

News from Senator

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REMARKS OF SENATOR BOB DOLE

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IT'S ALL TOO EASY TO POINT AN ACCUSING FINGER AT THOSE WHO REPORT GLOOMY STATISTICS -- AND THUS AVOID ACCEPTING BLAME FOR ONESELF. OF COURSE, WE'RE USUALLY WILLING TO CLAIM CREDIT FOR FAVORABLE ECONOMIC DEVELOPMENTS. ANYPLACE BUT WASHINGTON, THIS MIGHT BE CONSIDERED A DOUBLE-STANDARD -- THERE IT'S SIMPLY SECOND NATURE. BUT I DIDN'T COME HERE THIS EVENING TO APPORTION CREDIT OR BLAME. INSTEAD, LET ME SIMPLY TELL YOU WHAT I SEE IN THE FINANCIAL PRESS THESE DAYS, AND WHAT ITS IMPLICATIONS MAY BE FOR TOMORROW.

FIRST THE GOOD NEWS. ALL ACCOUNTS POINT TO AN ECONOMY ON THE MOVE AGAIN -- AND MOVING IN THE RIGHT DIRECTION. SO FAITHFULLY HAVE THE LEADING ECONOMIC INDICATORS RISEN OVER THE TEN MONTHS, THEIR RISE IS REALLY NO LONGER NEWS. MEANWHILE, FACTORIES ARE OPERATING AT 71.1 PERCENT OF CAPACITY, THE HIGHEST LEVEL IN 13 MONTHS. BUSINESS INVENTORIES ARE LEVELING OFF, AND BUSINESS SALES ARE RISING. DURABLE GOODS ORDERS STAND 18 PERCENT HIGHER THAN DURING THEIR RECESSION LOW, AND CAPITAL GOODS ORDERS ROSE 9.6 PERCENT IN APRIL -- THE LARGEST MONTHLY INCREASE IN 4 YEARS. THE SURGE IN MAY RETAIL SALES SUGGESTS THAT THE CONSUMER HAS GOTTEN ABOARD THE RECOVERY TRAIN JUST AS IT PICKS UP STEAM. AND WITH INFLATION REMAINING IN THE 3-4 PERCENT RANGE AND INTEREST RATES UNDER REASONABLE CONTROL, IT'S NO WONDER THAT IN WASHINGTON AT LEAST, OPTIMISM IS AS THICK AS PRESS RELEASES.

AND YET...IN MOST REPORTS ABOUT THE ECONOMIC RECOVERY, THERE IS A RECURRING QUESTION. WHAT HAPPENS NEXT YEAR, WE ASK, OR THE YEAR AFTER THAT? TO BE SURE, WE HAVE ESTABLISHED A BASIS FOR ECONOMIC GROWTH -- BUT WE DON'T YET KNOW HOW SOLID THE FOUNDATION FOR RECOVERY IS. THE IMBALANCE IN FISCAL POLICY -- AND ITS IMPLICATIONS FOR MONETARY POLICY, INFLATION, INTEREST RATES, AND REAL GROWTH -- IS WIDELY PERCEIVED TO BE THE CAUSE OF THIS UNCERTAINTY. HOW TO RESOLVE IT IS THE ISSUE THAT CONFRONTS BOTH CONGRESS AND THE PRESIDENT.

A REVOLUTION OF RESTRAINT

YOU'VE ALL HEARD OF THE REAGAN REVOLUTION. AS REVOLUTIONS GO, THIS ONE IS PRETTY MILD. IN FACT, THE COMMON THREAD IN THE REAGAN ECONOMIC PROGRAM HAS BEEN RESTRAINT: RESTRAINT ON PUBLIC SPENDING, ON TAXATION, ON THE MONEY SUPPLY, ON THE REGULATORY SPIDER'S WEB. IT IS NOVEL FOR THE GOVERNMENT TO PROMOTE SELF-RESTRAINT, RATHER THAN NEW RESTRICTIONS ON TAXPAYERS, BUSINESSES, AND ALL WORKING MEN AND WOMEN. BUT THAT IS A NECESSARY CORRECTION OF YEARS OF UNRESTRAINED GROWTH IN SPENDING, TAXES, AND MONEY, WHICH BROUGHT DOUBLE-DIGIT INFLATION AND INTEREST RATES BY THE END OF THE 1970's. GETTING OFF THAT WAGON HAS EXACTED A PRICE. BUT THE PRICE WILL HAVE BEEN WORTH IT IF WE HAVE THE WILL TO FINISH THE JOB.

