

REMARKS OF HONORABLE BOB DOLE
HOME BUILDERS ASSOCIATION DINNER
TOPEKA, KANSAS
THURSDAY, JANUARY 7, 1971

UPON TAKING OFFICE, THE NIXON ADMINISTRATION WAS FACED WITH SUPPORTING 532,000 AMERICANS FIGHTING IN VIETNAM, WITH MONETARY AND BUDGETARY POLICIES THAT WERE PRODUCING AN INFLATIONARY CRISIS AT HOME.

A PLAN WAS IMPLEMENTED THAT WILL BRING 265,000 MEN HOME BY MAY. AT THE SAME TIME, A NEW COURSE WAS SET TO CURB INFLATION.

UNFORTUNATELY, THE INFLATION PSYCHOLOGY WAS MORE POWERFUL THAN ANYONE KNEW. UNEMPLOYMENT IS AT THE LEVEL OF THE FIRST HALF OF THE SIXTIES, BEFORE THE VIETNAM WAR BUILD-UP. CONSTRUCTION HAS BEEN IN A SLUMP. BUSINESSMEN AND INVESTORS, LARGE AND SMALL, HAVE FELT A PROFIT SQUEEZE, WITH CORPORATE PROFITS DOWN 8% FROM 1969.

BUT THE WORST OF INFLATION IS OVER. THE RISE IN THE CONSUMER PRICE INDEX IS SLOWING DOWN, THE RISE IN WHOLESALE PRICES IS SLOWING, AND INTEREST RATES ARE GOING DOWN. THE LATEST DECREASE IN INTEREST RATES, TO 6-1/2%, WAS ANNOUNCED MONDAY BY THE LARGEST BANK IN PHILADELPHIA. THE 3-MONTH TREASURY BILL HAS RECENTLY BEEN UNDER 5% -- DOWN FROM A HIGH OF NEARLY 8% EARLIER IN THE YEAR.

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THE BASIC QUESTION NOW IS -- WHERE DO WE GO FROM HERE?
HOW CAN WE RE-STIMULATE THE ECONOMY WITHOUT SETTING OFF ANOTHER ROUND
OF INFLATION?

IT APPEARS THE ADMINISTRATION WILL BE FOLLOWING THREE
GENERAL GUIDELINES:

FIRST, THE PRESIDENT PLANS TO OFFER A BUDGET WHICH
WOULD BE BALANCED IF WE HAD FULL EMPLOYMENT AND THE ECONOMY
WERE PRODUCING FULL REVENUES, NOT WHEN THE ECONOMY IS
BELOW THAT POINT. THE BUDGET WILL BE DIRECTED TOWARD
HOLDING DOWN INFLATION AND, AT THE SAME TIME, ENCOURAGING
ECONOMIC EXPANSION.

SECOND, AS THE ECONOMY RISES TOWARD FULL EMPLOYMENT,
MORE MONEY WILL BE REQUIRED. ARTHUR BURNS HAS ASSURED THE
PRESIDENT THAT THE FEDERAL RESERVE SYSTEM WILL PROVIDE FULLY
FOR THE INCREASING MONETARY NEEDS.

THIRD, THERE WILL BE CONTINUED EMPHASIS ON GOVERNMENT
PROGRAMS WHICH AFFECT THE RATE OF HOUSING CONSTRUCTION. AS
YOU ARE UNDOUBTEDLY AWARE, A STRONG REVIVAL OF HOUSING
CONSTRUCTION IS PREDICTED FOR THIS YEAR. AS EVIDENCE OF
THIS, WE SEE THAT HOUSING STARTS ROSE STRONGLY IN 1970 AND
SURGED AHEAD ALMOST 20% IN THE LAST QUARTER.

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THE PRESIDENT HAS ALSO ANNOUNCED A SERIES OF INFLATION ALERTS AND ESTABLISHED THE NATIONAL COMMISSION ON PRODUCTIVITY.

OF PARTICULAR INTEREST TO HOME BUILDERS IS THE RECOGNITION THAT THERE MUST BE A CHANGE IN THE CONSTRUCTION INDUSTRY'S BARGAINING PROCESS. THE CONSTRUCTION INDUSTRY COLLECTIVE BARGAINING COMMISSION WILL BE REVIEWING THE PRESENT PRACTICES TO DETERMINE IF A MORE CONSOLIDATED BARGAINING AREA CAN BE DEvised.

THE PRESIDENT STATED IN HIS SPEECH TO THE NADA THAT HIS GOAL WAS "TO ACHIEVE A COMBINATION OF FULL EMPLOYMENT AND REASONABLE PRICE STABILITY." WHILE THAT GOAL MAY BE DIFFICULT TO ACHIEVE, IT CAN BE DONE. BUT IT WILL REQUIRE OUR OWN BEST EFFORTS. IF THE AMERICAN ECONOMY IS TO PROVIDE THE WORKING MAN, AS WELL AS THE BUSINESSMAN, MORE OPPORTUNITY, MORE PERSONAL FREEDOM, AND MORE REAL INCOME -- WE MUST ALL WORK TOGETHER.