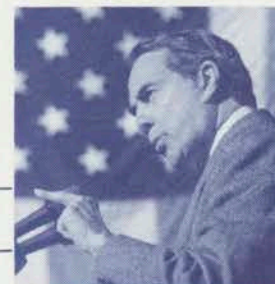


Bob Dole



NEWS

U. S. SENATOR FOR KANSAS

FROM:

SENATE REPUBLICAN LEADER

FOR IMMEDIATE RELEASE
AUGUST 4, 1993

CONTACT: CLARKSON HINE
(202) 224-5358

DEFICIT REDUCTION TRUST FUND IS THIS THE LAST GIMMICK?

DOLE WARNS AMERICANS: "DON'T TRUST THE TRUST FUND"

The Deficit Reduction Trust Fund established by Executive Order today is a toothless accounting gimmick. Moving tax dollars from one government account to another does not reduce the deficit one dime. Members of the President's own economic team have admitted that is all this so-called Trust Fund does.

THERE ARE ONLY TWO WAYS TO TRIM DEFICIT: CUT SPENDING OR RAISE TAXES

There are only two ways to reduce the deficit. And both require a change in law. You can cut spending, as Republicans tried to do with our Alternative Budget plans, or you can follow the Democrat recipe and raise taxes. The reason why President Clinton does not need congressional approval to establish this Trust Fund is that it is nothing more than a display device. It does not cut spending, raise taxes or reduce the deficit. Don't forget, President Clinton made the Congressional Budget Office the official budget scorekeeper for the federal government.

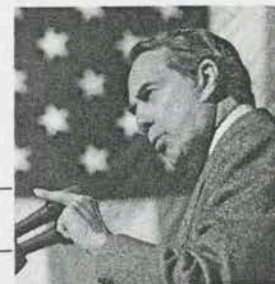
No accounting gimmick can hide the fact that the President's budget plan calls for the largest tax increase in history or that it is a tax-now, cut-spending-later plan that fails to solve the deficit problem.

PRESIDENT CLINTON SHOULD LISTEN TO CBO

On May 13th of this year, the Director of the Congressional Budget Office, Robert Reischauer, testified before Congress on the topic of budget enforcement. During that testimony, he commented on the Trust Fund proposal. Reischauer said: "As a matter of fiscal fact, any tax increase or spending cut reduces the deficit relative to the level that would have existed without that action. But saying deficit reduction has occurred is different than achieving particular deficit targets, and creating such a Trust Fund could not ensure any particular deficit outcome." He added: "Establishing such a Trust Fund to accompany this year's reconciliation bill would not ensure that the deficits projected by the Budget Resolution would come true." In other words, this Trust Fund will not reduce the deficit one dime.

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