

REMARKS OF HONORABLE BOB DOLE  
KANSAS BANKERS ASSOCIATION CONVENTION  
RAMADA INN, TOPEKA, KANSAS  
FRIDAY, MAY 16, 1969

LET ME SAY FIRST OF ALL THAT I CONSIDER IT A HIGH PRIVILEGE TO HAVE AN OPPORTUNITY TO SPEAK TO THE MEMBERS OF THE KANSAS BANKERS ASSOCIATION PRESENT TODAY. IN AN EFFORT TO MAKE MY REMARKS INTERESTING, I WILL ATTEMPT TO COVER ONE TOPIC OF SPECIAL INTEREST TO MANY OF YOU, ANOTHER OF INTEREST, I WOULD HOPE, TO ALL OF YOU, AND THEN TWO OR THREE OTHER TOPICS OF GENERAL INTEREST.

FIRST, LET ME EXTEND THE BEST WISHES OF THE ENTIRE KANSAS DELEGATION. THE MEMBERS OF OUR CONGRESSIONAL DELEGATION SERVE ON VERY IMPORTANT COMMITTEES, A FACT SOMETIMES OVERLOOKED BY MANY. MOST BANKERS PERHAPS KNOW THAT CHET MIZE IS A RANKING REPUBLICAN MEMBER OF THE HOUSE BANKING AND CURRENCY COMMITTEE, BUT MAY NOT KNOW THAT HE ALSO SERVES ON THE REPUBLICAN TASK FORCE ON INTERNATIONAL TRADE AS ITS CHAIRMAN. MOST OF YOU PERHAPS KNOW THAT CONGRESSMAN GARNER SHRIVER,

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THE RANKING KANSAN IN THE HOUSE, SERVES ON THE VERY IMPORTANT APPROPRIATIONS COMMITTEE; THAT CONGRESSMAN LARRY WINN SERVES ON THE SCIENCE AND ASTRONAUTICS COMMITTEE, THE DISTRICT OF COLUMBIA COMMITTEE, AND THE REPUBLICAN TASK FORCE ON LABOR LAW REFORM; THAT JOE SKUBITZ, KNOWN AS FIGHTING JOE IN THE CONGRESS, SERVES ON THE INTERSTATE AND FOREIGN COMMERCE COMMITTEE AND THE INTERIOR AND INSULAR AFFAIRS COMMITTEE. OUR FRESHMAN CONGRESSMAN, KEITH SEBELIUS, IS A MEMBER OF THE HOUSE COMMITTEE ON AGRICULTURE AND IS ALSO A MEMBER OF THE REPUBLICAN TASK FORCE ON AGRICULTURE AND RURAL AFFAIRS. OUR SENIOR SENATOR, JIM PEARSON, SERVES ON THE SENATE COMMITTEE ON COMMERCE AND THE SENATE COMMITTEE ON APPROPRIATIONS, AS WELL AS THE SELECT COMMITTEE ON STANDARDS AND CONDUCT. MY COMMITTEE ASSIGNMENTS ARE THE SENATE COMMITTEE ON AGRICULTURE AND FORESTRY, THE SENATE COMMITTEE ON PUBLIC WORKS, THE SELECT COMMITTEE ON SMALL BUSINESS, AND THE SELECT COMMITTEE ON NUTRITION AND HUMAN NEEDS.



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I RECITE THESE FACTS TO POINT OUT THAT KANSAS MEMBERS ARE ON HIGHLY IMPORTANT COMMITTEES, AND THIS COUPLED WITH THE FACT THAT WE WORK CLOSELY TOGETHER MAKES US AN EFFECTIVE FORCE IN THE CONGRESS -- AT LEAST IN MY OPINION.

ONE-BANK HOLDING COMPANY BILLS

REPRESENTATIVES OF THE KANSAS BANKERS' ASSOCIATION WERE INVITED BY CONGRESSMAN CHESTER MIZE TO TESTIFY BEFORE THE HOUSE BANKING AND CURRENCY COMMITTEE ON THE ONE-BANK HOLDING COMPANY BILLS CURRENTLY UNDER CONSIDERATION BY THAT COMMITTEE.

W. C. HARTLEY AND DICK STEVENS PRESENTED USEFUL TESTIMONY THAT WAS TO THE POINT AND ACCURATE IN ANALYSIS.

MR. HARTLEY POINTED OUT THAT MULTIPLE-BANK HOLDING COMPANIES ARE PROHIBITED BY KANSAS STATE LAW. ONE-BANK HOLDING COMPANIES ARE PERMITTED, HOWEVER, AND THERE ARE ABOUT 45 SUCH ORGANIZATIONS IN KANSAS. ONLY THREE HAVE DEPOSITS IN EXCESS OF TWENTY MILLION DOLLARS.

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NATIONWIDE, SOME 515 ONE-BANK HOLDING COMPANIES OWN BANKS WITH LESS THAN TWENTY MILLION IN DEPOSITS.

