

REMARKS OF SENATOR BOB DOLE  
KANSAS STUMP SPEECH

I WISH I COULD BE THE BEARER OF GLAD TIDINGS, BUT THESE DAYS WHEN YOU VENTURE OUT FROM WASHINGTON, D.C. AN HONEST MAN IS HARD PUT TO SAY ANYTHING VERY ENCOURAGING. PEOPLE SOMETIMES ASK ME IF THE D.C. STANDS FOR DARKNESS AND CONFUSION. THEY ASK IT A LOT MORE OFTEN SINCE JIMMY CARTER TOOK OFFICE.

THE FACT IS, WE'VE NOW EXPERIENCED - OR IS IT ENDURED? - MORE THAN THREE YEARS OF THE CARTER ADMINISTRATION. DURING THAT TIME, WE'VE DRIFTED ALONG, BUFFETED BY A HOSTILE WORLD WITHOUT ANY COHERENT FOREIGN POLICY, WITHOUT ANYTHING AT ALL BESIDES GOOD INTENTIONS AND WISHFUL THINKING.

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AT HOME, WE'VE SEEN OUR ECONOMY SINKING INTO THE QUICKSAND OF FEDERAL DICTATION, REGULATION, RED TAPE. WE SUFFER FROM A DEVASTATING ONE-TWO PUNCH CALLED STAGFLATION. THE HOUSING INDUSTRY IS IN A DEPRESSION, INTEREST RATES HAVE HIT 20%, AND WE SUFFER FROM INFLATION THAT WOULD DO JUSTICE TO A BANANA REPUBLIC.

AMERICA HAS STILL NOT DEVELOPED A COHERENT ENERGY POLICY- INSTEAD, EVERYONE SAYS THEY'RE FOR CONSERVATION AND AGAINST EXORBITANT PROFITS, AS IF THAT'S ENOUGH TO GET US THROUGH THE CURRENT CRISIS.

#### THE SURPRISED ADMINISTRATION

THEN AGAIN, WE'VE BEEN SURPRISED AGAIN AND AGAIN THE LAST THREE YEARS: SURPRISED IN IRAN, SURPRISED IN AFGHANISTAN,

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SURPRISED BY DOUBLE-DIGIT INFLATION, SURPRISED THAT WASHINGTON COULDN'T PULL THE STRINGS AND MAKE THE ECONOMY RESPOND,

BUT NONE OF US SHOULD REALLY HAVE BEEN SURPRISED BY THE FAILURE OF BIG GOVERNMENT TO SOLVE THE PROBLEMS IT SO OFTEN CAUSED. FOR FORTY YEARS, WE'VE PUT OUR FAITH IN WASHINGTON, D.C. WITHOUT EVER ASKING WASHINGTON, D.C. TO PUT ITS FAITH IN US. WE'VE BEHAVED AS IF GOVERNMENT COULD MANDATE ECONOMIC PROSPERITY, COULD CREATE JOBS WHERE NO PROFIT INCENTIVE EXISTED, COULD PROLONG THE SUMMER OF OUR PROSPERITY AGAINST COLD WINDS FROM ABROAD.

AND NOW, CONFRONTED WITH A WATERSHED ELECTION, IN A YEAR WHEN THE AMERICAN PEOPLE WILL DECIDE THEIR COURSE FOR DECADES TO COME, WE OUGHT TO TAKE A MINUTE TO THINK ABOUT WHERE WE'VE BEEN AND WHERE WE OUGHT TO BE GOING. BECAUSE WHAT WE DO IN THE VOTING BOOTHS THIS NOVEMBER WILL CAST ALONG SHADOW.

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A DESPERATE ECONOMY-A BETTER APPROACH

I TRIED TO PUT ACROSS SOME NEW IDEAS MYSELF IN THE COURSE OF A CAMPAIGN THAT WAS DOOMED BY A LACK OF MONEY AND MANAGEMENT, AND BY THE UNFORTUNATE OBSESSION OF THE MEDIA WITH THINGS LIKE MOMENTUM AND CAMPAIGN STRATEGY. THIS IS TOO BAD, BECAUSE IF WE'RE NOT CAREFUL WE'RE GOING TO FIND OURSELVES IN A POLITICAL SYSTEM WHERE THE RACE ITSELF REPLACES THE REASON FOR RUNNING.

