



NEWS from U.S. Senator Bob Dole

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FOR IMMEDIATE RELEASE
WEDNESDAY, JANUARY 18, 1979

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DOLE SAYS ADMINISTRATION'S REAL WAGE INSURANCE PROGRAM 'NIGHTMARE'

WASHINGTON -- Senator Bob Dole (R-Kan.) today called the Administration's Real Wage Insurance Program "a nightmare", and predicted it would not pass the Congress.

Dole, Ranking Republican on the Senate Finance Committee, was responding to the Administration's release of details of the wage program. President Carter originally announced the Real Wage Insurance Program in October, 1978.

Dole said, "The real wage insurance program, the details of which were announced by the Administration today, is a nightmare. After reviewing the proposal, I do not believe there is any real chance Congress will pass it in its current form; even within the Administration support for the program is apparently soft. The wage insurance program is based on the premise that wage increases are the root of our inflation," said Dole. The program ignores the fact that government spending is the real culprit," he added.

"However, the mere fact that the Administration proposed this kind of program indicates their support for adjusting taxes caused by inflation. In my opinion, it would be simpler, and more equitable, to enact tax indexing rather than this unwieldy wage program.

"Indexing entails an adjustment to the tax rates to compensate for increased taxes due to inflation. It is ridiculous to think workers will forgo a permanent salary increase for a one-shot tax credit. In fact, tax indexing will help dampen wage demands. Right now, without tax indexing, a worker knows his wages must rise faster than inflation because he will be pushed into a higher tax bracket," he concluded.