THESE 515 BANKS ARE OF SPECIAL CONCERN TO ME, FOR MOST OF THEM ARE IN SMALL COMMUNITIES SUCH AS WA KEENEY WHERE DICK STEVENS' BANK IS LOCATED.

YOUNG, COMPETENT, DEDICATED MEN HAVE BEEN ATTRACTED TO RURAL COMMUNITIES, AND BANKING, IN PAST YEARS BECAUSE THE TECHNIQUE OF THE ONE-BANK HOLDING COMPANY PERMITTED A REASONABLE OPPORTUNITY FOR OWNERSHIP IN A REASONABLE PERIOD OF TIME. WITHOUT THE HOLDING COMPANY DEVICE, TAX CONSIDERATIONS WOULD EFFECTIVELY DENY OWNERSHIP TO A YOUNG MAN WHO IS WITHOUT INDEPENDENT WEALTH.

I AM LEERY OF THE LEGISLATION PROPOSED BY CHAIRMAN WRIGHT PATMAN OF BANKING AND CURRENCY, AND EQUALLY LEERY OF THE LEGISLATION RECOMMENDED BY THE ADMINISTRATION AND INTRODUCED BY CONGRESSMAN WIDNALL.

IF THIS LEGISLATION WOULD MEAN THE DEATH-KNELL FOR THE ONE-BANK



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HOLDING COMPANY IN SMALL, RURAL COMMUNITIES, THEN IT SHOULD BE REVISED TO PROVIDE AN APPROPRIATE EXEMPTION BASED ON SIZE. I THINK THIS WILL BE THE CASE.

EVERY EFFORT MUST BE MADE BY GOVERNMENT TO ASSURE A FLOW OF COMMUNITY-BUILDING YOUNG MEN AND WOMEN INTO OUR RURAL AREAS. THESE AREAS, ALREADY SUBJECTED TO NEAR DEPRESSION-LEVEL FARM PRICES AND REDUCED JOB OPPORTUNITY, CANNOT AFFORD FURTHER REDUCTIONS OF THE TAX BASE. THEY CERTAINLY CANNOT AFFORD FURTHER DISCOURAGEMENT OF BUSINESS AND INDUSTRIAL DEVELOPMENT.

IF ONE-BANK HOLDING COMPANIES PROVIDE SUBSTANTIAL ASSETS TO RURAL COMMUNITIES WITH SMALL, LOCALLY-CONTROLLED COMMUNITY BANKS, THEN EVERY EFFORT SHOULD BE MADE TO INSURE THEIR SURVIVAL AND SUCCESS.

FORTY-FIVE SMALL KANSAS COMMUNITIES ENJOY THE BENEFITS OF THE HOLDING COMPANY TODAY. THERE HAS NEVER BEEN A FINDING OF CONFLICT OF INTEREST BY ANY INVESTIGATIVE AUTHORITY IN KANSAS IN THIS AREA.

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FULL CONSIDERATION SHOULD BE GIVEN TO THE IMPACT THIS LEGISLATION MIGHT HAVE ON THE SMALL BANK, ITS MANAGEMENT, AND THE COMMUNITY IT SERVES BEFORE FINAL ENACTMENT.

FINALLY, I SHOULD LIKE TO NOTE THE BASIC CASE FOR THE ONE-BANK HOLDING COMPANY BILL AS ADVANCED BY SECRETARY OF THE TREASURY KENNEDY, IN HIS TESTIMONY BEFORE THE COMMITTEE ON APRIL 17.

SECRETARY KENNEDY STATED THAT IN CALENDAR YEAR 1968, NINE OF THE NATION'S TWELVE LARGEST BANKS -- WITH DEPOSITS RANGING FROM \$6 BILLION TO \$20 BILLION -- ANNOUNCED THEIR INTENTION TO CREATE ONE-BANK HOLDING COMPANIES.

THE SECRETARY SUGGESTED THAT SUCH ACTIVITY COULD RESULT IN CENTERS OF DISPROPORTIONATE POWER, IN FINANCE AND INDUSTRY, WHICH COULD EVENTUALLY DOMINATE OUR ENTIRE ECONOMY. HE SUGGESTED THE LEGISLATION ADVANCED BY THE ADMINISTRATION WOULD REBUILD THE WALL SEPARATING DIVERSE ECONOMIC INTERESTS.

NOW, THE ADMINISTRATION HAS A MERITORIOUS CASE TO THIS EXTENT:



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BUSINESSMEN AND INDUSTRIALISTS ARE DEEPLY CONCERNED, LESS THEIR ASSETS  
EVENTUALLY BECOME DOMINATED BY HUGE BANK HOLDING COMPANIES, IN THE  
CURRENT CLIMATE OF MERGER AND CONGLOMERATES.

THIS THREATENED EVIL COULD BE ELIMINATED BY PASSING A ONE-BANK  
HOLDING COMPANY BILL APPLICABLE ONLY TO THE LARGE BANKS THAT HAVE CAUSED  
THE PANIC.

