President Clinton's proposed mandatory and discretionary spending cuts except that we add back \$20 billion to defense over 5 years to allow for a more orderly build-down. We add a non-defense discretionary freeze that allows for a \$500 million increase -- or "investment" -- for childhood immunization and the WIC program for FY 1994, and we add a cap on Medicare and Medicaid that would limit the growth of these programs to population, plus inflation, plus an additional 4 percent each year for 4 years, and population, plus inflation plus an additional 2 percent in the 5th year.

Deficit Reduction that Lasts

The differences between our bipartisan proposal and the President's tax-and-spend plan could not be more clear. Our plan would cut the deficit from \$319 billion this year to \$168.4 billion by 1998. Because we are making real cuts, our plan would continue moving the deficit toward balance in the outyears. By contrast, the president's plan as modified by the Senate Democrats reduces the deficit to \$213.5 billion in 1998. Because their plan fails to control federal spending outyear deficits will continue to rise. That's not what the American people are hearing from the White House, and it's not what the American people expect from their government.

I am not going to go through all of the details. There are a number of senators who contributed to this plan who can speak to the details.

But, I would like to make one point.

(more)

Take away all the slick packaging. Forget all the talk about "new Democrats" and "putting people first." And look at the facts.

The Wake-up Call from Russia

Events in Russia over the past week remind us that the world is still a dangerous and uncertain place. Yet, the Democrats under the leadership of President Clinton want to gut defense with \$112 billion in additional cuts. We agree that some cuts are needed. Last year, Congress agreed to reduce spending by \$75 billion over the next five years. But, the president's plan goes too far. We provide for a more orderly build-down.

GOP Cuts \$345 Billion More than Democrats

Only two percent of the savings in their plan come from non-defense government programs. Two-thirds of the government is being asked to "contribute" a grand total of \$7 billion over 5 years to reduce the deficit. That's right, an anemic \$7 billion saved from non-defense programs over 5 years. That's just pocket change for Uncle Sam.

Republicans believe that more cuts are needed. We offer \$352 billion worth of specific savings. \$345 billion more than the Senate Democrats' plan.

Seventy-nine percent of the deficit reduction in the Democrats' plan comes from higher taxes and user fees -- \$295 billion in net new taxes and \$18 billion in higher user fees. Last week on the senate floor, the distinguished Chairman of the Finance Committee, Senator Moynihan, described this plan as follows -- and I quote -- "it will be the largest tax increase in the history of public finance in the United States, or anywhere else in the world" -- end quote.

Their plan calls for \$3.86 in new taxes and fees for every dollar of spending cuts. That is Bill Clinton's idea of shared sacrifice. The President and his supporters in the Senate are putting government and taxes first. Our plan puts people and spending restraint first.

Lasting Deficit Reduction without Tax Increases

Our alternative cuts the deficit by \$460 billion over 5 years. Their plan would cut the deficit by \$458 billion over the same period. The difference is that we do it without raising one dime of taxes.

Before the president and the Democrats in Congress force the farmer, the shopkeeper, the nurse, the truck driver, and the senior citizen to reach into their pockets and make a "contribution" to deficit reduction -- before the American people are asked to send more of their hard-earned money to Washington -- we believe that every government program takes the hit it deserves and we are willing to back up our tough talk on the deficit with real cuts.

That is the message the American people have been sending us. Let's answer their call and not betray their confidence in government.

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