

DEFENSE
January 13, 1988

AMERICA: STRONG, FREE AND PEACEFUL

Freedom and peace are the hallmarks of our country's history because Americans have always stood strong and ready to defend our liberty. Millions -- across the globe -- still look to that torch shining bright over New York Harbor to light their way to liberty. But make no mistake -- freedom's enemies are hard at work, and they'd like nothing better than to see that flame flicker, and die.

America must stay strong -- strong enough to convince the leaders of the Soviet Union that they could never successfully use their massive military forces against us; strong enough to stand up to bomb-throwing terrorists and the regimes which support them.

THE THREAT

The greatest threat to peace and freedom remains -- without doubt -- the Soviet Union -- no less under Mikhail Gorbachev. They're deploying their fifth generation of land-based nuclear missiles, and the largest nuclear missile submarine force in the world. Their 211 army divisions pack more firepower and they're first line divisions are ready to roll. On most measures of offensive power -- tanks, artillery, bombers, etc.-- they outnumber NATO better than 2:1. And today their aerospace achievements and blue-water navy span horizons undreamed of only a decade ago. The Dole Administration will seek and welcome better relations with the Soviet Union, but until their military strengths are constrained and reduced, we must maintain a military posture that is relative to the threat posed by their massive military capability.

We must also face the fact that very real American interests are challenged daily in regional conflicts like Nicaragua, Afghanistan, the Persian Gulf, the Philippines and Angola. The roots of such conflicts lie in local tensions brewed over generations, but their eruptions are quickly caught up in global politics. Usually, the Soviets and their surrogates -- Cuba, Vietnam, East Germany, North Korea -- are not far behind.

Finally, wanton acts of terrorism are touching the lives of Americans all too frequently. Terrorists seek to foment panic and disorder -- terror -- in democratic societies through indiscriminate violence. Trained animals shoot a man in a wheel-chair on a Mediterranean cruise, bomb an airport or a popular cafe. Their targets? Americans. Quaddafi, Abu Nidal, Carlos, or the Red Brigades -- they all seek to replace the rule of law with the tyranny of fear.

THE SOLUTION

Freedom will prevail with our dedication to its protection. Our basic strategy is to deter war at any level. This requires that we have effective, balanced forces relative to the capabilities that are used to threaten or attack us. The Dole Administration will effectively balance our military forces: nuclear deterrent forces; the Strategic Defense Initiative (SDI); verifiable arms reduction agreements; conventional land, sea and air forces; airlift and sealift; and the command, control, communications and intelligence to make them all work together.

STRATEGIC DETERRENCE

To deter an attack upon the United States or its allies we must convince the Soviet leadership that an attack could never achieve its objectives. Therefore, we must maintain deterrent forces capable of denying them military successes and threatening costs unacceptable to them, should we be attacked. To be credible, these forces must be accurate, reliable, survivable and effective. We modernize our forces because continuing Soviet strategic programs degrade their credibility; we increase our forces only if they increase theirs.

For the foreseeable future, our strategic triad -- land-based and submarine-based missiles, and manned bombers -- remains the cornerstone of deterrence. President Reagan's strategic modernization is just about complete. Bob Dole will see it through with deployment of the D-5 missile on Trident submarines, and the second fifty MX missiles -- on mobile rail cars to enhance their survivability -- and continued development of a small, mobile intercontinental missile.

Of course, we already face new challenges to the accuracy, reliability, survivability and effectiveness of our deterrent forces. Each challenge has a solution, but -- make no mistake -- buying them all could break the bank. America must take advantage of its leading edge in high technology and skilled people. We will have to make some tough choices.

SDI: A JUST DEFENSE

To secure long-term stability and security, America can develop, test and deploy an effective and affordable "Phase One" defense against ballistic missiles by the mid-nineties. Right now six technologies for "Phase One" are moving along through the rigorous development, testing and acquisition process. We need to fill in the details, develop and test the system thoroughly; then, when we are confident of a real systems definition, the Dole Administration will deploy an effective, affordable "Phase One" system.

Phased development and deployment within an overall systems architecture is the only conceivable way to move toward a safer, more defensive approach to deterrence and security. Strategic defenses would complement deterrence based on retaliatory forces. Each phase of SDI must affordably and effectively

perform a needed defense function, and lay a foundation for phases to follow. US-Soviet relations would move toward greater security, establishing the necessary basis of confidence for a genuine reduction of tension and improvement of relations.

