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REMARKS BY SENATOR BOB DOLE
NASHUA LIONS
OCT. 15, 1979

I'M VERY PLEASED TO HAVE THIS CHANCE TO BE WITH ALL OF YOU; COMING AS I DO FROM KANSAS, BY WAY OF WASHINGTON, D.C. IT'S ALWAYS REASSURING TO SEE GROUPS LIKE THIS, WHO STILL CHERISH THE IDEA THAT WHAT WORKS BEST FOR PEOPLE IS WHAT IS CLOSEST TO THEM. NASHUA IS A CITY THAT PRESERVES A SENSE OF NEIGHBORHOOD, OF COMMUNITY, OF ETHNIC AND RELIGIOUS HERITAGE. AND THOSE QUALITIES, MY FRIENDS, MAY BE OUR BEST PROTECTION AGAINST THE CREEPING ENCROACHMENT OF GOVERNMENT.

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I DON'T DISMISS THE POSITIVE POTENTIAL OF GOVERNMENT TO SOLVE THE PROBLEMS FACING PEOPLE. IF I DID, MY ENTIRE EIGHTEEN YEARS IN THE CONGRESS OF THE UNTED STATES WOULD BE AN EXERCISE IN HYPOCRISY. I BELIEVE POWERFULLY IN THE ABILITY OF THE RIGHT KIND OF GOVERNMENT, WITH THE RIGHT KIND OF DIRECTION, TO GENUINELY HELP PEOPLE HELP THEMSELVES.

WHAT DISTURBS ME, ON THE OTHER HAND, IS THE EVIDENCE OF WASTE, OF INEFFICIENCY, OF ACTUAL CONTEMPT FOR THE IDEAS AND THE ASPIRATIONS OF PEOPLE LIKE YOURSELVES - MERELY BECAUSE YOU HAVEN'T SPENT YOUR LIVES PUSHING PAPERS IN A BUREAUCRATIC HEDEAWAY.

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THE NEED TO BECOME INVOLVED

BECAUSE YOU HAVE BECOME DISILLUSIONED WITH MUCH OF WHAT YOUR GOVERNMENT HAS DONE OVER THE LAST DECADE OR MORE, YOU MUST BECOME ACTIVELY INVOLVED IN PUBLIC AFFAIRS. YOU MUST CONTRIBUTE THE SAME KIND OF SELFLESS INTEREST THAT MARKS YOUR WORK IN YOUR OWN COMMUNITY. YOU MUST NEVER PERMIT YOUR GOVERNMENT TO SHIRK ITS ULTIMATE RESPONSIBILITY - WHICH IS TO REPRESENT YOU, TO ENCOURAGE YOUR INDIVIDUAL AMBITIONS AND TO BELIEVE IN YOUR LARGER GOALS.

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THIS MEANS INSTALLING A GOVERNMENT THAT BELIEVES IN THE FREE ENTERPRISE SYSTEM, THAT IS CONVINCED THAT THE ULTIMATE SOCIAL JUSTICE IS A JOB CREATED BY THE PRIVATE SECTOR, NOT A HANDOUT FROM THE PUBLIC ONE. IT MEANS INSTALLING A GOVERNMENT THAT IS COMPETENT AS WELL AS COMPASSIONATE. THIS MEANS A GOVERNMENT THAT BELIEVES IN ITSELF, AS WELL AS IN YOU, THAT HAS THE WILL TO PERSERVERE IN THE FACE OF THE TOUGHEST PROBLEMS. A GOVERNMENT THAT WOULD SOLVE THE ENERGY CRISIS BY PRODUCING MORE OIL AND GAS, AS WELL AS CONSERVING WHAT WE HAVE NOW. A GOVERNMENT THAT WOULD NOT MERELY WRING ITS HANDS OVER INFLATION, BUT ACTIVELY PROMOTE A STRONGER PRIVATE SECTOR - AND A SMALLER PUBLIC ONE - AS THE BEST WAY TO STRENGTHEN OUR ENTIRE ECONOMY.

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ATTACKING INFLATION AT ITS ROOTS

LET ME SPELL OUT FOR YOU SOME OF THE THINGS I WOULD DO TO ATTACK INFLATION AT ITS ROOTS. I'M NOT TALKING ABOUT ONE-SHOT CURES: WAGE AND PRICE CONTROLS OR PRESIDENTIAL JAWBONING WON'T DO THE TRICK. THEY MIGHT EVEN LEAD TO WORSE CONDITIONS.

