

SENATOR BOB DOLE
SPEECH TO THE NATIONAL ASSOCIATION OF ARAB-AMERICANS
J.W. MARRIOTT HOTEL, WASHINGTON, D.C., MAY 4, 1985

I APPRECIATE THE INVITATION TO BE WITH YOU TODAY. AFTER THIS WEEK'S STRUGGLE WITH THE BUDGET, IN FACT, IT'S A REAL PLEASURE TO BE ANYWHERE ELSE BUT THE FLOOR OF THE SENATE.

THIS IS THE FIRST TIME IN A WEEK THAT I'VE LOOKED OUT OVER A GROUP OF PEOPLE AND HAD ONLY FRIENDLY FACES LOOKING BACK AT ME. I TOLD OUR DISTINGUISHED HOST, MR. SAMUEL PHILLIPS, THE PRESIDENT OF THE NATIONAL ASSOCIATION OF ARAB AMERICANS, THAT I WOULD BE HAPPY TO COME TO THE LUNCHEON BUT ONLY IF HE COULD ASSURE ME THERE WOULD BE NO VOTES TAKEN HERE TODAY.

LET ME ALSO, AT THE OUTSET, TAKE SPECIAL NOTE OF ONE OTHER SPECIAL GUEST OF HONOR HERE AT THE HEAD TABLE: HIS EXCELLENCY IBRAHIM IZZIDINE, THE JORDANIAN AMBASSADOR TO THE UNITED STATES.

DEFICIT REDUCTION -- NUMBER ONE PRIORITY

ACTUALLY, DESPITE SOME REVERSALS WE'VE HAD DURING THE PAST WEEK, I'M FEELING VERY UPBEAT. THE SENATE HAS AT LONG LAST BEGUN THE ABSOLUTELY ESSENTIAL WORK OF REDUCING THE FEDERAL DEFICIT. WE'VE STILL GOT A LONG WAY TO GO AND THE FINAL OUTCOME MAY, IN SOME PARTICULARS, VARY FROM THE PACKAGE OF SPENDING REDUCTIONS AGREED UPON BY THE ADMINISTRATION AND THE SENATE REPUBLICAN LEADERSHIP.

BUT IN THE END, I FEEL CONFIDENT THAT THE SENATE WILL INDEED APPROVE SPENDING CUTS OF THE MAGNITUDE WHICH I AND OTHER LIKE-MINDED SENATORS ENVISIONED -- A PACKAGE THAT WILL REDUCE OUR DEFICITS BY A TOTAL OF ABOUT \$300 BILLION OVER THE NEXT THREE YEARS. AND WE WILL DO IT WITHOUT RAISING TAXES.

WHY IS THIS SO IMPORTANT? WHY ARE WE GOING THROUGH THIS PAINFUL AND DIFFICULT PROCESS OF MAKING THESE CUTS? THE SIMPLE ANSWER IS -- WE HAVE TO. THERE IS NO OTHER WAY OUR ECONOMY CAN STAY HEALTHY. THERE IS NO OTHER WAY OUR NATION CAN STAY STRONG.

- 2 -

AMERICAN PROSPERITY AT STAKE

LET'S LOOK FIRST AT THE IMPACT OF STRONG SPENDING AND DEFICIT CUTS HERE AT HOME. THAT'S THE FIRST CONCERN OF ALL OF US AS AMERICANS.

IF WE IN CONGRESS CAN MUSTER THE WILL -- AND, AS I SAID, I BELIEVE A BIPARTISAN MAJORITY ULTIMATELY WILL DO JUST THAT -- WE CAN KEEP THE ENGINE OF RECOVERY RUNNING FULL SPEED AHEAD. WE CAN GENERATE MORE AND MORE JOBS. WE CAN KEEP INFLATION DOWN, HELPING THE CONSUMER AND PEOPLE ON FIXED INCOMES. WE CAN BRING DOWN THE OVER-INFLATED DOLLAR, GIVING OUR INDUSTRIES AND FARMERS THE CHANCE TO COMPETE FAIRLY ON WORLD MARKETS. WE CAN GIVE YOUNG FAMILIES THE OPPORTUNITY TO BUY THEIR OWN HOME, TO EDUCATE THEIR CHILDREN. AND PERHAPS, MOST IMPORTANT OF ALL, WE CAN FREE OUR CHILDREN OF THE ENORMOUS BURDEN OF PAYING THE DEBT OUR GENERATION HAS ACCUMULATED -- A DEBT WHICH TODAY HAS REACHED THE TRULY ABSURD LEVEL OF \$1.7 TRILLION. THE INTEREST ON THAT DEBT ALONE WILL BE CLOSE TO \$200 BILLION THIS YEAR.

