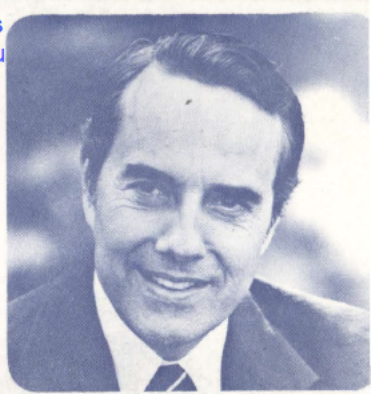


# News from Senator

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## ADMINISTRATION'S TAX POLICIES UNDERMINE AMERICA'S FUTURE

WASHINGTON-- Administration tax policies are "undermining America's future," said Senator Bob Dole (R.-Kansas).

According to Dole,

"If anyone still doubts that the economic policies of the Carter administration have cut severely into the purchasing power of Americans, they should doubt no longer. Yesterday the Bureau of Labor Statistics released a report showing that wages (average hourly compensation) declined 5.6 percent in real terms in the first three months of this year. This is the eighth straight quarter in which inflation has outrun wages. In fact, wages in real terms now stand at the same level as in the third quarter of 1972. This is no news to consumers, but it does provide statistical proof of the pinch that everyone has been feeling.

"Our nation has been built on people's expectation that, through hard work and perseverance they could better their lives and those of their families. Now we have an administration that appears committed to undermining that expectation," said Dole.

## TAX INDEXING

"Our citizens are losing confidence in the ability or willingness of government to foster a stable, growing economy. It is time for government to make a gesture of good faith to the American people, to restore their confidence in the future. One way to achieve that would be to index income taxed to inflation.

"Inflation always pushes people into higher tax brackets because of the progressive rate structure of the income tax. But double-digit inflation costs taxpayers dearly even though their purchasing power remains the same, or even declines. Even if inflation moderates to 12 percent this year, the result will be to cost taxpayers about \$18 billion in 1981. That is an unacceptable burden to add on for our citizens, particularly when it occurs automatically, without a vote or any action by Congress," Dole said.

"The Tax Equalization Act, S. 12, would eliminate this 'taxflation' and guarantee our citizens stable tax rates unless Congress acts to change them.

(MORE)

### FURTHER ILLUSTRATION

"A report released yesterday by the Tax Foundation further illustrates the squeeze on American taxpayers," Dole added. "The Tax Foundation has developed a tax index that compares the rise in Federal, State and Local taxes with the rise in general prices and the real output of the business sector. According to this index, taxes rose 10 percent from 1978 to 1979, while prices rose 9 percent and real output just over 2 percent.

"Using 1967 as a base year, the tax index shows an alarming trend over the past decade, as taxes have increased much more rapidly than prices or real output. The table prepared by the Tax Foundation gives convincing evidence of the need for tax equalization by eliminating taxflation. It shows that the tax index jumped 65 percent from 1975 to 1979, more than double the 30 percent rise in prices and over triple the 21 percent rise in real output of the private sector. With 1967 as 100, the tax index now stands at 336.4, compared to 209.4 for prices and 144.0 for output," Dole said.