

REMARKS OF SENATOR BOB DOLE

GOP RALLY

MOULTONBORO, NEW HAMPSHIRE

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Traditionally, the party out of power focuses its off-year election campaign on what's wrong with the party in power. For a long, long time we've grown accustomed to this role, perhaps too comfortable with it. And this year is no exception.

Republican candidates are pointing out the deficiencies of the President and his allies in Congress, the foreign and domestic failures, the woefully inadequate economic, energy, farm, health care, and urban initiatives of the majority party. Frankly, it's not hard to construct a pretty convincing case against the Democrats.

But is it enough for us to say the Democrats are bad and we're available? Don't we risk prolonging the perception of our party as a party of political "againsters", a party that cares for the haves and not the have-nots, those who can help themselves and not those who need help? Isn't it time for Republican politicians and office holders to tell the American people what we stand for, not just what we are against?

OPPORTUNITY IN 1978

Our party has a tremendous opportunity in 1978 to offer to the voters of America alternatives to more-of-the-same policies which have ushered in an era of high taxation, high unemployment, double-digit inflation, and overzealous government regulation.

END OF AN ERA

The era is over when politicians can buy political power with taxpayers' dollars. The people are demanding an end to the "tax and tax, spend and spend" philosophy which has dominated our government for far too long.

No one issue is more reflective of the public mood and none holds greater political promise for the Republican party than the state of the American economy.

As I travel around the country, I find that taxes and reduced government spending are major issues. It is refreshing to be in New Hampshire, a state that doesn't have those problems. New Hampshire is still the only state without a state income tax and it is one of the few states where free enterprise is understood and allowed to prosper.

This year, 16 states have initiatives on the November 7 ballots to cut taxes or limit government spending. The initiative process is a good one. It allows the voters to dictate to the legislature instead of the other way around. The number of initiatives reflects the growing frustration with high taxes and too much government. It shows that many legislators are out of touch with the real desires of their constituents.

WAGE AND PRICE PROGRAMS

In the next few months, there will be considerable attention on the new "voluntary" wage and price programs initiated by the Administration. Clearly, the President is right in focusing national attention on inflation. It is no secret that prices are skyrocketing. In fact, this year the rise in the Consumer Price Index will be twice as high as it was in the last year of the Ford Administration. Administration officials now speak in terms of slowing inflation next year to 7%. However, with further increases in the minimum wage and social security taxes slated next year, even those projections are optimistic.

I don't believe that a complicated and bureaucracy-laden set of price and wage controls will work. Business doesn't think so, labor doesn't think so and consumers don't think this will work. Certainly, if we examine our past experiences with this type of program, we are flirting with another disaster -- particularly if "voluntary" controls become mandatory controls.

The Administration's program is only treating the symptoms of inflation, not the cause. We need to reduce federal spending, stop the government's printing press and free up money for private ventures. We need to cut back on needless and senseless government regulation that, according to some estimates, adds as much as \$100 billion a year to the price tag of the goods we buy. We need to increase productivity. There is no question that the lack of increases in American productivity has contributed to inflation. The productivity of the American work force, measured over the last 10 years, has been less than a quarter of that of Japan. Even the troubled economy of Great Britain has greater productivity than does the United States. I believe we need to increase incentives, through the tax system for instance, to reverse the trend.

We won't get a handle on inflation--and the high taxes it mandates--until we restore fiscal sanity in Washington, slow the inexorable growth of government spending, eliminate huge budget deficits, and restore public confidence in the American economy--confidence that every dollar spent by government will be an investment in America's future, not an additional mortgage on our children and our children's children.

#### EROSION OF CONFIDENCE

Inflation has eroded the taxpayers' confidence in the fairness of our tax system. Today, if a taxpayer's salary goes up to accommodate for inflation, the taxpayer ends up paying more taxes than before the salary increase. So he's hit from both sides--higher taxation and higher prices. The Tax Reduction bill just passed by Congress, welcome as it may be to hard-pressed taxpayers, isn't really going to help that much. In fact, despite the \$18.7 billion tax cut, more than 80% of our nation's taxpayers will receive a tax increase on January 1. One of the main reasons is that social security taxes will climb thereafter.

#### SOCIAL SECURITY TAX INCREASE DEFERRAL

Last Thursday, I called for a deferral in the January 1 social security tax increases as a way to fight inflation. A deferral of the social security increase would accomplish two objectives. First, it would provide a tax cut for individuals who will receive tax increases next year because of inflation. Second, deferring the tax increase would ease inflation.

