

News from Senator

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DOLE SAYS NATION IN STATE OF ECONOMIC EMERGENCY

WASHINGTON -- Senator Bob Dole (R-Kan.), ranking Republican on the Senate Finance Committee, said today that "the nation is in a state of economic emergency."

Dole pointed to several symptoms of the current crisis:

With inflation hovering at 20 percent, the prime rate at approximately 18 percent, with mortgage rates very close behind, it is obvious the Administration must bear the blame for our economic difficulties. We are at the point where we must stop reacting to events and embark on a course of full economic recovery.

The economy cannot recover on its own. Since the crisis in our economic health is as severe as we all know it to be, we have no choice but to take immediate and effective action to terminate both the causes and the effects of the disaster.

The American people will no longer accept the illusory argument that it is the high cost of energy which is the crux of the problem. Germany, France and Japan import nearly 100 percent of their oil, yet they have thriving economies with inflation at less than 5 percent. It is time for the Administration to face the cold realities. Until we can adopt effective government policies that can break the back of inflation, we have no choice but to take hard short-term measures.

Today we are witnessing government-induced inflation and the beginning of a recession on such a scale and of such a nature that we must join forces to beat it before it beats us.

What We Must Do

To stop the pervasive inflation psychology the Carter Administration must support and the Congress must pass a balance-the-budget amendment. One-shot budget cuts will not convince anyone we are serious about this problem. This is particularly true when the cuts are proposed by the Administration two months after it recommended a fat budget, and by a Democratic-controlled Congress that has failed to balance the budget in 19 of the last 20 years.

Further, the amendment must be part of a package including spending cuts and a radical restructuring of our tax system to encourage production and productivity and to discourage consumption. One of the major causes of the high rate of inflation today is the pre-emptive increases in prices and wages by business and labor, respectively, attempting to get their base up prior to the imposition of controls. One step that can be taken now to put an end to this inflation psychology is a definite vote in Congress against imposition of mandatory wage and price controls.