

REMARKS OF SENATOR BOB DOLE
LINCOLN DAY DINNER
ROCKINGHAM COUNTY, NEW HAMPSHIRE
FRIDAY, MARCH 23, 1979

LET ME BEGIN BY APOLOGIZING FOR LURING ALL YOU GOOD PEOPLE OUT OF YOUR HOMES AND AWAY FROM THE WIZARD OF OZ. COMING FROM WASHINGTON, D.C., OF COURSE, I GET MORE THAN MY FILL OF FANTASY. YOU WILL REMEMBER THAT THE GOVERNMENT OF OZ TURNED OUT TO BE A FAKE WIZARD, NOTHING MORE THAN FIRE AND SMOKE. THE GREAT AND POWERFUL OZ WAS SINGULARLY LACKING IN MORAL AUTHORITY. INSTEAD, HE RELIED ON ILLUSIONS AND THE WILLINGNESS OF PEOPLE TO BOW DOWN BEFORE THE LOUDEST VOICE AND THE APPEARANCE OF CONTROL.

EVENTUALLY HE WAS UNMASKED, AND BY A KANSAS FARMGIRL AT THAT. WE KANSANS HAVE ALWAYS TAKEN A SPECIAL PRIDE IN DOROTHY'S ACHIEVEMENTS. EVEN NOW, WE ARE CONCERNED ABOUT WHAT LIES BEHIND THE FIRE AND SMOKE OF MODERN GOVERNMENT. WE ARE STILL WORRIED LEST GOVERNMENT FAIL TO ROOT ITS ASSERTIONS IN MORAL AUTHORITY. AND SO ARE THE PEOPLE OF NEW HAMPSHIRE.

AN ANNIVERSARY AND A CHALLENGE

125 YEARS AGO THIS WEEK, AN ANTI-SLAVERY CAUCUS MEETING IN A WISCONSIN SCHOOLHOUSE FIRST USED THE REPUBLICAN LABEL TO DISTINGUISH THE FRIENDS OF FREEDOM FROM THEIR DEMOCRATIC OPPONENTS. IN ALL THE YEARS THAT HAVE PASSED SINCE THEN, REPUBLICANS HAVE CONTINUED TO STAND FOR FREEDOM, FOR THE RIGHT OF THE INDIVIDUAL TO MAKE THE MOST OF HIS GOD-GIVEN TALENTS.

AND THESE ARE EXCITING DAYS TO BE A REPUBLICAN. OUR DEMOCRATIC FRIENDS SEEM DAZED, UNCERTAIN OF THEIR MISSION. HALF THE DEMOCRATIC PARTY IS STILL FOLLOWING THE GHOST OF FRANKLIN ROOSEVELT. THEY STILL BELIEVE THAT GOVERNMENT'S FIRST OBLIGATION IS TO REDISTRIBUTE NATIONAL WEALTH.

WE SAY THAT'S THE WRONG APPROACH. IT'S DISHONEST, IT'S UNFAIR, AND IT'S A PERVERSION OF THE PURSUIT OF EXCELLENCE.

EVEN WORSE, THE DEMOCRATS ARE THE PARTY OF YESTERDAY. THEY HAVE FAILED TO ACCEPT CHANGING REALITIES. THEY HAVE FAILED TO LEARN THE LESSONS OF ECONOMIC HISTORY. THEY SPEAK THE LANGUAGE OF FAILURE, THE COLD RHETORIC THAT SAYS AMERICA HAS HAD ITS DAY IN THE SUN. ACCORDING TO SUCH TALK, WE CANNOT PRODUCE MORE ENERGY TO MEET THE NEEDS OF NEW HAMPSHIRE AND HER SISTER STATES. ACCORDING TO SUCH TALK, WE HAVE TO SETTLE FOR PERMANENT INFLATION AND A JOBLESS RATE THAT EARLIER GENERATIONS WOULD HAVE FOUND UNACCEPTABLE. ACCORDING TO SUCH TALK, AMERICA CAN NO LONGER HOPE TO DEFEND FREEDOM IN THE WORLD, BUT MUST BE WILLING TO SETTLE FOR A DECENT SECOND PLACE.