RESTRAINT ON THE MONEY SUPPLY HAS CONTRIBUTED MIGHTILY IN GETTING THE INFLATION RATE DOWN TO ITS LOWEST LEVEL IN 10 YEARS. RESTRAINT ON TAXES, FOR ALL THE TALK ABOUT MASSIVE CUTS, HAS BEEN MUCH LESS DRAMATIC. AS RECOVERY PROCEEDS, TAXES UNDER PRESENT LAW SHOULD STAY NEAR 19 PERCENT OF GNP, CONSISTENT WITH POSTWAR NORMS. BUT AT LEAST TAXES HAVE BEEN STABILIZED. BEFORE

1981 THEY WERE CONSTANTLY RISING DUE TO BRACKET CREEP, TO THE POINT WHERE THEY REACHED A PEACETIME HIGH OF 21 PERCENT OF GNP. AND WITHOUT THE REAGAN TAX CUTS, THEY UNDOUBTEDLY WOULD HAVE BROKEN EVEN THAT HISTORIC BARRIER. SO WHILE THE TAX CHANGE IS NOT DRAMATIC, IT IS SIGNIFICANT AS A TREND REVERSED.

RESTRAINT ON PUBLIC SPENDING, FOR ALL THE PUBLICITY AND ALL THE BLOOD SPILLED ON THE FLOORS OF CONGRESS, IS HARDER TO FIND IN THE NUMBERS. CURRENTLY IT IS RUNNING AT ABOUT 25 PERCENT OF GNP, PARTLY DUE TO THE RECESSION, BUT ALSO DUE TO THE FACT THAT THE POLITICAL PROCESS SEEMS INADEQUATE FOR US TO ASSERT CONTROL OVER FEDERAL PROGRAMS CREATED AT A TIME OF MORE OBVIOUS BOUNTY.

SO WE HAVE THE PRINCIPLE OF RESTRAINT INCONSISTENTLY APPLIED. BECAUSE RESTRAINT HAS FALTERED IN THE CASE OF FEDERAL SPENDING, WE HAVE AN UNRESTRAINED DEFICIT. HOW WE DEAL WITH THE PROBLEM IS ALMOST AS IMPORTANT AS WHETHER WE DEAL WITH IT AT ALL.

LESSONS FROM THE PAST

TO AVOID THE TRAP OF CYNICISM ABOUT OUR PROBLEMS WE HAVE TO EXAMINE AND REJECT APPROACHES THAT HAVE FAILED IN THE PAST. WE HAVE TO CONSIDER HOW OUR CIRCUMSTANCES HAVE CHANGED, AND TEMPER OUR DECISIONS ACCORDINGLY. IF WE DO, WE SEE THAT THE BASIC PROBLEM CAN BE DEFINED IN A SINGLE WORD: TEMPTATION.

THE FIRST TEMPTATION TO AVOID IS TRYING TO FINANCE THE GOVERNMENT THROUGH INFLATION. IN THE 1970'S, WHEN THE STAGFLATION TOOK HOLD, IT DIDN'T TAKE US LONG TO SEE THAT INFLATION COULD BE A VERY USEFUL TOOL IN COVERING THE SHORTFALL BETWEEN THE DESIRE TO SPEND AND THE RESOURCES GENERATED BY ECONOMIC ACTIVITY. INFLATIONARY GROWTH INCREASED REVENUES THROUGH BRACKET CREEP, THE MOST PAINLESS POLITICAL DEVICE SINCE THE VOICE VOTE. AND WHILE WE CONTINUED TO ADD TO THE PUBLIC DEBT, INFLATION REDUCED THE VALUE OF THAT DEBT IN REAL TERMS EVEN AS IT ROSE IN CONSTANT DOLLARS. WE SHOULD RESIST THE APPEAL OF AN INFLATION THAT DOESN'T ERASE THE DEFICIT, BUT JUST PERMITS US TO SPEND WITHOUT ANY REAL ACCOUNTABILITY. TO DO OTHERWISE IS A CRUEL EVASION, AS THE DOUBLE-DIGIT INFLATION AND INTEREST RATES OF 1980 CLEARLY SHOW.