To SDI's gainsayers I would make four very simple points. First, we and the Soviets have long pursued some forms of strategic defense. Nobody suggests we give Soviet nuclear submarines a free shot at our shores -- we spend billions to interdict them. Why is intercepting missiles aimed at our homeland so different? Second, SDI makes so much sense that Mikhail Gorbachev says the Soviets are doing similar work. Third, the so-called experts who said "SDI will never work" have been retreating and recalculating for five years in the face of SDI's remarkable progress. No one said it would be easy, but I do not accept the statement that it is impossible. Fourth, defense in no way undercuts deterrence, but is supportive of it. If Soviet leaders are not confident that their missiles can reach their targets, they will never be confident that an attack upon us could succeed -- they will be deterred.

Perhaps the most important message of all is that the Dole Administration will work with Congress to insure that SDI's goals and progress are understood and supported, and that our defense investments are managed to insure that a healthy force balance is maintained.

ARMS CONTROL

We will aggressively seek verifiable arms control agreements which enhance stability, or maintain stability at a lower cost, thus enhancing the security of the United States.

President Reagan had it right when he said we should seek verifiable agreements for real reductions to equal and stable levels. That's plain common sense, but experience compels us to add two more criteria. First, every treaty must be accompanied by a compliance policy or mechanism. The track record on Soviet compliance with existing agreements is dismal, so they've got to be told -- up front -- there will be consequences for cheating. Second, every treaty must be crystal-clear. We've just lived through an opaque Senate debate over the interpretation of the 1972 Anti-Ballistic Missile Treaty. Let's avoid a similar experience on future treaties. If we keep these principles in mind, we can negotiate good agreements.

Ronald Reagan's greatest single contribution to arms control has been the quest for well-structured 50% cuts in strategic forces. If that deal isn't complete when he leaves office, Bob Dole will continue our efforts to conclude it.

The next arms control priority is serious negotiation -- involving our allies at every step -- to redress the imbalance of conventional forces in Europe -- from the Atlantic to the Urals. If Gorbachev is really serious about better relations with the west, if he really wants to address his domestic economic problems, he will jump at the chance to equalize conventional forces in Europe. If not, we need to know it now. Make no

mistake -- these will be the most complex talks ever embarked upon, but they are sorely needed. A verifiable, worldwide chemical weapons ban must also remain a high priority.

ALLIANCES AND CONVENTIONAL FORCES

The shared values and combined economic strength of our allies and friends in Asia, Europe, and throughout the world, provides a firm basis for effective collective security. Our alliances are voluntary associations of countries sharing values, trust, purpose, and a strong commitment to peace and freedom. If they are to shoulder more of the defense burden, and continue to provide shared bases, airfields, ports and sites for pre-positioned materials -- the real "bona-fides" of true alliance -- our bonds must be nurtured and strengthened. The Dole Administration will be unequivocally committed to these bonds, and will work tirelessly to strengthen our alliances.

The time has come to pay serious attention to our conventional forces. In Europe, deterrence increasingly depends on NATO fielding a conventional force which can credibly oppose vastly superior Soviet and Warsaw Pact forces. We've had a good start with adoption of the Follow-On Forces Attack concept and deployment of the Multiple Launch Rocket System and the M-1 Abrams tank. Now we need to press on with big programs like a follow-on to the Lance short-range missile, but also with some unglamorous, but vital, ones. One example: let's field more artillery now, upgrade existing pieces, and follow through on the fire support systems of the future.

Even with an effective strategic deterrent, and a credible NATO force posture in Europe, America's interests will be challenged in regional conflicts. Our ground forces must be structured, equipped and trained to move rapidly to accomplish the sort of quick, decisive and limited missions they are likely to be assigned. Our Navy must be prepared to protect the sea lanes, and its carrier task-forces must stay ready to project American power -- without asking permission from other countries. Our Air Force must improve its capability to establish air superiority in places far from established bases. Meeting our airlift and sealift goals is essential, and the Dole Administration will make this a high priority. It's a tall order, but recent events in the Persian Gulf demonstrate our need to prepare for likely contingencies. We can never predict the actions of a Khomeini or a Qaddafi, but the readier our force posture, the less likely we will be challenged militarily.

NATO

Bob Dole will invite his 15 NATO colleagues to a Washington summit on April 4, 1989 -- NATO's fortieth birthday. Here's what he will tell them. In 1949 we banded together in the face of a powerful and bellicose Soviet Union. That threat has grown continuously. If Europe seems a less threatened place to live today, it is because of NATO. Europe will remain safe and peaceful only if NATO remains strong and united. Our alliance must not only survive, it must be strengthened.

We don't need to match the Warsaw Pact tank-for-tank and soldier-for-soldier. But we do need a credible conventional force which maximizes the West's advantages with tactics, equipment and technology to stop an enemy advance, disrupt supply lines, and thus frustrate any conceivable war plans. Therefore, we simply must get better at what we do.

