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REMARKS OF SENATOR DOLE BEFORE
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When I received your kind invitation to speak this morning, I thought at first you might have made a mistake. Then, when I discovered that I was to follow my friend and colleague Ted Kennedy to the podium... well, I felt a little bit like Tugboat Annie trailing after the Queen Mary.

After the last few weeks, it's hard to tell who is liberal or who is conservative...but it's not hard to tell who is being responsible. And responsibility is what I'd like to talk about for a few minutes.

It's been said that in Washington, D.C. practical politics consists of ignoring the facts. And by that standard, our Nation's Capital is teeming with some very practical politicians. Neither party has a monopoly on virtue - but for most of the last thirty years, the democratic party has had a hammerlock on the governing process. I know: I've spent my entire career in the minority, until the last 18 months, when I became Chairman of the Senate Finance Committee. And from my modest experience garnered on the job, I can tell you that it's a whole lot harder trying to govern than it is finding fault with the governors. Those in either party without responsibility for making policy can all too easily be tempted into irresponsible criticism of the policies that are made.

But there is one fact even practical politicians ignore only at their own peril. The people rule in this country. The people aren't blind. They can tell the difference between posturing and performance. They don't confuse slogans with solutions. They said they wanted a change of direction in 1980, not reversing the social gains of previous years, but making certain that government was competent as well as compassionate, solvent as well as progressive. They didn't want their dreams repealed - but they wanted a whole lot less sleepwalking. They wanted their taxes reformed as well as reduced. They wanted their defenses rebuilt, on the homefront as well as distant shores.

THE PROMISE OF CHANGE

For eighteen months now, the man they elected President has lived up to the promise of change. You may not agree with what he's done. I haven't hesitated myself to disagree at times. I've been frankly concerned about the appearance of unfairness - whether or not it was warranted - in an economic program that will ultimately do more to distribute a lasting prosperity than all the budget-busting and phony compassion practiced by Washington's friends of the status quo.

Now I don't doubt that you'll hear a lot about the Reagan Economic Program from other speakers at this convention. You probably won't hear about the extra purchasing power enjoyed by working families as a result of lower taxes and less inflation. And you probably won't hear much to suggest the magnitude of the problems catching up with us, demanding cooperation and responsibility even from those who disagree over how they might be solved.

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But, in any event, I didn't come here this morning to preach "Reaganomics". I do want to share some thoughts about political responsibility.

THE TAX BILL - MYTH AND REALITY

You've heard a lot about the so-called "biggest tax increase in U.S. history" passed two weeks ago by Congress. Actually, it was nothing of the kind. The only personal increases levied in the bill were taxes on phone use and cigarettes. We raised the existing tax on airplane tickets - we changed some itemized deductions. In all, barely 10% of the total \$98.3 billion, is assessed in new taxes affecting individuals. Nearly 30% of the new revenue to be raised comes in the form of compliance with taxes already in existence but successfully avoided. For the 99% of America's workers who already have their taxes withheld, the bill is nothing more than long-delayed justice. I doubt if many people in this room will suffer from seeing improved reporting of capital gains. Yet those who fail to report gains - and nearly half of them do go unreported - shouldn't escape paying their fair share. The same thing goes for unreported interest and dividends, fraudulent corporate reports, tax shelters and the well-to-do who play a sophisticated game called audit lottery - and deserve to lose.

I don't think American workers will suffer because we've closed loopholes worth \$25 billion over the next 3 years, or saved another \$28 billion by reforming inequitable provisions of the tax code. Safe harbor leasing may be great for General Electric, but it's not so hot for the general public. And I fail to see anything wrong with expecting wealthy individuals and corporations to pay a minimum tax, however ingenious their accountant may be. For as long as I can remember, Presidents have been talking about reforming the tax code - only to run afoul of political inertia and a stone wall of special interest groups.

ELECTION YEARS AND INTEREST RATES

No one likes to pass a tax bill in an election year. but we were not elected to point fingers or shirk responsibilities. Our view should extend beyond the next two months - beyond the next two years. If we hadn't made the hard decisions of two weeks ago, a lot of working men and women would have paid a price far higher than eight cents on a pack of Winstons.

