

News from Senator

BOB DOLE



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DOLE SAYS MONDALE'S DEFICIT PLAN NOT CREDIBLE, NOT REALISTIC

Washington -- Senator Bob Dole (R., Kans.) stated today that the Mondale deficit plan is not a credible response to the Federal budget deficit problem. "The spending cuts," Dole said, "are either too little or unreal while the tax increases reverse the momentum towards lower rates and a fairer system for middle income taxpayers for which we have worked so hard."

"Walter Mondale claims that his plan makes significant spending cuts. That just is not accurate. By 1989 -- 5 years from now -- his plan would cut spending by \$54 billion and increase it by \$30 billion. That is a net spending reduction of only \$24 billion. That is much smaller than this year's Deficit Reduction Act will cut by 1989. The fact is, most of Mr. Mondale's claimed savings are in reduced interest costs of \$51 billion by 1989. That might happen, but it is not a "spending cut."

Senator Dole noted that "health cost containment is the only significant spending reduction in the Mondale plan. To get \$12 billion in health care cuts means you have to target the beneficiaries of medicare and medicaid. The proposal makes these "cuts" by shifting responsibility to the States. That is being tried in New Jersey and it doesn't seem to be working."

On the tax side, Dole said, "This plan consistently makes the wrong choices. Nearly 30 million taxpayers, or about one-third of all taxpayers, will face higher taxes from the proposal to limit indexing, which just protects taxpayers from automatic tax increases each year."

"The proposals to increase individual rates and impose a surtax are unfair too. Selective tax rate increases of this sort simply do not address the real issue of reform. If further reform is desired, the way to do it is the way chosen by the Reagan Administration over the last 4 years: closing loopholes, restricting tax shelters and improving compliance."

On the business tax issue, Dole noted that the Reagan Administration has closed loopholes used by various industries such as life insurance and defense contractors. "Where changes have been necessary, we have made them directly. And it took months of hard

legislative work to achieve them. Mr. Mondale's minimum tax proposal, on the other hand, has been rejected by Congress. It is not a realistic option."

"The fact is, of the alleged \$176 billion in savings from this plan, \$153 billion comes from tax increases and items like economic growth assumptions and assumed interest savings. If Mondale can find someone, perhaps Ms. Ferraro, to introduce his proposal, the Finance Committee would be willing to hold hearings on it. I doubt many Democrats will touch the Mondale plan with a ten-foot pole," Senator Dole concluded.