

REMARKS OF SENATOR BOB DOLE

GROCERY MANUFACTURERS OF AMERICA, INC.
MADISON HOTEL, WASHINGTON, D. C.
WEDNESDAY, MARCH 13, 1974

I WANT TO THANK YOU FOR THE KIND INVITATION TO BE WITH YOU
FOR THIS MONTHLY LUNCHEON MEETING AND FOR THIS OPPORTUNITY TO SHARE
WITH YOU SOME OF MY THOUGHTS ON THE CURRENT POLITICAL AND PUBLIC
POLICY SITUATION IN WASHINGTON AND IN THE COUNTRY.

POLITICALLY, ECONOMICALLY, WE ARE BESET WITH A HOST OF
PROBLEMS.

2.

SOCIALLY, FROM THE WAY OUR SOCIETY PERCEIVES THOSE PROBLEMS, THEY ARE SEEN MORE AS CONFUSION FACTORS THAN SIMPLE PROBLEMS. IN MANY RESPECTS, THEY ARE THE SAME, ESSENTIALLY, AS THE PROBLEMS WE HAVE FACED IN THE PAST. BUT THEY HAVE A NEW AND PERPLEXING DIMENSION TO THEM, IN THAT THEY HAVE BEEN SPRUNG ON US UNEXPECTEDLY AND HAVE ARISEN WITHOUT ANY APPARENT WARNING.

UNEXPECTED DEVELOPMENTS

WE HAVE A PRESIDENT WHO ONLY 17 MONTHS AGO WON A SECOND TERM WITH AN AWE-INSPIRING PERSONAL ELECTION TRIUMPH. AND TODAY, IN HIS OWN WORDS, HE IS FIGHTING LIKE HELL TO KEEP FROM BEING REMOVED FROM OFFICE.

3.

TODAY, A WHOLE GENERATION OF AMERICANS, BORN AFTER THE WAR AND NOW MANY OF THEM PUSHING THIRTY, HAS JUST BEGUN TO COME TO GRIPS FOR THE FIRST TIME WITH WHAT EVERY GENERATION THAT EVER LIVED BEFORE THEM HAD ALWAYS LIVED WITH -- THE INCONVENIENCE OF SHORTAGE.

TWO YEARS AGO, THIS ECNOMY WAS ROLLING ALONG IN HIGH GEAR AND THE MAJOR DEBATE CENTERED ON WHETHER AND HOW MUCH OF A BRAKE SHOULD BE APPLIED. TODAY, THE MAJOR POINT OF CONTROVERSY IS -- WILL THERE BE A RECESSION IN 1974 OR ONLY A SLOWDOWN?

ECONOMICALLY, ONE GETS THE FEELING THAT WE HAVE BEEN A NATION OF HIGH ROLLERS FOR YEARS -- AND UNCLE SAM HAS UNDERWRITTEN THE BILLS FOR MUCH OF OUR EXTRAVAGANCE -- BUT NOW ALL OF THOSE BILLS HAVE COME DUE.

4.

ENERGY -- NO LONGER CHEAP

ENERGY IS THE BEST EXAMPLE OF THIS. FUEL THAT WE HAVE BEEN BUYING ON THE CHEAP FOR YEARS ISN'T SO PLENTIFUL AS IT WAS. WE HAVE USED UP ALL THE CHEAP STUFF, AND WE ARE GOING TO HAVE TO PAY FOR THE REST.

FOOD PRICES, AS YOU ARE ALL WELL AWARE, HAVE RISEN SIGNIFICANTLY IN THE LAST FEW YEARS. BUT THEN FOR YEARS IT WAS RELATIVELY INEXPENSIVE HERE BECAUSE WHILE WE COULD PRODUCE MORE THAN WE NEEDED, THERE WERE NO DEMANDING MARKETS FOR IT ABROAD. THE AMERICAN CONSUMER, NOT TO MENTION THE AMERICAN PRODUCER, HAD NO COMPETITION.

5.

GROWTH OF WORLD MARKETS

BUT NOW, IT IS NOT ONLY ATTRACTIVE TO SELL AMERICAN FARM PRODUCTION ON THE WORLD MARKET, IT IS PRACTICALLY ESSENTIAL -- IF WE WANT TO KEEP OUR BALANCE OF TRADE PICTURE ANYWHERE NEAR EQUILIBRIUM.