Our European allies contribute significantly to NATO, yet some creative burden-sharing is still needed. Our allies should incrementally take over some functions which they can perform more efficiently. Security of facilities, housing and food services might be good places to start. The burden should gradually shift -- without disruption. But no matter how expenses are shifted and shared, we -- all -- have limited resources, and the Soviets and their allies challenge us not only with overwhelming numbers, but also with increasing quality. The answer is to increase NATO's buying efficiency by reducing duplication in research, development and procurement, and maximizing production runs and economies of scale. The alliance should close out the decade by implementing a "resources strategy," and the United States will lead the way.

LOW INTENSITY CONFLICT

The third world contains 3/4 of the earth's population, and a majority of its political, economic and social problems. There should be little wonder that these countries have become hotbeds for radical ideologies and violence. Unfortunately, they also provide a new playing field for outsiders -- whether Soviets or Iranians -- to challenge the interests of the United States and other democracies. Although insurgency, guerilla warfare and terrorism are limited -- in scope, area, and weapons -- they often involve vital geo-strategic locations, natural resources or fundamental principles.

When we face these challenges we should never forget the ancient tensions and deplorable conditions which have driven common people into the arms of radicals. The Dole Administration will continue to extend America's helping hand to any country seeking peace, freedom and sound economic development. At times, economic aid will be sufficient, but we must not shy away from assisting legitimate friendly forces struggling to protect or free their countries. We should also develop a worldwide network to gather and share intelligence on radical movements and terrorists.

But let's go one step further to advance peace, freedom and decency in the world. Let's use our technology, creativity and intelligence-collection resources to combat threats like terrorism, insurgency, and the deadly traffic in drugs. Our United States Army, Air Force, Navy and Marines have excellent special operations forces. Now we need to review their roles and missions to meet the low intensity threats we are likely to meet in the 1990s and beyond. The cost in dollars won't be much, but the pay-off in protecting Americans today, and dissuading potential foes tomorrow will be.

TOTAL FORCE: THE GUARD AND RESERVE

The men and women who give their free time to serve in today's National Guard and Reserve forces are an essential part of America's defense. They provide significant -- and in some cases, total -- mission capabilities for many military requirements. Some examples: the National Guard provides 100% of the Army's TOW light anti-tank infantry battalions; the Naval Reserve provides 100% of the Navy's light attack helicopter squadrons; and the Air Guard provides 73% of our strategic interceptor forces. On duty 24 hours-a-day, seven days-a-week, the Guard and Reserves are truly part of our "total force" -- And Bob Dole will keep it that way.

Reserve and Guard forces are good value for money -- they cost about one-sixth of active duty personnel. There should be little wonder that they are being assigned more and more missions hitherto performed by active duty forces. But, let's face it, they can only fulfill their missions with adequate funding to recruit, retain, equip and train personnel. We simply can't assign them additional functions, and hand them an across-the-board cut too. We must maintain the funding of our most cost-effective forces. Therefore, any funding review will be based on their currently-assigned missions.

PEOPLE

The Dole Administration will never ignore the people in our armed forces. The men and women who give heart and brain to the technology of our defense will have first call on our concerns. Half our defense budget pays for people -- and rightly so. Never before have we had a more motivated, well-educated and well-trained force. We ask a lot of the men and women who volunteer to defend us. They sit on alert in lonely missile sites on Christmas eve. They sail the shores of the Persian Gulf while wives and children wait. They stare across the Berlin Wall at Checkpoint Charlie.

Bob Dole believes that these dedicated people -- and their families -- deserve the best America can provide -- not just military hardware, but housing, medical care, education, recreation, chapels and pay. Unfortunately, the yearly whack some legislators take out of the defense budget goes right to the core of people programs.

One good reason to set defense spending on an even keel is to remove the yearly temptation to extract "savings" from people who do so much for our country. Bob Dole won't forget that you can't draft an experienced NCO, nor can you hire from the street a capable fighter pilot. We will retain our valued military professionals.

LET'S GET BETTER AT WHAT WE DO

Our national security is not separate from our economic health. A crushing deficit and a necessary resistance to new taxes mean that growth rates in defense spending like those of

the early eighties will not be achieved, and they will not be sought. Managing our defense will be one of the toughest challenges of the Dole Administration. It's time to get better at what we do.

Everyone has heard about \$600 toilet seats, and everyone is against them. Fraud will be punished with loss of contracts and jail terms. More importantly, we will have strong management at every level in the Pentagon. Everyone on the Dole Pentagon team will be dedicated to working together to restore faith in government's ability to buy goods and services efficiently.

