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The political pulse

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The congressional scene

Dole keeps promises to 'soak the rich'

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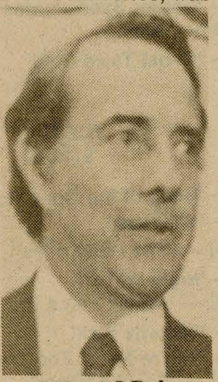
When Sen. Robert J. Dole, R-Kan., chairman of the Senate Senate Finance Committee, was in Idaho Falls for a press conference last spring he promised under the new tax bill there would be no social security cuts and that the more affluent would pay more.



Robert J.Dole

The new tax bill approved by the Senate by a scanty 50-47 margin apparently carries out these pledges.

Dole said in his informal press conference at the Idaho Falls Airport that under the new compromise budget there would be some $40 billion unspecified Social Security reductions and miscellaaneous tax rules but these are aimed at the rich. He also said at that time there would be a $95 billion tax increase.

He did not spell out the tax provisons in details which raised suspicions but did remark "the rich can afford it," referring to the tax hikes.

He did say that although those on Social Security 65 and over would not be cut, there could be restructuring to keep the entire system solvent. He also acknowledged that future cost of living increases might be reduced or eliminated but this would not affect the 7.4 percent increase of July 1 and it didn't.

Dole said the future Social Security cuts might bring about further constraints in early retirement, cutbacks in student loans, reductions in Medicare and Medicaid, and revisions in many other federal government programs, and this is happening.

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Dole said the entire trouble stems "from these past many years of the federal government trying to do too much for too many people."

He also spoke favorably for a constitutional amendment that calls for a balanced budget and which now is facing passage in the Senate.

He blamed liberal Democrats for much of the deficit spending but but unlike many other of the more partisan Republicans added all of members of Congress must take responsibility for what has happened the past few years.

It was one of the most significant press interviews ever given by a powerful U.S. senator and it accurately predicted what would and did happen.

The 58-year-old Kansas Republican is projecting a new image as a forger of compromise, a thoughtful powerbroker and a supporter of, but not apologist for, the Reagan White House.

What came out of the Senate a couple weeks ago was a tax bill that targeted the main tax increases for corporations and upper income individuals who were the principal beneficiaries of last year's tax cuts.

Virtually everbody, including telephone users, smokers and families, with high medical expenses, also will be nicked to some extent.

The new bill would take back about $37 billion of the $87 billion in across-the-board corporate tax relief approved last year for 1983-85 period. In addition it would impose stiffer taxes on selected industries, chiefly life insurance and long-term contractors.

Hitting the more affluent, the bill calls for the first time to tax the previous tax-exempt income from state and local government industrial revenue bonds of upper income individuals, slice part of the retirement plans of high-earning professionals, cut by half the benefits derived from "safe-harbor leasing,"and depriving U.S. oil companies the advantage of using foreign tax credits from extraction income to avoid U.S. tax and other income.

Also aimed at the rich, the bill cuts by 15 percent some major deductions, such as oil depletion allowance used by businesses; requires a speedup of corporate tax payments, tougher tax treatment of certain life insurance companies and long-term contractors, repeals major expansions of depreciation deductions scheduled in 1985-86, and cuts in half deduction for business meals except those for out-of-town travel.

For individuals, only medical expenses that exceed 7 percent of taxable income would be deducted and half of the premimum for medical insurance up to 100 percent could be deducted.

Other main tax provisons include doubling cigarette tax to 16 cents per pack, increasing phone service from 1 to 2 percent; corporations and other large financial institutions would have to do without 10 percent of interest and dividend for tax purposes, umemployment tax for employer would be raised $1.20 per worker, and capital gains deductions would be cut in half.

The bill also would repeal the $750 dividend deduction, require federal workers not under Social Security to pay 1.3 percent of the base wage of $35,400 next year; air passenger tax to jump from 5 to 8 percent; and the 3 percent boating equipment tax to apply to more equipment.

Dole wields the big financial stick and Sen. Steve Symms, R-Idaho, a member of his Senate Finance Committee, said he rules that committee with an iron and almost dictatoral hand.

Dole didn't do well in his 1980 presidential campaign but indicates interest in 1984 if Reagan doesn't run. He laughingly described himself in the press conference "as a young Reagan waiting to be called" but nobody appears to be clamoring for him yet. Anyway, he left no doubt he is testing the 1984 presidential waters.