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Congress of the United States

House of Representatives

Washington, D.C. 20515

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CONGRESSMAN DOLE REPORTS FROM WASHINGTON

FOR RELEASE: WEEK OF APRIL 17

"Effect of Rampant Inflation"

Inflation steals from everyone, young and old alike, but hurts especially those who live on pensions or other fixed incomes. Inflation has swept in upon us because of policies of the present Administration and its controlled Congress. When a majority of the Members of Congress vote year after year to spend billions of dollars more than our Federal Government takes in, there is an excessive increase in the quantity of money and bank credit--beyond our production of goods and services.

Inflation takes away purchasing power by increasing the cost of living and other goods and services. In 1939, our dollar had a purchasing power of 100 cents. By 1965 it had fallen to 44 cents; the current level is 42.1 cents.

It is noteworthy that of this drop of 57 cents, 53.1 cents has occurred during those years when the Democrats controlled Congress. In the only two years (1949 and 1955) in which the purchasing power of the dollar increased, Republicans controlled Congress for the budgeting which ended during those years.

In 1965, Congress increased Social Security benefits by 7 percent. But even with this increase, the purchasing power of the pensioner's dollar diminished below what it was in 1954 and 1958. The following table shows the Social Security increases Congress legislated to enable pensioners to maintain their purchasing power in relation to the decline in the value of the dollar.

Year	Annual Pension	Purchasing Power of dollar compared to 1939 dollar worth 100 cents	Real Value of Pension
1940	\$ 499.20	99.2¢	\$495.20
1950	870.00	57.8	502.86
1952	930.00	52.3	486.39
1954	1,062.00	51.7	549.05
1958	1,140.00	48.1	548.34
1965	1,220.00	44.0	537.00

Since 1961, the average annual inflation has been over \$10 billion. Except for Federal income tax, inflation takes more purchasing power away from the American people than any other item. As this trend continues, the problem grows more serious. It is urgent that steps be taken immediately at both the legislative and executive levels to stop multi-billion dollar Federal deficit spending which lays the foundation for inflation.