BUT I STILL HAVE MY IDEAS. I STILL HAVE A COMMITMENT TO SEE THEM BECOME LAW. AND I REMAIN CONVINCED THAT AMERICANS CAN ANTICIPATE A MAGNIFICENT FUTURE IF ONLY WE REMEMBER THAT WORDS LIKE PROFIT AND INCENTIVE ARE PERFECTLY ADMISSIBLE IN POLITE CONVERSATION.

SO THIS MORNING, LET ME SPEAK FOR JUST A FEW MINUTES ON THE ECONOMY AND HOW I BELIEVE IT CAN BE SALVAGED BEFORE IT'S TOO LATE.

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FIRST OFF, LET ME ASSERT MY FAITH IN FREE ENTERPRISE OVER GOVERNMENT AS A JOBS PRODUCER. THERE ARE NO PROBLEMS WITH FREE ENTERPRISE THAT CAN'T BE CURED BY MORE FREE ENTERPRISE. THAT MEANS FEWER RULES AND REGULATIONS STRAIGHT-JACKETING THE PRODUCTIVE ELEMENTS OF SOCIETY. IT MEANS ADDITIONAL TAX INCENTIVES TO SAVINGS AND CAPITAL FORMATION. IT MEANS ACCELERATED DEPRECIATION AND A CONSTITUTIONAL AMENDMENT TO REQUIRE A BALANCED BUDGET.

IF GOVERNMENT HAS GROWN TOO LARGE, SUCKING OFF BILLIONS OF DOLLARS THAT MIGHT BE MORE PROFITABLY INVESTED IN THE PRIVATE SECTOR, THEN THE ONLY WAY TO ATTACK THE PROBLEM IS TO MANDATE A SMALLER PERCENTAGE OF THE GROSS NATIONAL PRODUCT TO GO TO GOVERNMENT.

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ALL OF THESE ARE MORE THAN JUST IDEAS IN MY HEAD.  
ALL OF THEM ARE SPECIFIC BILLS I'M TRYING TO ENACT AS  
RANKING REPUBLICAN ON THE SENATE FINANCE COMMITTEE.  
AND ALL OF THEM, IN MY BELIEF, MERIT THE SUPPORT OF  
PEOPLE LIKE YOURSELVES, WHO BELIEVE THAT AMERICANS  
CAN PRODUCE THEIR WAY OUT OF ANY PROBLEM, IF ONLY  
GIVEN THE TOOLS AND THE INCENTIVES.

THE ENERGY CRISIS: SPURRING PRODUCTION,  
OR TAXING SCARCITY

THE ENERGY CRISIS WE FACE, IN KANSAS AND OTHER STATES,  
IS A SOBERING EXAMPLE OF HOW GOVERNMENT, EVEN ACTING FROM  
GOOD INTENTIONS, CAN ACTUALLY STUNT THE GROWTH OF THE  
DOMESTIC ECONOMY. TWO WEEKS AGO, I LED THE FIGHT ON  
THE SENATE FLOOR AGAINST ADOPTION OF THE WINDFALL PROFITS  
TAX. THIS DID NOT STEM FROM ANY OPPOSITION TO TAXES PER  
SE ON OIL PRODUCED DURING THE PERIOD OF DECONTROL.  
IT CERTAINLY DID NOT STEM FROM ANY PERSONAL INCLINATION  
TO SHOWER PRAISE AND PROFITS ON BIG OIL.

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IN FACT, I WORKED FOR ELEVEN MONTHS TO TRY AND FASHION A TAX THAT WOULD ACHIEVE TWO THINGS: SET ASIDE BADLY NEEDED FUNDS WITH WHICH TO DEVELOP ALTERNATIVE ENERGY SOURCES AND, IN THE SHORTER RUN, LEAD TO THE PRODUCTION OF NEW OIL AND GAS.

