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During secret negotiations early in the year between the White House and Congressional leaders, Dole argued persuasively for such a balanced approach. But the President refused to give in on tax hikes and House Speaker Thomas ("Tip") O'Neill on spending cuts. So the talks collapsed.

Still, while many abandoned hope of progress during this highly charged election season, Dole pushed on, working day and night with his committee staff and allies on the Democratic Ways and Means Committee, at Treasury and in the White House, where his wife Elizabeth heads up the President's office of public liaison. "His goal was always to devise a bill that could pass," recalls committee staff director Robert Lighthizer.

That, of course, was a tall task. The President had made it clear that he would veto any bill that touched the third year of his tax cut and its basic depreciation provisions, or that raised energy taxes. And at that time, most strategists felt it was impossible to raise significant revenues without going after those big items. But Dole believed that the way to go was "cats and dogs"—that is, a plate of numerous, loop-hole-closing tax increases, aimed mostly at business, not voters. That, however, meant taking on the capital's army of business lobbyists. And with six Republicans and five Democrats on his committee up for reelection, and dependent on business support, that seemed a herculean task.

But then Dole had always had a taste for biting bullets, and he took to the task with the same zest he had chewed up the Democratic Presidential ticket in 1976. First, he locked the lobbyists out of his committee; then, he took his own Republicans to the woodshed. Shutting them up in a closed caucus room for three days, he read them the riot act: Either they put the economic interests of the country first, or their ability to deliver goodies to their constituents through the Finance Committee would be severely curbed. Once having seen the light, of course, the Republicans fell into line, and the committee produced a bill that

Those Gucci-shod lobbyists will be "barefoot in the morning," Dole predicted.

raised some \$99 billion, primarily through compliance and loophole-closing provisions, including interest and dividend withholding, restaurant tip reporting and curbs on safe-harbor leasing. Since many of these provisions had long been advocated by the Democrats, Dole had little trouble lining up votes from the minority.

Of course, the bill enraged business lobbyists, who had kept 24-hour vigils outside Dole's committee room (the walls later had to be repainted). Used to cutting deals with former Democratic Chairman Russell Long, they charged Dole with what one lobbyist termed "neo-Nazi tactics" and threatened revenge on the Senate

Taking away a loaf

and House floors. But in the end, Dole's prediction that the Gucci-shod lobbyists would be "barefoot in the morning" was right on target. "His strategy was to take away a loaf, threaten to take two, then give back a half," says National Realtors Association Executive Vice President Jack Carlson. "And it worked."

Dole's first, and most important, victory over the Gucci brigade came on the Senate floor when the restaurant lobby tried to kill the committee's provision requiring restaurants to report waiters' tips to the Internal Revenue Service. After succeeding at 2 a.m., the restaurateurs all went home to bed. But Dole stayed, and at 4 a.m. passed a much more onerous provision reducing by 50% the deductibility of business entertainment. "I couldn't get their tips, so I took their customers," he later quipped. Finally, in conference, the industry caved in on the tip provision in exchange for killing the crackdown on business entertain-

ment—and considered it a victory. By publicly outfoxing the restaurants, however, Dole put the whole business community on the defensive. "It was a masterstroke," said chief White House lobbyist Kenneth Duberstein after the vote. "It made clear to the business types that if they crossed the chairman, they were going to get burned. After that move, his clout rose dramatically. It was absolutely brilliant."

Indeed, while the pro-supply-side leadership of the U.S. Chamber of Commerce continued to battle the bill, other major business groups, such as the National Association of Manufacturers and the American Business Conference, supported it, while the Business Roundtable kept its criticisms to a backroom whisper. More tellingly, industries that had been spared, like energy, became strong supporters—for fear of becoming targets themselves. Others who were already hit decided to lay low to avoid being hurt even more. For example, the commercial banks feared a corporate minimum tax; the defense industry, tougher completed contract accounting provisions; and the drug companies, tighter controls on their Puerto Rican subsidiaries. Still others were hoping for sweeteners: the securities industry, for a shorter holding period for capital gains; the smokestack industries, for less painful cutbacks in depreciation allowances; the Roundtable, for some continuation of last year's leasing breaks. All in all, fear proved an excellent motivator," comments Wayne Valis.

