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NEWS

U. S. SENATOR FOR KANSAS

FROM:

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CLINTON TAX PLAN

BUDGET DEBATE REVEALS DRAMATIC CONTRAST:
CLINTON TAX & SPEND VS. GOP'S "TAX-FREE IN '93" CUT-SPENDING-FIRST
APPROACH; REPUBLICANS PROPOSE "TAXPAYERS' ALTERNATIVE,"
FIGHT DEMOCRAT "TAXASAURUS"

During this important debate, the American people will see a clear, fundamental contrast in what the two parties believe is best for the American economy. First, they'll see the tax and spend approach of the Clinton White House and the Democrat Congress.

Next, in dramatic contrast, the American people will see the cut-spending-first approach of Republicans. It's a no-tax solution the taxpayers are rooting for today and tomorrow, hoping against hope that somehow President Clinton and his liberal majority on Capitol Hill will finally wake up and hear the cries from the real world for real change.

That's why we're calling our tax-free plan the "Taxpayers' Alternative".

No doubt about it, the choice in the Senate couldn't be any more clear: Senators can vote for President Clinton's classic tax & spend surprise package, or they can vote for "The Taxpayers' Alternative", a plan that gets the deficit under control without raising taxes, and without going on a new taxpayer-financed spending spree.

If the Republican plan is enacted, taxpayers can celebrate with the good news that they will be "Tax-Free in '93".

But first, let's look at the Democrat tax and spend plan that is before us today, a plan that leads the American people into "Jurassic Park," and feeds their hard-earned money to the dreaded "Taxasaurus."

The Clinton Economic Plan

The Democrat plan that is before us today is a far cry from anything the American people heard during the campaign last year. Back then, candidate Clinton was a "new Democrat" who wanted to cut the deficit with three dollars of spending cuts for every dollar of tax increases.

But, today we are debating a bill that will raise taxes by a net \$249 billion, add another \$15 billion in user fees, and provide only \$83 billion in real spending cuts. The policy changes in this bill would cut the deficit by a total of \$347 billion. That's \$3.18 in taxes and fees for every dollar of spending cuts over the next five years -- nothing close to the change the American people were promised last year.

I do have to give the distinguished Chairman of the Finance Committee, Senator Moynihan, credit. This was his first real test as Chairman, and he was not given a lot to work with. But, he managed to produce a bill with more spending cuts, fewer user fees, and fewer tax increases than the house-passed bill. In spite of these improvements, not one Republican on either the Finance Committee or the Budget Committee voted to clear this bill for senate floor action.

Democrats, Republicans and Independents have opposed major elements of the President's economic program from the beginning, and opposition to this package continues to build. I want to take a few minutes and review some of the reasons why.

Promises, Promises

First, let's go back to last year's presidential campaign. Last september, candidate Clinton said: "under my economic plan, middle-class families will get the tax relief you deserve. The only people who will pay more taxes are the wealthiest 2 percent, those living in households that earn more than \$200,000 a year."

[USA TODAY, 9/8/92]

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President Clinton has changed his definition of "rich," dropping it by \$60,000 to households earning \$140,000 a year. On top of that, he now thinks middle-income Americans "deserve" a broad-based energy tax and higher prices at the gas pump and the check-out counter.

In his book Putting People First, candidate Clinton wrote: "a Clinton-Gore Administration will encourage small business people and entrepreneurs to take risks and reward those with the patience, the courage, and the determination to create new jobs." On the campaign trail, candidate Clinton said: "my plan will not add new taxes on small business. I know that 65 percent of the new jobs in this country are generated by small businesses, and I am committed to helping them prosper." [USA TODAY, 9/8/92]

President Clinton and Senate Democrats now plan to "encourage small business people and entrepreneurs" to create jobs by raising tax rates on sole proprietors, partnerships and subchapter S corporations. These small business men and women now face an income tax rate increase from 31 percent to 44 percent. The sad fact is that it's the employees of the small businesses who will suffer the most from these changes.

I could go on and on, but the bottom line is this: the more we learn about the President's economic plan, the less it sounds like anything we heard during the campaign.

Public Relations vs. Substance

In response to polls showing record-low approval ratings for our new President, President Clinton and his staff at the White House say they have a communications problem. They may be right. The American people are beginning to understand how bad the President's economic plan really is.