TO BE MORE SPECIFIC, IF WE CAN CUT THE DEFICIT SIGNIFICANTLY THIS YEAR, MANY ECONOMISTS BELIEVE THAT WE WILL CREATE ALMOST 7 MILLION JOBS BY 1988; INFLATION WILL REMAIN LOW, AROUND 4 PERCENT; INTEREST RATES SHOULD DROP FROM 2 TO 3 POINTS; HOUSING STARTS WILL REBOUND BACK TO THE 2 MILLION UNIT LEVEL; AND NATIONAL PERSONAL INCOME WILL INCREASE BY ABOUT \$800 BILLION BY 1988.

TEETERING ON A RECESSION

ON THE FLIP SIDE, IF WE DO NOT ADDRESS THE DEFICIT ISSUE THIS YEAR, AND ADDRESS IT DECISIVELY, WE MAY FIND OURSELVES QUICKLY TEETERING ON THE EDGE OF A RECESSION.

SOME WARNING SIGNALS ARE ALREADY FLASHING. DURING THE FIRST QUARTER, GROWTH WAS A SLUGGISH 1.3 PERCENT. THAT MEANS THAT IT WILL BE VERY DIFFICULT, IF NOT IMPOSSIBLE, TO ACHIEVE THE ADMINISTRATION'S GROWTH PROJECTION OF 3.9 PERCENT FOR 1985.

SLOWER GROWTH MEANS LOWER REVENUES AND LARGER DEFICITS. AND UNLESS GROWTH PICKS UP, UNEMPLOYMENT WILL BEGIN TO RISE AGAIN. SLOWER GROWTH ALSO MAKES THE FEDERAL RESERVE'S DILEMMA THAT MUCH MORE ACUTE. RIGHT NOW THE FED IS WALKING A TIGHTROPE: IF THEY EASE THE MONEY SUPPLY TOO MUCH, THE DOLLAR MAY FALL PRECIPITOUSLY AND INFLATION AND INTEREST RATES MAY SHOOT UP. IF THEY TIGHTEN THE MONETARY TAP, OR FAIL TO SUPPLY ENOUGH CREDIT TO THE ECONOMY, THE DOLLAR WILL REMAIN TOO HIGH AND A LARGE TRADE IMBALANCE WILL CONTINUE TO SUPPRESS GROWTH. THAT COULD LEAD TO A NEW RECESSION AND THE KIND OF FISCAL/MONETARY DISASTER WE HAVE BEEN FEARING AS THE DEFICITS MOUNTED.

- 3 -

ECONOMIC PROBLEMS UNDERMINE U.S. STRENGTH

BUT THE RESULTING ECONOMIC PROBLEMS WOULD NOT ONLY UNDERMINE OUR NATIONAL PROSPERITY. THEY WOULD COMPLICATE OUR RELATIONS WITH OUR ALLIES AND FRIENDS, UNDERMINE OUR ABILITY TO MEET OUR INTERNATIONAL COMMITMENTS AND REDUCE OUR INFLUENCE AROUND THE WORLD. THE KEY TO KEEPING THE WESTERN ALLIANCE STRONG IS THAT EACH OF ITS MEMBERS ENJOY REASONABLE ECONOMIC GROWTH AND ALL OF US TOGETHER ESTABLISH GREATER EQUITY AND STABILITY IN OUR ECONOMIC RELATIONS.

AS WE MEET HERE TODAY, PRESIDENT REAGAN IS IN BONN, WEST GERMANY, WHERE HE HAS BEEN DISCUSSING WITH LEADERS FROM THE OTHER MAJOR INDUSTRIALIZED DEMOCRACIES HOW BEST TO INSURE THE CONTINUED PROSPERITY OF ALL OF OUR COUNTRIES.