I WOULD EXEMPT SMALL BANKS FROM THE EFFECTS OF SUCH A LAW, FOR  
THE SAME REASON THAT ONE-BANK HOLDING COMPANIES WERE EXEMPTED FROM THE  
BANK HOLDING COMPANY ACT OF 1956. THAT EXEMPTION IS TODAY CALLED A  
"LOOPHOLE". BUT IT WAS NOT A LOOPHOLE IN 1956. AT THAT TIME, VIRTUALLY  
ALL THE ONE-BANK HOLDING COMPANIES CONTROLLED BANKS WITH SMALL ASSETS,  
IN SMALL TOWNS, SIMILAR TO THE SITUATION STILL PREVALENT IN KANSAS.  
SEEING NO THREAT FROM SMALL ORGANIZATIONS, ONE-BANK COMPANIES WERE  
SPECIFICALLY EXEMPTED.

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I SUGGEST THAT SMALL BANKS SHOULD AGAIN BE EXEMPTED FROM THE PROVISIONS OF THE BANK HOLDING COMPANY ACT, FOR THE SAME REASONS AND WITH THE SAME RATIONALE THAT EXEMPTED THEM IN 1956.

IF CHASE MANHATTAN OR THE CITY BANK OF NEW YORK THREATENS COMMERCE, THEN IT SHOULD BE DEALT WITH IN CONTEXT. SMALL COUNTRY BANKS, AND SMALL BANK HOLDING COMPANIES, SHOULD BE PERMITTED TO CONTINUE OPERATIONS UNHINDERED AS THEY HAVE WITH HONOR AND SUCCESS SINCE 1956.

SOURCES CLOSE TO THE COMMITTEE ON BANKING AND CURRENCY INDICATE THAT THE BILL WILL GO INTO "MARK-UP" WITHIN TWO WEEKS. LEGISLATION MAY WELL BE PASSED THIS SESSION BY THE HOUSE, BUT ITS FINAL FORM IS NOT AT ALL PREDICTABLE AT THIS TIME. LEGISLATION HAS BEEN INTRODUCED IN THE SENATE TO FREEZE ALL OPERATIONS UNTIL FULL STUDY OF THE EFFECTS OF PROPOSED REMEDIAL LEGISLATION CAN BE COMPLETED. THE CLIMATE IN THE SENATE IS UNSETTLED AS TO THIS ISSUE, TO SAY THE LEAST.



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INFLATION

NOW HAVING DISCUSSED A MATTER OF SPECIAL INTEREST TO MANY OF YOU, LET ME DISCUSS BRIEFLY THE PROBLEM OF INFLATION, WHICH I KNOW CONCERNS ALL OF YOU, PERHAPS IN A SPECIAL WAY AS BANKERS, BUT ALSO AS TAXPAYERS AND CITIZENS.

DURING 1968 THE UNITED STATES EXPERIENCED THE MOST SEVERE INFLATIONARY PRESSURES IN ITS HISTORY. THE WAGE PRICE SPIRAL IN 1968 WAS IN EXCESS OF 4 PERCENT, A PERCENTAGE APPROXIMATELY EQUAL TO THE REAL GROWTH OF GROSS NATIONAL PRODUCT DURING THE SAME YEAR. TO PUT IT ANOTHER WAY, ONE DOLLAR IN JANUARY OF 1968 WAS WORTH 96 CENTS IN DECEMBER OF 1968. OBVIOUSLY, ANYONE WITH A SAVINGS ACCOUNT EARNING 4 PERCENT JUST BARELY HELD HIS OWN. THOSE LIVING ON FIXED INCOMES SUFFERED A LOSS IN PURCHASING POWER OF 4 PERCENT -- JUST LIKE A FOUR PERCENT PAY CUT.

THE AMERICAN PEOPLE HAVE LEARNED TO LIVE WITH A CERTAIN AMOUNT OF CONTINUING INFLATION, BUT THE SITUATION LAST YEAR BECAME SIMPLY INTOLERABLE. ECONOMISTS HAVE WARNED FOR MANY YEARS THAT IF THE INFLA-

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TIONARY CYCLE IN THE U. S. EXCEEDED 3 PERCENT FOR ANY PERIOD OF TIME, IT COULD ONLY LEAD TO AN ECONOMY COLLAPSE OR TO AN UNCONTROLLABLE RUN-AWAY INFLATION. IN FACT, THE AMERICAN DOLLAR LAST YEAR CAME PERILOUSLY CLOSE TO DEVALUATION.

