

REMARKS OF SENATOR BOB DOLE
THE ASSOCIATED INDUSTRIES OF NEW YORK STATE
SEPTEMBER 22, 1979

IT'S A GREAT PLEASURE FOR ME, BEING WITH YOU THIS MORNING. AS A BOY GROWING UP IN RUSSELL, KANSAS, I SAW HOLLYWOOD'S VERSION OF THE GLITTERING SKYLINE OF MANHATTAN AND WHISTLED PORTER AND GERSHWIN ALONG WITH THE REST OF AMERICA. I SAW MUCH MORE OF NEW YORK AS MY PARTY'S NATIONAL CHAIRMAN AND AS PRESIDENT FORD'S RUNNING MATE IN 1976, AND I SHARED THIS STATE'S SENSE OF LOSS WHEN NELSON ROCKEFELLER DIED THIS PAST JANUARY.

THROUGHTOUT YOUR HISTORY, NEW YORK HAS BEEN A LEADER IN MAKING GOVERNMENT HUMANE AND COMPASSIONATE. BUT, MORE RECENTLY, WE'VE BEGUN TO ASK OURSELVES WHETHER GOVERNMENT COMPASSION CAN ACTUALLY HURT THE VERY PEOPLE IT SEEKS TO HELP. A GOVERNMENT THAT CARES MORE FOR SUSTAINING THE JOBLESS THAN STIMULATING JOB CREATION - IS THAT REALLY HELPING PEOPLE? A GOVERNMENT THAT DICTATES A HUNDRED BILLION DOLLARS OF REGULATION EACH YEAR - DOES THAT HELP THE CONSUMER, THE SMALL OR THE LARGE BUSINESSMAN? A GOVERNMENT THAT STRESSES CONSERVATION OVER ENERGY PRODUCTION - DOES THAT HELP THE HARDPRESSED NORTHEAST?

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AS YOU MIGHT IMAGINE, I THINK THE ANSWER TO ALL THE ABOVE QUESTIONS IS OBVIOUS.

IT IS AS OBVIOUS AS AN INFLATION RATE OF 13.2% FOR THE FIRST SIX MONTHS OF 1979. IT IS AS OBVIOUS AS AN UNEMPLOYMENT RATE EXPECTED TO TOP 8%, OR THE HIGHEST INTEREST RATES IN AMERICAN HISTORY, OR DECLINES IN BOTH REAL INCOME AND THE GROSS NATIONAL PRODUCT.

IT IS AS OBVIOUS AS THE RECESSION WE NOW CONFRONT, AND THE TAXES AND NATIONAL DEBT WHICH WEIGH US DOWN SO OPPRESSIVELY.

UNREALIZED POTENTIAL

WE AREN'T ANY LESS SKILLED THAN THE JAPANESE. YET WE ALLOW THEM TO PRODUCE CHEAPER STEEL IN MORE MODERN PLANTS. WE AREN'T ANY LESS BRIGHT THEN THE WEST GERMANS. YET THEIR CURRENCY IS FAR STRONGER THAN OUR OWN. WE CERTAINLY AREN'T ANY LESS AMBITIOUS THAN THE FRENCH OR BRITISH. YET THOSE COUNTRIES ARE FAST GAINING ON OUR ONCE UNSURMOUNTABLE TECHNOLOGICAL ADVANTAGE.

OUR PEOPLE, OUR SKILLS, OUR KNOW HOW ARE SECOND TO NONE. BUT OUR LEADERS HAVE FAILED TO GIVE US THE TOOLS TO REALIZE OUR POTENTIAL. IN PREACHING AN OUT WORN VISION OF ECONOMIC JUSTICE, IN DIVIDING AMERICANS ALONG CLASS AND SOCIAL LINES, THEY HAVE HURT THE VERY PEOPLE THEY CLAIM TO CARE ABOUT MOST.

