

REMARKS OF SENATOR BOB DOLE
(REPUBLICAN-KANSAS)

UNITED STATES SAVINGS AND LOAN LEAGUE
ANNUAL CONVENTION
SAN FRANCISCO, CALIFORNIA

10:30 A.M., MONDAY, NOVEMBER 9, 1970

HAVING BEEN ON THE CAMPAIGN TRAIL FOR SEVERAL MONTHS, IT IS A PLEASURE TO BE WITH YOU IN SAN FRANCISCO. IT SEEMS A BIT UNUSUAL TO BE STANDING HERE AND NOT ASKING YOU TO VOTE FOR SOME REPUBLICAN CANDIDATE. BUT SINCE THE 1970 CAMPAIGN RECEIVED SO MUCH ATTENTION, IT IS APPROPRIATE TO ASSESS THE RESULTS TODAY. LAST MONDAY WE WERE ALL SPECULATING AND ASKING OURSELVES QUESTIONS. THE ELECTION ON TUESDAY ANSWERED SOME OF THOSE, BUT RAISED OTHERS. WHAT DID THE ELECTIONS MEAN? WHAT TRENDS CAN BE SEEN? WHICH PARTY WON WHAT?

- ASSESSING THE ELECTIONS -

THE MOST ACCURATE ASSESSMENT WOULD BE THAT THE RESULTS WERE MIXED. REPUBLICANS CAN CLAIM SUCCESS IN CONGRESSIONAL ELECTIONS, WHILE DEMOCRATS SCORED GAINS IN STATE RACES, ESPECIALLY GOVERNORSHIPS.

- SHORT MEMORY -

AN IMPORTANT FACTOR WHICH HURT MANY REPUBLICAN CANDIDATES WAS THE "SHORT MEMORY" OF THOUSANDS OF AMERICAN VOTERS. TWO YEARS AGO THE VIETNAM WAR WAS NUMBER ONE ON THE MINDS OF A GREAT MAJORITY OF AMERICANS, WHILE RUNAWAY INFLATION AND EXCESSIVE FEDERAL SPENDING WERE SECONDARY ISSUES. WITH THE ADVENT OF PRESIDENT NIXON AND THE DE-ESCALATION OF THE WAR IN VIETNAM, VOTERS' PRIORITIES CHANGED. INFLATION AND UNEMPLOYMENT MOVED TO THE FRONT, WHILE THE VIETNAM WAR MOVED WELL DOWN THE LIST.

CERTAINLY NO ONE FAULTS PRESIDENT NIXON FOR EXTRICATING US FROM THE TRAGIC WAR HE INHERITED, BUT IT IS NOT UNUSUAL FOR PRESIDENT NIXON OR ANYONE TO RECEIVE LITTLE CREDIT FOR A JOB WELL DONE. IN MY OPINION, THIS WAS THE CASE INSOFAR AS THE PRESIDENT'S SUCCESSFUL ROLE IN VIETNAM WAS CONCERNED. DEMOCRATS WERE PERMITTED -- WITH LITTLE RESISTANCE FROM OUR SIDE -- TO PLAY DOWN THE WAR AND TO EMPHASIZE UNEMPLOYMENT AND INFLATION. I DO NOT FOR A MOMENT SUGGEST WAR OR PEACE SHOULD BE PARTISAN, BUT BELIEVE THE SUCCESSFUL EFFORTS OF THIS ADMINISTRATION IN SOUTH VIETNAM SHOULD HAVE HAD MORE EMPHASIS.

REPUBLICAN LEADERS SHOULD HAVE BEEN ON THE OFFENSIVE, POINTING UP DAY AFTER DAY THAT THE PROBLEMS IN OUR ECONOMY -- INCLUDING INFLATION AND UNEMPLOYMENT -- WERE FUELED BY THE VERY EXPANSION OF THE WAR THAT PRESIDENT NIXON INHERITED AND WAS ENDING AND BY THE IRRESPONSIBLE SPENDING POLICIES OF DEMOCRAT ADMINISTRATIONS IN THE 60'S.

WE TENDED INSTEAD TO AGREE WITH THE DEMOCRATS AND MANY OF THE PUNDITS THAT THE WAR WAS REALLY NOT AN ISSUE. BY NOT EMPHASIZING THIS SKELETON IN THE DEMOCRAT CLOSET AND BY NOT EMPHASIZING THE NUMBER ONE PRIORITY OF THE NIXON ADMINISTRATION WAS "PEACE INSTEAD OF WAR", THE SUCCESSES IN VIETNAM VERY PROBABLY MEANT FAILURE AT THE POLLS IN MANY INSTANCES. AS I TRAVELLED AROUND THE COUNTRY, IT WAS OBVIOUS THAT PRESIDENT NIXON HAD GREAT STRENGTH AND WAS GENERALLY WELL ACCEPTED, BUT THAT PEACE INSTEAD OF WAR, THOUGH HIGHLY DESIRABLE, APPEARED LESS IMPORTANT THAN THE BREAD AND BUTTER ISSUES -- AGAIN BECAUSE OF OUR FAILING TO PUT EVERYTHING IN ITS PROPER PERSPECTIVE.

