

May 11, 1985

REMARKS OF SENATOR BOB DOLE
AT COMMENCEMENT ADDRESS, MAY 1985

(FOR KANSAS NEWMAN COLLEGE) FIRST, I WANT TO THANK DR. ZITTERKOPF FOR THAT VERY KIND INTRODUCTION AND CONGRATULATE HER ON HER RECENT AWARD FOR TEACHER EXCELLENCE. I ALSO WANT TO THANK ROBERT GIROUX (GE-ROO), THE PRESIDENT OF THIS FINE SCHOOL, FOR INVITING ME HERE TO SPEAK TODAY. AND FINALLY, I WANT TO ESPECIALLY RECOGNIZE MR. HERBERT FINLEY, WHO IS 72 YEARS OLD AND WILL BE RECEIVING A DEGREE IN PYSCHOLOGY TODAY. THAT'S QUITE AN ACCOMPLISHMENT FOR ANYONE-- NO MATTER WHAT HIS AGE.

YOU ALL DESERVE CONGRATULATIONS, AND YOU ALL HAVE A LOT TO LOOK FORWARD TO. THAT IS WHAT THIS OCCASION IS ALL ABOUT. AND KANSAS NEWMAN COLLEGE (DODGE CITY COMMUNITY COLLEGE) HAS A LOT TO BE PROUD OF AS WELL...WITH SUCH AN OUTSTANDING GROUP OF GRADUATES.

I THINK THE UNITED STATES SENATE DESERVES SOME CONGRATULATIONS AS WELL. I'M NOT GOING TO TAKE THE CREDIT-- AT LEAST NOT ALL THE CREDIT-- BUT EARLY FRIDAY MORNING, THE SENATE AGREED TO MAKE THE LARGEST CUTS IN THE DEFICIT IN THE HISTORY OF THIS COUNTRY. THAT TRANSLATES INTO \$56 BILLION IN SPENDING CUTS NEXT YEAR, AND \$295 BILLION OVER THE NEXT THREE YEARS.

THAT'S A PRETTY IMPRESSIVE BIT OF WORK. ALTHOUGH, I MUST ADMIT THAT WE HAVE A LONG, LONG WAY TO GO BEFORE IT IS ALL OVER. BUT THE SENATE WAS ABLE TO DO WHAT MANY SAID THEY WERE INCAPABLE OF DOING-- ADDRESSING THE DEFICIT ISSUE HEAD ON IN A WAY THAT REALLY MAY MEAN SOMETHING TO ALL OF YOU.

NOW THERE ARE A LOT OF PEOPLE WHO DON'T THINK IT MAKES ANY DIFFERENCE WHETHER WE IMPOSE TAXES TO PAY FOR GOVERNMENT SPENDING, OR WHETHER WE BORROW. BUT THERE IS A DIFFERENCE. WE COLLECT TAXES NOW TO COVER WHAT WE ARE SPENDING NOW. BUT BORROWING BRINGS CONTINUING OBLIGATION, OVER A PERIOD OF MANY YEARS, THAT THE GOVERNMENT OWES TO ITS CREDITORS. AND NEVER FORGET THAT WHEN WE TALK ABOUT "GOVERNMENT OBLIGATIONS" WE ARE REALLY TALKING ABOUT TAXPAYERS -- THE WAGE EARNERS AND WEALTH PRODUCERS OF THIS GREAT NATION.

THAT IS WHY, HOWEVER DULL OR REMOTE THE ISSUE MAY SEEM, THE DEFICIT PROBLEM SHOULD CONCERN THOSE WHO, LIKE YOURSELVES, ARE PREPARING TO GET THEIR FIRST JOB AND ENTER THE WORK FORCE. A VERY SIGNIFICANT PART OF THE TAXES YOU WILL PAY WHILE EARNING A LIVING WILL GO TO PAY OFF INTEREST ON THE NATIONAL DEBT. AND THAT INTEREST BURDEN IS THREATENING TO ESCALATE ENORMOUSLY UNLESS SOMETHING IS DONE. RIGHT NOW WE ARE ADDING ABOUT \$200 BILLION TO THE NATIONAL DEBT EACH YEAR -- AND THAT ADDS \$15 BILLION TO THE INTEREST COSTS WE WILL HAVE TO PAY OFF NEXT YEAR.

FRIGHTENING FIGURES

LET'S CONSIDER THIS IN TERMS THAT REALLY BRING THE ISSUE DOWN TO A PERSONAL LEVEL. IF DEFICITS ARE NOT REDUCED, BY 1989 ONE-HALF OF ALL AMERICANS' PERSONAL INCOME TAX PAYMENTS WILL BE REQUIRED JUST TO PAY THE FEDERAL GOVERNMENT'S INTEREST BILL. BY THAT TIME FEDERAL DEBT WILL HAVE DOUBLED, OVER \$10,000 FOR EVERY MAN, WOMAN AND CHILD IN THIS NATION. THAT MEANS YOU THE GRADUATE, BY THE TIME YOU REACH YOUR MID 20'S WILL BE WORKING PROBABLY A GOOD PART OF THE YEAR JUST TO PAY YOUR TAXES. I DON'T THINK THAT'S FAIR. FEDERAL INTEREST COSTS COULD REACH \$250 BILLION, OR ABOUT \$1,100 FOR EVERY AMERICAN BY 1989.