WELL, THERE IS NO SUCH THING AS A DECENT SECOND PLACE. NOT IN THE DANGEROUS WORLD WE INHABIT. THE CHALLENGES CONFRONTING YOU AND I ARE TOO CRUCIAL TO PERMIT ANYTHING LESS THAN THE BEST WE HAVE TO OFFER. THE TEST OF ANY POLITICAL PARTY IS ITS ABILITY TO SURMOUNT SUCH PROBLEMS--WITH COURAGE AND CREATIVITY INSTEAD OF HANDWRINGING AND FEAR. FOR WE ARE NOT DESCENDED FROM FEARFUL MEN. THE PEOPLE OF NEW HAMPSHIRE ARE NOT LIKELY TO LISTEN TO APOSTLES OF DEFEAT.

SO NOW WE REPUBLICANS MUST OFFER THEM SOMETHING BETTER. WE MUST COME UP WITH SOLUTIONS TO THEIR PROBLEMS.

A BETTER IDEA ON ENERGY

ON AT LEAST ONE THING, I AM IN COMPLETE AGREEMENT WITH JIMMY CARTER. WE BOTH AGREE THAT THE ENERGY CRISIS IN THIS NATION IS REAL, AND THAT IT THREATENS THE VERY EXISTENCE OF ECONOMIC AND SOCIAL AMERICA AS WE HAVE KNOWN IT.

IN 1973, A GALLON OF GAS IN NEW HAMPSHIRE COST 38¢. TODAY, THAT FIGURE RANGES FROM 59¢ TO 70¢. SIX YEARS AGO, THE AVERAGE MONTHLY ELECTRIC BILL WAS \$11.27; TODAY IT STANDS AT \$28.60.

NEARLY 40 PERCENT OF ALL NEW HAMPSHIRE'S ELECTRICITY IS GENERATED BY OIL.

AND THE OIL YOU USE TO HEAT YOUR HOMES, I NEEDN'T REMIND YOU, HAS SKYROCKETED IN PRICE FASTER THAN ANY OTHER FUEL SOURCE. IN 1972, HOME HEATING OIL COST LESS THAN 20¢ A GALLON. REMEMBER THAT? NOW IT COSTS YOU OVER 60¢ A GALLON.

SO PRESIDENT CARTER AND I AGREE THAT NEW HAMPSHIRE NEEDS TO FIND A WAY TO CUT ITS DEPENDENCE ON UNRELIABLE FOREIGN SUPPLIERS OF OIL.

BUT THAT IS AS FAR AS WE AGREE. THE PRESIDENT AND I PART COMPANY WHEN IT COMES TO DOING SOMETHING ABOUT THE ENERGY SHORTFALL. AND AS REPUBLICANS WHO SEEK THE AWESOME RESPONSIBILITY OF LEADERSHIP, WE PUT FORWARD MORE THAN MERE OPPOSITION--WE MUST PROPOSE A POSITIVE ALTERNATIVE.

NATIONAL ENERGY PLAN

THIS ADMINISTRATION HAS PURSUED POLICIES OF REGULATION, PRICE CONTROL AND A SUBSIDIZATION OF IMPORTED PETROLEUM. FROM AMERICAN LABOR AND BUSINESS TO THE NAACP--THESE SHORTSIGHTED AND ESSENTIALLY NEGATIVE POLICIES HAVE EARNED MASSIVE CONDEMNATION FROM ALL WALKS OF LIFE.

THE FACT IS, PRESIDENT CARTER'S ENERGY PROGRAM SO FAR IS A TAX PROGRAM. HE SEEKS TO DEPRESS ENERGY USE WHEN HE SHOULD ENCOURAGE NEW ENERGY PRODUCTION. HIS VISION OF THE FUTURE IS A BLEAK ONE, WITH MORE REGULATION, MORE GOVERNMENT OVERSIGHT. REPUBLICANS DON'T ACCEPT MR. CARTER'S MELANCHOLY VISION. WE DON'T FEAR WHAT THE FUTURE HOLDS.