NUMBER ONE DOMESTIC PROBLEM

PRESIDENT NIXON FACED MANY SEVERE PROBLEMS IN THE COUNTRY WHEN HE TOOK THE OATH OF OFFICE ON JANUARY 20, NONE MORE SEVERE THAN THE NEED TO BRING THE NATION'S ECONOMY UNDER CONTROL AND TO RESTORE SENSIBLE FISCAL MANAGEMENT. IN THE LAST FULL YEAR OF THE PRIOR ADMINISTRATION, THE NATION HAD EXPERIENCED A \$25 BILLION DEFICIT BUDGET, THE WORST PEACE TIME DEFICIT IN THE HISTORY OF THE REPUBLIC. THE MOST IMMEDIATE WEAPON AVAILABLE TO THE PRESIDENT IN THE FIGHT AGAINST INFLATION WAS TO BRING FEDERAL BUDGET EXPENDITURES UNDER CONTROL. PRESIDENT NIXON ORDERED ALL CABINET OFFICERS TO REVIEW AND PARE DOWN THE FISCAL 1970 BUDGET WHICH HAD ALREADY BEEN PREPARED FOR CONGRESS BY THE PRIOR ADMINISTRATION. CUTS WERE MADE OF APPROXIMATELY \$5 BILLION, AND THE 1970 BUDGET NOW BEFORE THE CONGRESS WAS PUT INTO BALANCE.



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CONTROL DIFFICULT

LET ME SAY AT THIS POINT THAT IT IS NO EASY TASK TO CONTROL INFLATION. AFTER ALL, SPEAKING POLITICALLY, INFLATION IS NOT ALL THAT BAD FOR THE MAN IN OFFICE AT THE TIME. THOSE WHO LIVE ON FIXED INCOMES KNOW THAT EVERYTHING THEY BUY COSTS MORE, BUT IT IS A SLOW AND GRADUAL PROCESS. ON THE OTHER HAND, IN A WILDLY INFLATIONARY PERIOD LIKE 1968, THE ECONOMY SEEMS TO BE BOOMING; MORE MONEY IS IN CIRCULATION; WAGES ARE CONSISTENTLY INCREASING TO MEET RISING PRICES AND THE AVERAGE CITIZEN MAY THINK THAT HE HAS MORE MONEY. THEN AGAIN THE ADMINISTRATION IS UNDER CONTINUOUS PRESSURE TO SPEND MORE MONEY FOR EVERY PET PROJECT IN THE FEDERAL BUDGET. EVERY PROJECT HAS POLITICAL FAVOR SOMEWHERE. TO SPEND CAN BE POPULAR. TO CUT SPENDING CAN HAVE DIRE POLITICAL CONSEQUENCES. IN SHORT, TO SLOW DOWN AN OVERHEATED ECONOMY WHICH IS MERELY BORROWING FROM FUTURE GENERATIONS, IS HARDLY A WELCOME POLITICAL PROSPECT FOR A NEW PRESIDENT OF THE UNITED STATES. PRESIDENT NIXON IS WELL

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AWARE OF THIS, BUT WITH CHARACTERISTIC COURAGE HE IS DETERMINED TO FOLLOW THE PATH OF RESPONSIBILITY.

IT WAS THE PRESIDENT'S DETERMINATION TO CURB INFLATION THAT LED TO HIS RECOMMENDATION FOR CONTINUATION OF THE 10 PERCENT INDIVIDUAL SUR-TAX AND ELIMINATION OF THE 7 PERCENT INVESTMENT TAX CREDIT. AGAIN THERE IS NO POLITICAL GAIN IN CONTINUING THE HIGH LEVEL OF FEDERAL TAXATION IMPOSED BY THE PRIOR ADMINISTRATION AND IN REPEALING A TAX BENEFIT ENJOYED BY BUSINESSMEN ACROSS THE COUNTRY. THESE TWO STEPS, HOWEVER, THE PRESIDENT FELT WERE ESSENTIAL TO RESTORING SOUND FISCAL MANAGEMENT.

POLITICAL COURAGE

LEST THERE BE ANY ILLUSIONS, THE JOB OF BRINGING THE AMERICAN ECONOMY BACK INTO SENSIBLE BALANCE IS NOT GOING TO BE ACCOMPLISHED OVERNIGHT. ~~SO-CALLED "TIGHT MONEY"~~, THAT IS, CONTRACTION OF THE NATION'S MONETARY SUPPLY, IS HERE TO STAY FOR SOME TIME. TAXES WILL BE HIGH. TAX REFORM WILL BURDEN MANY MORE TAXPAYERS THAN IT WILL BENEFIT. AUSTERITY IN THE FEDERAL BUDGET WILL BRING ANGUISHED CRIES FROM THOSE WHO



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HAVE ENJOYED THE LARGESSE OF A WIDE OPEN FEDERAL TREASURY. IT WILL  
TAKE POLITICAL COURAGE TO WITHSTAND THE MANY PRESSURES BUT I CAN TELL  
YOU THIS ---- THAT THE PRESIDENT OF THE U.S. WILL NOT BE DETOURED NOR  
WILL HIS COURAGE FAIL IN THE FIGHT TO RESTORE SOUND FEDERAL FISCAL  
MANAGEMENT.