THE PRESIDENT NEVER BELIEVED WAR AND RUNAWAY SPENDING WERE GOOD ECONOMIC TOOLS. THEY MAY PRODUCE DOUBTFUL SHORT-RUN ECONOMIC EFFECTS, BUT REPUBLICANS HAVE FORTUNATELY NEVER USED THEM. BUT OBVIOUSLY THIS WAS NOT MADE SUFFICIENTLY CLEAR TO THE VOTERS.

SO WE HAVE A MIXED BIG IN THE ELECTION RETURNS. LOOKING AT CAPITOL HILL -- PARTICULARLY IN THE SENATE -- MOST OBSERVERS AGREE PRESIDENT NIXON WILL BE IN A BETTER POSITION IN THE 92ND CONGRESS THAN THE 91ST. TYDINGS, GOODELL, YARBOROUGH, GORE AND YOUNG WILL BE REPLACED BY BEALL, BUCKLEY, BENTSEN, BROCK AND TAFT. THESE CHANGES ARE, BY AND LARGE, PLUSES FOR THE PRESIDENT. MURPHY AND SMITH WILL BE GONE, BUT ON BALANCE, THIS IS A NET GAIN OF AT LEAST THREE -- WITH THE RACE IN INDIANA STILL IN DOUBT.

THERE WILL NOT BE A REPUBLICAN MAJORITY IN THE SENATE, BUT THE RESULTS ARE LESS THAN THE NORMAL LOSSES OF 4 OR 5 SENATE SEATS -- AND 20 TO 40 SEATS IN THE HOUSE.

WHEN CONGRESS RECESSED ON OCTOBER 14, WE, IN A SENSE, PASSED THE BUCK TO THE LAME DUCK SESSION WHICH WILL BEGIN NEXT MONDAY. IT COULD WELL BE A NO-HOLDS BARRED POLITICAL REHASH OF THE PAST, AND POLITICAL PREPARATION FOR THE 1972 CAMPAIGN. THE DEMOCRAT LEADERSHIP WILL DETERMINE THE AGENDA, BUT IT IS ALMOST A CERTAINTY THAT WE WILL BE IN SESSION UNTIL CHRISTMAS. SINCE THERE WILL, PERHAPS, BE LITTLE RHYME OR REASON DURING THIS POST-ELECTION SESSION, I BELIEVE IT WORTHWHILE TO REVIEW BRIEFLY IMPORTANT AREAS OF CONCERN AND KEY PROBLEMS THAT HAVE BEEN, AND WILL CONTINUE TO BE UPPERMOST IN THE MINDS OF A GREAT MAJORITY OF AMERICANS.

- QUESTIONING THE GOVERNMENT -

IN RETROSPECT, IF THERE WAS ONE CONCERN IN AMERICA THAT COULD BE SAID TO HAVE CHARACTERIZED THE NATION PRIOR TO THE ELECTION TWO YEARS AGO, IT WAS THE GROWING SUSPICION AMONG THE AMERICAN PEOPLE THAT SOMEHOW GOVERNMENT WAS NOT WORKING PROPERLY.

THE GROWTH OF THE FEDERAL BUDGET AND THE GROWTH OF THE FEDERAL BUREAUCRACY BOTH REFLECTED THE PROLIFERATION OF PROBLEMS ACROSS AMERICA, BUT NEITHER HAD A POSITIVE EFFECT ON THESE PROBLEMS. THE WAR IN VIETNAM WAS EXPANDING ALMOST DAILY. THE CRIME RATE HAD REACHED AN ALL-TIME HIGH. VIOLENCE WAS AN ACCEPTED POLITICAL WEAPON IN THE HANDS OF RADICALS. OUR FIRST BIG-CITY RIOTS HAD BEEN RATIONALIZED AND EXPLAINED AWAY TIME AND AGAIN IN THE HIGHEST COUNCILS OF GOVERNMENT. SKYROCKETING DOMESTIC SPENDING WAS UNDERTAKEN IN AN EFFORT TO BUY A GREAT SOCIETY AND DOMESTIC TRANQUILITY. WE WERE SAILING ALONG ON A SEA OF FALSE PROSPERITY, WAITING FOR SOMETHING OR SOMEBODY TO PULL THE PLUG.