BUT IT MEANS HIGHER PRICES AT HOME AND PERHAPS AN END TO THE ABUNDANCE WE ONCE KNEW -- ABUNDANCE THAT WAS BASED ON SURPLUS THAT COULD KEEP PRICES DOWN.

THE ECONOMICS OF THESE SHIFTING PATTERNS IN INTERNATIONAL TRADE HAVE, OF COURSE, LED TO OUR PRESENT SITUATION OF PERSISTENT INFLATION, AND IT, IN TURN, HAS PRODUCED A PREDICTABLE PSYCHOLOGICAL AND POLITICAL REACTION AMONG THE AMERICAN PEOPLE AT LARGE. AFTER YEARS OF RELATIVE PRICE STABILITY, WE FIND OURSELVES FACED NOW WITH AN INEXORABLE RISE IN OUR COLLECTIVE COST OF LIVING. BUT THE AMERICAN PEOPLE DON'T SEE, OR DON'T BELIEVE, OR DON'T WANT TO BELIEVE THAT THERE ARE COMPELLING REASONS BEHIND THE PRICE RISES.

6.

LESSON NOT YET LEARNED

THEY HAVE HEARD THAT MOST OF THE REST OF THE WORLD HAS FINALLY, THOUGH ONLY VERY RECENTLY, GONE INTO COMPETITION WITH THEM FOR THE CONSUMER GOODS AND HIGHER QUALITY, HIGHER PROTEIN FOODSTUFFS WHICH, NOT LONG AGO, ONLY THEY AND A FEW OF THEIR WESTERN EUROPEAN NEIGHBORS COULD AFFORD. THEY HAVE HEARD IT, BUT THEY HAVEN'T COME TO GRIPS WITH ITS FULL IMPLICATIONS.

THEY HAVE HEARD IT. BUT THEY ARE MOST INTERESTED, OFTEN, ONLY IN KEEPING PRICES DOWN -- WHATEVER IT MAY TAKE TO DO SO -- THAN THEY ARE IN UNDERSTANDING WHY IT MAY BE IMPOSSIBLE OR EVEN COUNTERPRODUCTIVE TO HOLD THEM DOWN VERY MUCH OR FOR VERY LONG.

WHAT ALL OF THIS LEADS TO -- WHAT IT HAS LED TO -- IS THE IMPOSITION OF CONTROLS.

7.

DANGER OF CONTROL PSYCHOLOGY

IN AUGUST 1971, PRESIDENT NIXON IMPOSED A WAGE AND PRICE FREEZE. IN THE CONTEXT OF THEN CURRENT ECONOMIC CONDITIONS, HE DID IT WITH SOME JUSTIFICATION, EXPLAINING THAT HE WAS SETTING OUT TO BREAK THE "INFLATION PSYCHOLOGY" WHICH THEN HELD THE NATION, CONSUMER AND BUSINESSMAN, IN ITS GRASP.

BUT NOW, I FEAR, WE RUN THE RISK OF DEVELOPING IN ITS PLACE, A CONTROLS PSYCHOLOGY.

APRIL 30th -- END OF CONTROLS

THAT IS WHY I ANTICIPATE WITH SOME ENTHUSIASM THE ADVENT OF APRIL 30th AND THE EXIT, THAT DATE, OF THE ECONOMIC STABILIZATION ACT WITH ITS ATTENDANT AUTHORITIES TO CONTROL THE ECONOMY AND THEREBY MAKE THE FEDERAL GOVERNMENT AT LEAST A JUNIOR PARTNER IN EVERY BUSINESS ENTERPRISE IN THE COUNTRY.

8.

AND THAT IS ALSO WHY -- IN THE BUSINESSMAN'S OWN INTEREST, AS I SEE IT -- I HAVE TRIED TO BE CANDID IN MY CRITICISMS, WHERE I THOUGHT CRITICISM WAS JUSTIFIED, OF SHORTSIGHTED BUSINESS PRICING DECISIONS. THESE MAY MEAN PROFIT IN THE SHORT TERM BUT OVER THE LONG RUN CAN ONLY SERVE TO INFLAME THAT CONTROLS PSYCHOLOGY AND SEEM TO GIVE IT JUSTIFICATION.

LATELY, FOR EXAMPLE, I HAVE BEEN RATHER FRANK TO SAY OF YOUR COLLEAGUES IN THE RETAIL GROCERY BUSINESS THAT I THOUGHT THEIR PRICES FOR MEAT, WHICH HAD DROPPED MINIMALLY WHILE EQUIVALENT LIVE CATTLE PRICES DROPPED OVER 30 CENTS A POUND, WERE SIMPLY INDEFENSIBLE.

