NEWS from U.S. Senator Bob Dole

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REMARKS OF
SENATOR BOB DOLE
BEFORE THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Statler Hilton, Washington, D.C

I am delighted to join the American Institute of Certified Public Accountants today for your national conference on federal taxes.

The filibuster which for 13 days has been going on in the Senate finally ended.

We've wasted enough of the Senate's time and enough of the taxpayer's money, and the sooner this fruitless performance is finished the better.

NATURAL GAS DEREGULATION

As you know, the issue at the heart of this filibuster is the proposed deregulation of natural gas prices.

An issue as complex as this one was bound to create controversy. A recent Congressional Committee Report showed that complete deregulation could add$25 billion to consumer bills by 1980. On the other hand, the Natual Gas Supply Committee released a study showing that it would cost consumers more than $123 billion through 1990 if federal controls are not removed from natural gas prices.

Figures can be twisted to fit any argument, but one thing is clear: it is absolutely essential to our economy that there be an adequate supply of natural gas. We must have policy that balances the need to hold down prices against the need to ensure adequate supplies.

The Senate in October of 1975 passed a bill that called for a phased-in deregulation of natural gas prices over a period of years. That proposal was the product of many Senators' ideas, Republicans and Democrats.

It appears that the Senate may finally vote for limited deregulation.

FINANCE COMMITTEE CONSIDERATION

The Senate Finance Committee has been considering the Administration's energy proposal since early August. During the extensive hearings, I was impressed that hardly a single witness except those from the Administration supported the Carter energy package. The Administration's program has created an odd coalition of such diverse groups as the Consumer Federation of America, the Chamber of Commerce, and the AFL-CIO, who all strongly oppose the energy bill.

It is an unfair package because the great burden of these new taxes would fall not on the rich and powerful oil companies, but on the middle and low-income families struggling to make ends meet from one month to the next.

GAS GUZZLER

The so-called gas guzzler tax is a prime example how the energy plan discriminates. This tax would have been imposed on cars not achieving a certain mileage requirement. It is readily apparent that the upper-income family could afford the tax. Authorities in government and industry say the tax would cause unemployment, save little fuel, and most importantly deny the man on the low end of the totem pole from buying the car he needs to provide basic transportation for his family.

GASOLINE TAX

Another example of the enrgy tax program is seen in the fact that the elimination of the gaso- . e tax deduction would have drained more than seven billion dollars from American taxpayers-- including the low-income taxpayer -- but it wouldn't have contributed one cent to new energy production.

CRUDE OIL EQUALIZATION TAX

The Crude Oil Equalization Tax -- called the centerpiece of the Administration energy program -- has been voted down in the Finance Committee. This proposal taxes the domestic price of oil to world price. The equalization tax alone would generate over $50 billion in revenues for the Treasury in the next few years. The fallacy of this tax is that it will force consumers to pay higher prices for energy, but would not increase our energy resources.

INDUSTRIAL USERS TAX

The Industrial Users Tax -- a meansure to tax the use of oil and gas -- similarily appears to be lifeless. This punitive tax would by some estimates increase family utility bills over $200 per year in some parts of the country.

ENCOURAGE SUPPLY

T-e Administration's energy plan is short-sighted as well as unfair. It seeks to drive energy costs up through taxation, with the additional revenues going to the government, rather than letting prices rise in the marketplace to square supply with demand by encouraging conservation among consumers on the one hand, and accelerating development by producers on the other.

WASINGTON POST EDITORIAL

No one is sure how he plans to change it, but when the Washington Post starts sounding as worried as the Wall Street Journal about the apparent lack of business incentives in the Administration's plan, you know we're in for trouble.

According to a Post editorial last Saturday,"Mr. Carter's tax bill will apparently be designed mainly to improve the equity in spreading the burden among taxpayers. But he also needs to worry about the effect of tax law changes on economic growth -- which means jobs.

"The crucial factor in economic growth over the coming year," says the Washington Post, "will be business investment. The various elements of the bill will point in opposite directions some of them pulling for greater investment, and some of them pushing against it. The disquieting thing is that nobody can say what the total effect would be".

T-at's what the Washington Post says. I can't wait for Business Week.

BUSINESS INCENTIVES

It is this kind of policy-making that is making everybody so nervous about the Administration's long-awaited tax reform package. The President has been quoted as saying that our tax system in its present form is a "disgrace to the human race".

