



NEWS from U.S. Senator Bob Dole

(R.—Kans.) New Senate Office Building, Washington, D.C. 20510 (202) 225-6521

REMARKS OF SENATOR BOB DOLF
ANNUAL DINNER AND MEMBERSHIP MEETING
AMERICAN HORSE COUNCIL, INC.
SHOREHAM AMERICANA HOTEL
WASHINGTON, D.C.
THURSDAY, MAY 15, 1975

I very much appreciate your invitation to be with you this evening to address the American Horse Council and to share some observations, not only on some of the developments affecting your industry, but generally affecting the nation as a whole.

If I may reconstruct a borrowed phrase, what's good for America is good for the horse industry. And the prospects for America, I don't hesitate to insist, are very good.

FOR INDUSTRY, FOR COUNTRY, PROSPECTS GOOD

And so the prospects for your 3 million fellow horsemen, and your \$13 billion dollar a year industry, despite our current economic problems, are also good.

Those are the words of an optimist and, there's no doubt, an optimist these days finds the burden of proof on his own shoulders.

But, nonetheless, I am going to insist on my optimism because I believe in it.

We tend to lose our perspective sometimes in this town. On the economy, this is especially so. As a Member of both the Senate Finance Committee and the Budget Committee, the lion's share of my time since the start of the 94th Congress, in January, has been devoted to tax bills, budget calculations and other efforts to put the economy back in shape.

DISTORTED PERSPECTIVE

It's easy, in such an environment, to begin to picture the United States economy as some inert object out there which can be pushed in one direction or another by public policy decisions.

It's also easy to begin to believe that you can really know, with precise certainty, in which direction a given public policy decision will take the economy.

But it is not so passive after all. This is still a private economy and, as such, it is hardly inert. It is dynamic. It moves, at least as much, by its own force, as by the force of government.

There are 2 million private economic decision makers represented by your association alone, the Horse Council. The weight of their actions, taken in their own best economic interests as individual horse owners, as homeowners, as taxpayers, food-buyers, parents, students -- as citizens -- in the final analysis, determines the balance or imbalance of the United States economy.

That is the true perspective, in my view, on the economic situation and the policies it will take to right it.

REMOVE OBSTACLE, DISINCENTIVES

All other things being equal, I believe it is one job of government to refrain from creating unnecessary or arbitrary obstacles to individual, private and widespread economic success and growth.

-2-

With respect to your industry, one such obstacle is the unreasonable and outdated limitation on the inheritance of real property because of the 20 year old, pre-inflation federal estate tax exemption.

The present law works as a disincentive to the retention of open space and natural areas near urban concentrations. It is a perfect example of what public policy can do to thwart those private economic decisions which hold the balance of economic power in America.

PRESENT ESTATE LAWS OUTDATED

There is a strong and growing sentiment for the retention of undeveloped open space to prevent the total urbanization of this country. Environmental awareness, we call it. We pass new laws to encourage it, consider federal land use dictation -- or close to it -- to require it. I ask why not, at the same time, make some minimal changes in existing law to make it possible for those who already want to further that very purpose voluntarily -- who need no federal encouragement or coercion -- to maintain inherited lands as open lands, without going into bankruptcy to do it.

As you know, several bills have been introduced to accomplish the needed change in the federal inheritance taxes. There are at least four variants on the same theme which have been introduced in the Senate. Each, including my own bills S. 678 and S. 679, would raise the present estate tax exemption of \$60,000 to \$200,000. This would reflect the changing needs and the changing economics of real property ownership during the inflationary period since 1954 when the lower figure was established.

RESPONSIVENESS ASSURED

There has been an effort to achieve this change in the law for the past several years. Last year, as you know, legislation to raise the estate tax exemption was offered and passed in the Senate. The House however, rejected the measure for reasons I do not necessarily agree with, but can understand. It is the position of the Ways and Means Committee that estate tax reform should be considered as a whole and preferably should be considered in the context of overall tax reform.

