



NEWS from U.S. Senator Bob Dole

(R.—Kans.)

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IT'S TIME TO STOP GOVERNMENT PROFIT FROM INFLATIONARY TAX HIKES, DOLE SAYS

LEXINGTON, Ky.—The time has come to protect American taxpayers from inflation-based hikes in federal income tax, Senator Bob Dole (R-Kan.) said here Thursday.

"Why should the Government, whose red ink fuels the double-digit inflationary fires which plague American families, profit from inflation? It shouldn't," Dole said.

But, he added, since inflation pushes hard-working Americans into higher and higher tax brackets, Government today reaps a 16 percent increase in revenues for every 10 percent increase in the cost of living.

"Instead of offering token tax 'cuts' every year or so—'cuts' which still leave the American people with less purchasing power year after year—we should tax only real increases in income," Dole said.

To prevent taxpayers from being forced automatically into higher tax brackets by phantom wage increases, Dole has introduced legislation to "index" the tax system.

His proposal would permit individual taxpayers to exclude any increase in earned income that is attributable to inflation.

"A worker earning \$10,000 who receives a \$1,000 pay increase at a time of 10 percent inflation would, for tax purposes, be able to exclude the \$1,000 phantom inflationary income increase," he said.

Dole's remarks came at a rally for Larry Hopkins, Republican candidate for 6th district congressman.



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REMARKS OF SENATOR BOB DOLE

HOPKINS FOR CONGRESS RALLY

Lexington, Kentucky

September 7, 1978

The people of Kentucky's 6th District have a unique opportunity in 1978. They can vote for a man who will vote for them in the U.S. Congress, a Kentuckian who understands the concerns, the fears, the frustrations of the people of his district, a man who believes the time has come for fiscal sanity in Washington, for lower taxes, for an all-out assault on the inflationary menace which runs rampant in our land.

That man is Larry Hopkins. And we need him in Washington.

GOVERNMENT GROWTH

For too long, federal taxes and federal spending have been on a seemingly endless upward spiral. Savings have been destroyed. Investment has been discouraged. Family budgets have been broken.

Yet government has grown larger and larger, its regulatory tentacles touching nearly every aspect of our lives. "Tax and tax, spend and spend" has been the motto in Washington for decades. And the American people--the supposed benefactors of big government--have been saddled with the bills. All of us--rich and poor, young and old, black and white--have been burdened by government over-reaching, by costly regulations, by an inflation rate once thought sustainable only in wartime.

It's time to do something about big government and the high taxes which keep it running. It's time to restore common sense in Washington, to stabilize our economy so that our children and our children's can enjoy the same opportunities for advancement, achievement and prosperity our fathers and grandfathers gave us.

AN OVERABUNDANCE OF TAXES

You don't have to be an economic expert to recognize that the course we are traversing is a precarious one, that there's something fundamentally wrong when hard-working taxpayers in Lexington, in Kentucky, and around the nation are confronted with a tax on almost every imaginable human activity. There are income and gift taxes, Social Security, unemployment, and excise taxes. We have a telephone tax, a tobacco and alcohol tax, an import tax. There are taxes on license plates and franchises. There are property taxes, sales taxes, gasoline taxes, death taxes, and, if the Administration had its way, we'd have hundreds of millions of dollars in new energy taxes.

Is all this taxation necessary? Should Kentucky workers be forced to endure almost a decade of little or no growth in standard-of-living as government overspending erodes the value of the dollar? Should America's farmers continue to be singled out as the cause, not the victims, of inflation? Should retired people be forced to watch their savings be eroded by inflation? Doesn't government have an obligation to balance its budget so that Kentucky families can balance theirs?

I think so. And so does Larry Hopkins.

We want to do something about high federal taxes, about double-digit inflation, about wasteful government spending.

GOVERNMENT REAPS THE BENEFITS FROM INFLATION

Why should the government, whose red ink fuels the double-digit inflationary fires which plague American families, profit from inflation? It shouldn't. But, since inflation pushes hard-working Americans into higher and higher tax brackets, government today reaps a 16 percent increase in revenues for every 10 percent increase in the cost of living.

It's no wonder that the federal government has been less than enthusiastic in its efforts to dash the inflationary fires. I, for one, think it's time to put an end to this madness.

INDEXING

Instead of offering token tax "cuts" every year or so--"cuts" which still leave the American people with less purchasing power year after year--we should tax only real increases in income. I've introduced legislation to "index" the tax system, to permit individual taxpayers to exclude any increase in earned income that is attributable to inflation. So, a worker earning \$10,000 who receives a \$1,000 pay increase at a time of 10 percent inflation would, for tax purposes, be able to exclude the \$1,000 phantom inflationary income increase. I think this is only fair. It forces government, which is now inflation's most satisfied constituent, to suffer right along with the rest of us.

And it will put strong pressure on Washington, which has increased spending by over \$100 billion in just the last two years, to face up to economic reality. It will force government to live within its means, not to bank on higher and higher revenues each year from hard-pressed American taxpayers. And it will force Congress, which passed the programs that created big government, to scale back its plans for vast new government bureaucracies, to thoroughly scrutinize requests for higher and higher budgets each year from federal agencies, to carefully assess the impact of government spending and regulation on the economy.

We can close the budget deficit, throttle down inflation, and ease the tax burden on American families--if we have the will. I think the people of Kentucky's 6th District are looking for a Congressman who shares their concerns about the future of the American economy, a man who will vote the way the people of his district want him to vote, a leader who believes that government can be compassionate yet frugal, responsible and responsive.

We need Larry Hopkins in Congress. We need his strong voice, and I'm confident the people of Kentucky's 6th District will agree on November 7.