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NEWS

FROM:

SENATE REPUBLICAN LEADER

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DEFICIT MAGIC ACT

DOLE BLASTS REPORTED DELAY OF MID-SESSION BUDGET REVIEW:
HOCUS-POCUS TO CONCEAL LOWER DEFICIT BEFORE TAX VOTE

There are reports that Leon Panetta, Director of the Office of Management and Budget, plans to delay release of the Administration's required mid-session review of the budget. Apparently, the Administration wants to wait for -- quote -- "more accurate budget information" -- end quote. Information that apparently will not be available until after Congress has dealt with the budget reconciliation bill.

Now, I have great respect for Leon Panetta, and I know he's trying his best to make terrible economic policy look good, but I'm afraid that what we're seeing here is just another magic act from the White House. The Administration's spin magicians know that the only way to make their massive tax increases look like something wonderful is to turn on the smoke machine, wave a magic wand and convince you not to worry while they're busy sawing you in half.

Hiding Deficit Improvement

Fortunately, Senator Domenici, the Ranking Republican on the Senate Budget Committee, is blowing all the smoke away so that the American people can see what's really going on. So here's the trick -- the White House is planning a time out, a delay, a retreat, so it can hide the fact that the deficit has already fallen as much as \$50 billion this year. That's a \$50 billion reduction without any new taxes.

If that's true, we may still have time to convince enough Democrats in Congress that a record tax increase is the last thing the American people and the American economy need right now.

Let's look at some facts: First, long-term interest rates have remained low -- thanks in large part to the policies of the Bush Administration. Second, Senate Republicans were able to derail the President's original \$16 billion spending stimulus proposal by insisting that new spending be paid for with cuts in other programs, instead of just charging it up to the deficit as the Clinton Administration demanded.

A pared-down stimulus bill was adopted, but in the end, blocking the President's original deficit increase proposal will keep \$11 billion from being added to this year's deficit.

Mixed Signals from the White House

Still, we are getting a lot of mixed signals about the economy, and a lot of mixed signals from the White House. First the President claimed credit for the economy's strong performance in the fourth quarter of 1992 -- before he even took the oath of office. The same White House that complained the recovery was jobless in February, took credit for creating 700,000 new jobs in April and May, and dismissed reports of job losses in June, now seems to be lowering expectations across-the-board.

For instance, we know from statements by Council of Economic Advisers Chairwoman Tyson and Secretary Bentsen that the White House plans to drop its official economic growth forecast for this year from 3.1% to about 2.5%.

If expectations and forecasts are nosediving, the White House has more reason than ever to take another look at its economic plan, a tax-now, cut-spending-later plan that calls for anywhere from \$245 billion to \$275 billion in higher taxes during the next 5 years.

(MORE)

Tax Talk Has Already Paralyzed American Economy

All this talk about taxes in Washington -- for deficit reduction and later for health care -- has paralyzed the American economy, forcing investors, entrepreneurs, employers, and businessmen and women up and down Main Street to put off any plans to expand or hire new workers.

The mid-session review is legally due today. While there is no official penalty for delay, I agree with Senator Domenici, that Director Panetta and his magic consultant David Gergen should give the smoke machine a rest and rethink their strategy.

All members of Congress -- Democrats and Republicans -- should demand that the Administration provide us the best possible information about the health of the economy and the budgetary situation before we are asked to vote on the President's deficit reduction plan.

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Remarks delivered on Senate floor, approximately 10:45 AM EDT.