9.

POLITICAL RESPONSE

WE HAD A MEAT BOYCOTT JUST LAST FALL -- A POLITICAL ACTION.
AND -- IT SHOULD HAVE BEEN NO SURPRISE -- IT LED TO A POLITICAL RESPONSE:
THE IMPOSITION OF CONTROLS ON WHAT HAD NOT, BEFORE THAT, BEEN CONTROLLED --
THE PRICE OF RED MEAT IN THE SUPERMARKET. THAT IN TURN LED TO DISLOCATIONS
FROM WHICH THE MEAT PRODUCTION INDUSTRY IN THIS COUNTRY IS STILL REELING.

I NOTE THAT, IN RECENT DAYS, THE PRICE OF BEEF AT RETAIL HAS FINALLY
BEGUN TO DECLINE AND I WELCOME THIS NEWS. IT IS THE KIND OF VISIBLE SIGNAL
THAT PRODUCERS AND CONSUMERS ALIKE NEED THAT THE MARKET REALLY DOES RESPOND
TO CHANGES IN THE SUPPLY AND THE WHOLESALE PRICE-OF-SUPPLY SITUATIONS.

10.

WHEAT AND THE PRICE OF BREAD

ANOTHER CLEAR SIGNAL MIGHT BE GIVEN IF THE PRICE OF BREAD WOULD START RESPONDING TO FLUCTUATIONS IN THE PRICE OF WHEAT, EVEN WHEN WHEAT PRICES GO DOWN AND NOT JUST WHEN THEY GO UP, AS SOME WOULD HAVE US BELIEVE IS THE CASE.

THE DOLLAR A LOAF SCARE, TOO, INFLAMED THE CONTROLS PSYCHOLOGY AND PROMPTED WIDESPREAD CALLS FOR WHEAT EXPORT CONTROLS. BUT THE FACT IS THAT WHEN THE DOLLAR A LOAF PREDICTION WAS MADE, WHEAT WAS SELLING AT \$5.99 A BUSHEL. NOW, IT'S AT \$5.18 BUT THE PRICE OF A LOAF OF BREAD HASN'T BEEN SEEN TO FALL JUST YET. AND THE IMPETUS FOR EXPORT CONTROLS GOES ON, UNDIMINISHED.

11.

MAXIMIZE FREEDOM

ALL OF US, IN THE LONG-RUN, HAVE OUR DIFFERENT SPECIFIC REASONS FOR WELCOMING THE IMMINENT END OF WAGE AND PRICE CONTROLS. BASICALLY, THE REASON, HOWEVER, IS THE SAME -- THE SYSTEM FUNCTIONS BETTER WHEN IT MAXIMIZES THE FREEDOM OF BUYER AND SELLER, PRODUCER AND CONSUMER ALIKE.

BUT JUST AS THE PRESIDENT SET ABOUT TO BREAK THE INFLATION PSYCHOLOGY BY IMPOSING CONTROLS, SO IT WILL BE YOUR CHALLENGE, ALONG WITH YOUR COLLEAGUES IN BUSINESS, TO BREAK THE CONTROLS PSYCHOLOGY BEFORE IT HAS A CHANCE TO TAKE A MORE FIRM OR ENDURING HOLD IN THE FABRIC OF AMERICAN LIFE.

12.

IF THE NOTION EVER CATCHES ON IN THIS COUNTRY THAT A CONTROLS POLICY REALLY CAN WORK, THEN GENTLEMEN, THE BALL-GAME IS REALLY OVER. WITH THE COOPERATION OF GOVERNMENT, WITH AN EXECUTIVE AND A CONGRESS HOPEFULLY CHASTENED BY THEIR UNHAPPY EXPERIENCE WITH CONTROLS POLICY -- BUT DON'T RELY ON GOVERNMENT, ESPECIALLY THE CONGRESS TO READILY ADMIT, MUST LESS LEARN FROM ITS MISTAKES -- IT WILL BE UP TO YOU IN BUSINESS TO DRIVE HOME THE OLD LESSON THAT A FREE MARKETPLACE REALLY IS THE BEST MECHANISM FOR KEEPING PRICES AND SUPPLY WITHIN REASONABLE LIMITS. THAT IS THE WAY TO BREAK A CONTROLS PSYCHOLOGY AND IT'S NOT JUST THE BEST WAY, IT IS THE ONLY WAY.