WE MUST ALSO RESIST THE TEMPTATION TO ACT AS THOUGH THE GOVERNMENT CAN MAKE THE ECONOMY RUN, SPEED UP, OR SLOW DOWN AT WILL. FISCAL AND MONETARY POLICY ARE IMPORTANT. BUT THEY ARE NOT THE PRIME DETERMINANTS OF ECONOMIC BEHAVIOR, WHICH IS THE RESULT OF INDIVIDUAL DECISIONS AND PUBLIC PSYCHOLOGY. WHILE GOVERNMENT HAS AN IMPORTANT ROLE TO PLAY IN THE LIVES OF OUR CITIZENS, IT MUST RECOGNIZE AN OBLIGATION TO RESTRAIN ITS INTERFERENCE IN THE ECONOMY, JUST AS IT SHOULD MINIMIZE ITS ROLE IN THE PRIVATE AFFAIRS OF OUR CITIZENS. THIS IS NOT A NEGATIVE VIEW OF GOVERNMENT -- IT IS A POSITIVE ONE, BECAUSE IT IS PREMISED ON THE BELIEF THAT GOVERNMENT AND CITIZENS CAN WORK TOGETHER HARMONIOUSLY, ONCE THE PROPER ROLE OF EACH IS ACKNOWLEDGED.

IN RECENT YEARS WE HAVE TOO OFTEN STRAYED FROM THIS PRINCIPLE -- SOME WOULD SAY IDEAL -- OF BALANCING THE ROLES OF GOVERNMENT AND THE PRIVATE SECTOR. WE HAVE TRIED WAGE AND PRICE CONTROLS, UNDER THE ILLUSION THAT THE GOVERNMENT COULD MAKE BASIC MARKET DECISIONS RATHER THAN FOSTER CONDITIONS THAT WILL ENCOURAGE DECISION-MAKERS TO OPT FOR STABILITY. WE HAVE TRIED FOR QUICK FISCAL AND MONETARY STIMULUS TO GIN UP THE ECONOMY, AS THOUGH THE GOVERNMENT BY ITSELF HAD THE PROPER INFORMATION AND FORESIGHT TO CONTROL THE RESULTS OF SUCH ACTIONS. WE HAVE TRIED TOO OFTEN TO USE TARGETED SUBSIDIES, AND SO-CALLED TAX AND TRADE INCENTIVES, TO BOOST THIS OR THAT SECTOR OF THE ECONOMY. THE RESULT IN MOST CASES IS AN INEFFICIENT FUNNELING OF RESOURCES TO A PATCHWORK PUZZLE OF POLITICAL WINNERS, AT THE COST OF OTHER INVESTMENT THAT MIGHT HAVE BEEN MORE PRODUCTIVE FOR THE ECONOMY IN TERMS OF JOBS, GROWTH, AND TECHNOLOGICAL POTENTIAL.

A PROPER ROLE

IF GOVERNMENT HAS TENDED TO OVERREACH IN THE PAST, WE OUGHT TO MAKE A CONCERTED EFFORT TO DEFINE ITS PROPER ROLE IN A FREE ECONOMY -- AND, INDEED, TO DECIDE WHAT OBLIGATIONS GOVERNMENT HAS TOWARDS THOSE WHO PARTICIPATE IN A FREE MARKET AND A FREE SOCIETY.