The lobbyists, for their part, were still hoping for one last shot on the House side. But once again, Dole outmaneuvered them. Strengthened by deep divisions on the Democratic-controlled Ways and Means Committee, largely due to an election year fear of being tarred with the tax hike brush, he was able to persuade the House leadership to allow the Senate bill to go straight to conference, a thoroughly unorthodox procedure. Once there, the conferees' only choices were between current law and the Senate bill, so there was little maneuver-

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ment—Consequently, the final measure closely resembled the bill Dole pushed through the Senate.

Once the conference completed its work, of course, the President and the Speaker embraced the bill with open arms, and used all their political muscle to push it through the Congress. But when the cheering stopped, the credit went to the man who had staked out the middle ground in the cold winter months. "It wasn't the White House's bill; it wasn't the Treasury's; it was Bob Dole's," says Valis.

Never one to rest on his laurels, the hard-charging Dole is already staking out new battlefields. On Social Security, he wants to begin reform in this month's lame duck session. "If we wait until next year, and the issue gets mixed up in the budget process," he warns, "then we'll be subject to the charge that we're balancing the budget on the backs of the poor. And that's trouble." As for a reform blueprint, Dole says he has none, although he says he hopes to avoid payroll tax increases.

Similarly, looking forward to next year's looming budget deficits, Dole asserts that Congress will have to consider all forms of spending cuts, including defense and such entitlements as Medicare and Medicaid. Moreover, he suggests that further tax increases may also be needed. "Unless the economy improves very quickly—and I don't expect it will—

More tax increases?

we'll have to look at the revenue as well as the spending side," he says. "And all loopholes will be vulnerable."

Indeed, the Senator has already launched extensive hearings on the increasingly popular concept of a flat tax (page 34). While he readily concedes that the notion has quite a few political, economic and social flaws, he argues that it provides a good starting point for discussions on ways to broaden the nation's tax base—both personal and corporate—and reduce rates. And while he's loathe to tip his

hand, he does reveal that energy and industrial revenue bonds are on his emerging hit list.

In addition, the Senator plans to make international trade policy a higher priority for the Finance Committee next year. He expects to attend this month's meeting of the General Agreement on Tariffs and Trade and to hold hearings on trade barriers and U.S. exports in Europe and Japan. "This could be a real sleeper issue," predicts a Dole aide.

As for high office, Dole played it coy in a recent speech to the National Press Club. Recalling a recent trip to Kansas to celebrate Alf Landon's 95th birthday, he joked: "When I heard Alf tell the President that he's only riding once a month instead of every day now—because his horse is getting old—I realized I'd have to forget about 1984."

As for staying in the public eye, he has no worries. "My work on the Finance Committee should take care of that." —ANN M. REILLY

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Dole challenges Democrats on Social Security

By Dorothy Collin
Chicago Tribune

WASHINGTON — Smarting from Democratic jabs on the Social Security issue, Sen. Robert Dole (R., Kan.) Thursday challenged the Democrats to come up with "concrete proposals" to deal with the system's problems.

"I'm asking them to stop playing politics," Dole said. "If they don't want to, then we can't address the issue."

Dole, chairman of the Senate Finance Committee and a member of a commission formed to suggest solutions to Social Security's financial difficulties, said he has given the commission time to make all its final decisions until the Democrats can agree on their recommendations.

"Why issue a report which would be shot down by the Democrats?" Dole asked.

THE COMMISSION IS SCHEDULED to meet next week to decide on its



Dole referred to the Democrats' tactics as "partisan sniping" and "calculated political maneuvering" that "caused many older Americans needless anxiety."

He accused the Democrats of "unfairly exploiting the issue" and said he was "not knowingly trapped by partisan Democrats" in trying to solve Social Security's problems.