IT WAS A FRIGHTENING TIME, AND ITS HALLMARK WAS A WIDESPREAD BELIEF THAT GOVERNMENT HAD EITHER DROPPED THE REINS OR WAS NO LONGER CAPABLE OF HOLDING THEM -- AND IN ANY CASE WAS NO LONGER IN CONTROL.

IN 1968, THE AMERICAN VOTERS ELECTED RICHARD NIXON, AND FOR NEARLY TWO YEARS HE HAS WORKED TO MAKE GOVERNMENT RESPONSIVE TO THE PEOPLE AGAIN, TO REORDER OUR NATIONAL PRIORITIES, AND TO BRING THEM IN LINE WITH THE REALITIES OF AMERICA'S DOMESTIC AND INTERNATIONAL RESPONSIBILITIES.

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- VIETNAM WAR -

WE ARE NO LONGER INCREASING TROOP LEVELS IN VIETNAM. WE ARE BRINGING OUR YOUNG MEN HOME. THE VIETNAMESE FORCES, TRAINED AND EQUIPPED BY THE UNITED STATES, ARE TAKING OVER THE BURDEN OF THEIR OWN DEFENSE. CASUALTY FIGURES LAST WEEK WERE THE LOWEST IN MORE THAN FIVE YEARS. AND ALL THIS HAS BEEN ACCOMPLISHED WITHOUT CRIPPLING THE CREDIBILITY OF THE FORCES OF FREEDOM, EITHER ON THE BATTLEFIELD OR AT THE NEGOTIATING TABLE -- DONE DESPITE THE CRIES AND CRITICISM OF MANY IN THE SENATE.

NOW, THE SUCCESS OF THE VIETNAM OPERATION REFLECTS THE REALITIES OF AMERICAN POLITICS, FOR BY CONSTITUTIONAL MANDATE THE PRESIDENT DIRECTS THE COURSE OF AMERICA ABROAD. THE PRESIDENT MAKES FOREIGN POLICY, AND THIS UNFETTERED INITIATIVE AND FREEDOM TO ACT QUICKLY AND DECISIVELY IN MATTERS OF FOREIGN POLICY ACCOUNTS FOR THE SUCCESS THE PRESIDENT HAS HAD IN VIETNAM. IT ACCOUNTS FOR HIS ABILITY TO TURN AROUND A DECADE-LONG WAR AND ENHANCE OUR ABILITY TO ACHIEVE A SATISFACTORY CONCLUSION OF THAT WAR, WHILE REDUCING AMERICAN DEATHS TO THE MINIMUM.

- DOMESTIC PROGRAMS -

BUT WHILE THE POWER OF THE OVAL OFFICE IN INTERNATIONAL AFFAIRS BEGINS AT THE WATER'S EDGE AND IS VIRTUALLY EXCLUSIVE, THE PRESIDENT -- ASIDE FROM THE PRESTIGE OF HIS OFFICE AND HIS OWN POLITICAL SKILL -- IS DEPENDENT TO A SIGNIFICANT EXTENT ON CONGRESSIONAL GRANTS OF POWER IN THE DOMESTIC ARENA.

AND THIS POLITICAL REALITY ACCOUNTS FOR MANY OF THE DIFFICULTIES PRESIDENT NIXON HAS ENCOUNTERED IN HIS EFFORTS TO MAKE GOVERNMENT WORK, TO DEAL EFFECTIVELY WITH CRIME AND VIOLENCE, TO GIVE A NEW AND PROPER ORDER TO OUR NATIONAL PRIORITIES, AND TO COOL THE DANGEROUSLY OVERHEATED ECONOMY.

BUT IN EVERY CASE, HE HAS HAD TO MOVE AGAINST THE WILL OF A DEMOCRAT MAJORITY IN THE 91ST CONGRESS -- AND HE WILL AGAIN IN THE 92ND.

- ANTI-CRIME LEGISLATION -

IN THE FACE OF THIS HANDICAP, THE PRESIDENT HAS HAD SUCCESS. BY DETERMINATION AND LEADERSHIP, HE BROUGHT THIS NATION'S PERIL AT THE HANDS OF THE CRIMINAL TO THE ATTENTION OF EVERY AMERICAN.

THE PRESIDENT, FOR EXAMPLE, PLACED SOME FOURTEEN BILLS BEFORE THE CONGRESS -- ALL AIMED AT STRENGTHENING THE FORCES OF LAW AND ORDER -- THE FORCES OF JUSTICE IN AMERICA. MONTH AFTER MONTH, THESE BILLS LANGUISHED IN THE CONGRESS. TRY AS HE MIGHT, HE COULD NOT PRY THEM LOOSE.