FOR THERE IS REALLY NO ALTERNATIVE. FORTUNATELY, WE HAVE A  
PRESIDENT WHO KNOWS IT. INFLATION AT THE RATE EXPERIENCED LAST YEAR  
WOULD CAUSE A DOUBLING OF PRICES WITHIN THE NEXT 14 YEARS. AMERICA  
WOULD SIMPLY PRICE ITSELF OUT OF THE WORLD MARKET, LOSE ITS ABILITY TO  
TRADE, AND UNDOUBTEDLY FACE A CURRENCY DEVALUATION WITH ALL THAT THAT  
DISASTROUS STEP WOULD ENTAIL. THOSE ON FIXED INCOMES WOULD BE UNABLE  
TO SURVIVE AND WE WOULD SADDLE OUR CHILDREN WITH DEBTS THEY WOULD BE  
UNABLE TO PAY. INFLATION IS A VICIOUS CYCLE PENALIZING THOSE LEAST

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ABLE TO PAY THE BILL. IT FEEDS UPON ITSELF. THOSE LIVING ON SOCIAL SECURITY RAPIDLY LOSE THEIR PURCHASING POWER AND HAVE TO TURN TO THE FEDERAL GOVERNMENT FOR MORE HELP. INCREASING SOCIAL SECURITY PAYMENTS CAN RESULT IN BIGGER AND BIGGER DEFICITS AND BIGGER AND BIGGER DEFICITS ACCELERATE THE INFLATIONARY PACE. THE WORKER DEMANDS, AND RIGHTLY SO, HIGHER WAGES TO MEET HIGHER PRICES. THE MANUFACTURER RAISES HIS PRICES TO PAY FOR THE HIGHER LABOR COSTS, AND ULTIMATELY THE ENTIRE SYSTEM HAS TO COLLAPSE.

IF EVERYONE FULLY UNDERSTOOD THE REAL HAZARD TO THE WELFARE OF THE REPUBLIC, THEN THE PRESIDENT'S TASK WOULD BE MUCH EASIER. AS RESPONSIBLE MEMBERS OF A RESPONSIBLE BANKING COMMUNITY, I FEEL CERTAIN YOU WILL SUPPORT THE PRESIDENT'S COURAGEOUS EFFORTS.



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"SAFEGUARD" ABM SYSTEM

LET ME NOW COMMENT ON A SUBJECT THAT IS GETTING HEADLINES THESE DAYS. THIS IS THE DEBATE WHICH IS GOING ON IN CONGRESS, PARTICULARLY THE SENATE, NOW RELATIVE TO THE PRESIDENT'S DECISION TO DEPLOY THE "SAFE-GUARD" ABM SYSTEM. I DOUBT THAT ANYONE IN THIS AUDIENCE WOULD EVER CALL THE POLITICAL AND MILITARY LEADERS OF THE SOVIET UNION NAIVE. WE MIGHT CALL THEM DOGMATIC -- AND RIGID IN THEIR POLITICAL PHILOSOPHY BUT NEVER NAIVE. OUR BEST INTELLIGENCE ESTIMATES SHOW THAT THE SOVIET UNION IS DEPLOYING AN INCREASING NUMBER OF ICBM'S -- THE SS-9 -- CAPABLE OF CARRYING A LARGE WARHEAD. WE KNOW THAT THEY ARE WORKING ON FOBS -- THE FRACTIONAL ORBITAL BOMBARDMENT SYSTEM. WE ALSO KNOW THAT THEY ARE BUILDING POLARIS TYPE SUBMARINE-LAUNCHED BALLISTIC MISSILES (SLBM), WHICH POSE A PARTICULAR THREAT TO OUR STRATEGIC BOMBER FORCE BECAUSE OF THE SHORT WARNING TIME ASSOCIATED WITH THEIR RELATIVELY SHORT TIME OF FLIGHT.

WHY IS THE SOVIET UNION EMBARKED ON THESE PROJECTS? WE CAN ONLY

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CONJECTURE, BUT WE KNOW THAT THEY ALL CAN LEAD TO A FIRST STRIKE CAPABILITY. THEREFORE, ONLY IF THE UNITED STATES MAKES IT UNMISTAKABLY CLEAR TO THE SOVIET UNION THAT WE WILL MAINTAIN A CAPABILITY TO RETALIATE AGAINST A SOVIET FIRST STRIKE, WILL PEACE BE MAINTAINED. AS YOU KNOW, OUR RETALIATORY FORCES TAKE THREE FORMS -- OUR POLARIS SUBMARINES, OUR STRATEGIC BOMBER FORCE, AND OUR MINUTEMAN ICBM's.

IT IS THE POSITION AND THE INTENT OF THE U. S. THAT NOT ONE OF OUR THREE STRATEGIC FORCES WILL FALL TO AN ALL OUT ATTACK FROM THE SOVIET UNION -- WE WANT ALWAYS, TO HAVE THESE THREE STRINGS IN OUR RETALIATORY STRATEGIC BOW.