WE WON'T WRING OUR ECONOMY DRY OF INFLATION OVERNIGHT. BUT WE CAN PURSUE A SERIES OF STEPS THAT WILL, OVER THE NEXT TWO OR THREE YEARS, MAKE A VERY SIGNIFICANT DIFFERENCE. NOT ONLY WILL THEY CUT THE CURRENT RATE OF INFLATION - EQUALLY IMPORTANT, THEY WILL REDUCE THE INCENTIVE FOR PRICES TO SKYROCKET IN THE FUTURE.

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FIRST, I FAVOR A CONSTITUTIONAL AMENDMENT TO CAP BOTH FEDERAL SPENDING AND TAXING AT 18% OF THE GNP. THIS IS NO BUDGETARY STRAIGHT JACKET. A SIMPLE VOTE BY 2/3 OF THE CONGRESS COULD PERMIT A DEFICIT IN TIME OF SPECIAL NEED. BUT TO SETTLE FOR ANYTHING LESS THAN SUCH AN AMENDMENT, IN THE FACE OF GROWING SPECIAL INTEREST GROUP POWER, WEAKENED POLITICAL PARTIES AND A MENTALITY THAT EQUATES A FEDERAL PRINTING PRESS WITH A STRONG CURRENCY, WOULD ONLY ENCOURAGE THE RELENTLESS TREND TOWARD CONCENTRATING COUNTER PRODUCTIVE LEVELS OF THE NATIONAL WEALTH IN WASHINGTON.

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FOR 19 OF THE LAST 20 YEARS, THE FEDERAL BUDGET HAS BEEN OUT OF BALANCE. WE HAVE PREFERRED TO BUY NOW AND PAY LATER - AND THAT PAYMENT INVARIABLY COMES IN THE PAINFUL FORM OF INFLATION. LIMITING THE AMOUNT OF WEALTH FLOWING TO WASHINGTON AND THE PHENOMONAL SUMS THE GOVERNMENT MUST BORROW TO PAY ITS DEBTS WOULD RELEASE BILLIONS OF DOLLARS FOR PRIVATE INVESTMENT. IT WOULD ALSO REASSERT OUR HISTORIC BELIEF IN A GOVERNMENT THAT PROMOTED PRIVATE PRODUCTION INSTEAD OF PUBLIC PATERNALISM.

SECOND, I BELIEVE REGULATORY REFORM MUST BE A MAJOR PRIORITY OF THE NEXT ADMINISTRATION. TODAY, OVER 100,000 PEOPLE WORKING IN 116 GOVERNMENT AGENCIES HAVE AS THEIR SOLE RESPONSIBILITY TELLING OTHER AMERICANS WHAT GOVERNMENT FORBIDS THEM TO DO. THE OFFICE OF MANAGEMENT AND BUDGET HAS ESTIMATED THE COST OF SUCH REGULATION AT $2,000 PER AMERICAN FAMILY PER YEAR.

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56 AGENCIES EXIST TO REGULATE BUSINESS. THEIR EFFORTS ADD $666 TO THE COST OF AN AVERAGE CAR, AND 15 TO $2,500 TO A NEW HOME'S PRICETAG.

BUT REGULATION CAN ITSELF BE REGULATED.
INTRODUCED IN THE SENATE A REGULATORY REFORM PROPOSAL TO REQUIRE A COST-BENEFIT ANALYSIS ON EVERY RULE AND REGULATION THAT IS PROPOSED. I WOULD ALSO REQUIRE THAT PRIVATE MEANS OF ACHIEVING THE SAME OBJECTIVE BE FULLY EVALUATED, AND ALL PROPOSED REGULATIONS BE SUBMITTED TO JUDICIAL REVIEW, MAKING CERTAIN THAT PRIVATE SECTOR INPUT IS NOT OVERLOOKED.

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SOME OF OUR BEST INTENTIONED LAWS ACTUALLY BOOMERANG AGAINST THOSE THEY'RE DESIGNED TO HELP. I BELIEVE WE SHOULD PUSH VIGOROUSLY FOR REPEAL OF THE DAVIS-BACON ACT WHICH MANDATES WAGES ON ALL FEDERAL CONSTRUCTION PROJECTS - AND FOR MINIMUM WAGE DIFFERENTIALS, TO HALT A GROWING DISINCLINATION ON THE PART OF HARDPRESSED EMPLOYERS TO HIRE YOUNG PEOPLE AT WAGE LEVELS THAT CAN THREATEN THEIR OWN PROSPECTS FOR SUVIVAL.