I VOTED FOR A \$138 BILLION TAX THAT EXEMPTED NEWLY DISCOVERED OIL AND SMALL STRIPPER PRODUCTION. LAST DECEMBER, I VOTED FOR A \$178 BILLION TAX THAT EXEMPTED THE FIRST THOUSAND BARRELS OF INDEPENDENT PRODUCTION AND ONLY PLACED A 10% TAX ON NEWLY DISCOVERED OIL.

THIS WOULD HAVE BEEN THE LARGEST TAX EVER PLACED ON A SINGLE INDUSTRY IN AMERICAN HISTORY - BUT, ON BALANCE, IT SEEMED TO ME AN ACCEPTABLE RESPONSE TO THE ENERGY CRISIS.

BECAUSE IF WE CAN AGREE ON NOTHING ELSE, WE CAN ALL AGREE ON THE NEED TO GET AMERICA OFF HER KNEES BEFORE THE WARLOARDS OF OPEC.

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BUT WHEN THE SENATE AND THE HOUSE CONFERENCE COMMITTEE COMPLETED THEIR WORK ON THE WINDFALL PROFITS BILL, THEY HAD CREATED A \$227 BILLION MONSTER THAT WILL ACTUALLY REDUCE INCENTIVES TO DOMESTIC PRODUCTION. BY REDUCING CAPITAL AVAILABLE FOR EXPLORATION AND DEVELOPMENT, THE NEW TAX MAY ACTUALLY CUT OUR AVAILABLE RESOURCES BY MORE THAN A MILLION BARRELS PER DAY, AND THAT'S A MILLION OR MORE BARRELS THAT WILL HAVE TO BE IMPORTED FROM VOLATILE FOREIGN SOURCES.

JUST AS BAD, THE FINAL BILL IMPOSES A 30% TAX ON ALL NEW PRODUCTION, A PENALTY THAT WILL FALL BY FAR THE HARDEST ON THE SMALL AND INDEPENDENT PRODUCERS WHO TAKE THE GREATEST RISKS, WHO DRILL THE WILDCAT WELLS, AND WHO GIVE JOBS TO THOUSANDS OF PEOPLE IN THIS AND OTHER STATES.

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YET THE WINDFALL TAX WON'T EXTRACT A DIME FROM WHAT ENORMOUS MULTI-NATIONAL OIL COMPANIES EARN ON THEIR FOREIGN OPERATIONS. IT TREATS 2 MILLION SMALL ROYALTY OWNERS MUCH LESS GENEROUSLY: THEY WILL PAY THE FULL RATES OF 70% ON UPPER AND LOWER TIER OIL, AND 60% ON STRIPPER OIL. IT IS UNFAIR TO IMPOSE SUCH HEAVY TAX RATES ON SMALL RANCHERS, LANDOWNERS AND RETIRED PERSONS WHO HAPPEN TO HAVE SOME OIL ROYALTIES. INDEED, I HAVE RECENTLY INTRODUCED A BILL TO EXEMPT SMALL ROYALTY OWNERS FROM THE TAX.

ULTIMATELY, OF COURSE, THE WINDFALL TAX WILL FALL ON THE AMERICAN CONSUMER. IN FACT, HE WILL BE TAXED TWICE - ONCE BY HIS GOVERNMENT, PASSED ALONG IN THE FORM OF HIGHER OIL AND GAS PRICES, AND AGAIN IN THE FORM OF LESS DOMESTIC PRODUCTION.

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CAN ANYONE SERIOUSLY BELIEVE THAT SUCH TAXATION WILL LEAD TO ADDITIONAL PRODUCTION? WHAT WE HAVE IS NOTHING MORE THAN A GIANT CASE OF CUTTING OFF ONE'S NOSE TO SPITE ONE'S ECONOMIC FACE. WE WILL HAVE A FEDERAL GOVERNMENT WHOSE COFFERS ARE SWELLED MORE THAN EVER BEFORE, FUNDING PROGRAMS WE DO NOT NEED, FUELING INFLATION THROUGH A GOVERNMENT THAT EQUATES ITS PRINTING PRESS WITH A SOUND DOLLAR.