#### POLARIS

WE HAVE A CONTINUING RESEARCH AND DEVELOPMENT EFFORT TO IMPROVE THE POLARIS SUBMARINE BOTH AS AN OFFENSIVE WEAPON AND ALSO IN ITS ABILITY TO ESCAPE DETECTION AND DESTRUCTION. WE HAVE PLANS TO INCREASE THE PROTECTION OF OUR BOMBER FORCE THROUGH DISPERSAL. OUR BOMBER FORCE WILL ALSO RECEIVE ADDITIONAL PROTECTION FROM SEA-LAUNCHED BALLISTIC MISSILES



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IF THIS THREAT GROWS BY THE DEPLOYMENT OF "SAFEGUARD" ON THE PERIMETER OF OUR COUNTRY. THE PROTECTION OF OUR FIXED "MINUTEMAN" FORCES PRESENTS AN EVEN GREATER PROBLEM. UNLIKE THE SUBMARINE AND THE BOMBER, THEY ARE FIXED AND CANNOT BE MOVED TO HIDDEN AND THUS SAFE PLACES.

MINUTEMAN

WE HAVE UNDERWAY AT THE PRESENT TIME A RESEARCH AND DEVELOPMENT EFFORT LEADING TOWARD THE SUPERHARDENING OF THE "MINUTEMAN" SILOS. IF THIS EFFORT PROVES FEASIBLE, WE WILL WANT TO PUT SOME OF OUR "MINUTEMAN" IN VERY HARD SILOS, BUT AS YOU WOULD AGREE, WE DO NOT WANT TO PUT ALL OF OUR EGGS IN ONE BASKET. I AM CERTAIN THAT AS TIME GOES ON, THE SOVIETS WILL INCREASE THE ACCURACY OF THEIR WARHEADS TO THE POINT THAT EVEN THE MOST HARDENED SITE WHICH CAN BE MANUFACTURED WILL NOT SURVIVE A DIRECT HIT. SO WE FEEL THAT RATHER THAN DEPLOYING MORE "MINUTEMAN", SOME IN SUPER HARDENED SILOS, WE WOULD LIKE TO PURSUE A DUAL COURSE OF ACTION.

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FIRST, WE WOULD PROTECT THE "MINUTEMAN" FORCE BY AN ACTIVE MISSILE DEFENSE, THAT IS THE "SAFEGUARD" DEFENSE SYSTEM, AND AT THE SAME TIME, PURSUE THE POSSIBILITY OF HARDENING THE "MINUTEMAN" FORCE, IN SUPER HARDENED SILOS. WE BELIEVE THE COMBINATION OF ADDITIONAL HARDENING AND ADDITIONAL PROTECTION OF ACTIVE FORCES AND THE ABILITY TO BALANCE THESE AS THE THREAT INCREASES IS THE BEST WAY TO PROTECT OUR "MINUTE-MAN" FORCE.

#### DEFENSIVE SYSTEM

IN HIS PRESS CONFERENCE ON MARCH 14, PRESIDENT NIXON STATED THAT "THE SYSTEM IS TRULY A SAFEGUARD SYSTEM, A DEFENSIVE SYSTEM ONLY." HE FURTHER STATED THAT "THE ONLY WAY THAT I HAVE CONCLUDED THAT WE CAN SAVE LIVES, WHICH IS THE PRIMARY PURPOSE OF OUR DEFENSE SYSTEM, IS TO PREVENT WAR, AND THAT IS WHY THE EMPHASIS OF THIS SYSTEM IS ON PROTECTING OUR DETERRENT, WHICH IS THE BEST PREVENTATIVE FOR WAR."



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BY SITING THE "SAFEGUARD" SYSTEM AWAY FROM THE CITIES, BUT IN CLOSE DEFENSE OF OUR STRATEGIC RETALIATORY WEAPONS, WE ARE CLEARLY STATING TO THE SOVIET UNION OR ANY OTHER COUNTRY WHICH HAS OR WILL HAVE STRATEGIC WEAPONS, THAT WE ARE NOT ESCALATING THE NUCLEAR ARMS RACE, BUT WE ARE, UNMISTAKABLY, INCREASING THE SURVIVABILITY OF OUR SECOND STRIKE CAPABILITY SO THAT THIS CAPABILITY WILL BE AVAILABLE IN SUFFICIENT STRENGTH AND NUMBERS TO DEVASTATE AN AGGRESSOR. WE WANT A POTENTIAL AGGRESSOR TO THINK TWICE BEFORE HE LAUNCHES A FIRST STRIKE. THE RESEARCH AND DEVELOPMENT OF THIS INCREASED PROTECTION TO OUR RETALIATORY FORCES IS NOT DONE OVERNIGHT. IT TAKES YEARS OF EFFORT. WE FEEL THAT THE TIME THAT THIS PROTECTION MUST BEGIN TO BE DEPLOYED IS NOT FAR OFF."