WE ARE NOT CONTENT WITH REGULATION AND CONSERVATION ALONE. THE POTENTIAL FOR ENERGY SELF-SUFFICIENCY IS HERE RIGHT NOW, IF ONLY WE HAVE THE VISION TO SEIZE IT. AMERICA HAS 1/3 OF THE WORLD'S ENERGY RESOURCES IN COAL--YET WE USE COMPARATIVELY LITTLE. HERE IT TAKES 12 OR MORE YEARS--TWICE AS LONG AS IN OTHER COUNTRIES--TO BUILD A NUCLEAR ELECTRIC PLANT. THE SENATE FINANCE COMMITTEE, ON WHICH I SERVE AS RANKING REPUBLICAN, HAS ESTIMATED THAT UP TO 100 YEARS OF OIL MIGHT BE RECOVERED FROM AMERICA'S SHALE OIL DEPOSITS. YET THE CARTER ADMINISTRATION OPPOSES INCENTIVES TO BEGIN EXPLOITING SUCH RESOURCES.

THE DEMOCRATIC APPROACH TO THE ENERGY CRISIS IS A TRIUMPH OF TIMIDITY OVER COURAGE, OF MEDDLING THROUGH INSTEAD OF MOVING FORWARD. BUT IT DOESN'T HAVE TO BE THAT WAY. BY RELAXING OUR REQUIREMENTS ON UNLEADED GASOLINE, WE COULD ADD SEVERAL HUNDRED THOUSAND BARRELS OF OIL TO OUR SUPPLY EACH DAY. BY APPROACHING MEXICO WITH A FAIR TRADE OF AMERICAN INDUSTRIAL AND ECONOMIC EXPERTISE FOR A FAIR SHARE OF THAT COUNTRY'S VAST OIL AND GAS RESERVES, WE COULD DRAMATICALLY REDUCE OUR DEADLY DEPENDENCE ON THE UNSTABLE MIDDLE EAST.

IN MANY PARTS OF THE COUNTRY, AGRICULTURE AND FORESTRY PRODUCTS CAN BE CONVERTED TO GASOHOL-- A BLEND OF SUCH PRODUCTS WITH ALCOHOL TO HELP FUEL OUR CARS. LAST YEAR CONGRESS PASSED AN AMENDMENT I SPONSORED TO ELIMINATE THE TAX ON GASOLINE USED AS GASOHOL.

THERE IS EVEN MORE, MUCH MORE, THAT WE CAN DO TO STIMULATE OUR OWN PRODUCTION. BY OFFERING TAX INCENTIVES TO PRODUCERS WE CAN ENCOURAGE NEW PRODUCTION--NOT ONLY OF OIL AND GAS, BUT OF ALTERNATIVE SOURCES--SOLAR POWER, WIND AND WATER, GEOTHERMAL AND NUCLEAR. THE PRIVATE APPROACH IS BETTER THAN ANY BUREAUCRATIC ONE BECAUSE IT IMPOSES NO ARTIFICIAL LIMIT ON WHAT WE MAY ACHIEVE. RESEARCH AND DEVELOPMENT AND ALL THE JOBS THEY CREATE, SHOULDN'T DEPEND ON THE ANNUAL BUDGET OF THE ENERGY DEPARTMENT. AT THE SAME TIME, WE SHOULD EXERCISE CAUTION LEST THE PRIVATE COMPANIES FAIL TO PLOWBACK THEIR CURRENT PROFITS INTO THE SEARCH FOR NEW ENERGY SOURCES. BIG BUSINESS, NO MORE THAN BIG GOVERNMENT CAN BE ALLOWED TO PROFIT UNFAIRLY FROM THE SUFFERING OF CONSUMERS--THE ALTERNATIVE IS A WINDFALL PROFITS TAX.

