

Bob Dole



NEWS

U.S. SENATOR FOR KANSAS

FROM:

SENATE REPUBLICAN LEADER

FOR IMMEDIATE RELEASE
THURSDAY, AUGUST 5, 1993

CONTACT: Clarkson Hine
(202) 224-5358

TAX PLAN FOG MACHINE

WHITE HOUSE SPIN DOCTORS CAN'T MAKE TAX PLAN LOOK GOOD:
RETROACTIVE TAX RATE INCREASE STEAMS AMERICAN PEOPLE;
SETTING RECORD STRAIGHT ABOUT LARGEST TAX INCREASE IN HISTORY

The taxpayer-funded White House "boiler room" has the fog machine running full blast, blowing its smoke all over Democrats in Congress, the media, and the American people to obscure how bad the Clinton tax plan really is.

What the White House spin doctors are telling House and Senate Democrats is that a vote for this package is a sign of courage.

They may be right. Trying to explain to your constituents why a political victory for the President is more important than doing what is best for the people you represent will take a lot of courage. A lot of House and Senate Democrats probably aren't feeling very good this week, suffering from all the White House arm twisting, but no spin doctor can make them feel better about their votes for this package. And a lot of them are in for some real headaches, too, when they try explain their votes to job-creating small businessmen and women who are going to be hit by the Clinton retroactive tax increase.

It's no wonder that only one-third of the American people in the latest CNN-USA Today poll want this plan to pass.

We finally got to see the final Clinton plan only last night, all 19 pounds, 12 ounces of it.

It's time to clear away the fog, and set the record straight.

Largest Tax Increase Ever

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Diverting Attention from Retroactive Tax Rate Increase

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In fact, some legal experts argue that retroactive tax increases are unconstitutional, violating our Constitution's Article I, Section 9, Clause 3 which states that "no ... ex post facto law shall be passed." Here's one where even the Russians are ahead of us -- Article 57 of their draft Constitution specifically bans retroactive tax increases.

Deficit Cutting & Deal Cutting

As for reducing the deficit, the Clinton plan only provides \$427.5 Billion in real deficit reduction over the next five years -- nothing close to the \$500 billion figure claimed by the president. Why? The White House has been cutting some deals that will cost the taxpayers billions of dollars.

We already know about the \$21 billion increase in the Earned Income Tax Credit and \$2.5 billion increase for food stamps. But the bill also includes \$1 billion in social services grants for

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empowerment zones, a \$100 million increase in the tax form checkoff for the presidential campaign fund, a \$215 million down payment for the "spotted owl agreement", a \$221 million targeted waiver to exempt the state of New York from provisions in the Erisa law, the list goes on and on. As a result, net spending will not be reduced in 1994 -- the first year of this plan. Our preliminary estimates show that net spending will only be cut \$4.3 billion in 1995. In other words, over the next two years this plan cuts a total of \$4.3 billion in net spending from a \$1.5 trillion federal budget. Except for those who work in the Defense Department, government bureaucrats do not have to worry about spending cuts. All this plan does, is tell them that they may get a smaller increase than they expected.

This budget plan calls for more than \$2 in tax and fee increases -- about \$2.13 -- for every \$1 in real spending cuts during the next five years. The taxes start now, in fact some of them started seven months ago, but the spending cuts don't come until later. Much later. 80 Percent of the new spending cuts in this plan are delayed until after the 1996 elections.

Destroying American Jobs

This is a bad plan for America. It will not help the economy. It will destroy jobs. Yesterday we received the results of a study from the state of California's Office of Planning and Research. The study shows that California is likely to suffer an average annual loss of 351,000 jobs per year -- roughly 1.75 million jobs over 5 years -- as a result of this plan. The study found that this plan would have the same effect on the California economy as "two Loma Prieta earthquakes a year."

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