BUT THE PRESIDENT PERSEVERED. HE EXPLAINED TIME AND TIME AGAIN THE NATURE OF THE DANGERS FACING OUR NATION. THE ATTORNEY GENERAL EXPLAINED TIME AND TIME AGAIN THE NEED FOR NEW LEGISLATION IN THE WAR AGAINST CRIME. AND BY AND BY, AS THE ELECTION DREW NEAR, THE CONGRESS SAW THE WISDOM OF THE PRESIDENT'S LEGISLATIVE PROPOSALS, AND BEFORE THE CONGRESS RECESSED, IT PASSED AND SENT THE PRESIDENT SIX OF THOSE BILLS.

NOW, I WOULD NOT FOR A MINUTE BE CYNICAL ENOUGH TO SEE ANY CAUSE AND EFFECT RELATIONSHIP BETWEEN LAST WEEK'S ELECTIONS AND THE PASSAGE OF THOSE BILLS. I WOULD NOT FOR A MINUTE SUPPOSE THAT BECAUSE THE AMERICAN PEOPLE WERE GETTING FED UP WITH THE MUGGINGS, AND THE RIOTING, AND THE BOMBING, AND SO FORTH, THAT THE CONGRESS DECIDED IT HAD BETTER DO SOMETHING -- I WOULD NOT SUGGEST THAT AT ALL.

BUT IT SHOULD BE CLEARLY NOTED THAT SINCE PRESIDENT NIXON CAME INTO OFFICE, THERE HAS NOT BEEN A SINGLE BIG CITY RIOT. SINCE HE CAME INTO OFFICE, THERE HAS BEEN SUBSTANTIAL PROGRESS IN REDUCING THE GREAT INCREASE IN CRIME.

- THE ECONOMY -

IN THE FIELD OF THE ECONOMY -- THE PRESIDENT HAS FOUGHT SINCE TAKING OFFICE AGAINST THE SPENDING POLICIES OF THE DEMOCRAT CONGRESS. SOMETIMES, HE HAS SUCCEEDED. SOMETIMES HE HAS RESORTED TO THE VETO. AND SOMETIMES, AS YOU KNOW, HIS VETO HAS BEEN OVERRIDDEN. BUT THE TREND IS POSITIVE. WE ARE NOW TO A POINT WHERE THE ECONOMISTS ARE ARGUING ABOUT WHAT THE INDICATORS INDICATE -- AND THAT IS ALWAYS AN ENCOURAGING SIGN -- I AM TOLD.

BUT CONSIDER THE ECONOMIC PERSPECTIVE FOR A MOMENT.

STARTING IN 1964, WE TRIED TO OUTSPEND OUR RESOURCES. WE TRIED TO HAVE GUNS AND BUTTER AND A GREAT SOCIETY ALL AT ONCE. BUT YOU KNOW THAT KIND OF SPENDING DOES NOT BRING PROSPERITY, ONLY INFLATION. IN THE FACE OF THIS LEGACY OF EXPEDIENCY, OPPORTUNISM AND IRRESPONSIBILITY, PRESIDENT NIXON IMPLEMENTED A POLICY OF FISCAL AND MONETARY RESTRAINT. THE GOAL WAS TO COOL THE ECONOMY, PUT IT ON A PEACETIME FOOTING AND AVOID SERIOUS DISLOCATIONS AND ABRUPT ADJUSTMENTS. THAT GOAL IS BEING ACHIEVED -- THOUGH PAINFULLY AND SLOWLY.

BUT LIBERAL CRITICS SAY THAT INFLATION CONTINUES AND UNEMPLOYMENT IS UP. YET MANY OF THESE SAME CRITICS WHO COMPLAIN ABOUT THE PERILOUS STATE OF THE ECONOMY HELPED PUT IT IN THAT CONDITION.

THESE LATTER-DAY ECONOMIC PROPHETS ARE THE VERY ONES WHO SUPPORTED THE EXCESSIVE GROWTH OF THE DEFENSE ESTABLISHMENT THROUGHOUT THE SIXTIES. AND DESPITE ALL THEIR TALK ABOUT REASONED RESPONSE AND COST-EFFECTIVENESS RATIOS, THE DEFENSE ESTABLISHMENT GREW LIKE TOPSY. BUT ALL OF A SUDDEN, THE AMERICAN PEOPLE WONDERED IF WE NEEDED ALL THE HARDWARE WE WERE BUYING AND ALL THE DEFENSE CONTRACTS WHICH WERE BEING LET, AND ALL THE COST-OVERRUNS. THE CRITICS STUCK THEIR FINGERS UP TO TEST THE AIR AND ALL OF A SUDDEN THEY WANTED A REDUCTION IN DEFENSE SPENDING. ALL OF A SUDDEN OUR PRIORITIES WERE ALL WRONG.

