

News from Senator

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GRAMM-RUDMAN PUTS CONGRESS, PRESIDENT TO THE TEST ON DEFICITS

WASHINGTON -- THE FOLLOWING IS SENATE MAJORITY LEADER BOB DOLE'S STATEMENT ON THE GRAMM-RUDMAN CONFERENCE AGREEMENT.

After many weeks of diligent and persistent effort, our very able conferees on the Gramm-Rudman-Hollings deficit control measure and the debt limit have reached agreement with their House counterparts. At the outset, I want to congratulate Bob Packwood, the Chairman of the conference, and Pete Domenici, who brought the very considerable resources of his Budget Committee to bear on the knotty issues the conferees faced.

I know that not every member will be happy with the conference agreement on Gramm-Rudman-Hollings. In fact, some who voted for it originally in the Senate may feel differently this time around. But that result was virtually inevitable, when you consider that the Senate was breaking new ground with this initiative -- and that we were obliged to deal with House members who had some very different ideas about how to structure a deficit-limitation measure.

As my colleagues know, the Senate undertook this effort because there was an overwhelming consensus in this body that the deficit issue had not been adequately addressed, and would not be adequately addressed without some major changes in the way we do budget business. Our distinguished colleagues, Phil Gramm, Warren Rudman, and Fritz Hollings, gave us the opportunity to move their innovative proposal to trigger automatic spending cuts in order to meet fixed deficit targets.

With the President's strong support, we moved that proposal through the Senate. But we found, to no one's great surprise, that the House had different ideas. In particular, some very influential members of the House feared the prospect of giving Ronald Reagan too much authority to cut spending. They wanted to take more programs out of the automatic spending cut process -- they wanted to make sure defense took a fair share (or more than a fair share in the view of some of us) of cuts -- they wanted to limit the role of OMB in measuring our success in meeting deficit targets and so on.

Compromise means give and take. There has been plenty of that in the course of this conference, and that is why some members will not be pleased. Some will say we have exempted too many programs -- or that a 50-50 split is too hard on defense -- or that the President needs more discretion in making the defense cuts, beyond what we provide for 1986.

Let me assure my fellow members that I share those reservations. I have never viewed this proposal as a panacea for balancing the budget, and we will have to see how it works. But I have no hesitation whatever about voting for the conference agreement. I will do so because clearly we need every additional discipline we can muster to control spending and reduce the deficit. This proposal gives us some of that discipline, while leaving the Congress fully in charge of its own budget decisions.

As Chairman Packwood states so well, the key to this proposal is what we in Congress do over the next year, before automatic cuts under the Gramm-Rudman-Hollings mechanism would take effect. The fairly stringent cuts that would occur under the presidential sequester are not inevitable. Our responsibility now is to meet the deficit goals -- which in my view are achievable -- by adopting and fully implementing responsible budgets in each of the next three years. For those members who fear domestic spending would be hit too hard -- for those who fear a tax increase -- for those who want to preserve the defense buildup -- work with us to pass a sound deficit-reducing budget. There is no doubt in my mind that we can meet our deficit target without a tax increase. We have the power to avoid any of those extremes, and to strike the proper balance in cutting spending.

This striking new approach to our budget process will put us -- and President Reagan -- to the test on the issue of budget deficits.

Both on Capitol Hill and in the White House, we have to recognize the time for tough decisions is here -- now. Spending must be attacked on the broadest possible front. Just because programs are exempt from the Gramm-Rudman sequester process does not mean they are forever insulated from the budget review. We can pass the test if we have the will to work together, and if we take the deficit limits contained in this legislation seriously: something that we absolutely must do to meet the letter of the law.

We can, of course, change the law in the future: whether expressly, or by implication. And that is one of the great drawbacks of limiting ourselves to statutory reforms for dealing with the deficit. We need Constitutional reform as well, and I am committed to seeing that we get that essential, overriding discipline that only the Constitution of the United States can provide.

Above all, though, the new discipline provided by Gramm-Rudman-Hollings makes it clear that the problem of deficits and excessive spending will remain at the top of the domestic policy agenda for the foreseeable future. That in itself is a vindication of our efforts through 1985 to get the deficit down and get the economy on a stable growth path. We can now rightly say that we have made progress -- and we have started on a path that will restore fiscal policy to a sound posture. That is what the world is waiting for: If we have the courage to follow on the path set by this legislation, our economic prospects look very good indeed.