THE KEY TO A PRODUCTIVE ECONOMY IS A STEADY FLOW OF INFORMATION, THE MORE ACCURATE, THE BETTER. WHAT THE GOVERNMENT CAN AND MUST DO IS ENSURE THAT INFORMATION ABOUT ITS POLICIES AND PLANS -- WHICH, FOR BETTER OR WORSE, ARE MAJOR INFLUENCES ON ECONOMIC ACTIVITY -- IS READILY AVAILABLE AND CLEARLY EXPRESSED. UNFORTUNATELY, THIS IS PRECISELY WHERE WE HAVE FALLEN DOWN SO BADLY: PARTICULARLY ON THE QUESTION OF THE FEDERAL BUDGET AND THE DEFICIT.

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HERE WE ARE IN THE MIDDLE OF THE YEAR -- JUST 3 1/2 MONTHS AWAY FROM THE START OF THE FISCAL YEAR WE ARE BUDGETING FOR -- AND WE DO NOT EVEN HAVE AN AGREED-UPON BUDGET BLUEPRINT, MUCH LESS ANY ACTION TO IMPLEMENT IT. THOSE WHO MAKE FINANCIAL DECISIONS DO NOT KNOW HOW MUCH OF THE DEFICIT WILL BE CUT BACK: THEY DO NOT KNOW WHETHER WE WILL HAVE A COMPREHENSIVE BUDGET PLAN AT ALL, OR WHETHER ONE CAN BE IMPLEMENTED EVEN IF IT IS DEVELOPED.

YET THE MARKETPLACE APPEARS TO BE TAKING MOST OF THIS IN STRIDE, AND MAKING ITS DECISIONS ACCORDINGLY. EVERYONE ASSUMES CONGRESS WILL MAKE LITTLE HEADWAY ON THE BUDGET THIS YEAR. AT THE SAME TIME, EVERYONE AGREES PROGRESS MUST BE MADE TOWARD REDUCING THE DEFICIT IN THE YEARS AHEAD, CERTAINLY IN 1985 AND 1986. SO THE BEST THING CONGRESS COULD DO WOULD BE TO SURPRISE THE MARKETS IN A FAVORABLE WAY: TO REDUCE THE DEFICIT WITHOUT TAMPERING WITH THE FORCES, SUCH AS LOWER TAXES AND LESS REGULATION, THAT WILL HELP FOSTER AND SUSTAIN RECOVERY.

UNFORTUNATELY, THAT IS NOT LIKELY TO HAPPEN, BECAUSE IT MEANS CONCENTRATING ON THE REAL PROBLEM OF FEDERAL SPENDING. AS HENRY ADAMS SAID, THE BUSINESS OF PRACTICAL POLITICS CONSISTS OF IGNORING THE FACTS. STALEMATE NOW MEANS UNCERTAINTY ABOUT WHAT GOVERNMENT WILL DO IN THE ECONOMY OVER THE NEXT FEW YEARS. WILL WE BEGIN TO NUDGE INFLATION UP AGAIN, TO EASE THE FISCAL CRUNCH? WILL WE HAVE RECORD-HIGH TREASURY BORROWING AT THE HEIGHT OF RECOVERY, DRIVING UP INTEREST RATES? WILL RENEWED ECONOMIC STAGNATION FORCE US INTO THE POSTURE OF PROTECTING DOMESTIC INDUSTRIES WITH STIFFER TRADE BARRIERS?

IT IS THIS UNCERTAINTY FACTOR -- IN REALITY A FAILURE OF INFORMATION -- THAT MANY ANALYSTS BLAME FOR THE HIGH LEVEL OF REAL INTEREST RATES THAT PREVAILS TODAY. THE SAME HIGH RATES, COUPLED WITH THE FEAR THAT THEY MAY GO HIGHER UNLESS DEFICITS COME DOWN, POSE A MAJOR OBSTACLE TO A SUSTAINABLE RECOVERY.