WELL, PRESIDENT NIXON KNEW THAT A LONG TIME AGO, AND HE BEGAN THE NECESSARY DEFENSE CUTBACKS. HE BEGAN THE NECESSARY RE-ORDERING OF SPENDING TO ACCOMMODATE DOMESTIC PRIORITIES. HE PUT THE PENTAGON INTO LINE WITH NATIONAL NEEDS INSTEAD OF PRIVATE OR POLITICAL OPPORTUNITY. AND THIS MEANT A REDUCTION IN DEFENSE SPENDING WHICH CAUSED A VERY SUBSTANTIAL SHIFT IN THE STRUCTURE OF OUR ECONOMY. AND WHAT WAS THE IMMEDIATE CONSEQUENCE OF THAT? WE HAVE MORE PEOPLE IN THE LABOR MARKET THAN CAN BE EFFICIENTLY ABSORBED. IN OTHER WORDS, AS OUR HYPERCRITICAL FRIENDS SO RIGHTLY POINT OUT, UNEMPLOYMENT IS UP.

UNEMPLOYMENT IS GOING TO REMAIN UP IN SOME AREAS FOR SEVERAL MORE MONTHS, UNTIL THE ECONOMY FINISHES RIGHTING ITSELF AND WE COMPLETE THE TRANSITION FROM A WAR-TIME TO A PEACE-TIME ECONOMY. BUT ALL THE EVIDENCE SUGGESTS PRESIDENT NIXON IS SUCCESSFULLY TURNING THE ECONOMY AROUND. LAST WEEK'S FIGURES INDICATE A CONSIDERABLY SMALLER INCREASE IN UNEMPLOYMENT THAN THE DEMOCRATS WERE PREDICTING BEFORE THE ELECTION, AND IT SHOULD BE NOTED THAT THIS FRACTIONAL RISE INCLUDES UNEMPLOYMENT CAUSED BY THE EFFECT OF THE GENERAL MOTORS STRIKE ON OTHER INDUSTRIES.

NOW IT IS A BIT ABSURD FOR THE CRITICS TO FAULT THE PRESIDENT FOR NOT TURNING THIS ECONOMY AROUND OVERNIGHT -- AND FOR AN ECONOMIC REVERSAL OF THE MAGNITUDE REQUIRED, TWENTY MONTHS IS OVERNIGHT. IT CANNOT BE DONE. NOBODY PROMISED IT WOULD BE DONE. IT WOULD HAVE BEEN THE HEIGHT OF IRRESPONSIBILITY TO HAVE TRIED, BECAUSE -- AT THE VERY LEAST -- WE WOULD HAVE HAD ONE EXTENDED, HAIR-RAISING RECESSION. BUT THE PRESIDENT HAS AVOIDED THAT. HE HAS AVOIDED SEVERE ECONOMIC DISLOCATION AND UPHEAVAL. WHEN THIS IS ALL OVER, THOSE WHO FULLY APPRECIATE WHAT IS INVOLVED IN THIS OPERATION, AS I KNOW YOU DO, ARE GOING TO BE VERY GRATEFUL TO THE PRESIDENT FOR WHAT HE HAS ACCOMPLISHED.

- ECONOMIC POLITICS -

BUT LET ME GIVE YOU A BRIEF LOOK AT THE POLITICS OF THIS MATTER, BECAUSE I WANT YOU TO FULLY UNDERSTAND JUST WHAT THE PRESIDENT IS DOING HERE -- WHAT HE IS RISKING, AND THE PRICE HE IS WILLING TO PAY TO DO THE RESPONSIBLE THING.

IT IS NO SECRET HOW BADLY THE PRESIDENT WANTED A REPUBLICAN CONGRESS. IT IS NO SECRET THAT THE SUCCESS OF HIS LEGISLATIVE PROGRAM -- HIS ABILITY TO DO THE JOB HE WAS ELECTED TO DO -- WILL BE AFFECTED BY LAST WEEK'S ELECTIONS. THE PRESIDENT CAMPAIGNED AS HARD AS HE COULD. HE WENT TO THE PEOPLE IN BEHALF OF REPUBLICAN CANDIDATES. HE USED THE DEMOCRATIC PROCESS. IN GOOD FAITH -- AS A RESPONSIBLE LEADER -- HE COULD DO NO MORE.