The Dole defense plan will focus scarce resources on areas offering the greatest deterrent leverage, the most important contributors to fighting strength. We will exploit areas in which the United States holds a relative advantage like space, highly accurate delivery systems and advanced conventional technologies. Then we must apply American creativity to translate technology into capability far faster than the average twelve years it now takes to develop and deploy new systems. This wastes billions of dollars, devalues our technology lead and drives our best industries away from doing business with the government.

We need to be selective in the military systems we buy. When possible, we will buy off-the-shelf items, and foster competition among suppliers. We must strengthen and revitalize our critical defense industrial base. The services will work together to minimize R & D and procurement duplication. And the United States will go one step further by leading the way to minimize overlap and duplication among allies.

The Dole Administration will also work with Congress to solve some problems which are bigger than the Pentagon. Congress must restrain itself from micro-managing the nation's defense activities. It must also stop buying things the military doesn't want or need. We must get defense spending on an even keel to improve planning, increase multi-year contracting, and buy at the most economical rates.

Bob Dole knows how to find and implement solutions to tough problems. With his strong leadership we can meet the challenge to keep America strong and free.

1/15/88

STATEMENT BY SENATOR BOB DOLE

The Presidency

Draft: 1/12/88

A politician who has spent twenty-seven years in Washington participating in and closely observing our national government, as I have, is bound to form strong ideas about the single most important and difficult position in the American political system, the presidency. I see it as incumbent on me and my fellow candidates for this office to spell out our ideas on the presidency and on presidential leadership.

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The American presidency, an office designed in the 18th century to be profoundly limited, has become a centerpiece of our government and of world affairs. How it meets the requirements of the rest of the 20th century and prospects for the 21st century is a great challenge for the American political system. This is why the quadriennial presidential sweepstakes, with all its flaws, is so significant for the American people. The challenge of the modern presidency is best understood by beginning with the history of the office.

Origins of the Presidency

The United States Constitution was designed to put the force of government in the Legislature. The first article creating the House and the Senate enumerates the powers of the new national government and assigns them to the Congress. Article I is by far the longest, most explicit, and detailed of the four articles.

Many of the Founders did not want to have an Executive Branch, especially one with a single head. The Constitution reflects their unease in the many ways it hedges, qualifies, and constricts the powers of the President. It assigns the power to lay and collect taxes, declare war, raise and support armies, and coin money to the Congress. The Senate is assigned the specific powers to ratify treaties and confirm presidential appointments.

Some of the framers didn't want to give the President the power to veto legislation. Even now, the President does not have item veto power. Almost all of the nation's governors have this power. They need it because they are required to balance their budget. I believe the President needs it, too, and for precisely the same reason.

Looking across the board at the powers granted to the President under the Constitution, one expert on the early history of the country said that like Mother Hubbard's cupboard, when it came to presidential powers, the President's cupboard was bare.

The reason the powers of the presidency are limited goes back two hundred years. It was because of the hatred of the people for King George III, whom Tom Paine called "The Royal Brute of Britain," and whom the colonists saw as their prime enemy in the Revolutionary War. It was all George's fault.

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For well over a century, the office of the presidency, with George Washington, Andrew Jackson, and the Civil War period being the predominant exceptions, operated in basically a weak manner that reflected this extreme caution. Members of the President's Cabinet would not talk to him. There was no budget or overall program for the government. The individual members of the Cabinet sent their budgets and other proposals directly to the Congress and lobbied for them on their own.

Wonderful lore of the office features President Monroe nearly coming to blows over the independence of his Secretary of the Treasury. Madison, that great intellect of our political system, was a bitter and disappointed man in the presidency, wandering around the Maryland countryside during the War of 1812 having difficulty finding someone who would take him in, along with his glittering and more controversial spouse, Dolly Madison. Lincoln's staff consisting of John Nickolay and John Hay (Hay was on loan from the Treasury) slept in a double bed in the White House, or at least so the story goes.

The Modern Presidency

The modern presidency, a strong office that shapes the nation's agenda and puts its stamp on periods of our national life, has its main roots in the twentieth century.

Woodrow Wilson's knowledge of government and programs and his attempt to control the budget (an idea he inherited from President Taft), T.R.'s bully pulpit, and most of all Franklin Roosevelt's skill as a crisis leader as well as his managerial reforms brought the office

to the modern era. The emerging role of the United States as a great power and the advance of technology contributed in important ways to the development of a stronger leadership role for the U. S. national government and particularly for the presidency.

