

POLITICO

Mondale unveils federal budget plan, Sept. 10, 1984

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September 10, 2018

On this day in 1984, Walter Mondale, the Democratic presidential nominee and a former vice president, unveiled a plan in a news release to reduce the federal budget deficit by two-thirds — about \$425 billion in today's money — by 1989.

Earlier, at the Democratic National Convention in San Francisco, Mondale had said: “Here is the truth about the future: We are living on borrowed money and borrowed time. These deficits hike interest rates, clobber exports, stunt investment, kill jobs, undermine growth, cheat our kids and shrink our future.

“Whoever is inaugurated in January, the American people will have to pay [President Ronald] Reagan's bills. The budget will be squeezed. Taxes will go up. And anyone who says they won't is not telling the truth to the American people.”

Mondale's plan was derided by a wide swath of the press and public. Opposition extended beyond Republicans; even some of Mondale's fellow Democrats looked askance at the prospect of campaigning for a tax increase.

“Basically what you have is a candidate for president who is willing to face the issues,” said Rep. Tony Coelho of California, a close Mondale associate who chaired the Democratic Congressional Campaign Committee at the time. Coelho made it clear to reporters that his party's congressional candidates did not have to embrace the specifics of Mondale's plan.

“I'm telling my congressional candidates that they don't need to adopt any specific program,” he said. “What they need to adopt is a concept of ‘pay-as-you-go.’”

Democrats on Capitol Hill were divided into two camps. In one camp were the party faithful who held safe seats and were willing to stand with Mondale even if his tax proposals proved unpalatable to voters. In the other were jittery Democrats watching Reagan's popularity climbing in their districts and voicing their distaste for tax increases of any kind.

While these proposed levies would have affected only the wealthiest Americans and corporations, a strong backlash against Mondale's brand of what was derided as "tax and spend liberalism" took hold. David R. Burton, an economist at the Tax Policy Center of the U.S. Chamber of Commerce, produced a paper for the Cato Institute asserting Mondale's fiscal plan would increase individual taxes by \$46 billion.

By 1984, Reagan was the oldest president to have ever served, prompting questions in the media about his capacity to continue, particularly in light of his poor showing in his first debate with Mondale on Oct. 7. However, in a follow-up debate on Oct. 21, Reagan neutralized the issue by quipping: "I will not make age an issue of this campaign. I am not going to exploit, for political purposes, my opponent's youth and inexperience."

Come November, Reagan swept to an easy victory, winning every contest in the Electoral College except Minnesota, Mondale's home state, and the District of Columbia.