IT IS CLEAR FROM THE REPORTS THAT WE HAVE ALREADY SEEN THAT ONE OF THE SUBJECTS AT THE CENTER OF THOSE TALKS IS TRADE -- HOW TO STEM THE RISING TIDE OF PROTECTIONISM, HOW TO MAKE SURE THAT WE ALL ARE PLAYING ON THE SAME LEVEL FIELD, HOW TO INSURE SUFFICIENT STABILITY IN CURRENCY EXCHANGE MARKETS SO COMMERCE WILL BE FACILITATED, NOT HINDERED. BASED ON MY OWN TRAVEL TO LONDON, PARIS, BONN AND ROME JUST SEVERAL WEEKS AGO, I CAN ATTEST TO HOW CONCERNED OUR EUROPEAN ALLIES ARE ABOUT THE TRADE PROBLEMS WE FACE. AND, I MIGHT ADD, I CAN ASSURE YOU OF HOW STRONGLY WE REPRESENTED TO THE EUROPEANS OUR OWN DEEP CONCERN ABOUT SOME OF THEIR ECONOMIC POLICIES, ESPECIALLY THEIR FAILURE TO ACHIEVE SUSTAINED GROWTH AND THEIR UNWARRANTED SUBSIDIES ON EXPORTS, PARTICULARLY AGRICULTURAL EXPORTS.

MOST OF THE SUMMIT COUNTRIES ARE PREPARED FOR AN EARLY CONVENING OF A NEW ROUND OF TRADE TALKS, WHICH IS ESSENTIAL TO DEAL COMPREHENSIVELY WITH THE PROBLEMS WE FACE. I AM HOPEFUL THAT PRESIDENT REAGAN WILL BE ABLE TO WORK SOME OF HIS PERSUASIVE MAGIC ON THE COUPLE OF LEADERS WHO SEEM MORE RELUCTANT FOR A NEW ROUND, SO THAT IT CAN BE EXPEDITIOUSLY SCHEDULED.

UNITY OF THE ALLIANCE

RESOLVING THE ECONOMIC PROBLEMS WITHIN OUR ALLIANCE IS ESSENTIAL IN ANOTHER SENSE, TOO. FOR ONLY WHEN WE ACHIEVE SOME MEETING OF MINDS ON NETTLESOME ISSUES LIKE TRADE AND EXCHANGE RATES CAN WE BE ASSURED THAT THE ALLIANCE WILL HAVE THE UNITY -- AND, FOR THAT MATTER, THE RESOURCES -- TO MEET THE MAJOR GEOPOLITICAL AND MILITARY CHALLENGES WHICH WE FACE.

THE BENEFITS OF SUCH UNITY ARE NOWHERE MORE APPARENT THAN IN THE ISSUE OF ARMS CONTROL. IT WAS A COMBINATION OF OUR NATIONAL RESOLVE TO REBUILD OUR NATIONAL DEFENSE, AND THE UNIFIED RESOLVE OF OUR NATO PARTNERS TO REFURBISH THE ALLIANCE'S FORCE STRUCTURE, WHICH GOT THE SOVIETS BACK TO THE BARGAINING TABLE IN GENEVA.

- 4 -

THIS SPRING, I WAS PRIVILEGED TO LEAD A BIPARTISAN DELEGATION OF TEN SENATORS -- MEMBERS OF THE SENATE'S ARMS CONTROL OBSERVER GROUP -- TO GENEVA FOR THE OPENING OF THE ARMS CONTROL TALKS. ALL OF US -- OUR NEGOTIATORS AND THE OBSERVER TEAM -- ARE REALISTIC ABOUT THE DIFFICULTIES WE FACE IN TRYING TO WORK OUT A SIGNIFICANT, BALANCED AND VERIFIABLE ARMS CONTROL AGREEMENT WITH THE SOVIETS. IT'S GOING TO TAKE MANY MONTHS. THERE ARE PROBABLY GOING TO BE SETBACKS AND CERTAINLY GOING TO BE FRUSTRATIONS. THE FIRST ROUND OF MEETINGS, JUST COMPLETED, NOT SURPRISINGLY YIELDED NO CONCRETE PROGRESS.