But in terms of formal powers the presidency is still a fragile, vulnerable office. Recently, proposals have been made to change the presidency in fundamental ways. Beginning in the Carter presidency, a number of distinguished experts have said we should re-model the American presidency more like the office of the British Prime Minister. They want to do things like provide the President with the power to dissolve the government, call for new Congressional elections, and have sitting Members of Congress serve in the Cabinet. I do not think we should do things like this.

Nevertheless, the structure and character of the office require that we have a strong leader -- one who has a deep understanding of the workings of our governmental system. In fair measure, it is the alluring challenge of the presidency coupled with its centrality in the public service that makes it the focus of so much attention and energy in our national life.

Presidential Leadership

The President is a powerful political leader, an educator, a manager, and a human being all wrapped up in one. He or she must be skillful in structuring and managing the presidency if the office as an institution is to succeed and stay on an even keel amidst the great pressures that whirl around it. The President cannot let the machinery

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take on a life of its own. He must be in control. But he cannot control everything. There are three principles that seem to me to be keys to the decision making process of the presidency.

The first principle is that the President must be selective in choosing the issues on which his or her direct decisions and personal leadership are required.

The second principle is that in order to deal effectively with these issues the President must have a balanced group of trusted advisors who bring a range of experience and viewpoints to bear for the situation at hand. There must be no Berlin Wall constructed around the President by the chief of staff. The President must delegate, but he cannot abdicate. Striking this balance is not easy. It is more than anything else a function of the judgment, wisdom, experience, and style of the incumbent. This is why the American people are right to pay so much attention to the background and personality of the men and women who come forward as candidates for our highest office.

The third leadership principle is that the President must consider dissenting views but not allow them to swamp the system and prevent action. There is no magic formula for this either. The Bay of Pigs fiasco coming very early in Kennedy's presidency is a case in which dissent could not get through. Afterwards the President said, "How could I have been so far off base?" But it was too late. The consequences of the actions of the President, especially in areas affecting defense and foreign affairs, are immense.

Organizing and Managing the Presidency

The Executive Office of the President created in the thirties has vastly outgrown the perhaps apochryphal double bed of John Nickolay and John Hay. It is big, though not too big, but it must be organized and managed with great care. If a President tries to do too much himself, he will have trouble. The White House cannot run the government. The President must give priority to the issues that are of greatest concern to the nation as a whole and in world affairs, particularly issues which cut across the departments and agencies of government as is often the case.

In deciding what issues should be dealt with and emphasized in the White House, the President must take account of the nature of each question -- whether it involves the field of foreign, economic, or domestic policy and of the relationships involved with the Cabinet, the bureaucracy, the Congress, the Courts, and state and local governments. These subjects are taken up in the sections that follow.

National Security. The handling of national security matters has always been among the most prominent and awesome responsibilities of the President as a leader of the Free World. Issues concerning our national goal of peace with firmness, which Ronald Reagan has pursued, are on the President's desk everyday. It is not so much technical skill and knowledge that are needed as a high level of ability to identify talented associates, to work effectively with other political leaders at home and abroad, and to assess and act decisively on issues of great consequence under conditions of great pressure.

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The main machinery to assist the President in this field is the National Security Council. Its best role is not to be an advocate or an operator, but rather to coordinate, distill, and sharpen the issues on which the President chooses to become personally involved. There have been times when the NSC was powerful and effective in its own right. But as a general rule a President is better served by lodging the principal policy origination and operating roles for foreign affairs in the officers he has chosen to head the departments of State and Defense, and the CIA, along with other agencies.

Economic Policy. Increasingly in recent years, the field of economic policy has become a prime sphere of presidential action. I believe it is in this area that the next President will face his hardest decisions. The Damoclean sword of deficits stands out on the horizon. We know this. I have taken strong positions, and not always the most popular ones, on budget issues. I ask my fellow citizens to judge me by this and to give the hardest scrutiny to other candidates on economic issues.

President Reagan has skillfully created and relied upon an Economic Policy Council headed by the Secretary of the Treasury. I think this is a good arrangement. But the toughest calls in this area must be made by the President alone. To assist in the economic sphere, the President must attract to government talented advisors in the Treasury, the Council of Economic Advisors, the Office of Management and Budget, and other agencies with central roles in economic affairs. But, unfortunately, this is not the whole of it.

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Hubert Humphrey once complained that economists always say, "on the one hand and on the other hand." What Humphrey said he wanted was a crackerjack one-handed economist who knew all the answers. Needless to say, there are no such people. There is bound to be disagreement in the economic sphere. The President must have the wisdom to chose, the ability to convince others of the correctness of his choices, the courage to stick to his guns, and at the same time an appreciation of politics as the art of the possible which involves knowing when and how to shift your ground as economic and political changes require doing so.