From what we know right now, the Carter plan has good news and bad news. The good news is that personal and corporate income tax rates would be reduced, double taxation on dividends would be modified, depreciation rates would be accelerated, and the investment tax credit which Mr. Carter denounces, while having used, would be at least -- temorarily -- increased.

CAPITAL GAINS ELIMINATION

The bad news is that income from capital gains would be taxes at the same rate as regular income, instead of half the rate, which is bad news indeed for business investment and for the seven percent of our working population that can't find a job today.

The elimination of capital gains means uncertainty in the stock market. It means that taxpayers will be severely penalized for inflation. It means that investors from all walks of life will have little incentive to risk their money. It is this type of proposal which although would simplify our tax laws would disrupt capital markets and cause business skepticism.

But, as I said, all of this is a combination of speculation and trial balloons at the moment, and we'll have to wait for the package to be formally unveiled before we'll know whether it's really as bad as it's cracked up to be.

TAX REFORM

My own idea of tax reform is simple. To me, tax reform means tax relief. The Republicans in Congress proposed a permanent tax reduction earlier this year while the Carter Administration was still trying to sell its $50 rebate.

That proposal called for a permanent tax cut for individuals which would have amounted to $17.5 billion over the first two years. In perhaps more understandable terms, the savings would havee been $180 to $210 each year for family of four with an adjusted gross income of $15,000 to $20,000.

For business, there would have been a permanent tax reduction of $2.8 billion to provide a much needed stimulus for small business and service industries.

That Republican proposal wasn't accepted, and it's probably too late to get it considered again before the Senate adjourns.

But I want to go on record here and now for making a permanent tax reduction the first order of business in the United States Senate in 1978.

The country needs it. The taxpayer deserves it. And I'll do everything I can to see that the Senate passes it.

USSR-US DECLARATION BURDENS ISRAEL

I realize that you are here for a Conference on federal taxes. But before closing, I feel there is one area of great international concern that none of us can afford to ignore — and that is the Joint Soviet-American Declaration announced this weekend on objectives for an Arab-Israeli Peace Settlement.

It has become painfully clear, in the face of all reason -- in the face of decency itself, that the obligation of redeeming the Carter Administration's reputation in the international arena has been placed squarely on Israel's over-burdened shoulders.

GENEVA CONFERENCE-WHATEVER THE COST

In an Administration where style takes precedence over substance, SALT, Human Rights, China, and Panama represent one public relations disaster after another. Now, whatever the cost to Israel, the Carter Administration is desperately insistant that there be a Geneva Conference before the year is out. And since it has little influence on the Arab nations and on whatever over the PLO, Israel must be made to conform to demands which threaten its very existence. To achieve this, the Carter Administration has violated agreements made by America with Israel. The Administration has publicized every disagreement with Israel in an effort to make the Israelis appear intransigent, while at the same time papering over disagreements with the Arab States, including the refusal of the PLO to agree to Israel's right to exist.

The Administration has brought the Soviet Union back into the Middle Eastern arena from which they had been excluded by years of diligent, painstaking effort on the part of the United States and by their own brutal, blind attempts to manipulate their friends in the Middle East. It is worth noting that the Russian failure in its relations with the Arab States has predicated on behavior similar to that which the U.S. now exhibits toward Israel. All this is in the service of what the President's National Security Advisor arrogantly calls "leverage".

It is not leverage, it is blackmail. And it is a disgrace to the United States.

SIGNIFICANT POLICY DEPARTURE

The sudden move to bring the Soviets back into the Middle East arena is a policy departure of enormous significance. We have a right to know what it means. Is this the quid pro quo for renewed progress on strategic arms limitation talks, so badly bungled last spring? It is a prelude to the Helsinki Conference on Human rights due to reconvene in Belgrade today? What are we getting in return for stabbing Israel in the back? And is the product worth the price.

The U.S. - Soviet statement on the Middle East makes no mention of U.N. Security Council Resolution 242, so carefully crafted as a basis for a settlement, and so throughly rejected by the PLO. It makes no mention of any obligation to recognize the existence of Israel. It was produced in violation of written agreements to consult with Israel on such matters. And it was produced without consultation with the Congress.

One thing is very clear. The Soviets have exacted a heavy price from Mr. Carter in return for such headlines as "Gromyko Holds Out Hopes of Carter-Brezhnev Talks". The ground that was lost in Moscow last winter is being bought back at a heavily inflated cost. And Israel, if Mr. Carter has his way, is to be compelled to absorb that cost.

Thank You.

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