THE BUDGET DILEMMA

FROM THIS PERSPECTIVE THE CRISIS IN OUR BUDGET PROCEDURES SEEMS AS MUCH A MATTER OF FAILING TO PROVIDE A CLEAR AND CREDIBLE PLAN FOR GOVERNMENT ACTION AS IT IS A FAILURE TO MAKE A REAL IMPACT ON THE DEFICIT. WE NEED TO STATE OUR GOALS FOR FEDERAL SPENDING, TAXES, AND BORROWING IN A WAY THAT IS BOTH UNDERSTANDABLE AND BELIEVABLE.

WHY HAS THE BUDGET PROCESS NOT OVERCOME THIS FISCAL 'CREDIBILITY GAP'? THE PROCESS HAS HAD MAJOR SUCCESSES. IT FORCES US TO LOOK AT THE BUDGET IN A COMPREHENSIVE WAY, AND TO CONSIDER TRADE-OFFS IN THE BUDGET. IT HAS MADE SOME PROGRESS IN CONTROLLING SPENDING THROUGH THE RECONCILIATION DEVICE, ITSELF A SOURCE OF CONSIDERABLE CONTROVERSY. YET THE BOTTOM LINE IS NOT ENCOURAGING. BACK IN 1974, THE YEAR THE PRESENT BUDGET PROCESS WAS LEGISLATED, FEDERAL SPENDING STOOD AT ABOUT 18 PERCENT OF GNP. CURRENTLY IT IS RUNNING AT AROUND 25 PERCENT OF GNP. WHILE NO ONE CAN BE CERTAIN THE SITUATION WOULD NOT HAVE BEEN WORSE WITHOUT A BUDGET PROCESS, THERE ARE SIMPLE STATISTICS TO NOT MAKE A STRONG CASE FOR THOSE WHO WOULD ARGUE THAT THE PROCESS ITSELF HAS HAD A MEANINGFUL IMPACT ON FISCAL POLICY.

AGAIN, CREDIBILITY AND CONFIDENCE ARE WHAT WE NEED TO PROMOTE IN FEDERAL BUDGETING. PEOPLE NEED TO UNDERSTAND WHAT OUR INTENTIONS ARE; THEY NEED TO BE ABLE TO BELIEVE THAT WE WILL CARRY THEM OUT.

THERE ARE NO MAGIC PROCEDURES OR STRATAGEMS TO SOLVE OUR BUDGET DILEMMA. YET WE SHOULD NOT FOREGO THE DISCIPLINE OF FORMAL BUDGETING IN CONGRESS; WE NEED ALL THE DISCIPLINE WE CAN GET. THERE ARE SOME PROCEDURAL REFORMS THAT SEEM LIKELY TO IMPROVE THE PRESENT SYSTEM, OR AT LEAST MAKE IT MORE EFFICIENT. FOR ONE THING, WE SHOULD HAVE A FIRM, EARLY DEADLINE FOR FINALLY ADOPTING A BUDGET. THE AMOUNT OF TIME AND ENERGY SPENT ON THE BUDGET PROCESS CANNOT BE JUSTIFIED IN TERMS OF THE RESULTS WE HAVE GOTTEN. WE FIGHT THE SAME BATTLES OVER THE SAME PROGRAMS, AGAIN AND AGAIN.

ONE PROPOSAL IS FOR A TWO-YEAR BUDGET CYCLE, WHICH COULD SAVE US TIME AS WELL AS PROVIDE A MORE REALISTIC BUDGET PRODUCT. IT ALSO SEEMS DESIRABLE TO REVERSE THE PRESENT PROCEDURE OF WORKING THROUGH THE BUDGET, ITEM BY ITEM, AND ONLY THEN TRYING TO SCALE SPENDING BACK. INSTEAD WE OUGHT TO INITIALLY ADOPT AN OVERALL SPENDING LIMIT, AND STICK TO THAT LIMIT WHEN WE MAKE DECISIONS FOR SPENDING ON PARTICULAR PROGRAMS. WITHOUT AN AGGREGATE SPENDING LIMIT, IT IS DIFFICULT TO FORCE TRADE-OFFS AMONG PROGRAMS: THE TENDENCY IS TO TOTE UP THE BILL AND HAND IT TO THE TAX-WRITING COMMITTEES TO BE PAID. IF WE REALLY BELIEVE THAT THE LEVEL OF SPENDING AND THE SCOPE OF GOVERNMENTAL ACTIVITY IS IMPORTANT TO THE ECONOMY, WE OUGHT TO BE ABLE TO AGREE TO A SPENDING LIMITATION IN THE BUDGET PROCESS.