BUT LET ME TELL YOU WHAT HE MIGHT HAVE DONE.

IN MANY CASES THE OUTCOME OF THE ELECTIONS LAST WEEK WAS A RESULT OF THE WAY PEOPLE RESPONDED TO THE ECONOMIC CRISIS. DEMOCRAT CANDIDATES EFFECTIVELY USED SCARE TACTICS THAT INVOKED VISIONS OF THE BREAD LINES IN THE 30'S.

NOW NOBODY, TO MY KNOWLEDGE, EVER LOST AN ELECTION BECAUSE OF INFLATION. BUT PEOPLE HAVE LOST ELECTIONS BECAUSE OF ECONOMIC SLOWDOWNS. THEY HAVE LOST ELECTIONS ON THE BASIS OF RECESSIONARY FACTORS IN THE ECONOMY. SO THE LESSON IS CLEAR. KEEP THE ECONOMY PUMPED UP, AND YOU HAVE THE ECONOMIC ISSUE WRAPPED UP.

THE PRESIDENT COULD HAVE HAD THE ECONOMIC ISSUE WRAPPED UP. I DO NOT HAVE TO TELL YOU THAT THERE ARE MANY TOOLS AT A PRESIDENT'S DISPOSAL FOR SHORT-TERM MANIPULATION OF THE ECONOMY. OF COURSE, THERE IS THE MOST OBVIOUS WAY -- HE COULD TRY TO INSTITUTE WAGE-PRICE CONTROLS. BUT THIS INTERFERES WITH THE FREE PLAY OF THE MARKET AND CREATES A BUREAUCRATIC MORASS, AND IN THE END, IT IS COUNTER-PRODUCTIVE.

THE EASIEST, THE MOST DRAMATIC, AND AT THE SAME TIME, THE SUBTLEST AND THE MOST IRRESPONSIBLE WAY TO PUMP UP THE ECONOMY IS SIMPLY TO THROW A LOT OF MONEY INTO IT ALL AT ONCE. AND THERE ARE MANY, MANY WAYS A PRESIDENT CAN DO THIS, BUT NOT THIS PRESIDENT.

A PRESIDENT WOULD NOT, FOR EXAMPLE, WITHIN A YEAR'S TIME OF AN ELECTION, VETO BILLS HE CONSIDERED INFLATIONARY IF HE WANTED TO PLAY GAMES WITH THE ECONOMY. BUT RICHARD NIXON DID VETO WILD-SPENDING BILLS. HE DID SO, BECAUSE HE DID NOT BELIEVE HE COULD -- IN GOOD FAITH AND AS A RESPONSIBLE LEADER -- USE THE WELFARE OF AMERICAN CITIZENS AS A POLITICAL WEAPON AGAINST THEIR INTERESTS. THAT IS THE KIND OF PRESIDENT HE IS. HE CAN BE TRUSTED, AND HE DESERVES OUR TRUST. TAKE THE GENERAL MOTORS STRIKE OUT OF THE PICTURE AND LOOK AT THE ECONOMY. IT IS ON ITS WAY BACK TO SOUND, SOLID, HEALTHY GROWTH.

UNFORTUNATELY, WE ARE NOW SUFFERING FROM A "HANGOVER" PERIOD IN WHICH RISING COSTS CONTINUE TO PUSH PRICES UP -- THIS DIFFICULT PERIOD HAS BEEN EXTENDED BEYOND NIXON ECONOMISTS' EXPECTATIONS BY THE STRENGTH AND LONGEVITY OF THE BASIC DEMAND PRESSURES WHICH CAUSED INFLATION IN THE FIRST PLACE. HOWEVER, THE EVIDENCE INDICATES INFLATION IS BEING BROUGHT UNDER CONTROL. THE RATE OF INCREASE IN CONSUMER PRICES, AT 6.3 PERCENT IN THE FIRST QUARTER OF 1970, DROPPED TO 5.8 PERCENT IN THE SECOND QUARTER, AND 4.2 PERCENT IN THE THIRD QUARTER.

BUT MOST IMPORTANTLY, THE GAP BETWEEN INCREASES IN LABOR COMPENSATION AND OUTPUT PER MANHOUR WAS SIGNIFICANTLY SMALLER IN THE LAST TWO QUARTERS OF THIS YEAR THAN IT HAD BEEN DURING ALL OF LAST YEAR.