I KNOW NUMBERS LIKE THESE SEEM A BIT ABSTRACT, A BIT REMOTE. BUT IF YOU STOP AND THINK ABOUT IT THEY ARE VERY IMMEDIATE, AND VERY REAL. AT STAKE IN THE DEFICIT DEBATE ARE QUESTIONS OF HOW HIGH YOUR TAXES WILL BE IN THE YEAR AHEAD; HOW MUCH YOU WILL HAVE TO PAY TO BORROW MONEY, WHETHER TO PURCHASE A CAR, YOUR FIRST HOME, OR TO INVEST; AND HOW MANY JOBS WILL BE CREATED OVER THE REMAINDER OF THIS DECADE. THESE ARE NOT MINOR MATTERS, AND THEY SHOW WHY ADDRESSING THE DEFICIT IS SO VITALLY IMPORTANT FOR

EVERYONE, YOUNG AND OLD ALIKE, AND SHOULD NOT JUST BE A PREOCCUPATION OF POLITICIANS, ECONOMISTS AND BANKERS. BELIEVE ME, IF WE MAKE A MISTAKE, OR SHRUG OFF OUR RESPONSIBILITIES, THE YOUNGER GENERATION WILL FEEL THE IMPACT FOR MANY YEARS.

GOOD NEWS -- A BEGINNING

THAT'S THE BAD NEWS. BUT THE GOOD NEWS IS THAT I BELIEVE THAT CONGRESS WILL NOT ABDICATE ITS RESPONSIBILITY. I BELIEVE THAT ALL OF US -- REPUBLICANS AND DEMOCRATS ALIKE -- UNDERSTAND THAT WE MUST DO SOMETHING THIS YEAR TO ADDRESS THE DEFICIT ISSUE IF WE WANT TO CONTINUE AND EXPAND THE UNPRECEDENTED ECONOMIC RECOVERY THIS COUNTRY HAS ENJOYED OVER THE PAST FEW YEARS. AND IN THE END, I BELIEVE WE WILL COME TOGETHER ON A PACKAGE THAT WILL DO WHAT NEEDS TO BE DONE.

IF WE CAN DO THAT. THE IMPACT WILL BE FELT, NOT ONLY BY YOU-- BUT BY YOUR PARENTS, AND THE CHILDREN YOU WILL HAVE.

THERE'S ONE IMPORTANT THOUGHT I WOULD LIKE TO LEAVE WITH YOU. WHILE THE SENATE -- IN THE END -- MAKES ONE DECISION -- IT TAKES MANY VOICES TO ARRIVE AT THAT FINALITY. AND EACH INDIVIDUAL SENATOR MAKES A DIFFERENCE IN THE OUTCOME.

EACH ONE OF YOU CAN MAKE A DIFFERENCE, TOO. NO MATTER WHAT CAREER PATH YOU CHOOSE -- WHETHER YOU BECOME A DOCTOR, A TEACHER, AN ENGINEER, OR A POLITICIAN (AND I HOPE SOME OF YOU DECIDE THAT COURSE)-- YOU CAN MAKE A DIFFERENCE IN YOUR FAMILY, YOUR PLACE OF WORK, YOUR COMMUNITY.

CONGRATULATIONS AND GOOD LUCK.

TALKING POINTS FOR KANSAS COMMENCEMENT ADDRESSEES

o It may be hard for you to make a direct connection between the federal budget deficit and your own lives, but if you can bear with me, I think I can explain, that there is a very concrete correlation.

o The warning signals started flashing for the economy when the first quarter GNP showed a 1.3 percent growth rate, which means it will be very difficult, if not impossible, as Commerce Secretary Malcolm Baldrige confirmed this week, to reach the administration's own projected growth rate of 3.9 percent in 1985.

o Slow growth means lower revenues and larger deficits -- and the downturn, even if temporary, points up the challenge of keeping the recovery growing at a healthy pace. If growth does not pick up:

o Unemployment will begin to rise again-- an issue obviously important to you as you leave school and enter the work force. Most economists estimate that we need growth higher than 2- 2 1/2 percent just to keep pace with growth in the work force and keep unemployment as low as it is (7.3 %).

o....If we fall short of that growth rate, the unemployment rate will start to climb. Pressure on interest rates will increase and the likelihood that we can hold down inflation and avert an economic slowdown or perhaps even a recession, will diminish.

o.....If deficits are not substantially reduced, by 1989 one-half of all Americans' personal income tax payments will be required just to pay the federal government's interest bill. By that time the federal debt will have doubled, over \$10,000 for every man, woman and child. By the time you are approaching your mid twenties, you will be working a big part of the year just to pay your taxes. I don't think that's fair.

o.....Conversely, if a significant budget-cutting plan were adopted: Instead of unemployment increasing it could drop to about 6.4 percent by 1988 and we would be able to create 7 million new jobs by then.

o Inflation would remain low, at about 4 percent. That means that the cost of the necessities of life...food, clothing, shelter, will remain fairly stable.

o....In addition, if a major budget package is enacted this year, the average American family could see an increase in purchasing power -- that is after inflation income -- of \$1,530 by 1988 and a total of \$2,960 over the next five years for the median family income.

o.....We could expect about a 2 percent reduction in interest rates. That would translate into a reduction of nearly \$100 a month in monthly mortgage payments on a median priced home. That would mean a like savings on interest for car payments -- or any other major item you might need to borrow for.

o....Enactment of a budget package would also mean there would be no need for tax increases.