A BATTLE PLAN AGAINST INFLATION

BIGNESS ALONE IS NOT A CRIME, IT'S NOT ENOUGH FOR US TO DENOUNCE BIG GOVERNMENT JUST BECAUSE IT COSTS TOO MUCH. WE HAVE TO EXPLAIN THE NEGATIVE IMPACT OF EXCESSIVE GOVERNMENT ON PRODUCTIVITY, ON PRICES, ON JOBS. WE HAVE TO REACH THE AVERAGE MAN AND WOMAN AND DEMONSTRATE WHY IT'S IN THEIR INTEREST TO REDUCE THE TREND TOWARD ALL-KNOWING, INTRUSIVE GOVERNMENT. IT'S THEIR FREEDOM AT STAKE. IT'S THEIR ECONOMIC WELFARE.

FOR 40 YEARS, AMERICAN GOVERNMENT HAS ERODED PRIVATE INCENTIVE. THIS HAS BEEN IN A PERVERSION OF EQUALITY, AS IF EVERYONE HAVING AN EQUAL SHARE OF NOTHING IS SOMEHOW MORE JUSTIFIABLE THAN VARYING SHARES OF WEALTH.

SUCH AN APPROACH CONTRIBUTES TO THE RAVAGES OF INFLATION, WHICH FALL WITH SPECIAL CRUELTY UPON THE POOR, AND IT DOES NOTHING TO STIMULATE THE CREATIVITY ON WHICH AMERICANS HAVE ALWAYS PRIDED THEMSELVES.

THE TIME HAS COME TO PUT A LID ON OUR SEEMINGLY UNCONTROLLABLE URGE TO TAX AND SPEND. THE ALTERNATIVE IS ALMOST TOO DEPRESSING TO THINK ABOUT--PERMANENT AND CRIPPLING INFLATION, SWOLLEN UNEMPLOYMENT CAUSED BY GOVERNMENT'S WEAKENING OF THE UNDERPINNINGS OF PRIVATE INCENTIVE.

I'VE PROPOSED A WORKABLE CAP ON BOTH TAXES AND FEDERAL SPENDING, LIMITING BOTH TO 18 PERCENT OF THE GROSS NATIONAL PRODUCT, DOWN FROM THE CURRENT LEVEL OF 22 PERCENT. AT THE SAME TIME, I'VE RECOGNIZED THE CONCERNS OF THOSE WHO DON'T WISH TO HAMSTRING GOVERNMENT IN TIMES OF NATIONAL EMERGENCY. MY PROPOSAL WOULD PERMIT SPENDING TO RISE ABOVE THE 18 PERCENT PLATEAU IF 2/3 OF THE CONGRESS WERE WILLING TO VOTE FOR SUCH AN EXCEPTION.

NOW MAYBE THIS APPROACH IS IMPERFECT. OTHERS MAY SEEK TO IMPROVE IT. I SAY MORE POWER TO THEM. WHAT I CANNOT UNDERSTAND IS THE PARANOIA OF FEDERAL OFFICIALS TOWARD THE VERY CONCEPT OF A BALANCED BUDGET. FOR THEM, A CONSTITUTIONAL AMENDMENT WOULD BE MEDICINE WORSE THAN THE ILLNESS.

TO PENETRATE THAT ARROGANCE, TO CONVERT BUREAUCRATIC HOSTILITY INTO OUTRIGHT SUPPORT--THIS WILL REQUIRE A MAN IN THE WHITE HOUSE WHO IS NOT AFRAID OF USING HIS ENORMOUS RESERVE OF MORAL AND POLITICAL CAPITAL TO PURCHASE FUNDAMENTAL REFORMS IN THE WAY WE SPEND OUR WEALTH.

THE SAME KIND OF LEADERSHIP IS REQUIRED TO REFORM THE DECEPTIVE AND UNFAIR TAX SYSTEM, PARTICULARLY THE METHOD BY WHICH INFLATION PUSHES PEOPLE INTO HIGHER BRACKETS, THEREBY ERODING THEIR PURCHASING POWER, EVEN IF SWELLED WITH A RAISE. I WANT TO INDEX THE TAX SYSTEM, TYING IT TO THE CONSUMER PRICE INDEX INSTEAD OF THE POLITICAL TEMPERATURE OF THE CONGRESS. UNTIL WE DO THIS, PEOPLE WILL GO ON BEING RIPPED OFF BY ELECTION YEAR HEADLINES ABOUT "TAX CUTS" THAT GIVE LITTLE, IF ANY, REAL OR LASTING RELIEF.

