

Bob Dole



**NEWS
FROM:**

**U.S. SENATOR FOR KANSAS
SENATE REPUBLICAN LEADER**

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CLINTON & THE ECONOMY

SETTING THE RECORD STRAIGHT ON THE ECONOMY & THE PRESIDENT'S POLICIES

A year ago, President Clinton successfully persuaded enough Democrats in Congress to vote for a massive \$255 billion tax increase, passing his budget plan without a single Republican vote. This morning, President Clinton and Vice President Gore -- who twice broke tie votes in the Senate to enact the biggest tax increase in history -- made more claims about the impact of their budget plan on the deficit and on the economy.

Throughout last year's debate and again today, President Clinton argued that declining long-term interest rates were a vote of confidence by the financial markets in his budget plan. But, since his budget was adopted, the average interest rate on a 30-year mortgage has increased from 6.97% a year ago to roughly 8.5% today -- hardly the vote-of-confidence the President boasted about.

Far from the President's claim of \$500 billion in deficit reduction, the independent Congressional Budget Office credits the Clinton plan with generating a total of \$433 billion in savings. Budget experts agree that so far all of the deficit reduction we have seen from this plan has come from one source: higher taxes.

Inheriting an Economy in Recovery

And there is no disputing that President Clinton inherited an economy that was already in recovery. The fact that the economy remains relatively strong today despite higher taxes, more regulations, more mandates, higher interest rates, and the threat of a government takeover of the nation's health care system is more a testament to the strength of our free enterprise system than to anything President Clinton has done.

The President now wants to declare victory on the deficit even though serious problems persist. Even though both OMB and CBO project that after 1996 the deficit will start moving up again, the White House and the Democrat leadership in Congress have consistently opposed efforts by Democrats and Republicans to cut spending to reduce the deficit.

Savings from Health Care Reform?

In his eagerness to celebrate the anniversary of the biggest tax increase ever, the President neglected to mention another budget issue that will have an even bigger impact on the deficit than last year's massive tax increase: whatever happened to all of those budget savings the President promised us from health care reform?

(more)

President Clinton's initial budget estimates projected that the Clinton health care plan would reduce the deficit by nearly \$185 billion over 5 years, dropping the deficit to \$120 billion by 1999. Last month, OMB released revised estimates projecting that the Clinton health plan would only shave \$26 billion off the deficit over 5 years and that the 1999 deficit would rise to \$190 billion. The administration's current estimates of the deficit with health care reform are \$250 billion higher than their initial february 1993 estimates. The independent Congressional Budget Office projects that the Clinton health care plan would actually increase the deficit by \$65 billion over 5 years pushing up the 1999 deficit over \$230 billion.

Next week, the Senate is expected to begin debate on the 1,410 page, 14 pound, Clinton-Mitchell-Kennedy health care reform bill which would initiate the greatest expansion of social spending in our nation's history -- providing taxpayer-financed subsidies to more than 100 million people -- more than the current Social Security, Medicare, and Medicaid programs combined. President Clinton calls this a "conservative" approach, a claim that would be rather amusing if the consequences weren't so serious.

Republican Alternatives

Rather than stand back and criticize the President on these important issues, Republicans in Congress have worked hard to develop alternative measures that make sense. In each of the past two years, Republicans offered an alternative budget that would have cut the deficit without raising taxes. Had our plan passed, I am convinced that we would have built on the recovery with more growth, more jobs, more investment, a stronger dollar, lower interest rates and a stronger economy than we have today.

We have an alternative health care reform plan that would solve the kind of heart-rending problems described by President Clinton without job-killing mandates, without raising taxes and without turning the health care system over to the government.

Republicans will continue to support the President when we think he's right. But, when we disagree, we intend to offer the American people an alternative. We may not always be able to convince a majority to support our position, but we will keep trying.

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