Next April 15th, American taxpayers will be asked to pay the first installment on the largest tax increase in world history. In exchange, the President and the Democrats who control both houses of Congress promise that they will cut spending -- not now, but some time down the road.

Finally, after all the tax bills have been collected and assuming all of these promised cuts occur, the deficit starts climbing again in 1998 and into the future. The President admitted as much last week. Why? Because this plan fails to address the real cause of our deficit problem: the runaway growth of entitlement spending.

While they want to believe the President, most main street Americans understand that higher taxes now and the promise of spending cuts down the road is not going to reduce the deficit. They know that a record tax increase is going to slow the economy with higher prices and fewer jobs. That is why most Americans agree that any serious deficit reduction plan should cut spending first. The Clinton plan clearly fails the test.

Many of the tax increases in the senate bill would start in two weeks. The tax increases in the house-passed bill started back in January. But, less than 20 percent of the spending cuts contained in this bill would occur before 1996.

Take away all the slick packaging and the sound bytes, and this is a bad deal for America.

Economic Impact

When Bill Clinton took the oath of office on January 20th, the U.S. economy showed real signs of life. Despite a slow start, the U.S. economy posted the highest gains of any major industrial nation in 1992. In the fourth quarter alone, the U.S. economy grew at a robust 4.7 percent rate. The productivity of American workers rose 2.7 percent in 1992 -- the largest jump in 20 years. Consumer confidence was up, and unemployment was moving down.

Since that time, President Clinton has presented the American people with a record-breaking tax increase.

All this talk about higher taxes and more spending has slowed the momentum of the Bush recovery. Growth dropped to 0.9 percent in the first quarter of 1993, consumer confidence declined, consumer spending is down, and most private sector economists continued to lower their growth forecasts for the rest of the year.

When I ask businessmen and women across the country how the President's policies have affected their decisions to hire new workers, invest in new equipment or expand, they tell me they can't afford to expand or hire new workers. They say the President's tax plan may force them to lay off workers and scale

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back their operations. And they are worried that this is just the first installment -- the White House health care plan is expected to raise the cost of each worker the can afford to keep on the payroll.

No one has been able to convince me that a record tax increase is good medicine for the economy.

The Republican Recipe For Deficit Reduction

Make no mistake, Republicans want to reduce the deficit. You don't hear much about it, but we offered a bipartisan deficit reduction plan back in march. We plan to offer another version during the consideration of this bill.

Once again, it will show our fundamental difference with the President and the Democrats in congress. We get the deficit down lower than the President's plan by 1998. In fact, beginning in 1998, our proposal will produce lower deficits than the President's plan and continue to move toward a balanced budget.

A Partisan Process

The Democrats control the White House and both houses of Congress. Together, they worked behind closed doors and developed a plan which they claim will cut the deficit, revive the economy, and create jobs.

For me, and for many of my colleagues -- in the House, the Senate, and all across America -- this plan reminds us why we became Republicans in the first place. This plan will not cut the deficit as far as the President claims. And, the record tax increase -- \$264 billion in higher taxes and fees -- will hurt the economy, and put thousands of Americans out of work and on to the welfare rolls.

This process has become partisan because the President and the Democrats chose to make it that way. There were a number of Republicans who made it clear to the President, Secretary Bentsen, Chairman Moynihan, and others, that Republicans were willing to work with the President to get the deficit under control. But time and again our offers to sit down and hammer out a real deficit reduction plan were rejected.

Now, we are faced with what is essentially a take-it-or-leave-it proposition. The Administration has turned up the heat. And, they are playing hard-ball politics.

A recent White House campaign piece refers to a number of remarks this Senator made in defense of the 1990 budget agreement. Because I voted in favor of that agreement, they claim that I have no basis for criticizing the Clinton plan.

Let me remind the White House spin-doctors of two important facts about the 1990 agreement.

First, it was a bipartisan effort. Second, it called for \$2.05 In spending cuts for every dollar of tax increases over 5 years. And, those figures do not include interest savings. The Clinton plan fails on both counts.

Test of Loyalty to American People

I urge my colleagues on both sides of the aisle to remember what is at stake when the votes are cast. No slick White House hand-out can change the fact that this is a tax-heavy budget plan. This should not be a test of loyalty to President. Instead, it should be a test of loyalty to the American people.

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