Domestic Affairs. On the home front, we must remember that ours is a federal system of government. There tends to be too much of a Washington reflexive view of government: Discover a problem, set up a program in Washington (with your name on it if possible) to throw money at it, and hope that somehow the problem will go away. Increasingly, it is the states that are at the cutting edge on emerging domestic issues - AIDS, the homeless, health care for the poor, nursing homes for the elderly, reducing welfare dependency. State governments have the lead roles in fields such as education, welfare, and public health that are critical to the well being, civility, and economic prospects of the nation.

As Mr. Justice Brandeis said, we are fortunate that the states can be laboratories for experimentation and innovation in our governmental system. Washington wisdom is not enough. The next President must look to ways we can invigorate our federal system, focusing not on narrow programs, but on the institutions of domestic governance -- schools,

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welfare, child care, health. This is necessary if we are to deal with the stubborn, persistent needs of the least fortunate among us.

Our governmental institutions at all levels -- national, state, city, county, school districts -- must be viewed as systems that in many instances and areas need to be made leaner, more productive, and more effective. Money is not always and only the answer.

The next President, as I see it, has an opportunity to provide leadership in this field by instituting new mechanisms for combining the wisdom and energy of the national government and states and localities.

I plan to create a National Council of the States. This would be a new system whereby the National Governors Association, state legislators, and other groups of state and local officials would prepare an annual inventory of new developments by states and localities to meet critical problems like AIDS, homelessness, the growth of isolated underclass groups, school drop outs. Knowledge about how to deal with these issues at the cutting edge of government would then be reviewed at a conference for the senior officials of governments at all levels in our federalism, including the President and the chief officials of the Cabinet. The purpose would be to exchange ideas and develop new strategies for more productive, effective government at every level of our domestic affairs.

The President and the Cabinet. Scholars have used truckloads of paper to analyze the way Presidents pick and relate to their Cabinet. Some scholars argue for Cabinet government, like a committee with all of the key players sitting around discussing issues and then making a

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consensus decision. Although there are situations in which the President should consult with Members of the Cabinet as a whole, the Cabinet is not a group that makes decisions. The President must relate well and comfortably to individual Cabinet members and with groups of Cabinet officers in major areas, especially with groups of Cabinet officers to shape the program of the administration in major areas of governmental responsibility.

The selection of Cabinet officers is a critical task of the President. He must pick men and women who have integrity, brains, experience, management skills, and -- this is very important -- who share his ideas and values about our society and particularly about the role of government in it. Then, he must trust and rely on these subordinates. He needs them; they need him. This trusting relationship is critical to the development of positions on legislation, both bills originated by the administration and bills originating in the Congress. It is also important in the implementation of the nation's laws.

The President and his Cabinet must respect and work effectively with the permanent government, the dedicated men and women who serve in bureaucratic posts. This is never a cut and dried or crystal clear relationship. But it is important because laws do not come into existence until they are executed. In fact, administrative matters are the basis on which most Americans have their main contacts with government. An administration, in its dealing with the bureaucracy and managerial processes, sends signals and sets a tone that affects the way citizens relate to and perceive their government -- the elderly, the sick, our children in their schools, workers in the workplace.

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Relations with the Congress and The Courts. The President deals constantly with other branches of government. In actuality, ours is a system of shared rather than divided powers. The President's relationship with the Congress is perhaps most important, because over the years power has gravitated back and forth between these two branches.

In relations with the Congress, the President must lead and teach. The President must also listen. I have always had great respect for the leaders of the Congress. I know what makes them tick. But the presidency is different. One expert said it is like baseball: The President is a pitcher not a batter. He is up there all the time, not just every three or so innings. The analogy is not perfect, but it is a good one to make the point about the continuous leadership and teaching role of the presidency.

The next President of the United States will have an unprecedented opportunity and responsibility to put his stamp on the nation's judiciary. These are among the weightiest decisions he will make. They are among the most complex in our political system as evidenced by the rejection of Judge Robert Bork for the Supreme Court, a nomination on which I was solidly in support of President's Reagan's choice. These are delicate matters on which the President must take into account the views of others, especially the Senate. The experience I have had as a leader of the Senate will be invaluable in helping to shape and chart the direction of our national judiciary.

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I urge my fellow citizens to think hard about the choice we make when we select a President in terms of the personal qualities, capability, and beliefs of the men and women who are considered for this high honor and great responsibility. It is difficult to capture on paper more than a set of attitudes and beliefs about how this job should be done. These are my views, my beliefs, my observations from experience on which I wish to be judged.