BUT I'VE BEEN AROUND WASHINGTON LONG ENOUGH TO KNOW THAT A WHITE HOUSE UNALTERABLY OPPOSED TO SUCH A REFORM CAN EFFECTIVELY BLOCK ITS ADOPTION. AND THAT'S WHAT WE HAVE TODAY.

NOW REPUBLICANS SHOULD NOT FOR A MOMENT OVERLOOK AMERICA'S RESPONSIBILITY TO DEFEND FREEDOM ABROAD. WE MUST BE ON OUR GUARD TO PREVENT A REPETITION OF LAST FALL'S EGYPTIAN-ISRAELI STALEMATE. WE MUST ACT NOW TO BOLSTER AMERICA'S WEAKENED MILITARY, UNTIL OUR STRENGTH IS SECOND TO NONE. BECAUSE IT IS A SAD BUT TRUE STATEMENT THAT THE MODERN WORLD LISTENS TO MILITARY STRENGTH BEFORE IT HEEDS ELOQUENT WORDS.

BUT TO EARN THE CONFIDENCE OF NEW HAMPSHIRE, REPUBLICANS MUST SPEAK TO THE PRESSING PROBLEMS AFFECTING THE PEOPLE OF THIS STATE. IT IS NOT ENOUGH FOR US TO INDULGE IN DEBATES OVER PHILOSOPHICAL PARITY. WHEN WE'VE FALLEN INTO THE TRAP BEFORE, WE'VE LOST ELECTIONS.

THE DEMOCRATS DESERVE TO LOSE IN 1980. WE DESERVE TO WIN. BUT WE WON'T WIN UNTIL WE CONVINCE THE MILLWORKER IN MANCHESTER, THE SHOPKEEPER IN KEENE, AND THE NORTH COUNTRY FARMER THAT THEIR LIVELIHOOD IS OUR MOST VITAL CONCERN.

WE HAVE THE TALENT. WE HAVE THE IDEAS. WE HAVE THE PROMISE
OF VICTORY BEFORE US. FUTURE GENERATIONS AWAIT OUR DECISION.
IN THE WORDS OF NEW HAMPSHIRE'S GREATEST STATESMAN, DANIEL
WEBSTER,

"IF THE GOVERNMENT OF THE UNITED STATES BE THE AGENT OF...
THE PEOPLE, THEN THE PEOPLE ALONE CAN CONTROL IT, RESTRAIN IT,
MODIFY OR REFORM IT."

IT IS OUR JOB TO MAKE CERTAIN THAT THE GOVERNMENT REMAIN AS MUCH
THE PEOPLES' AGENT AS WHEN WEBSTER FIRST MADE THAT STATEMENT
OVER A CENTURY AGO. IT IS YOUR JOB, AND IT IS MINE. TOGETHER,
WE CANNOT FAIL.

REMARKS OF SENATOR BOB DOLE

LINCOLN DAY DINNER

ROCKINGHAM COUNTY, NEW HAMPSHIRE

FRIDAY, MARCH 22, 1979

Let me begin by apologizing for luring all you good people out of your homes and away from the Wizard of Oz. Coming from Washington, D.C., of course, I get more than my fill of fantasy. You will remember that the government of Oz turned out to be a fake wizard, nothing more than fire and smoke. The great and powerful Oz was singularly lacking in moral authority. Instead, he relied on illusions and the willingness of people to bow down before the loudest voice and the appearance of control.

Eventually he was unmasked, and by a Kansas farmgirl at that. We Kansans have always taken a special pride in Dorothy's achievements. Even now, we are concerned about what lies behind the fire and smoke of modern government. We are still worried lest government fail to root its assertions in moral authority. And so are the people of New Hampshire.