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THE TIME HAS COME TO SPEAK BOLDLY AND TRUTHFULLY ABOUT THE LIMITS OF FEDERAL CONTROL OVER THE AMERICAN ECONOMY. WAGE AND PRICE CONTROLS, VOLUNTARY GUIDELINES OR PRESIDENTIAL FINGER POINTING DO NOTHING TO STEADY THE ECONOMY OVER THE LONG RUN, BUT A BALANCED BUDGET COULD. NONE WILL DIRECT DOLLARS TOWARD URBAN INVESTMENT. BUT MINIMUM WAGE DIFFERENTIALS AND REPEAL OF THE DAVIS-BACON ACT COULD. NONE WILL PUT MORE HEATING OIL INTO HOMES THAT NEED IT, OR INCREASE GASOLINE SUPPLIES. BUT DECONTROL AND INCENTIVES FOR PRIVATE PRODUCTION COULD.

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A PRESCRIPTION FOR PRODUCTIVITY

WE CAN ALL AGREE ON THE NEED FOR A STRONG, GROWING ECONOMY, ONE WHICH WILL REVERSE THE DECLINE IN NEW YORK STATE'S JOB ROLES- A DROP OF 365,000 BETWEEN 1970 AND 1975. ONE WHICH CAN MEET HEAD ON THE UNIQUE PROBLEMS OF GEOGRAPHY AND CLIMATE AND HIGH ENERGY COSTS THAT UNDERMINE NEW YORK'S COMPETITIVE POSITION. THE NEXT STEP IS TO AGREE ON A COHERENT PROGRAM TO ACHIEVE SUCH A GOAL AT THE FEDERAL LEVEL. I BELIEVE I HAVE SUCH A PROGRAM.

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THE FEDERAL GOVERNMENT COULD REDIRECT ASSISTANCE
IN CAPITAL FORMATION TOWARD RENOVATION AND MODERNIZATION
OF EXISTING FACILITIES. IT COULD PROMOTE THROUGH ITS TAX
POLICIES INVESTMENT IN SMALL, START-UP FIRMS OF THE KIND
THAT CAN REVITALIZE THE NORTHEASTERN ECONOMY. IT COULD BOOST
ITS COMMITMENT TO LABOR-MANAGEMENT COMMITTEES, SUCH AS
JAMESTOWN, NEW YORK HAS PIONEERED IN.

MORE SPECIFICALLY, THE NEXT ADMINISTRATION IN WASHINGTON SHOULD
MAKE A SOLID COMMITMENT TO A SUPPLY-ORIENTED ECONOMY.

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1) TO FIGHT INFLATION, WE NEED TO REFORM THE WHOLE RELATIONSHIP OF PUBLIC AND PRIVATE SECTORS IN THIS COUNTRY. EXCESSIVE GOVERNMENT SPENDING HAS MORTGAGED OUR CHILDREN'S FUTURE, WEAKENED THE DOLLAR, AND SET IN MOTION A DANGEROUS PSYCHOLOGY THAT ACTUALLY ANTICIPATES HIGHER PRICES AS A MATTER OF COURSE.

FOR 19 OF THE LAST 20 YEARS, OUR NATIONAL BUDGET HAS BEEN OUT OF BALANCE. POLITICIANS, LIKE MOST PEOPLE WHO ARE GIVEN THE CHANCE, LIKE TO BUY NOW AND PAY LATER. WELL, I WANT TO DENY THEM THAT OPTION, OR AT LEAST MAKE IT MUCH MORE DIFFICULT TO EVADE PERSONAL RESPONSIBILITY FOR CONTRIBUTING TO INFLATIONARY PRESSURES.

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THAT'S WHY I'M PROMOTING A CONSTITUTIONAL AMENDMENT TO CAP BOTH FEDERAL SPENDING AND TAXING AT 18% OF THE GNP. THIS IS NO "QUICK FIX." NOR IS IT A BUDGETARY STRAIGHT JACKET. A SIMPLE VOTE BY 2/3 OF THE CONGRESS COULD RESULT IN A DEFICIT IN TIME OF SPECIAL NEED.

BUT TO DO ANYTHING LESS, IN THE FACE OF GROWING INTEREST GROUP POWER, WEAKENED POLITICAL PARTIES AND A MENTALITY THAT EQUATES A FEDERAL PRINTING PRESS WITH A STRONG CURRENCY, WOULD BE DERILECTION OF MY DUTY AS A PUBLIC SERVANT.