FOURTH, WE MUST ALSO OVERHAUL TAX POLICY IN AMERICA. TODAY, THAT POLICY DISCOURAGES BOTH INVESTMENT AND SAVINGS. AMONG MAJOR INDUSTRIALIZED NATIONS, THE U.S. RANKS LAST IN SAVINGS AS A PERCENTAGE OF INCOME. IT IS NO COINCIDENCE THAT WE ALSO TRAIL IN INVESTMENT AND PRODUCTIVITY.

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WE CALL OUR TAX SYSTEM PROGRESSIVE. YET NOWHERE DO OUR COUNTER PRODUCTIVE POLICIES OF RECENT YEARS IMPOSE A GREATER DRAG ON ECONOMIC GROWTH.

LAST YEAR, WE TOOK AN IMPORTANT STEP FORWARD, ADOPTING THE CAPITAL GAINS REDUCTION THAT SEN. KENNEDY URGED THE PRESIDENT TO VETO. LOOKING AHEAD, I WANT TO PASS A COMPREHENSIVE PACKAGE OF BUSINESS TAX CUTS TO REVERSE THE TREND TOWARD SLOWER BUSINESS GROWTH, FALLING RATES OF PRODUCTION, AND LAGGING RESEARCH AND DEVELOPMENT.

OVER THE NEXT FIVE TO SEVEN YEARS, I BELIEVE WE CAN IMPLEMENT A SERIES OF VOLD, NEW TAX POLICIES WHICH HELP EASE INFLATIONARY PRESSURES AND ENCOURAGE INDIVIDUALS TO INVEST IN AMERICA'S FUTURE.

TO HELP INDIVIDUAL TAXPAYERS, I FAVOR:

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*A REDUCTION IN MARGINAL TAX RATES AT BOTH ENDS OF THE INDIVIDUAL SCALE.

*AN INCREASE IN THE PERSONAL EXEMPTION BY $250 FROM ITS PRESENT $1000 TO $ 1250.

*AN INCREASE IN THE ZERO BRACKET AMOUNT TO GIVE ADDITIONAL INCENTIVES TO THE WORKING POOR.

*AND MOST IMPORTANTLY, I WANT TO SEE OUR INCOME TAXES INDEXED IN ORDER TO SAFEGUARD A RAISE OR PROMOTION FROM INFLATION'S UNJUST PHENOMENON KNOWN AS "BRACKET CREEP."

I HAVE INTRODUCED LEGISLATION TO DO JUST THAT, ALONG WITH A BILL TO MAKE EVERY AMERICAN ELIGIBLE FOR AN INDIVIDUAL RETIREMENT ACCOUNT OF UP TO $1500 A YEAR.

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I AM DEEPLY CONCERNED ABOUT THE SERIOUS SHORTAGE OF INVESTMENT CAPITAL IN THIS COUNTRY. LITERALLY HUNDREDS OF BILLIONS OF DOLLARS ARE NEEDED IN THE PRIVATE SECTOR TO STRENGTHEN THIS NATION'S ABILITY TO COMPETE IN THE WORLD MARKETPLACE.

OVER THE NEXT FIVE TO SEVEN YEARS, THE FOCUS OF OUR EFFORTS TO RESTORE OUR CAPITAL STOCKS SHOULD BE ON CAPITAL RECOVERY -- DEPRECIATION. AMERICAN BUSINESS SIMPLY MUST BE ALLOWED TO RECOVER INVESTMENT COSTS MORE RAPIDLY. THIS IS PARTICULARLY TRUE DURING PERIODS OF HIGH INFLATION.

I AM SPONSORING LEGISLATION WHICH PROVIDES A 10-5-3 SCHEME FOR DEPRECIATION - A 10-YEAR WRITE OFF FOR INDUSTRIAL BUILDINGS AND STRUCTURES, A 5-YEAR WRITE OFF FOR EQUIPMENT, AND A 3-YEAR WRITE OFF FOR AUTOMOBILES AND LIGHT TRUCKS.

MOREOVER, I BELIEVE A FURTHER REDUCTION IN THE TOP CORPORATE TAX RATE MAY BE ADVISABLE IN THE NOT-TOO-DISTANT FUTURE, AS WELL AS SPECIAL TAX CREDITS TO ENCOURAGE RESEARCH AND DEVELOPMENT.