- OUTLOOK FOR THE SAVINGS AND LOAN INDUSTRY -

FOR THE SAVINGS AND LOAN BUSINESS, THE STEADY INCREASE IN HOMEBUILDING ACTIVITY IS ENCOURAGING. HOUSING EXPERTS ARE FORECASTING THAT NEXT YEAR WILL BRING THE HIGHEST CONSTRUCTION RATE IN 20 YEARS. THE FAVORABLE PROSPECTS REFLECT:

- THE EFFECTS OF THE \$250 MILLION SPECIAL ASSISTANCE PROVIDED IN THE EMERGENCY HOUSING BILL;
- THE DECREASE IN RATES ON TREASURY BILLS. THEY HAVE DROPPED MORE THAN ONE-FOURTH, FROM 8 PERCENT TO LESS THAN 6 PERCENT, THUS REDUCING MARKET COMPETITION FOR SAVERS' FUNDS; AND
- THE SIZEABLE INCREASE IN THE SAVINGS FLOW PICTURE FOR SAVINGS AND LOAN ASSOCIATIONS. IN SEPTEMBER, SAVINGS AND LOANS SCORED A NET INFLOW OF \$577 MILLION, UP FROM \$511 MILLION IN AUGUST.
- THE IMPROVEMENT IN THE AVAILABILITY OF MORTGAGE FUNDS ACCOUNTED FOR \$2.1 BILLION IN MORTGAGE LOANS IN SEPTEMBER, UP ABOUT 25 PERCENT FROM A YEAR AGO, AND THE LARGEST VOLUME FOR ANY SEPTEMBER SINCE 1963.

YOUR ASSOCIATIONS SHOULD ALSO BENEFIT FROM OTHER PROVISIONS
IN THE EMERGENCY HOUSING BILL:

- THE SECONDARY MARKET FOR CONVENTIONAL LOANS UNDER
THE FEDERAL HOME LOAN BANK BOARD;
- THE AUTHORITY FOR YOUR ASSOCIATIONS TO ACT AS TRUSTEES
FOR SELF-EMPLOYED RETIREMENT FUNDS;
- THE AUTHORITY TO EXTEND THE TIME IN WHICH YOU MUST
REACH 5 PERCENT RESERVES;
- THE CEILING ON YOUR FIRST MORTGAGE LOANS WAS INCREASED
FROM 40 TO 45 THOUSAND DOLLARS;
- THE INCREASE IN YOUR ABILITY TO LEND ON MULTI-FAMILY
HOUSING AND EASING YOUR BORROWING AUTHORITY IN THE
SHORT-TERM AREA.

DURING THE LAST YEAR THE CONGRESS AND THE EXECUTIVE TOOK
OTHER ACTIONS THAT PARTICULARLY AFFECT YOUR ASSOCIATIONS:

- THERE WAS CONSIDERABLE PRESSURE IN CONGRESS TO INCREASE
THE RATE PAID ON U. S. SAVINGS BONDS. THE SENATE PASSED
A BILL INCREASING THE RATE TO 6 PERCENT. HOWEVER, THIS
WAS FINALLY SET AT 5 1/2 PERCENT TO AVOID DISRUPTIVE
CHANGES IN FAMILY SAVINGS BEHAVIOR.
- LEGISLATION WAS PASSED PROVIDING UP TO \$20,000 INSURANCE
FOR CREDIT UNION SAVERS. THE INSURANCE PREMIUM IS SET
AT ~~1/2~~ ^{1/5} OF 1 PERCENT WITH SUPERVISORY AUTHORITY BEING
EXERCISED BY THE FEDERAL HOME LOAN BANK, AUTHORITY
COMPARABLE TO THAT IT HAS OVER SAVINGS AND LOAN
ASSOCIATIONS. CONGRESS FELT THAT UNDER PROPER CONDITIONS,
CREDIT UNIONS ARE ENTITLED TO THE SAME FEDERAL INSURANCE
AS OTHER FINANCIAL INSTITUTIONS.
- IN RESPONSE TO DEPOSIT OUTFLOWS CAUSED BY HIGH MARKET
INTEREST RATES, THE TREASURY DEPARTMENT RAISED ITS
MINIMUM DENOMINATION ON TREASURY BILLS FROM ONE THOUSAND
TO TEN THOUSAND DOLLARS.

- THE ROLE OF BUSINESS -

IT IS IMPORTANT THAT YOU TAKE AN ACTIVE INTEREST IN THE LEGISLATIVE MATTERS AFFECTING YOUR BUSINESS, FOR ONLY THROUGH ARTICULATE ADVOCACY OF YOUR POSITIONS CAN YOU EXPECT TO SEE THE LEGISLATIVE PROCESS FUNCTION EFFECTIVELY. BUT YOU MUST DO MORE THAN BE INVOLVED IN GOVERNMENT AS IT INFLUENCES ECONOMIC POLICY. YOU, ALONG WITH OTHER BUSINESSMEN, MUST BE PREPARED TO ASSUME MORE AND MORE OF THE BURDENS WHICH GOVERNMENT HAS TAKEN ON ITSELF OVER THE YEARS.

