

News from Senator

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DOLE CALLS FOR LEADERSHIP ON DEFICITS IN SPEECH TO NATIONAL MEAT ASSOCIATION

WASHINGTON -- Senate Finance Committee Chairman Bob Dole tonight will renew his call for leadership on soaring federal deficits.

In remarks prepared for the National Meat Association, Dole's speech will include the following:

- The time is past for talk about the deficit. This is the time for action by Congress and the President to legislate real, significant reductions in the massive outyear deficits that threaten the stability and durability of the economic recovery. The people will not take any of us seriously -- Democrats or Republicans -- unless we can mobilize to deal with our most serious domestic problem. The budget deficit, and its relation to the fate of economic recovery, ought to be at the top of our legislative agenda -- not just an excuse for campaign rhetoric.
- At some point deficits continuing at a \$200 billion-plus level will either drive interest rates up or lead to renewed inflation. Neither of those results is acceptable: both would make a mockery of the real, substantial progress President Reagan has made in getting the economy back on a sound footing.
- Amid the many favorable, and welcome, reports of economic advance -- higher industrial production, rising consumer confidence, and declining unemployment -- there are also some less welcome trends. The uptick in interest rates we have seen since last spring is cause of real concern.
- All economic progress would be retarded, because higher interest costs bring less investment, a lower rate of capital formation -- that means less growth over the long term, fewer jobs, and slower growth in our standard of living.
- The longer we wait, the more acute the crisis will be, and the more bitter the medicine we will have to take. Each month of delay means more outstanding debt, and that debt has to be financed. Financing costs just for the increment we will add to the debt amount \$100 billion over five years. This compounding must be stopped.
- The 1984 budget adopted by Congress is a good example of this problem. Even if fully implemented it would not have the necessary dramatic impact on the deficit. Furthermore, it is not a balanced packaged: \$12.8 billion in reconciled spending cuts, compared with \$73 billion in reconciled tax increases, is not anyone's idea of fairness or balance.
- But the budget is just one sign of the inertia that has gripped Congress and the Administration. Congress has been only too willing this year to accommodate special interests, rather than show the spirit and discipline it mustered, at least to some degree, in 1981 and 1982.

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• The Reagan Administration has been correct in criticizing Congress for its inaction on spending. I have said so for two years. But no one is free from responsibility for this problem, and both the President and the Speaker of the House need to help us by showing a little more flexibility. Some do not want tax increases, and some do want spending cuts. But of necessity we are going to need some of each, and we might as well face that fact. Many are willing to try to accommodate the President in acknowledging his spending and tax priorities in putting together a deficit reduction package. Similarly, we recognize that the Speaker has his own priorities, which have to be reckoned with in reducing the deficit. But I believe we can work these things out if the President, the House and Senate leadership, all are willing to negotiate. The danger is that if everyone rules too many things out of bounds, there will be no common ground left for reaching a deficit-reduction agreement.

• The President has often mentioned that the budget is the responsibility of Congress, and that he would not interfere in Congressional budget-making. That is why we hope he will be sympathetic to our efforts to put together a realistic budget.

• To do the job on the deficit we are all going to have to give some. There are not the votes to do it all with spending cuts, so we must balance spending and revenues in a package.

• It will take bold leadership to attack the deficit. There are a lot of political risks involved. But leadership can make the difference. The American people understand the problem and the need for everyone to pitch in. They will respond to a balanced, bipartisan, fair assault on the deficit. Our civic, business, and labor leaders are crying for action. So are our allies, our trading partners, and the world investment community. Exercising leadership is the best policy.