#### NATIONAL HEALTH CARE

Another problem urgently needing attention is national health care. To date, federal health programs have not reduced the percentage of income older Americans expend on medical services by one point. But costly, comprehensive national health insurance proposals are not the answer. They will only further the inflation spiral in health care costs.

But if comprehensive federal action in the health care field is wrong, and if we, as Republicans, oppose it, isn't it time to recognize that government-supported catastrophic health care insurance can alleviate the financial hardship of major medical expense without creating disincentives for preventive care and cost control? I think it is.

#### HUMAN RIGHTS AND THE ARMS RACE

In the international arena, Republicans have traditionally insisted upon respect for human rights around the globe. And we've insisted that America maintain the military strength it needs so that the time will never come when we will no longer be able to negotiate with our adversaries, but only agree to the terms presented to us.

Of course, we share with President Carter a fervent hope for an end to the ever-escalating arms race. No responsible politician wants to see our nation spend hundreds of billions of dollars year after year in a fruitless battle with the Russians for nuclear superiority. But we can't afford to be blind to reality. We must be ever vigilant and strong, aware that the Soviets have repeatedly violated arms agreements and other treaties when it suits their national needs.

Soviet adventurism in Africa, the contempt for the 1975 Helsinki Accords shown by the Shcharansky, Ginzburg, Orlov, and Petkus trials, the scorn for the 1972 SALT Treaty demonstrated by the accelerating Soviet military build-up--they are the price we pay for apathy and wishful thinking. And the price will surely rise if we do not act now to prevent Soviet advances from becoming clear-cut strategic advantages.

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Nuclear war, it is suggested by some, has become just as unthinkable to the Soviets as it is to us: We need only assure them we are not trying to challenge them. Others contend the U.S.S.R. is a mature, stable country which has abandoned its expansionist dreams.

From within the present Administration, we have heard the same feeble contentions: "The Soviets are just reacting to our nuclear arsenal." "Only arms control can prevent the Soviets from achieving nuclear superiority." "The U.S.-Soviet arms race resembles two apes on a treadmill." The arguments are familiar to each of us.

But so is the disastrous effect of these policies on strategic thinking.

#### SALT II

Now, within a few weeks, the Senate will be asked to ratify a new arms limitation treaty. I believe that a good treaty, one which adequately protects the United States' interest, would be welcomed at an early date. But indications so far are that the SALT II Treaty will have several major flaws.

The current draft agreements would put no serious restraint on the Soviet MIRVed ICBM force, thus insuring the vulnerability of our land-based deterrent.

The agreements would seriously limit or prohibit our ability to assure the survivability of our ICBM force through mobile-basing operations.

The agreements would give up the valuable options of ground-launched and sea-launched intermediate-range cruise missiles.

The agreements would leave the Soviet backfire intermediate/strategic bomber free of any meaningful restraints.

And the agreements would accept a standard of verification that may require an unacceptable amount of trust in Soviet compliance.

The stakes are too high and Soviet ability to stretch interpretation is too well established for us to accept anything less than ironclad verification, which should include extensive on-site inspection by both sides.

I think we have to keep in mind, all the time, that recognized self-interest will be the principal determination of whether or not the Soviet Union fully complies with any agreement.

It just seems to me that we're going to have to give something of this magnitude a great deal of sober reflection.

#### COOPERATION WITH GOVERNMENT

Our party can do a lot for the American people. We have the right--indeed, the obligation--to oppose misdirected and unproductive spending at every level of government. But, too, as the party of opposition, we have the obligation to put forward positive initiatives, new approaches to the needs of the 20th century.

When our opponents argue that our resources, housing and other social problems are too complex for simple solutions, let us respond: Yes, no government planner will provide the answer. Only the ingenuity and efforts of millions of people acting in cooperation with the government can meet this challenge.

You and I are heirs to history's greatest legacy, the most successful nation on earth. But when we talk about being the party of freedom--defending the free enterprise system, freeing people from government regulation and over-taxation, getting the government out of our private lives--these are commendable goals, but they are not abstract goals. And our party was not founded--nor will it survive--on abstractions.

The Republican party was born in the greatest struggle for human liberty this nation has ever known. We extended and expanded human freedom in a very real, tangible way. Time has passed. The world is a very different place. But our founding purpose--the extension and expansion of human liberty--remains the same--at home and abroad.

And that is the banner we carry, the purpose we must articulate, this year, next year, and in the decades which lie before us.