



NEWS from U.S. Senator Bob Dole

(R.—Kans.)

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FOR IMMEDIATE RELEASE
WEDNESDAY, AUGUST 2, 1978

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DOLE CALLS CARTER, WAYS AND MEANS TAX CUT PACKAGES INADEQUATE

WASHINGTON -- Sen. Bob Dole (R-Kan.) said today that the tax cut package offered by the White House and the tax bill reported by the House Ways and Means Committee do not provide meaningful tax relief and "do not reflect the concerns and needs of the American people."

Dole stated that Americans will be paying more taxes next year, even if one of the tax cut proposals is adopted, mainly because of the effects of Social Security tax increases and inflation.

"There has been a lot of rhetoric in Congress and in the Administration about tax relief," he said. "However, the facts clearly show that the tax relief now pending in Congress is illusionary."

"Inflation is our number one tax problem. As Americans earn more money, as prices rise, they are pushed into higher and higher tax brackets. As a result, a greater percentage of income is paid in taxes. This phenomenon, which I call 'taxflation,' causes a family's real standard of living to decline, even though the family is earning more money."

"The best system to provide tax relief is to eliminate the effects that inflation has on our tax system. By making an automatic inflationary adjustment -- indexing -- to compensate for 'taxflation,' we can fulfill the needs of the American people."

"Indexing is simple, it is sound, and it is equitable. Tax indexing will act as a restraint on federal spending, as it has in Canada. It will help cut inflation, as it has in Australia. In fact, the only argument I have heard against indexing is that it will deny Congress the opportunity to cut taxes every two years."

Dole said it would be up to the Senate, and particularly the Finance Committee, to take a new approach to the tax problem.