Looking forward to the beginning of tax reform consideration this year, I have written just today to Chairman Ullman and senior Republican member Schneobeli urging them to consider estate tax revisions of the type proposed in my bills when they begin tax reform hearings. And I assure you that if the House does not act favorably on the matter, I will make sure the subject is brought up in the Finance Committee at the appropriate time.

Let me offer an observation, if I may. Democratic government may not always be the most reflective government. It may not always be the most consistent government. But almost invariably, it is the most responsive government.

Individually and through your Washington Horse Council headquarters, make it known to the Congress how badly this change is needed, and I have no doubt it will be accomplished.

It was only 3 years ago, remember, that horsemen were concerned by the outbreaks of Venezuelan Equine Encephalo-something-or-other that threatened their stock and their industry. I didn't know at the time what VEE did to horses exactly, but I knew it was bad. It had to be very bad because so many horseowners made it clear to me they were genuinely worried about what this disease would do to the industry if left unchecked.

So we got USDA to respond because enough people made their concerns known and made it known that those concerns were urgent.

PROSPECTS FOR TAX REFORM

Because your industry has such a broadly based and diverse membership, your concern span a wide range of legislative interests. None is more important, perhaps, than the prospects for general tax reform, an interest which you share with almost all of us. The estate tax exemption for family farms, which I mentioned a moment ago is only one specific illustration of the more general need for reform of our tax structures.

-3-

Unfortunately, I can't give much reason to hope for passage of any comprehensive reform bill this year. We have passed the tax reduction act and it is possible -- even likely -- that before the year is out some further action will be taken to extend certain of its provisions. The increase in the investment tax credit from seven to ten percent may be extended. It may even be made permanent. And, incidentally, I note that horses remain the sole category of livestock which is not subject to the investment tax credit. I would think that, on its face this exclusion is discriminatory and ought to be looked into during any tax reform considerations.

But, it is my view that between now and the end of this year at least, whatever actions may be taken on tax legislation will in the aggregate, fall far short of genuine, comprehensive tax reform.

A far more realistic forecast has the Ways and Means Committee starting hearings in June, reporting a comprehensive tax bill out possibly as early as September, and achieving House passage a little later in the fall. Senate Finance Committee consideration, under this timetable, will not really begin in earnest until close to the end of the calendar year which would put off Senate passage until February or March of 1976 at the earliest.

By way of comparison, it has taken the Ways and Means Committee better than six weeks to complete action on a far less complex Energy tax bill. And, as it is, the fact that a majority within the Ways and Means Committee finally agreed to legislation does not by any means guarantee smooth passage of the bill through the full House or quick agreement by the Senate.

For general tax reform, the complexities will make the bill's passage through the various plateaus of legislative consideration all the rougher.

GROUNDS FOR OPTIMISM

Having just predicted with some confidence that urgent matters may go unresolved until next year, it may be asked why am I an optimist. I have been and remain an insistent optimist for any number of reasons, at least 210 million of them to be more precise.

Just as our economy is not a formless, plastic shapeless thing waiting to be molded at the hands of Congress or Executive branch decision makers, but a dynamic force with a life and vibrance of its own, so is the country as a whole. And so is the future of this country, ultimately, in the hands of you, its people.

I am convinced that no Congress, no matter how enamored of central control it may be; no administration now matter how large and seemingly unyielding the problems it may face; no political party and no political ideology; can force on the American people a policy or direction they choose not to follow.

Given that, my optimism is not groundless. For the American people will continue to follow the course of freedom. And given freedom, the American people will continue to prosper.

Given continued American prosperity, there will be continued American strength, and the continued world security and general peace that comes from it. And there will be a continued basis for the belief that in the face of the enormous problems we have, things will nonetheless be a little better tomorrow than they are today for for all who will work with us toward a better America and a better world.

That, I know, is a lot of "givens," a lot of "ifs."

The biggest if, I stress, is you, and the course you choose to follow -- toward or away from freedom and the challenges that go with it -- for yourselves and your country in the years ahead.

####