MOREOVER, A FEDERAL GOVERNMENT FINALLY BROUGHT UNDER SUCH FISCAL CONTROL WOULD OF NECESSITY BE LESS INTRUSIVE IN THE ECONOMY. WHICH BRINGS ME TO MY SECOND PROPOSAL.

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2) TODAY, OVER 100,000 PEOPLE WORKING IN 116 GOVERNMENT AGENCIES HAVE AS THEIR SOLE RESPONSIBILITY TELLING OTHER AMERICANS WHAT GOVERNMENT FORBIDS THEM TO DO. THE OFFICE OF MANAGEMENT AND BUDGET HAS ESTIMATED THE COST OF SUCH REGULATION AT \$2,000 PER AMERICAN FAMILY PER YEAR. THAT'S ENOUGH TO PAY THE AVERAGE FAMILY'S GROCERY BILL.

56 AGENCIES EXIST TO REGULATE BUSINESS. THEIR STAFF HAS TRIPLED IN A DECADE. THEIR EFFORTS AND \$666 TO THE COST OF AN AVERAGE CAR, AND FIFTEEN TO TWENTY FIVE HUNDRED DOLLARS TO A NEW HOME'S PRICETAG.

THEY DISCOURAGE INVESTMENT, BY SOAKING UP THE EQUIVALENT OF 75% OF OUR TOTAL PRIVATE INVESTMENT IN PLANTS AND EQUIPMENT. THEY ARE A MAJOR REASON WHY SUCH INVESTMENT STANDS AT ITS LOWEST LEVEL SINCE WORLD WAR II.

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BUT REGULATIONS CAN BE REGULATED. AS RANKING REPUBLICAN ON THE SENATE FINANCE COMMITTEE, I'VE SUBMITTED A REGULATORY REFORM PROPOSAL WHICH WOULD REQUIRE COST BENEFITS ANALYSIS ON EVERY RULE AND REGULATION SUGGESTED. I WOULD ALSO REQUIRE THAT PRIVATE MEANS OF ACHIEVING THE SAME OBJECTIVE BE FULLY EVALUATED, AND ALL PROPOSED REGULATIONS BE SUBMITTED TO JUDICIAL REVIEW, MAKING CERTAIN THAT PRIVATE SECTOR IMPACT IS NOT OVERLOOKED.

EXCESS REGULATION IS NOT ONLY HARMFUL TO BUSINESSES LARGE AND SMALL. IT ALSO HARMS THE AVERAGE CONSUMER. ONE NEED ONLY LOOK AT REGULATION Q, WHICH IMPOSES INTEREST-RATE CEILINGS AND WHICH OVER THE LAST DECADE HAS COST SMALL SAVERS AN ESTIMATED \$42 BILLION. ALMOST HALF OF THAT WAS WITHHELD FROM ELDERLY PEOPLE, WHOSE THRIFT AND FINANCIAL PRUDENCE ARE IRONICALLY REWARDED BY A GOVERNMENT UNACQUAINTED WITH EITHER THRIFT OR PRUDENCE.

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APPALLING AS REGULATION Q IS, IT IS ONLY THE TIP OF A MUCH MORE DISTURBING ICEBURG.

3) TAX POLICY IN THIS COUNTRY DISCOURAGES BOTH INVESTMENT AND SAVINGS. AMONG MAJOR INDUSTRIALIZED NATIONS, THE U.S. RANKS LAST IN SAVINGS AS A PERCENTAGE OF INCOME. IT IS NO COINCIDENCE THAT WE ALSO TRAIL IN INVESTMENT AND PRODUCTIVITY.

WE CALL OUR TAX SYSTEM PROGRESSIVE. YET NOWHERE DO OUR COUNTER PRODUCTIVE POLICIES OF RECENT YEARS IMPOSE A GREATER DRAG ON ECONOMIC GROWTH, OR MORE INCENTIVE FOR INFLATION ITSELF. A VICIOUS CIRCLE RESULTS - INFLATION CAUSES FICTITIOUS WEALTH FOR THE GOVERNMENT TO TAX - THE PHENOMENON OF TAXFLATION.