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INDEXING: A BLOW FOR HONESTY IN GOVERNMENT

INDEXING IN PARTICULAR IS AN IDEA I THINK WORTHY OF YOUR SUPPORT. HOW DOES IT WORK? CURRENTLY, SAY A FAMILY OF FOUR EARNS FIFTEEN THOUSAND DOLLARS A YEAR. THE BREADWINNER IS REWARDED WITH AN 8% RAISE. IT DOESN'T KEEP PACE WITH A 13% RATE OF INFLATION, BUT AT LEAST IT WILL HELP. RIGHT?

WRONG. THE BREADWINNER CONSULTS HIS OR HER TAX MAN AND DISCOVERS, LO AND BEHOLD, THAT THE RAISE HAS ACTUALLY PUSHED HIM INTO A HIGHER BRACKET. HE WINDS UP PAYING AN EXTRA $258 IN TAXES.

DOES THAT SOUND FARFETCHED? IT ISN'T -IN FACT, IT WILL HAPPEN TO 77% OF THE AMERICAN PEOPLE THIS YEAR. THEY'LL PAY UP TO SIXTEEN BILLION DOLLARS IN ADDITIONAL TAXES - AND THAT'S A REAL WINDFALL PROFITS TAX. THE MONEY WILL ALL GO TO WASHINGTON. THE CONGRESS MAY PASS A TAX CUT - DURING AN ELECTION YEAR, WITH APPROPRIATE FANFARE, AND THEN GO HOME AND TELL YOU THAT THEY WATCHED OUT FOR YOUR INTERESTS.

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BUT IT'S DISHONEST. IT'S DISHONEST AND IT TAKES THAT MUCH MORE MONEY OUT OF THE ECONOMY AT A TIME WHEN WE CAN'T AFFORD TO KEEP ON SENDING BILLIONS UPON BILLIONS OF DOLLARS TO FUEL THE FEDERAL GOVERNMENT, WHICH IS ITSELF THE CHIEF CAUSE OF INFLATION.

TALK ABOUT A VISCIOUS CIRCLE. WELL, TAX INDEXING, WHICH I'M SPONSORING AS THE SENIOR REPUBLICAN ON THE SENATE FINANCE COMMITTEE, WILL REMOVE THIS INCENTIVE TO INFLATION - AND SAFEGUARD THE HARDEARNED DOLLARS YOU TAKE HOME EACH WEEK.

IT'S A NEW IDEA - BUT ONE WHICH OTHER COUNTRIES HAVE TRIED SUCCESSFULLY. WHY SHOULD'T WE?

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THAT'S LEADERSHIP. IT'S NOT BEING AFRAID TO TRY SOMETHING NEW WHEN EVERYTHING OLD HAS FAILED. IT'S KNOWING HOW TO WORK WITH OTHER PEOPLE, WHO DON'T ALWAYS SHARE YOUR BELIEFS, AND FORM A CONSENSUS AROUND YOUR APPROACH. MOST OF ALL, IT'S BELIEVEING IN THE BASIC JUSTIFICATION FOR GOVERNMENT - THAT IS, TO UNLEISH THE INDIVIDUAL TALENTS AND VITUES OF THE AMERICAN PEOPLE. GOVERNMENT EXISTS TO SERVE YOU, NOT THE OTHER WAY AROUND. THAT'S WHAT I BELIEVE NOW, AND HAVE ALWAYS BELIEVED. AND THAT, MY FRIENDS, IS WHAT I WISH TO PROMOTE IF GIVEN THE OPPORTUNITY IN 1980.

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First, I favor a constitutional amendment to cap both federal spending and taxing at 18% of the Gross National Product. This is no budgetary straight jacket. A simple vote by 2/3 of the Congress could permit a deficit in time of special need. But to settle for anything less than such an amendment, in the face of growing special interest group power, weakened political parties and a mentality that equates a federal printing press with a strong currency, would only encourage the relentless trend toward concentrating counter-productive levels of the national wealth in Washington.

For 19 of the last 20 years, the federal budget has been out of balance. We have preferred to buy now and pay later -- and that payment invariably comes in the painful form of inflation. Limiting the amount of wealth flowing to Washington and the phenomonal sums the government must borrow to pay its debts would release billions of dollars for private investment. It would also reassert our historic belief in a government that promoted private production instead of public paternalism.

Second, I believe regulatory reform must be a major priority of the next administration. Today, over 100,000 people working in 116 government agencies have as their sole responsibility telling other Americans what government forbids them to do. The Office of Management and Budget has estimated the cost of such regulation at $2,000 per American family per year.