If Republicans and Democrats ⁱⁿ ~~and~~ Congress and the President hadn't taken decisive measures to narrow the budget deficit, or signaled the financial markets that we meant business in fighting inflation and runaway spending, then I doubt interest rates would have declined and the stock market would have gained 100 points in two weeks. Since it's interest rates that pushed us over the brink of recession in the first place - and which continue to smother such vital sectors of the economy as autos, housing sales and new construction - getting them down must be our first priority, election year or no election year. Now you can do that one of two ways. You can cry bloody murder about the budget, and whack and cut and squeeze until you begin to hurt people, especially the poor and all those who, for whatever reason, have yet to make it into the economic mainstream of this country -- or you can cut responsibly, not exempting any department of government. You can spread the sacrifice around, equitably and humanely. You can tell the Pentagon that it won't be a budgetary scapegoat - but neither can it be a fiscal hog either. You can order the battle against waste and fraud in social programs stepped up - without slighting the vast majority of recipients whose only crime is being in honest need. And you can go back to the tax code and make it more reflective of this country's basic conviction of fairness and equity.

A WORKINGMAN'S TAX CUT

We met our responsibility without doing violence to the 1981 tax cuts - we kept in place individual tax reductions of \$335 billion over the next three years. We preserved incentives for saving, for investing, for re-tooling and sharpening America's competitive edge in the world marketplace. And in case you've overlooked it in the heat of battle, we also extended unemployment benefits for those currently out of work for up to 10 additional weeks. In short, I think we acted responsibly.

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Those who refuse to even nibble the budgetary and tax reform bullet prefer to do away with next year's personal tax cut of 10%. They would junk indexing - which is the one guarantee working people have that a COLA in 1985 won't push them into a higher tax bracket. They want more out of your paychecks and less from Washington's hide.

Some on the right and the left, criticize the President's program - but what alternative do they offer? It took us a long time in this country to tax ourselves into economic sickness. Even with a 25% reduction in tax levels, you'll just begin to outpace inflation and Social Security tax increases later this year. Of course, you're already benefitting from a reduced inflation rate, cut in half since January, 1981. Interest rates have dropped 8 points since then - government spending is growing only half as fast - personal savings are up sharply since the first of the year - and a solid foundation for capital formation and job creation being put into place. None of this has happened overnight, and no one thinks that tomorrow will bring instant utopia.

But good things are happening. Responsible people are carrying out the mandate for change. Government is doing more to stimulate genuine recovery, and less to stifle productivity and the ingenuity that leads to jobs. It hasn't been easy. And it won't get any easier. But, contrary to what you may read in the papers, Congressmen are not sent to Capitol Hill to live the good life - we take an oath to make life better for those we represent. To promise security without abolishing incentive - to lower taxes without benefitting those in upper brackets - to attack interest rates without endangering long-range recovery: these are the responsibilities of governing in 1982. They do not yield to slogans. They will not go away after November 2. They insist on courage instead of caution, and vision in place of politics as usual.

THE CONSERVATIVE AGENDA

Now let me be candid, I'm proud to be a conservative. Because conservatism, in my view, has always rested on a system of values - personal initiative, patriotic conviction and the certainty that hard work would carry its own reward, and a better life for children yet unborn. I have never defined conservatism as the religion of the propertied few, or the angry backlash of those with a voice that carries in direct proportion to the size of their stock portfolio. Conservatives believe in rewarding individual toil and talent. In a time of distress, they want to aid those in need, while enacting programs to alleviate future distress by restoring both money and incentive to the free market, and no one will benefit more from less inflation, less taxation, a fairer tax code and a more vigorous economy than you -- the people who make that economy function and who suffer the most when it catches cold. And to some on the right let me add -- we are not making a U-turn, nor are we ignoring the pitfalls ahead. We are adjusting our course to avoid going off the road.

THE FACTS ABOUT SOCIAL SECURITY

And while we're speaking of difficult choices and our political responsibilities, let me briefly bring up another subject that sends chills down the spineless - and affects this audience as much as any group of Americans I know. If you think it's hard to get Congress to talk taxes in an election year, you should try mentioning the future of Social Security. In fact, much of the current problem - and make no mistake, there is a problem - stems from the fact that a generation of Congresses has assumed that it could go on applying band-aids to a financial hemorrhage, patching and pasting until the next election. Meanwhile, real and serious difficulties were allowed to develop. Anyone who tells you otherwise is probably a registered real estate agent for the Brooklyn Bridge.

Some facts cannot be ignored - even in Washington. Facts like these...

1. Last year was the seventh in a row that the system paid out more money than it took in. Old-age and survivors insurance alone is losing about \$30,000 a minute - more than half a million dollars by the time I finish speaking to you this morning.