AN ANNIVERSARY AND A CHALLENGE

125 years ago this week, an anti-slavery caucus meeting in a Wisconsin schoolhouse first used the Republican label to distinguish the friends of freedom from their Democratic opponents. In all the years that have passed since then, Republicans have continued to stand for freedom, for the right of the individual to make the most of his God-given talents.

And these are exciting days to be a Republican. Our Democratic friends seem dazed, uncertain of their mission. Half the Democratic party is still following the ghost of Franklin Roosevelt. They still believe that government's first obligation is to redistribute national wealth.

We say that's the wrong approach. It's dishonest. It's unfair. And it's a perversion of the pursuit of excellence.

Even worse, the Democrats are the party of yesterday. They have failed to accept changing realities. They have failed to learn the lessons of economic history. They speak the language of failure, the cold rhetoric that says America has had its day in the sun. According to such talk, we cannot produce more energy to meet the needs of New Hampshire and her sister states. According to such talk, we have to settle for permanent inflation and a jobless rate that earlier generations would have found unacceptable. According to such talk, America can no longer hope to defend freedom in the world, but must be willing to settle for a decent second place.

Well, there is no such thing as a decent second place. Not in the dangerous world we inhabit. The challenges confronting you and I are too crucial to permit anything less than the best we have to offer. The test of any political party is its ability to surmount such problems--with courage and creativity instead of handwringing and fear. For we are not descended from fearful men. The people of New Hampshire are not likely to listen to apostles of defeat.

So now we Republicans must offer them something better. We must come up with solutions to their problems.

A BETTER IDEA ON ENERGY

On at least one thing, I am in complete agreement with Jimmy Carter. We both agree that the energy crisis in this nation is real, and that it threatens the very existence of economic and social America as we have known it.

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In 1973, a gallon of gas in New Hampshire cost 38¢. Today, that figure ranges from 59¢ to 70¢. Six years ago, the average monthly electric bill was \$11.27; today it stands at \$28.60.

Nearly 40 percent of all New Hampshire's electricity is generated by oil.

And the oil you use to heat your homes, I needn't remind you, has skyrocketed in price faster than any other fuel source. In 1972, home heating oil cost less than 20¢ a gallon. Remember that? Now it costs you over 60¢ a gallon.

So President Carter and I agree that New Hampshire needs to find a way to cut its dependence on unreliable foreign supplies of oil.

But that is as far as we agree. The President and I part company when it comes to doing something about the energy shortfall. And as Republicans who seek the awesome responsibility of leadership, we put forward more than mere opposition--we must propose a positive alternative.

NATIONAL ENERGY PLAN

This Administration has pursued policies of regulation, price control and a subsidization of imported petroleum. From American labor and business to the NAACP--these shortsighted and essentially negative policies have massive condemnation from all walks of life.

The fact is, President Carter's energy program so far is a tax program. He seeks to depress energy use when he should encourage new energy production. His vision of the future is a bleak one, with more regulation, more government oversight. Republicans don't accept Mr. Carter's melancholy vision. We don't fear what the future holds.

We are not content with regulation and conservation alone. The potential for energy self-sufficiency is here right now, if only we have the vision to seize it. America has 1/3 of the world's energy resources in coal--yet we use comparatively little. Here it takes 12 or more years--twice as long as in other countries--to build a nuclear electric plant. The Senate Finance Committee, on which I serve as ranking Republican, has estimated that up to 100 years of oil might be recovered from America's shale oil deposits. Yet the Carter Administration opposes incentives to begin exploiting such resources.

The Democratic approach to the energy crisis is a triumph of timidity over courage, of meddling through instead of moving forward. But it doesn't have to be that way. By relaxing our requirements on unleaded gasoline, we could add several hundred thousand barrels of oil to our supply each day. By approaching Mexico with a fair trade of American industrial and economic expertise for a fair share of that country's vast oil and gas reserves, we could dramatically reduce our deadly dependence on the unstable Middle East.