All of us who are running for the presidency in 1988 obviously believe we are capable of serving effectively in this high office. We should be judged on two grounds. One is in the terms just stated relating to our concept of the presidency. Second, we should be judged for our vision of the future, for the ideas we would bring to this position of national leadership. What do we want the country to be like in the twenty-first century? In the next several weeks, I will issue similar statements of my views in the major areas of our national life.

1/20/88

POSITION OF SENATOR ROBERT DOLE
ON INTERNATIONAL TRADE

Introduction

Over the last several years, annual U.S. trade deficits have risen dramatically. The deficits are the result of a wide variety of factors which must be dealt with through a number of coordinated policies and programs. They involve actions which must be taken by our trading partners as well as by the United States. The United States cannot be myopic about either the problem or the solutions. I believe we must have a comprehensive program which will provide both our U.S. industries and workers as well as U.S. consumers the maximum opportunity to take advantage of the U.S. and world markets.

Readers like a staff memo. We can surely do better if we get some someone working on attached.

Background

Beginning in the early 1980's, the United States experienced increasingly larger deficits in its merchandise trade balance. In 1986, this deficit reached \$170 billion and it will be at approximately the same level in 1987. About one-third of this deficit is with Japan. Newly industrializing countries, particularly in Southeast Asia, account for much of the remainder.

It is clear that there are many causes of these deficits. Over the past several years, broad economic factors like exchange rates, the U.S. budget deficit, global debt, and the general competitiveness of U.S. industries have played key roles. More specific factors are also at work. Unfair or unreasonable practices by our trading partners and individual foreign firms have denied U.S. exporters access to foreign markets and caused injury here in the United States.

I have dealt for a number of years with these issues. As a member and chairman of the Senate Committee on Finance and as the Senate Republican Leader I have been actively involved with every recent trade, tax, and economic proposal considered by the Congress.

Throughout this period I supported legislation and policies which have stimulated U.S. and world trade. I supported legislation which authorized U.S. implementation of the Tokyo Round modifications of the General Agreements on Tariffs and Trade as well as negotiation of the current Uruguay Round of trade agreement negotiations. I took a leadership role in innovative programs like the Israeli Free Trade Agreement, the Caribbean Basin Initiative and the U.S.-Canadian Free Trade Area.

At the same time I have sought to be pragmatic about the

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problems facing our firms and workers. There is no question that in many instances the United States does not enjoy the same range of opportunities in foreign markets that foreign exporters have in U.S. markets. It is also clear from the number of unfair trade practice cases which have been brought successfully under GATT-sanctioned U.S. trade statutes that many foreign firms do not trade fairly here in the United States. I have consistently supported the strengthening of the laws which deal with these problems. Most recently I co-authored a proposal, adopted by the Senate, which would force action against countries which have a consistent pattern of barriers to U.S. exports. This so-called "Super 301" provision is part of my ongoing effort to ensure that U.S. laws are both adequate and flexible enough to deal with current conditions of trade.

The time has come, however, for a more comprehensive and coordinated program for dealing with the causes of this deficit.

Senator Dole's Programs

In the early 1980's growing Federal deficits increased interest rates and strengthened the value of the dollar. No efforts were made to influence the value of the dollar. Since 1985 there has been a dramatic reversal of this situation. The U.S. and other major market economy countries initiated a concerted effort to adjust exchange rates. This effort together with underlying economic factors have increased the value of most major foreign currencies against the dollar. I believe the United States should continue to pursue these policies which permit realistic and stable currency relationships.

As such, I think it is necessary to work more closely with those trading partners who have continued to artificially maintain undervalued currencies. Several of our trading partners in Southeast Asia have thus far refused to allow their currencies to move freely against the dollar. Indeed several of these countries are taking advantage of preferential trade programs for which they are eligible. Given their trade surpluses and preferred status, they should be encouraged to more fully comply with their current responsibilities in the world market.

Other trading partners, particularly major ones like Japan and West Germany are maintaining economic policies which unnecessarily hold down domestic demand. This reduces demand for U.S. products in those markets and at the same time increases pressure on third country suppliers to divert their products to markets here in the United States. I strongly

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support working with our trading partners in the pursuit of policies which will permit optimal levels of economic activity in all the major free world markets.

We cannot limit our activities to the traditional free world markets, however. It is my expectation that both the People's Republic of China and the U.S.S.R. will increasingly offer economic opportunities to U.S. exporters. I will make special efforts to ensure that both the U.S. Government and the private sector are in a position to take advantage of the opportunities which exist in those markets and which do not jeopardize U.S. national security interests. In the pursuit of these policies we must carefully differentiate our commercial and foreign policy interests.

