

News from Senator

BOB DOLE



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DOLE SAYS CONTINUING CPI DECLINE LAYS FOUNDATION FOR STABLE RECOVERY

WASHINGTON -- Senator Robert Dole (R. Kansas), Chairman of the Senate Finance Committee, today cited the low rate of increase in the Consumer Price Index for February as evidence that the economy is poised to make a sustained recovery. The Bureau of Labor Statistics reported today that the CPI rose only 0.2 percent in February, for an annualized rate of 3 percent. The last year in which consumer prices rose at a rate as low as 3 percent was 1967.

"While there are a number of factors working to stabilize prices, President Reagan deserves credit for the major progress made toward one of his chief economic goals: the eradication of inflation. The sustained decline in the rate of price increases indicates that we are seeing something more than a temporary cooling due to the recession. For the first time in years we have a chance to return to the path of stable prices and stable growth," Dole said.

Senator Dole indicated, however, that the battle is far from won. "We cannot afford to let up on the fight against inflation just when we are making real progress," Dole said. "We cannot let fears of renewed inflation hinder economic recovery. Our job now is to keep up the pressure against inflation and make the tough decisions necessary to bring down the deficit. The concern that outyear deficits will either swamp recovery or bring renewed inflation must be dealt with, and it must be dealt with now."

Dole said that the Congress and the President must work together to ensure prompt action on a major deficit reduction package. "The gains we have made against our persistent economic enemy--inflation--are cause for optimism. But unless we tackle our other enemies--interest rates, unemployment, and deficits--that optimism may be short lived. There is plenty of work yet to be done, and it will take a strong bipartisan effort to do it."