In many parts of the country, agriculture and forestry products can be converted to gasohol--a blend of such products with alcohol to help fuel our cars. Last year Congress passed an amendment I sponsored to eliminate the tax on gasoline used as gasohol.

There is even more, much more, that we can do to stimulate our own production. By offering tax incentives to producers we can encourage new production--not only of oil and gas, but of alternative sources--solar power, wind and water, geothermal and nuclear. The private approach is better than any bureaucratic one because it imposes no artificial limit on what we may achieve. Research and development and all the jobs they create, shouldn't depend on the annual budget of the Energy Department. At the same time, we should exercise caution lest the private companies fail to plowback their current profits into the search for new energy sources. Big business, no more than big government can be allowed to profit unfairly from the suffering of consumers--the alternative is a windfall profits tax.

A BATTLE PLAN AGAINST INFLATION

Bigness alone is not a crime, it's not enough for us to denounce big government just because it costs too much. We have to explain the negative impact of excessive government on productivity, on prices, on jobs. We have to reach the average man and woman and demonstrate why it's in their interest to reduce the trend toward all-knowing, intrusive government. It's their freedom at stake. It's their economic welfare.

For 40 years, American government has eroded private incentive. This has been in a perversion of equality, as if everyone having an equal share of nothing is somehow more justifiable than varying shares of wealth.

Such an approach contributes to the ravages of inflation, which fall with special cruelty upon the poor, and it does nothing to stimulate the creativity on which Americans have always prided themselves.

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The time has come to put a lid on our seemingly uncontrollable urge to tax and spend. The alternative is almost too depressing to think about--permanent and crippling inflation, swollen unemployment caused by government's weakening of the underpinnings of private incentive.

I've proposed a workable cap on both taxes and federal spending, limiting both to 18 percent of the Gross National Product, down from the current level of 22 percent. At the same time, I've recognized the concerns of those who don't wish to hamstring government in times of national emergency. My proposal would permit spending to rise above the 18 percent plateau if 2/3 of the Congress were willing to vote for such an exception.

Now maybe this approach is imperfect. Others may seek to improve it. I say more power to them. What I cannot understand is the paranoia of federal officials toward the very concept of a balanced budget. For them, a constitutional amendment would be medicine worse than the illness.

To penetrate that arrogance, to convert bureaucratic hostility into outright support--this will require a man in the White House who is not afraid of using his enormous reserve of moral and political capital to purchase fundamental reforms in the way we spend our wealth.

The same kind of leadership is required to reform the deceptive and unfair tax system, particularly the method by which inflation pushes people into higher brackets, thereby eroding their purchasing power, even if swelled with a raise. I want to index the tax system, tying it to the Consumer Price Index instead of the political temperature of the Congress. Until we do this, people will go on being ripped off by election year headlines about "tax cuts" that give little, if any, real or lasting relief.

But I've been around Washington long enough to know that a White House unalterably opposed to such a reform can effectively block its adoption. And that's what we have today.

Now Republicans should not for a moment overlook America's responsibility to defend freedom abroad. We must be on our guard to prevent a repetition of last fall's Egyptian-Israeli stalemate. We must act now to bolster America's weakened military, until our strength is second to none. Because it is a sad but true statement that the modern world listens to military strength before it heeds eloquent words.

But to earn the confidence of New Hampshire, Republicans must speak to the pressing problems affecting the people of this state. It is not enough for us to indulge in debates over philosophical parity. When we've fallen into the trap before, we've lost elections.

The Democrats deserve to lose in 1980. We deserve to win. But we won't win until we convince the millworker in Manchester, the shopkeeper in Keene, and the north country farmer that their livelihood is our most vital concern.

We have the talent. We have the ideas. We have the promise of victory before us. Future generations await our decision. In the words of New Hampshire's greatest statesman, Daniel Webster, "If the government of the United States be the agent of...the people, then the people can control it, restrain it, modify or reform it."

It is our job to make certain that the government remain as much the peoples' agent as when Webster first made that statement over a century ago. It is your job, and it is mine. Together we cannot fail.

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