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TO COMBAT THIS FEDERALLY-FUELED INFLATION, I'VE INTRODUCED LEGISLATION TO INDEX OUR TAX SYSTEM. I'VE ALSO FILED BILLS TO TAKE INTO ACCOUNT INFLATION CAUSED UNDERDEPRECIATION OF ASSETS AND MAKE EVERY AMERICAN ELIGIBLE FOR INDIVIDUAL RETIREMENT ACCOUNTS OF UP TO \$1,500 A YEAR. I SUPPORT ADDITIONAL INCENTIVES TO INVEST - SUCH AS THE ELIMINATION OF THE DOUBLE TAX WE NOW IMPOSE ON DIVIDENDS, AND TAX CREDITS FOR RESEARCH AND DEVELOPMENT. IT IS A SHOCKING FACT THAT REAL FEDERAL SPENDING ON R & D HAS NOT INCREASED SINCE 1963. AND THE BITTER FRUIT OF SUCH NEGLECT IS HARVESTED IN EVERY PRICE AND EMPLOYMENT STATISTIC.

4) BY THE SAME TOKEN, WE HAVE LEARNED AT ENORMOUS COST THAT A FEDERALLY SKEWERED MARKETPLACE CANNOT PROVIDE US WITH THE ENERGY RESOURCES WE NEED TO SUSTAIN A HEALTHY ECONOMY.

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NOWHERE DOES THE ENERGY CRISIS HIT WITH MORE DEVASTATING IMPACT THAN THE NORTHEAST. YET GOVERNMENT ALONE CANNOT UNLOCK THE VAST RESOURCES OF COAL AND SHALE OIL, NOR DISCOVER THE NEW OIL AND GAS, THAT NEW YORK'S ECONOMY DEPENDS UPON.

TAXING THE OIL AND GAS COMPANIES NOW TO PAY FOR SYNFUELS IN TEN YEARS, AS THE PRESIDENT HAS SUGGESTED, DOES NOTHING TO ENCOURAGE ENERGY PRODUCTION FROM NOW UNTIL THEN. CONFRONTED WITH NEW RESERVES OFF THE EAST COAST, DO YOU REALLY WANT WASHINGTON TO OVERSEE THEIR DEVELOPMENT? DO YOU TRUST THE DEPARTMENT OF ENERGY TO DIG SIX THOUSAND FEET BENEATH THE WATER'S SURFACE FOR THAT OIL? DO YOU CONFIDENTLY EXPECT THAT DEPARTMENT TO ACHIEVE A DOUBLING OF OUR USE OF COAL BY THE YEAR 2000?

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I, FOR ONE, DO NOT. NEITHER AM I WHOLLY COMFORTABLE WITH GOVERNMENT'S ATTITUDE TOWARD NUCLEAR POWER, WHICH TODAY PROVIDES US WITH 13% OF OUR ENERGY SUPPLY AND WHICH CAN ONLY BECOME MORE IMPORTANT IN THE YEARS IT TAKES US TO FULLY DEVELOP ALTERNATIVE SOURCES.

EVEN IF WE WANTED TO WE COULD NOT CLOSE DOWN THE 66 NUCLEAR PLANTS WE OPERATE TODAY. WE CAN MAKE THEM PASS STRINGENT SAFETY TESTS. WE CAN INSURE THAT THREE MILE ISLAND WILL NOT BE REPEATED. BUT IT WOULD BE DISHONEST TO DENY OUR RELIANCE UPON NUCLEAR POWER.

COMPETITION, PLANNING AND COST-EFFECTIVENESS MUST BE THE WATCHWORDS OF OUR ENERGY PLAN. AND COMPETITION SHOULD NOT BE TAKEN TO MEAN A CONTEST BETWEEN PUBLIC AND PRIVATE DEVELOPMENT.