As chairman of the Finance Committee, a possible presidential candidate, Dole is in the enviable position of having responsibility in his committee for Social Security at the same time he might be positioning himself for a run at the White House.

DOLE CONFRONTED HE and Rep. Dan Rostenkowski (D., Ill.), chairman of the House Ways and Means Committee, could work out a solution "in two hours but I'm not sure it would have the speaker's blessing."

"He said a bipartisan agreement could be reached." Democrats are willing to say, "OK, fellows, we had a lot of fun, we picked up 10 seats, now

let's sit down and have a truce."

But a spokesman for O'Neill said before the commission issued its report, it would "put the cart before the horse."

The purpose of the commission was neither party had to act first in doing something that's unpleasant," said the spokesman, who added that O'Neill was prepared to organize the Ways and Means Committee each year to "set about the job that needs to be done."

ALAN GREENSPAN, CHAIRMAN of the commission, said the commission must report by Dec. 31 unless President Reagan amends the order setting up the group.

Larry Speakes, deputy White House press secretary, said the White House was considering taking a position on Dole's proposal to postpone the commission's decisions.

"The underlying principle is that it has to be a bipartisan and nonpolitical approach," Speakes said.

Sen. Dole: "You can't forget the vulnerable"

At the Washington Press Club on Wednesday, guest speaker Sen. Robert Dole, R-Kan., tackled some of the toughest issues facing the Reagan administration: making the Social Security fund solvent and creating a lasting employment. Dole was just the man to do the talking.

As chairman of the Senate Finance Committee and a member of a commission formed to suggest solutions to Social Security's financial difficulties, Dole has emerged over the last year as a point man on the critical issues facing Congress and the president.

Although dubbed a "hatchet man" during the 1976 vice presidential campaign by Gerald Ford because of his tough and witty comments against the Democrats, Dole since has mellowed. That's partially due to his new responsibility.

"In '76, I had a definite role to play," Dole said.

"I had the briar patch assignment, the president, the president had the Rose Garden. I was out every

WASHINGTON
By KAREN DE WITT

day cutting up the opposition. I hope I didn't annoy and personally offensive. It's just a very partisan business."

Today, however, Dole plays a more conciliatory role that has garnered him kudos from Democrats and Republicans alike. It also has prompted speculation that he may make a second run at the presidency.

Dole ran a short presidential campaign in 1980, but dropped out for health reasons, as well as a lack of the "five Ms": money, management, manpower, momentum and media attention.

Yet despite his personal loss, the election that brought Republicans to power two years ago increased Dole's own power and visibility by putting him in a Senate leadership role. From that position, his conser-

ative credentials and legislative skill have helped him maximize his influence.

DOLE: Out of the "briar patch" ics as well as prevent the passage of a more liberal bill.

Dole also joined liberal Democrats in a successful move to stop major cutbacks in the food stamp program.

Perhaps his crowning political achievement, however, was this year's tax package, a legislative proposal that he managed to get approved despite some tough opposition.

Even though Dole has gotten a measure of cooperation from his colleagues on the opposite side of the aisle, he remains a conservative. He voted with the Republican majority 94 percent of the time last year.

His party loyalty extends to Reagan's policies and re-election plans, despite frequent talk about a Dole candidacy.

"I think it's essential that (Reagan) run," said Dole, "but if he doesn't run, I'm modest enough to believe that I could

handle the job—but that is if, and only if, the president is not a candidate."

Friends say Dole is a complex man, a staunch Republican involved in "people issues."

He excels his interest in food stamps, veterans' issues and social issues partly to his background. The son of grain elevator operator who ran a milk and egg station in Russell, Kan., Dole said his family didn't have much money.

The senator was seriously wounded during World War II and, as a result, has almost no feeling in his right arm and sometimes loses the feeling in his left one.

"When you have a problem yourself, it's a daily reminder that people out there have problems and you have to be sensitive to those problems," said Dole. "You can't forget the vulnerable."



By Sue Klemens, UPI