AND, IN THE FINAL ANALYSIS, IT IS UP TO YOU.

13.

POLITICAL IMPLICATIONS

I SAID EARLIER, IN THE MIDST OF OUR PRESENT ECONOMIC PROBLEMS, THAT IT SEEMED AS IF WE HAD BEEN BUYING ON THE CHEAP FOR YEARS AND ALL OF A SUDDEN, ALL THE BILLS HAD COME DUE.

PERHAPS, PHILOSOPHICALLY, IT IS FOR THE BEST. WE NEEDED SOMETHING TO JAR US OUT OF OUR COMPLACENCY ABOUT SO MANY THINGS. EVEN THE ARAB OIL EMBARGO IS TOUTED AS A BLESSING IN DISGUISE.

BUT POLITICALLY, I'D BE LESS THAN CANDID IF I DID NOT ADMIT TO A SENSE OF SLIGHT DISMAY THAT ALL OF THESE BILLS HAD TO COME DUE DURING A REPUBLICAN ADMINISTRATION.

AND THERE ARE THOSE, AS YOU KNOW, WHO LOOK UPON THE CURRENT POLITICAL SITUATION WITH MORE THAN MERE DISMAY. THEY HAVE POKED THROUGH THE ENTRAILS OF BALLOT BOXES IN MICHIGAN, IN OHIO, AND IN PENNSYLVANIA, AND SEE PORTENTS OF A NOVEMBER DISASTER FOR REPUBLICANS.

14.

DANGER TO REPUBLICANS

THE CUMULATIVE EFFECT OF WATERGATE AND ASSOCIATED BLUNDERS, COUPLED WITH ECONOMIC AND ENERGY UNCERTAINTIES WE ARE FACING, HAVE LED TO THESE PREDICTIONS. AND I MUST ADMIT THAT THE DANGER IS THERE. NO REPUBLICAN CAN AFFORD TO TAKE IT EASY THIS YEAR IF HE IS UP FOR RE-ELECTION. BUT THEN, NEITHER CAN ANY INCUMBENT, NO MATTER HIS PARTY.

WHEN A PRESIDENT WITH AN APPROVAL RATING OF 29 PERCENT OUTSCORES THE CONGRESS IN A SIMILAR TEST OF POPULAR SUPPORT BY 8 OR 9 POINTS, THEN NO MEMBER OF THAT CONGRESS CAN AFFORD THE LUXURY OF CONFIDENCE ABOUT HIS JOB SECURITY.

15.

DISASTERS PREDICTED BEFORE

BUT THE PRESENT PREDICTIONS OF GLOOM AND DOOM FOR THE GOP FORCE ME TO RECALL PREVIOUS ELECTIONS. 1966, 1968 -- INDEED EVERY ELECTION SINCE AT LEAST THE GOLDWATER DEFEAT OF 1964 -- HAVE PROMPTED CONFIDENT PREDICTIONS OF REPUBLICAN DEFEAT. IN 1966, THE PARTY WAS GOING TO WITHER AWAY, THEY SAID, BUT INSTEAD WE PICKED UP 47 SEATS. IN '68, NO CHANCE FOR THE PRESIDENCY, AND IN '72, ABOUT THIS TIME OF YEAR, A CERTAIN NEW ENGLAND SENATOR WAS A PRACTICAL SHOO-IN TO UNSEAT THE REPUBLICAN INCUMBENT.

16.

IT IS A NEW PARLOUR GAME, PREDICTING REPUBLICAN DISASTERS. BUT I DON'T SEE ANYTHING INEVITABLE ABOUT IT. WE ARE IN TROUBLE. I AM AMONG THE FIRST TO ADMIT IT. BUT IF THE MESSAGE EVER GETS THROUGH TO THE VOTERS THAT THE CONGRESS, TO WHOSE PERFORMANCE THEY ASSIGN A 21 PERCENT APPROVAL RATING, HAS BEEN CONTROLLED BY DEMOCRATS FOR THE LAST FORTY YEARS ALMOST WITHOUT EXCEPTION, THEN THE TABLES WILL BE EASILY TURNED.

I THINK THE MESSAGE WILL GET THROUGH. AND I THINK WHEN IT DOES, THAT WILL ENSURE THERE WILL BE PLENTY OF REPUBLICANS LEFT TO KICK AROUND IN CONGRESS FOR A GOOD LONG WHILE TO COME.

#