BUT I AM NOT DESPAIRING, AND NEITHER ARE OUR NEGOTIATORS. IF THE RUSSIANS WANT TO DEAL IN GOOD FAITH -- AND THAT REMAINS TO BE SEEN -- THEN WE CAN GET A FAIR AGREEMENT OUT OF THESE TALKS. FOR US, THE TASK IS TO SHOW PATIENCE AND UNITY, BOTH AS A PEOPLE WITHIN OUR OWN COUNTRY AND AS AN ALLIANCE. THAT'S WHAT GOT THESE TALKS STARTED, AND THAT'S WHAT IS NECESSARY IF THEY ARE TO HAVE ANY REALISTIC POSSIBILITY OF SUCCESS.

PEACE IN THE MIDDLE EAST

AND IT STRIKES ME THAT THERE IS ONE COMMON THREAD TYING TOGETHER WHAT HAS BEEN GOING ON IN THE SENATE ON OUR ECONOMY, IN BONN ON OUR ALLIANCE AND IN GENEVA ON ARMS CONTROL -- THAT THREAD IS THE VITAL IMPORTANCE OF GOOD-FAITH DIALOGUE, FACE-TO-FACE NEGOTIATIONS IN SOLVING THE MOST DIFFICULT PROBLEMS.

AND THERE IS PROBABLY NO ISSUE ON WHICH SUCH DIALOGUE IS MORE SORELY NEEDED THAN THE VEXSOME PROBLEMS OF THE MIDDLE EAST, WHICH I KNOW ARE OF SPECIAL INTEREST TO THIS GROUP.

I DON'T THINK THIS IS AN APPROPRIATE VENUE FOR A FULL SCALE DISCUSSION OF THE MANY PARTS OF THE MIDDLE EAST PUZZLE. NOR WOULD I DOWNPLAY IN ANY WAY THE DIFFICULTY WE ARE HAVING -- AND ARE GOING TO KEEP HAVING -- TRYING TO GET THAT PUZZLE PUT TOGETHER IN THE RIGHT WAY.

BUT I WOULD SAY JUST THREE THINGS. FIRST, IT IS IMPERATIVE THAT THIS COUNTRY REMAIN ENGAGED IN THE MIDDLE EAST. WE HAVE VITAL INTERESTS THERE, WE HAVE CLOSE FRIENDS THERE, AND IT IS VERY MUCH IN OUR NATIONAL INTEREST AND PART OF OUR NATIONAL RESPONSIBILITY TO DO WHAT WE CAN TO TRY TO RESOLVE THE PROBLEMS OF THAT REGION.

SECOND, AS WE PURSUE OUR POLICIES, WE MUST CONTINUE TO KEEP IN MIND THAT ALL SIDES TO EACH OF THE DISPUTES IN THAT REGION -- ISRAELI, ARAB, PALESTINIAN, MUSLIM, CHRISTIAN AND JEW -- HAVE REAL NEEDS AND LEGITIMATE INTERESTS. ANY SOLUTION THAT FAILS TO TAKE INTO ACCOUNT THOSE VARIED INTERESTS CAN BRING NO PERMANENT PEACE OR SECURITY TO ANYONE.

FINALLY, AT SOME POINT IN TIME EVERYONE INVOLVED -- INCLUDING THE UNITED STATES -- IS PROBABLY GOING TO HAVE TO TAKE SOME RISKS IF WE ARE TO HAVE ANY HOPE FOR PEACE. IT'S GOING TO TAKE WISDOM

- 5 -

TO KNOW WHEN THAT TIME COMES, AND COURAGE TO MOVE WHEN IT DOES.
FINDING THAT WISDOM AND COURAGE IS OUR GREATEST CHALLENGE IN THE
MIDDLE EAST.

CONCLUSION

ALL OF THE PROBLEMS FACING US TODAY -- ON THE FLOOR OF THE
SENATE, IN BONN, IN GENEVA, AND IN THE MIDDLE EAST -- ARE COMPLEX
AND DIFFICULT. BUT THAT DOES NOT MEAN THEY CANNOT BE RESOLVED.
SOMETIMES SOLUTIONS WILL TAKE LONGER THAN WE WANT...AND SOMETIMES
THOSE SOLUTIONS WON'T LOOK QUITE AS WE ENVISIONED THEM WHEN WE
SET OUT. BUT THEY CAN COME. WITH PATIENCE AND HARD WORK, MEN
AND WOMEN OF GOODWILL CAN -- AND I BELIEVE WILL -- MEET THE VITAL
CHALLENGES OF TODAY AND TOMORROW.

-###-