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SO ONE PRIORITY IS TO WORK TOWARD A LONG-TERM APPROACH WHEN IT COMES TO FEDERAL BUDGETING, AND SEE IF WE CANNOT AGREE ON PROCEDURES THAT MIGHT BRING MORE MEANINGFUL RESTRAINT. ON THE IMMEDIATE PROBLEM OF THE DEFICIT, THE EMPHASIS SHOULD BE ON REALISM AND HONESTY, BECAUSE THAT IS WHAT THE MARKET-PLACE DEMANDS. WE SHOULD NOT PRETEND THAT EITHER BUDGET PROPOSAL IN CONGRESS IS A MEANINGFUL OR CREDIBLE FISCAL BLUEPRINT. WE SHOULD NOT PROMISE -- OR THREATEN, DEPENDING ON YOUR VIEWPOINT -- TAX INCREASES WE DON'T HAVE THE VOTES TO PUT THROUGH. WE SHOULD NOT HOLD OUT THE VISION OF NEW SPENDING TO OUR FAVORITE CONSTITUENCIES, AS THOUGH THE OLD DAYS OF PROFLIGACY WERE ABOUT TO RETURN. THEY ARE NOT. WE SHOULD DO OUR UTMOST TO REDUCE SPENDING ON ALL FRONTS, RESORTING TO HAND-TO-HAND COMBAT IF NECESSARY. AND WE SHOULD MAKE SURE THAT ANY DECISION TO RAISE REVENUES -- EVEN BY THE PREFERRED METHOD OF IMPROVING TAX COMPLIANCE AND ELIMINATING UNJUSTIFIED LOOPHOLES IN THE TAX CODE -- IS COUPLED WITH REAL, MEANINGFUL STEPS TO REIN IN FEDERAL SPENDING IN THE YEARS AHEAD. THAT IS ECONOMIC GOOD SENSE. IT IS ALSO POLITICAL WISDOM, BECAUSE THE AMERICAN PEOPLE KNOW PERFECTLY WELL THAT CONGRESS HAS A LONG WAY TO GO BEFORE IT CAN CLAIM TO BE FISCALLY RESPONSIBLE.

THE DAYS WHEN CONGRESS COULD COUNT ON A FREE RIDE ARE OVER. THE WATCHWORD FOR THE FUTURE IS ACCOUNTABILITY. WE ARE GOING TO HAVE TO OWN UP TO SOME DIFFICULT CHOICES ABOUT TAXES, SPENDING, DEFICITS, FINANCIAL REGULATION, HEALTH CARE, DEFENSE AND MANY OTHER ISSUES. THE SOONER WE ACCEPT THAT FACT, THE FASTER WE WILL RESTORE OUR CREDIBILITY AND IMPROVE OUR CAPACITY TO KEEP THE ECONOMY ON AN UPWARD TRACK. AS GRAND SCHEMES GIVE WAY TO FISCAL REALISM, EVERYONE WILL BENEFIT FROM RENEWED STABILITY. AND THAT IS A SIGNIFICANT GOAL TO CONTEMPLATE, IN ITSELF.