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2. At the rate the main Social Security trust fund is being depleted, it will be unable to meet its obligations beyond July of 1983. The rest of the system will be in trouble within a year of that date.

3. Never have the trust funds been so dangerously low. A decade ago, we could always count on at least a years' reserves. Today, that figure is down to about ten weeks. And the long-range outlook is bleaker still: over the next 75 years, the system is expected to run a deficit of more than six trillion dollars. Closer to home, we're being told that by the time today's 20 year olds begin to retire, even with the system gobbling up 25% of American payrolls, they would still find about two-fifths of all their benefits unprovided for.

Again, the public isn't blind to the danger. One recent poll showed that a majority of all Americans had little or no confidence that the system would be able to meet its financial obligations during the next several years. Forget about 2050 A.D. - 54% of the American people question whether Social Security will be solvent by the end of this decade. The figures were even higher among union members, blue collar workers and people under the age of 40.

This may well be one of the instances where the people are leading the politicians. As Chairman of the Finance Committee, and as a member of the Bipartisan National Commission on Social Security Reform, I've seen firsthand how a lot of officeholders equate any public mention of the system and its troubles with an outbreak of bubonic plague. They're like nothing better than to cloud the issue in partisanship and finger-pointing. But some things are clear, even before the Commission makes its report later this year.

We should not, if at all possible, ask workers to pay still higher Social Security taxes. Many already find themselves paying more in Social Security taxes than in Federal income taxes. And there are built-in boosts in those levies already scheduled to take effect in 1985, 1986, and 1990. By the way, if you want to uncover "the largest working men and womens' tax increase in history" look no further than the 1977 Social Security amendments proposed by President Carter and passed by Congress.

It's also clear, for both moral and political reasons, that we cannot cut present benefit levels of any of the 35 million current beneficiaries. We have made a commitment to those people, and we shall honor that commitment. But we also have a commitment to their children and grandchildren -- to the future to millions of younger workers and to a program that can hardly withstand the stress of a steadily diminishing ratio between workers and recipients.

America is growing older. She ought not grow poorer as a result. So painful as it may be, those of us who occupy positions of responsibility in Washington will have to face up to the crisis in Social Security - hopefully as early as a special session of Congress after this Fall's elections. Perhaps eligibility standards can be tightened, benefit formulas could be changed to slightly reduce increases, cost of living adjustments might be delayed. We can take a close look at some gradual raising of the retirement age, perhaps phased in over a decade or so. These are just a few of the many options we will be considering.

We can ~~preserve~~ ^{Preserve} social Security but only if the politicians share the sense of urgency that voters have themselves. And only if we can get over the urge to point fingers and reap headlines.

AN EXAMPLE OF COURAGE

It's not too hard to attract attention in Washington: all you have to do is make changes. But changes will have to be made, and Congress will have to act responsibly if Social Security is to be rescued and a pent-up economy unleashed. Change requires courage. But courage is all around us. If we need an example, we need only to glance at the headlines. We need only to read last week's headlines concerning the bishops of Poland and their appeal to avoid violence and repression in their homeland and to guarantee workers their rights to organize and live free of heavy-handed martial law.

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Tomorrow marks the Second Anniversary of Solidarity, a union of freedom-loving people that has temporarily been crushed by a government fearful of freedom. The heroes of Gdansk, who drew up a social contract between the Polish government and working Poles, were men and women who stepped forward from the ranks of everyday life, supported by their faith, imbued with the unshakeable conviction that people must work for themselves and not for a totalitarian regime, the organizers of Solidarity bowed to God and no one else.

Do we need another example of responsibility to guide our actions? Can we find a more poignant bank of heroes to remind us that we, too, stand on the frontline of freedom? Now as in the days of old, you and I are the shock troops of democracy, the gover and the governors, the lawmakers and the law-abiding. As the founder of my party said more than a century ago, "We, even we here, hold the power and bear the responsibility."

As adversaries, we can do little; as partners, each with his own outlook and priorities, we can do much. As Americans, united in the desire to put this country to work and let everyone keep more of what they work for, we can move the mountains of cynicism and doubt that block the path to better days.

Together, we can complete the job of economic renewal. We can continue to make our taxes lower and fairer. We can safeguard the promise our fathers made on Social Security - and we can insure for our children a world - secure for the Lech Walensas and Solidarities.

So much needs to be done. So much can be achieved -- if only we act responsibly and listen to one another. For listening to me this morning, I thank you.

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