THIS ADMINISTRATION, AND FUTURE REPUBLICAN ADMINISTRATIONS, ARE GOING TO BE WORKING TO DECENTRALIZE, TO PUT POWER AND RESPONSIBILITY OUT WHERE IT BELONGS -- WITH THE PEOPLE. THIS NOT ONLY MEANS INCREASED DEPENDENCE ON THE PRIVATE SECTOR, IT ALSO REQUIRES RETURNING POLITICAL POWER AND FINANCIAL RESOURCES TO STATE AND LOCAL GOVERNMENT. PASSAGE OF THE ADMINISTRATION'S REVENUE SHARING PROPOSAL WOULD BE A BIG STEP IN THE RIGHT DIRECTION. NOTHING IS MORE ESSENTIAL THAN THE SUCCESS OF THIS OPERATION, AND NOTHING IS MORE VITAL THAN THE ROLE OF BUSINESS IN ACHIEVING ITS SUCCESS.

IN HIS BOOK, THE AGE OF DISCONTINUITY, PETER DRUCKER SAYS THERE IS MOUNTING EVIDENCE THAT GOVERNMENT IS BIG RATHER THAN STRONG; THAT IT IS FAT AND FLABBY RATHER THAN POWERFUL; THAT IT COSTS A GREAT DEAL, BUT DOES NOT ACHIEVE MUCH. THERE IS MOUNTING EVIDENCE ALSO THAT THE CITIZEN BELIEVES LESS AND LESS IN GOVERNMENT AND IS INCREASINGLY DISENCHANTED WITH IT. INDEED, GOVERNMENT IS SICK -- AND JUST AT THE TIME WHEN WE NEED A STRONG, HEALTHY AND VIGOROUS GOVERNMENT. BUT THIS IS JUST EXACTLY THE MALAISE THE NIXON ADMINISTRATION HAS BEEN WORKING TO CURE.

DRUCKER ARGUES THAT PRIVATE INSTITUTIONS SUCH AS THE UNIVERSITY, PUBLIC CORPORATIONS AND PRIVATE ENTERPRISE, MUST ASSUME THOSE NATIONAL RESPONSIBILITIES THAT GOVERNMENT HAS REPEATEDLY SHOWN ITSELF INCAPABLE OF HANDLING.

SO THE NEED IS THERE, AND THE TIME IS RIGHT. YOUR TIME IS NEEDED, YOUR TALENT IS NEEDED. NOW PERHAPS MORE THAN EVER WE NEED THE CONTRIBUTIONS THAT BUSINESSMEN CAN MAKE TO THE SUCCESS OF THIS GOVERNMENT AND THIS NATION.

- CONCLUSION -

SIXTY YEARS AGO, THEODORE ROOSEVELT SAID, "THE HISTORY OF AMERICA IS NOW THE CENTRAL FEATURE OF THE HISTORY OF THE WORLD, FOR THE WORLD HAS SET ITS FACE HOPEFULLY TOWARD OUR DEMOCRACY; AND, OF MY FELLOW CITIZENS, EACH ONE OF YOU CARRIES ON YOUR SHOULDERS NOT ONLY THE BURDEN OF DOING WELL FOR THE SAKE OF YOUR OWN COUNTRY, BUT THE BURDEN OF DOING WELL AND OF SEEING THAT THIS NATION DOES WELL FOR THE SAKE OF MANKIND."

THE LANGUAGE MAY SEEM A BIT ANTIQUATED NOW. BUT TODAY THE HISTORY OF AMERICA IS STILL THE CENTRAL FEATURE OF THE HISTORY OF THE WORLD. THE FREE WORLD, AND THE OPPRESSED PEOPLE STILL LOOK TO US AND TO OUR EXAMPLE -- STILL CERTAIN THAT FREEDOM IS THE WAVE OF THE FUTURE. I DO NOT THINK WE CAN LET THAT WAVE SPEND ITSELF USELESSLY ON THE BARREN BEACHES OF BUREAUCRACY. I THINK WE HAVE A MORAL OBLIGATION TO DO ALL WE CAN TO INSURE THE SUCCESS OF FREEDOM IN THE WORLD, AND THE BULWARK OF FREEDOM IS A STRONG GOVERNMENT, RESPONSIVE TO THE WILL OF THE PEOPLE. BUSINESS MUST BE IN THE FOREFRONT OF THE EFFORTS TO RECREATE AND SUSTAIN SUCH A GOVERNMENT.