#### ENCOURAGING SIGNS

NOW NOT EVERYTHING ABOUT THE WINDFALL BILL IS BAD. . . THE FINAL BILL CONTAINS A NUMBER OF TAX CREDITS DESIGNED TO FOSTER BOTH CONSERVATION AND FASTER DEVELOPMENT OF ALTERNATIVE ENERGY SOURCES, SUCH AS SOLAR, WIND, GEOTHERMAL, BIOMASS, AND COAL.

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MOREOVER, THE CONFERENCE REPORT CONTAINS AN IMPORTANT FIRST STEP IN REDUCING THE TAX BIAS AGAINST SAVINGS BY PROVIDING THAT UP TO \$200 (\$400 FOR JOINT RETURNS) IN INTEREST ON SAVINGS AND DIVIDENDS CAN BE EXCLUDED FROM INCOME TAXATION. IT IS ABSOLUTELY ESSENTIAL THAT WE DO EVERYTHING WE CAN TO REVERSE THE ALARMING DOWNTURN IN PERSONAL SAVING IN AMERICA. WE NOW HAVE ONE OF THE LOWEST SAVING RATES OF ANY COUNTRY IN THE INDUSTRIALIZED WORLD AND THE LOWEST IN OUR HISTORY. INCREASED PERSONAL SAVINGS WILL FACILITATE EXPANDED CAPITAL IMPROVEMENT IN AMERICAN INDUSTRY, AND WILL BOOST PRODUCTIVITY.

I AM ALSO PROUD TO HAVE COAUTHORED THE PROVISION WHICH REPEALS THE MISGUIDED CARRYOVER BASIS RULES. FOR SEVERAL YEARS WE'VE WORKED HARD TO DELAY THE EFFECTIVE DATE OF THE CARRYOVER BASIS PROVISION - AND ULTIMATELY TO REPEAL IT.

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UNDER THE CARRYOVER BASIS RULES, THE TAX BASIS OF A DECEDENT'S PROPERTY WOULD BE "CARRIED OVER" TO HIS HEIRS FOR PURPOSES OF DETERMINING ANY GAIN OR LOSS UPON THE SALE OF SUCH PROPERTY.

THIS RULE HAS PROVEN TO BE A COMPLICATED DISASTER. THE COMPLEXITIES OF THE RULE DEFY EVEN THE MOST SOPHISTICATED TAX PRACTITIONERS AND WOULD REQUIRE EXTREMELY BURDENSOME RECORDKEEPING. MOREOVER, WITH THE CARRYOVER BASIS RULE, THE CUMULATIVE EFFECT OF FEDERAL ESTATE TAXES, STATE DEATH TAXES AND FEDERAL AND STATE INCOME TAXES IMPOSED ON AN ESTATE MIGHT CONSUME NEARLY ALL OF THE ASSETS. IT COULD BE DISASTROUS FOR MANY FARMERS AND SMALL BUSINESSMEN.

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BUT THESE ELEMENTS OF THE BILL, ATTRACTIVE AS THEY  
MAY BE, DO NOTHING TO REASSURE THOSE OF US WHO WANT  
DESPERATELY TO REDUCE THE SIZE AND POWER OF GOVERNMENT,  
AND SHIFT ECONOMIC AUTHORITY BACK TO THE PRIVATE  
SECTOR, WHERE IT BELONGS AND WHERE IT CAN BEST  
FUNCTION.

SO THE FIGHT GOES ON. THE TREND IN THIS COUNTRY REMAINS  
HOPEFUL. PEOPLE WANT A BALANCED BUDGET AND A REDUCED  
FEDERAL PRESENCE IN THEIR LIVES. IT IS UP TO THEM  
IN THIS CRITICAL ELECTION YEAR, TO MAKE CERTAIN THAT THEIR  
REPRESENTATIVES IN WASHINGTON GET THE MESSAGE - OR SEND  
NEW REPRESENTATIVES WHO WILL.

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