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I APPLAUD THE ACTIONS OF THE CONGRESS IN REDUCING THE PRESIDENT'S PLAN TO THROW 88 BILLION DOLLARS AT THE SYN-FUEL PROBLEM. I DO NOT QUESTION THE NEED FOR SUCH ALTERNATE FUELS. PRESIDENT FORD SPELLED OUT THAT NEED CLEARLY IN HIS 1975 STATE OF THE UNION MESSAGE. I AGREED THEN AND I AGREE NOW.

BUT THE PRESIDENT WOULD COMMIT BILLIONS OF DOLLARS OF TAXPAYER MONEY TO A CRASH PROGRAM WITH NO GUARANTEE OF RETURN TO THE PUBLIC. A MUCH BETTER FORM OF FEDERAL INCENTIVE WOULD BE TAX CREDITS AND ACCELERATED DEPRECIATION, COUPLED WITH OTHER FORMS OF TAX RELIEF TO PROMOTE PRIVATE DEVELOPMENT OF SYN-FUELS.

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WE HAVE TO FACE FACTS. THE BEST ESTIMATES ARE THAT SOLAR, GEOTHERMAL AND OTHER ALTERNATIVE ENERGY SOURCES WILL SUPPLY ONLY ABOUT 3% OF OUR NEEDS IN 1990. WE SIMPLY MUST DEVELOP EXISTING OIL AND GAS RESERVES TO THEIR MAXIMUM. THAT MEANS CLOSER CO-OPERATION WITH CANADA AND MEXICO, TWO POTENTIAL GIANTS IN THE ENERGY FIELD. IT MEANS ENDING THE PROHIBITION ON EXPORTING ALASKAN CRUDE, AND NEGOTIATING FAIR EXCHANGE AGREEMENTS FOR SWEET CRUDE WITH OTHER PRODUCING COUNTRIES. IT MEANS AN EXCESS PROFITS TAX THAT GOES BACK INTO THE SEARCH FOR NEW OIL AND GAS, AND NOT INTO THE BOTTOMLESS PIT OF THE FEDERAL TREASURY.

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A DREAM THAT STILL LIVES

WE HAVE THE RESOURCES. WE HAVE THE TECHNOLOGICAL GENIUS. WE HAVE THE STAMINA AND THE DETERMINATION OF THE AMERICAN PEOPLE. WHAT WE LACK TODAY IS A COHERENT PLAN, A GOVERNMENT THAT BELIEVES IN PRODUCTION INSTEAD OF REGULATION, AND A POLITICAL LEADERSHIP THAT PERCEIVES THE SOCIAL AND ECONOMIC BENEFITS OF A SUPPLY-BASED ECONOMY.

THE AMERICAN DREAM STILL LIVES. FOR ALL THE SETBACKS OF RECENT MONTHS, WE REMAIN THE FREEST, MOST ADVANCED, MOST CAPABLE PEOPLE IN THE WORLD. WE SHOULD LOOK UPON OUR CURRENT PROBLEMS, NOT AS A CRISIS OF PERMANENT DURATION, BUT AS SPURS TO RENEWAL, AS A CALL TO NATIONAL GREATNESS COMMENSURATE WITH OUR PROUD PAST.

THE BEST JUSTICE IS A JOB. THE NOBLEST POLITICAL SYSTEM IS ONE WHICH LEADS TO A PAYCHECK. THAT'S WHAT THE AMERICAN DREAM IS ALL ABOUT. BECAUSE I BELIEVE IN THAT DREAM, HAVE SEEN IT COME TRUE IN MY OWN LIFE, I WANT IT EXTENDED TO OTHERS WHO SHARE MY ABIDING LOVE FOR THIS COUNTRY. THE COMING YEAR WILL TEST THE BASIC CONVICTIONS OF NEW YORK AND HER SISTER STATES. THEY NEED ONLY TO BE CONVINCED TO INSTALL A GOVERNMENT AND A PRESIDENT WHO CAN ACHIEVE THE PRODUCTIVE SOCIETY. AND THE DREAM THAT MADE US GREAT WILL NEVER DIE.

IT IS A CHALLENGE WORTHY OF WHAT IS PROUDLY CALLED THE EMPIRE STATE. IT IS A QUEST I INVITE YOU TO JOIN-FOR NEW YORK AND FOR YOURSELVES.

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