NEWS from U.S. Senator Bob Dole

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STATEMENT OF SENATOR BOB DOLE

ECONOMIC INDICATORS POINT TO CRISIS IN CARTER ECONOMIC POLICIES AND ECONOMIC TEAM

Mr. President, I read yesterday that the United States balance of payments set a record $4.6 billion deficit in the second quarter -- the fourth deficit in a row -- that the U.S. dollar fell to an all-time low for the second time in two days against the Swiss franc, and that the dollar declined against all major West European currencies. THE WASHINGTON POST reported, "The dollar is beset by what is regarded as America's disappointing economic performance lately."

The Dow Jones average of 30 industrials Wednesday fell 10.82 to 840.96 setting a 21 month low for the second time this week. Several other leading market indicators also reached their lowest levels in more than a year and a half.

CRISIS OF ECONOMIC LEADERSHIP

These events cause me serious concern and alarm. They come at a time when there is an apparent crisis of economic leadership in the (Carter) Administration's economic policies and economic team.

There is yet, after eight months, little evidence or appearance of any long run economic policy or the creation of a stable economic team to develop such policies. President Carter's economic advisors are floundering through a patchwork of economic policies that are old, shopworn economic ideas tried and proven wrong in the 1960's.

Treasury Secretary W. Michael Blumenthal has been saying he's not concerned about the large deficit in the balance of payments. I wonder if Secretary Blumenthal still is not worried?

ECONOMY AT CROSSROADS

The United States economy is now at the crossroads. The correct actions now could lead us to a stable, non-inflationary economy. Wrong policies now could lead us into trouble in the future and put our economy is rough shape by 1979 and 1980. How much longer must we wait before the President decides on an economic team and an economic policy?

LARGE TRADE DEFICITS

The large trade deficits and the floundering Administration economic policies can only:

(1) Cause the American dollar to continue to fall in value against foreign currencies. Our dollar will weaken and depreciate in value, which is inflationary.
(2) Cause an increase in the amount of American dollars help by foreign countries and foreign nationals tyrough flooding the world with dollars,
(3) Cause an increase in foreign investments in the United States,
(4) Cause an immediate increase in the inflationary fires in the U.S. as all our imports, including oil, cost American consumers more because of the declining value of the dollar.
(5) Cause interest rates in the U.S. to go up in order to encourage foreign central banks, nationals and foreign central banks, nationals and foreign governments to hold dollars,
(6) Cause eventually another serious round of world-wide inflation and instability. The entire world economy could be put in a precarious position.

The recent small increases in the Consumer Price Index I believe are only an illusion, the calm before the storm, created by a depressed farm economy.

The trade deficits could be reduced if the Administration would adopt a more aggressive farm commodity export policy. I have urged Secretary Bergland on repeated occasions to implement programs at his disposal to increase agricultural exports through increased funding of P.L.480, and a more agressive export program under Commodity Credit Corporation credit.

The economic signals are pointing to a severe crisis in the American economy both at home and abroad.

The U.S. economy stands at the crossroads.