

# BOB DOLE



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LATEST ECONOMIC FIGURES UNDERSCORE NEED FOR IMMEDIATE TAX CUT

WASHINGTON -- The current economic situation, marked by rising unemployment and falling Gross National Product, "simply underscores the need for an across-the-board tax cut, effective January 1, 1981," according to Senator Bob Dole (R.-Kansas), ranking Republican member of the Senate Finance Committee.

Dole, speaking at a news conference held prior to the opening of Finance Committee hearings on the subject of tax cuts, added that "faced with the kind of economic situation reported by the Administration in their mid-session review of the economy on Monday, I find it hard to believe that there is any real resistance to enacting a carefully crafted productivity tax cut right now."

Dole, who last month introduced the so-called Reagan tax cut proposal in the Senate, said today, "It is perhaps ironic that working men and women can get no sympathy from leaders of the current Administration, a Democratic Administration that is supposedly a direct political descendent of the Party of Jackson, Roosevelt, Kennedy and Johnson. This Administration seems able to ignore the fact that 'real' output in this country fell 9.1 percent during the second quarter of this year. This Administration seems comfortable in predicting that unemployment will grow to 8.5 percent of the work force," said Dole.

Republican Alternative

"But there is hope. The Republican Party is united in offering working men and women relief from the crushing burden of new taxes imposed by the Carter Administration," said Dole.

"The Republican tax cut proposal was drafted after numerous meetings among Senators and Representatives and relies on previous hearings before both the Finance Committee and the Joint Economic Committee. Our proposal has two parts: First, a permanent 10 percent across-the-board tax rate reduction for individuals. Second, a phased-in acceleration and simplification of depreciation to encourage capital investment. This part of the proposal is the well-known 10-5-3 capital cost recovery schedule. It includes some liberalization of investment tax credits," said Dole. "The Senate has had two opportunities to vote on this package. Unfortunately, it was defeated both times on an almost straight party line vote," Dole added.

Is Not Inflationary

"Some Democrats have asserted that the Republican proposal is inflationary and is designed to help the rich. Neither accusation is accurate. The 10-5-3 provision will directly increase investment in plant and equipment. This will increase productivity. The 10 percent rate cut is also not inflationary, whereas as a \$50 rebate, for instance, would be, for it would induce taxpayers to increase demand for consumer goods. Our proposal would increase the supply of goods and labor because all taxpayers will receive a higher return for their efforts. Thus our plan is actually anti-inflationary. As for the argument that our plan favors the rich, I would point out that what we are offering is a nearly perfectly progressive tax cut. Those who earn between \$10,000 and \$30,000 per year pay 48 percent of all individual income taxes-- under the 10 percent rate cut, they will receive 51 percent of the tax cut benefits," said Dole.