56 agencies exist to regulate business. Their efforts add $666 to the cost of an average car, and$15 to $2500 to a new home's pricetag.

But regulation can itself be regulated. I introduced in the Senate a regulatory reform proposal to require a cost-benefit analysis on every rule and regulation that is proposed. I would also require that private means of achieving the same objective be fully evaluated, and all proposed regulations be submitted to judicial review, making certain that private sector input is not overlooked.

Some of our best intentioned laws actually boomerang against those they're designed to help. I believe we should push vigorously for repeal of the Davis-Bacon Act which mandates wages on all federal construction projects -- and for minimum wage differentials, to halt a growing disinclination on the part of hardpressed employers to hire young people at wage levels that can threaten their own prospects for survival.

Fourth, we must also overhaul tax policy in America. Today, that policy discourages both investment and savings. Among major industrialized nations, the U.S. ranks last in savings as a percentage of income. It is no coincidence that we also trail in investment and productivity.

We call our tax system progressive. Yet nowhere do our counter productive policies of recent years impose a greater drag on economic growth.

Last year, we took an important step forward, adopting the capital gains reduction that Senator Kennedy urged the President to veto. Looking ahead, I want to pass a comprehensive package of business tax cuts to reverse the trend toward slower business growth, falling rates of production, and lagging research and development.

Over the next five to seven years, I believe we can implement a series of bold, new tax policies which help ease inflationary pressures and encourage individuals to invest in America's future.

To help individual taxpayers, I favor:

-- A reduction in marginal tax rates at both ends of the individual scale.
-- An increase in the personal exemption by $250 from its present $1000 to $1250.
-- An increase in the zero bracket amount to give additional incentives to the working poor.
-- And most importantly, I want to see our income taxes indexed in order to safeguard a raise or promotion from inflation's unjust phenomenon known as "bracket creep".

I have introduced legislation to do just that, along with a bill to make every American eligible for an individual retirement account of up to $1500 a year.

I am deeply concerned about the serious shortage of investment capital in this country. Literally hundreds of billions of dollars are needed in the private sector to strengthen this nation's ability to compete in the world marketplace.

Over the next five to seven years, the focus of our efforts to restore our capital stocks should be on capital recovery -- depreciation. American business simply must be allowed to recover investment costs more rapidly. This is particularly true during periods of high inflation.

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I am sponsoring legislation which provides a 10-5-3- scheme for depreciation -- a 10-year write off for industrial buildings and structures, a 5-year write off for equipment, and a 3-year write off for automobiles and light trucks.

Moreover, I believe a further reduction in the top corporate tax rate may be advisable in the not-too-distant future, as well as special tax credits to encourage research and development.

INDEXING: A BLOW FOR HONESTY IN GOVERNMENT

Indexing in particular is an idea I think worthy of your support. How does it work? Currently, say a family of four earns $15,000 a year. The breadwinner is rewarded with an 8% raise. It doesn't keep pace with a 13% rate of inflation, but at least it will help. Right?

Wrong. The breadwinner consults his or her tax man and discovers, lo and behold, that the raise has actually pushed him into a higher bracket. He winds up paying an extra $258 in taxes.

Does that sound farfetched? It isn't -- in fact, it will happen to 77% of the American people this year. They'll pay up to $16 billion in additional taxes -- and that's a real windfall profits tax. The money will go to Washington. The Congress may pass a tax cut -- during an election year, with appropriate fanfare, and then go home and tell you that they watched out for your interests.

But it's dishonest. It's dishonest and it takes that much more money out of the economy at a time when we can't afford to keep on sending billions upon billion of dollars to fuel the federal government, which is itself the chief cause of inflation.

Talk about a vicious cycle. Well, tax indexing, which I'm sponsoring as the Senior Republican on the Senate Finance Committee, will remove this incentive to inflation -- and safeguard the hardearned dollars you take home each week.

It's a new idea -- but one which other countries have tried successfully. Why shouldn't we?

That's leadership. It's not being afraid to try something new when everything old has failed. It's knowing how to work with other people, who don't always share your beliefs, and form a consensus around your approach. Most of all, it's believing in the basic justification for government -- that is, to unleash the individual talents and virtues of the American people. Government exists to serve you, not the other way around. That's what I believe now, and have always believed. And that, my friends, is what I wish to promote if given the opportunity in 1980.

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