THUS, THE PRESIDENT HAS STATED THAT THE PROTECTION OF OUR "MINUTEMAN" DEFENSES MUST BEGIN TO GO FORWARD NOW IN ORDER THAT IT WILL BE IN BEING IN THE DECADE OF THE SEVENTIES AND LATER, WHEN THE THREAT TO OUR RETALIATORY FORCES WILL BE A VIABLE ONE.

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I SUPPORT PRESIDENT NIXON'S ABM SYSTEM, AS I SUPPORTED PRESIDENT JOHNSON'S SENTINEL SYSTEM. AS FAR AS I AM CONCERNED, THERE CAN BE NO HIGHER PRIORITY THAN THE PROTECTION OF OUR NATIONAL SECURITY. MUCH OF THE OPPOSITION TO PRESIDENT NIXON'S DECISION IS SINCERE BECAUSE HONEST MEN CAN DIFFER ON WHAT IS BEST FOR THEIR COUNTRY. -- But

LET ME POSE THIS ONE QUESTION. IF YOU WERE PRESIDENT; IF YOU WERE FACED AS HE HAS BEEN BY THE ABM ISSUE WHICH INVOLVED THE NATIONAL SECURITY; IF DOUBTS HAD BEEN EXPRESSED BY BOTH SIDES, WOULD YOU NOT HAVE DECIDED IN THE SAME WAY PRESIDENT NIXON DID?

#### STUDENT DISORDER

FINALLY, LET ME DISCUSS BRIEFLY THE PROBLEM OF STUDENT DISORDER. THE INESCAPABLE FACT, ONCE YOU SIFT THROUGH THE NEWSPAPER ACCOUNTS AND ABSORB WHAT APPEARS ON YOUR TELEVISION SCREEN, IS THAT A SMALL PROPORTION OF STUDENTS -- HARRIS AND GALLUP POLLS SAY ONLY 2 PERCENT -- HAVE



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BEEN ABLE TO PLACE THEIR INSTITUTIONS UNDER VIRTUAL SIEGE, TOTALLY DISRUPTING CLASSES, DAMAGING COLLEGE BUILDINGS AND PROPERTY AND IMMOBILIZING THEIR COLLEGE ADMINISTRATION OFFICIALS. THAT 2 PERCENT OF OUR STUDENTS ARE DISRUPTING THE PURSUIT OF EDUCATION OF THE OTHER 98 PERCENT IS IMPORTANT, AND SHOWS THAT THE INFLUENCE OF THOSE WHO PROTEST VIOLENTLY FAR OUTWEIGHS THEIR NUMERICAL STRENGTH.

RIGHTS TO DISSENT AND CONFORM

IT ALSO BRINGS UP A VERY FUNDAMENTAL TRUTH, WHICH AS PARENTS AND CITIZENS, BOTH YOU AND I HAVE A RESPONSIBILITY TO TRY TO IMPRESS UPON OUR YOUTH. THAT IS, WHILE AMERICA DEFENDS, PROTECTS AND ENCOURAGES THE RIGHT TO DISSENT, WE ALSO DEFEND, PROTECT AND ENCOURAGE THE RIGHT TO CONFORM. IF THE RIGHT TO DISSENT IS PRECIOUS TO THE MINORITY, THE RIGHT TO CONFORM IS EQUALLY SACRED TO THE MAJORITY. THEY

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CANNOT EXIST SEPARATELY, BUT MUST CO-EXIST, IN A COMPLEMENTARY RELATIONSHIP. FOR WHEN EITHER OVERSTEPS ITS BOUNDS, THE BALANCE IS THREATENED. THEN TYRANNY -- BE IT OF THE MAJORITY OR THE MINORITY -- IS INEVITABLE.

ALTHOUGH LAWFUL DISSENT IS A TOUCHSTONE OF AMERICAN FREEDOM, VIOLENT METHODS USED BY STUDENTS IN THE NAME OF CHANGE OR PROGRESS IS AN ALBATROSS FOR AMERICAN FREEDOM. AS SOCIETY CANNOT PERMIT ANY CITIZEN TO JUDGE THAT LAW WHICH HE WILL OBEY AND THAT WHICH HE WILL DISOBEY, SO, TOO, SOCIETY CANNOT EMBRACE THE LANGUAGE AND TACTICS OF VIOLENCE IF ANY DEGREE OF FREEDOM, JUSTICE OR PROGRESS IS TO BE ACHIEVED OR MAINTAINED.



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SOME DISILLUSIONMENT LEGITIMATE

AS ADULTS, YOU AND I HAVE AN ADDED RESPONSIBILITY, WHICH, AT THE OUTSET, MAY APPEAR AS AN UNDESERVED CONCESSION TO THE VIOLENT FEW OF OUR NATION'S YOUTH. IN MY OPINION, WE MUST EXAMINE SOME OF THE REASONS FOR STUDENT UNREST AND TRY TO LEARN, WHAT CAN BE DONE ABOUT SOME OF THEM.

