

STATEMENT BY A GROUP OF 12 MODERATE-TO-CONSERVATIVE SENATE DEMOCRATS:

"We are here today to voice our support for the President's goals to address our Nation's serious economic problems by cutting government spending, reducing the tax burden, and increasing economic productivity.

"While, as with many groups, there are individual variations of opinion, we share some fundamental policy positions.

"(1) We support a cut in government spending at least as large as the total figure set by the President. While there may be some variations in the method of achieving the cuts, we feel that the Congress should continue to work until it cuts enough to, at the very least, reach the President's goal.

"(2) We believe that the size and composition of the tax cut should be such that it will enable us to reduce the deficit earlier than targeted in the President's program and assure that we achieve a balanced budget as soon as possible. We must not depart from the goal of reducing the deficit in order to bring inflation and high interest rates under control. Inflation and high interest rates are destroying the poor, the elderly, farmers, the construction industry, and businesses of all size.

"(3) We favor structuring the tax cut so that, in addition to individual reductions, at least half of the cuts would be used to directly increase investment and savings, to improve productivity, and to create more jobs. The current Administration proposal will target less than one-fourth of the cuts for these purposes.

"Several different constructive suggestions for improving the tax cut package will be made by individual members of this group. Among the types of proposals which may be offered are those (1) to encourage middle income Americans to save more through an expansion of tax exemptions for income derived from savings and investments, (2) to reduce the tax on capital gains, (3) to encourage more stock ownership by employees, (4) to end the current discrimination against investment income, (5) to reduce our near confiscatory tax rates on inheritance, (6) to reduce the penalty tax on marriage,

(over)

and (7) to reduce corporate tax rates, particularly for our Nation's small businesses.

"We further urge the President and the responsible committees to consider fairly and with open minds all other options which might even more effectively target the tax cut toward increased incentives, productivity, and employment."

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| Senator Lloyd Bentsen, Texas | — Senator Ernest F. Hollings, South Carolina |
| Senator David L. Boren, Oklahoma | — Senator J. Bennett Johnston, Louisiana |
| — Senator Lawton Chiles, Florida | — Senator Russell B. Long, Louisiana |
| — Senator Dennis DeConcini, Arizona | — Senator Sam Nunn, Georgia |
| — Senator J. James Exon, Nebraska | — Senator David Pryor, Arkansas |
| — Senator Howell Heflin, Alabama | Senator Edward Zorinsky, Nebraska |