AN APPETITE FOR FACTS

EARLIER I QUOTED HENRY ADAMS ON THE IGNORANCE OF FACTS. WE CAN NO LONGER AFFORD THAT LUXURY OF IGNORANCE. FACTS -- COLD, HARD, AND UNDENIABLE -- ARE PRECISELY WHAT THE FINANCIAL MARKETS DEMAND FROM THE POLITICAL PROCESS. FACTS ON WHICH TO BASE INVESTMENT DECISIONS. FACTS ON WHICH TO CALCULATE FUTURE GROWTH POTENTIAL. FACTS WHICH CONGRESS HAS SO FAR BEEN UNABLE TO PROVIDE. YOURS IS THE BUSINESS OF FACTUAL INFORMATION, OF PINPOINTING REALITY AMIDST THE CONFUSION OF MONTHLY STATISTICS AND POLITICAL CLAIMS. YOU SURELY RECOGNIZE THAT A LASTING RECOVERY MUST BE BUILT ON POLITICAL AS WELL AS ECONOMIC STRUCTURES. IF I LEAVE YOU WITH ANY MESSAGE, IT IS THE NEED FOR REAL AND LASTING RESTRAINTS ON GOVERNMENT IN KEEPING WITH THE OVERALL GOAL OF THE REAGAN ADMINISTRATION TO FOSTER ECONOMIC REVIVAL. MUCH HAS BEEN ACHIEVED, BUT MUCH STILL HANGS IN THE BALANCE. WE IN OFFICE WILL BEAR RESPONSIBILITY FOR BUDGET VOTES. BUT YOU HAVE THE EQUALLY IMPORTANT TASK OF EDUCATING THE PUBLIC, NOT ONLY AS TO WHAT WE DO, BUT TO THE LARGER GOALS AT STAKE AND THE LONG-RANGE BENEFITS TO BE HAD IF ONLY WE CAN SHOW SELF-DISCIPLINE NOW.

HISTORICALLY, WE MAY HAVE EXPECTED TOO MUCH OF OUR GOVERNMENT. NOW, WE MUST ACT TO JUSTIFY GREAT EXPECTATIONS OF OURSELVES, NOT OF OUR GOVERNMENT. AND WE WILL DO SO ONLY IF YOU HOLD OUR FEET TO THE FIRE. ALREADY, THE PUBLIC HAS SACRIFICED MUCH. IT WOULD BE A TRAGEDY IF THAT SACRIFICE WERE TOSSED AWAY IN THE FACE OF DEMANDS FOR A RETURN TO THE STATUS QUO, PRE-1981. RESTRAINT MAY NOT BE A SEXY ISSUE, BUT IF IT IS UNDERSTOOD AS THE KEY TO FUTURE GROWTH, IT CAN JUSTIFY THE SACRIFICE AND INSURE A LASTING PROSPERITY. IT DESERVES THE SUPPORT OF POLITICIANS AND OPINION MAKERS LIKE YOURSELVES. TOGETHER, WE CAN DISPROVE ADAMS' CYNICAL FORMULA. WE CAN FACE UP TO FACTS AND ACCOMPLISH A REVOLUTION THAT IS TRULY REVOLUTIONARY.

WHETHER WE MEET OR FALL SHORT OF THIS CHALLENGE DEPENDS IN LARGE PART ON THE WORDS YOU COMPOSE AND THE THEORIES YOU ESPOUSE. I HOPE THAT YOU, TOO, WILL SEE THE NEED FOR A RESTRAINT THAT IS REAL AND NOT MERELY RHETORICAL. AND IF YOU DO, AND IF CONGRESS OWNS UP TO THE MANDATE OF 1980, AND IF WE REJECT THE CLAMOR OF SPECIAL INTERESTS, THEN EVERY AMERICAN, WHATEVER HIS OR HER ECONOMIC STATION, POLITICS OR ECONOMIC CONVICTIONS, WILL ENJOY A RECOVERY THAT DOES NOT SPUTTER OUT IN THE FACE OF UNDISCIPLINED FEDERAL SPENDING AND UNRESTRAINED INTEREST RATES.

THE CHALLENGE IS GREAT -- BUT SO ARE THE OPPORTUNITIES. I AM CONFIDENT WE WILL MEET THE ONE AND REALIZE THE OTHER. I INVITE YOUR HELP IN ACHIEVING BOTH. THANK YOU VERY MUCH.