I SAY THIS BECAUSE THE VERY STUDENTS WHO ARE CHALLENGING OUR INSTITUTIONS ARE A PRODUCT OF OUR SOCIETY. THEY ARE THE BEST-EDUCATED GENERATION IN THE HISTORY OF THE WORLD. THEIR EDUCATION, FAR FROM MEMORIZATION OF ROTE FACTS AND FIGURES, HAS ENCOURAGED FREEDOM OF THOUGHT IN DEPTH ON SUBJECTS WHICH OFTEN STAGGER THE MINDS OF THEIR PARENTS.

IN THE PROCESS, THEY HAVE DISCOVERED THE DIFFERENCE BETWEEN WHAT WE AS ADULTS PREACH AND WHAT WE DO SOMETIMES. WHAT OUR YOUTH HAVE FOUND IS A GULF BETWEEN THE IDEAL AND THE REAL, BETWEEN OUR AGENDA

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OF UNSOLVED PROBLEMS AND THE ACHIEVEMENTS OF PAST GENERATIONS.

THE FACT IS PART OF THE DISILLUSIONMENT AND IMPATIENCE OF MANY OF OUR YOUTH IS LEGITIMATE. MANY OF OUR EDUCATIONAL, BUSINESS AND GOVERNMENT INSTITUTIONS HAVE NOT RESPONDED TO THE TEMPO OF THE CHANGES IN OUR COMPLEX, TECHNOLOGICALLY-ORIENTED SOCIETY SINCE THE 1940'S.

NIXON AND THE DRAFT

PRESIDENT NIXON UNDERScoreD ONE ASPECT OF THIS TUESDAY WHEN HE SUGGESTED TO CONGRESS THAT THE DRAFT BE REVISED AND MODERNIZED TO MAKE IT AS EQUITABLE AND REASONABLE AS POSSIBLE. CONSISTENT WITH NATIONAL SECURITY, THE PRESIDENT WOULD DRAFT THE YOUNGEST FIRST, LIMIT THE PERIOD OF DRAFT VULNERABILITY, RANDOMIZE THE SELECTION POLICY AND REVIEW DEFERMENT POLICIES IN AN EFFORT TO UPDATE AND UPGRADE A SYSTEM BRIMFUL OF INEQUITIES AND INEFFICIENCIES, A SYSTEM WHICH HAS JUSTIFIABLY INCURRED THE IRE AND INDIGNATION OF COUNTLESS YOUTH SINCE IT BEGAN IN 1948.



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UNIVERSITY AND COLLEGE OFFICIALS THEMSELVES ALSO MUST ASSUME A GREATER LEAD BY DETERMINING TO GUARANTEE PEACE AND STABILITY ON THE NATION'S CAMPUSES. REASON, NOT FORCE, MUST PREVAIL ON EVERY CAMPUS. THIS CALLS FOR EXPULSION OF THOSE WHO REFUSE TO LIVE WITHIN THE RULES OF THE ACADEMIC COMMUNITY. IN INSTANCES OF DISORDER, LAW-BREAKING AND COERCION, POLICE MAY HAVE TO BE SUMMONED BY THE UNIVERSITY ITSELF. YOUTH WHO VIOLATE THE LAW SHOULD BE TREATED AS WOULD ANY OTHER LAWBREAKER.

I DO NOT ADVOCATE DIRECT GOVERNMENT INTERVENTION AS AN EFFECTIVE SOLUTION TO CAMPUS DISORDERS.

ALL OF US -- BANKERS, PUBLIC OFFICIALS, PARENTS, AND EDUCATORS AND OTHERS -- MUST BE ALERT TO OPPORTUNITIES TO CHANNEL STUDENT ENERGIES INTO THE KIND OF ACTIVISM THAT TRULY SERVES AND IMPROVES SOCIETY. THE ONLY WAY TO BRING ABOUT LASTING, EFFECTIVE CHANGE AND PROGRESS IN OUR INSTITUTIONS IS TO PARTICIPATE IN A POSITIVE WAY, WITHIN THE SYSTEM -- SCHOOL, BUSINESS OR GOVERNMENT.

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CONCLUSION

THERE ARE MANY OTHER ISSUES BEFORE THE CONGRESS. I AM CONVINCED THAT THE NUMBER ONE PRIORITY IN THIS ADMINISTRATION MUST BE BRINGING AN HONORABLE END TO THE WAR IN VIETNAM. I STRONGLY BELIEVE PRESIDENT NIXON HAS A PLAN, AS HE INDICATED WEDNESDAY EVENING. I AM FIRMLY CONVINCED THAT A GREAT MAJORITY OF DEMOCRATS AND REPUBLICANS IN CONGRESS WILL SUPPORT THE PRESIDENT IN HIS EFFORTS. THESE ARE CRITICAL TIMES AND, IN MY OPINION, THE FUTURE COURSE OF OUR GREAT COUNTRY WILL BE DIRECTED, IN A LARGE PART, BY WHAT HAPPENS IN THE YEAR 1969.

IN CLOSING, I SOLICIT YOUR SUPPORT, YOUR PATIENCE, AND YOUR UNDERSTANDING.

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