Special efforts will also be required in Third World debtor nations. In the early 1980's many of these countries were good markets for U.S. products. Since that time, however, these markets have collapsed under debt obligations. We must be imaginative and energetic in pursuing solutions like debt equity swaps and other arrangements if we are to restore the purchasing power of these countries.

The U.S. also must make clear to its trading partners its determination to have full access to their markets if they expect to have access to U.S. markets. As I spelled out in the Byrd-Dole amendment, the President should be encouraged to take action against foreign trade barriers which restrict U.S. exports, particularly where such barriers are part of a pattern of unfair practices. For example Japan, until very recently, refused to permit any U.S. participation in public works projects and denied free access to its supercomputer and telecommunications market. The President must be prepared to act decisively in situations like these to secure the fundamentals of fair and reciprocal trading relationships. While the U.S. Government cannot insist on sector-by-sector reciprocity, nor balanced bilateral trade, it must provide basic equality of opportunity to U.S. economic interests involved in international trade. Today, unlike the situation ten years ago, we simply can no longer afford to tolerate a denial of market access by those who gain such great advantage from access to this market.

Unless the U.S. pursues solutions to obvious unfair trading practices, it will have little chance of strengthening the rules which govern the world trading system. The Uruguay Round of trade negotiations will not succeed unless the U.S. makes vigorous efforts to address the problems which currently exist in trade in merchandise and commodities and to expand and

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develop rules to cover new areas like services and intellectual property. Any chance of success in dealing with the systemic problems in world trade in agricultural commodities also depends on a willingness by the U.S. to demonstrate a continuing commitment to the elimination of unfair practices like export subsidies. Experience has shown that competitors like the European Community will not hesitate to take over-third country agricultural markets through such subsidized sales. Negotiations to reduce or eliminate these practices will not succeed unless it is clearly understood that the U.S. is also prepared to commit the resources necessary to defend its trading interests and to maintain access to its markets.

I believe the U.S. must should undertake an intensive review of its existing trade agreements to determine how they are working. Again, it is essential that we know and understand the balance of benefits and opportunities that we derive from these agreements. In some instances, such as with the Government Procurement Code, there are indications that the benefits may not have developed as expected. We must be pragmatic about such situations and if they are not working we must be prepared to seek necessary changes.

The U. S. must also ensure that the laws and regulations which govern access to the U.S. market are adequate to deal with the conditions of trade. While the U.S. must conform with its international obligations, it should also make every effort to strengthen its laws to deal with the variety of unfair trading practices that face our companies and workers. I support the proposals contained in the Omnibus Trade Bill which would strengthen U.S. trade laws to deal with unfair trade practices such as the theft of intellectual property rights and fraudulent customs practices. The antidumping and countervailing duty laws should also be reviewed and updated where necessary.

The U.S. also must renew its commitment to the adjustment process. Industries and workers can suffer dramatic and harsh effects from sharp changes in import levels. The U.S., like all other countries, has a GATT-sanctioned, statutory, mechanism for dealing with such situations. I believe that the current criteria in this statute give the President the flexibility to act in those situations where it is in the national economic interest and that the President should use this authority when it is. This law and the trade adjustment assistance law should be reviewed, however, to make certain that they effectively focus on the adjustment of firms and the retraining of workers. We should not protect an industry just for the sake of protecting it. Nor should the Government pay adjustment assistance benefits as an extension of unemployment benefits.

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Several other current policies and programs maintained by the Federal Government have an impact on U.S. exports. Both the Foreign Corrupt Practices Act and U.S. export control laws act as unnecessary impediments to U.S. exports in certain circumstances. While each seeks to deal with very legitimate concerns, it is necessary to achieve a balance between these concerns and commercial interests. I support efforts to work with private industry and other interests to review these laws to make certain that while serving overall U.S. interests, they do not unnecessarily impede exports.

I support a thorough, ongoing, review of the U.S. Government export promotion organizations like the Foreign Commercial Service. Private American interests who are served by these organizations should be asked for candid assessments of the performance of these organizations and for suggestions as to how they can be made more cost effective.

The U.S. must also make comprehensive efforts to improve the competitiveness of the workforce, individual firms and industries. In 1986 foreign firms, governments and individuals won almost half of the patents awarded. Personal savings rates are declining. Studies have shown that in many markets U.S. goods are not associated with high quality.

I believe the government must play an active role in confronting these problems. The U.S. must increase its stress on education. Particular areas like math and the sciences are essential if we are to maintain inventiveness in an increasingly technological world. Labor management relations must be improved. Obviously, the budget deficit, which absorbs a huge part of our national savings, must be reduced. Individuals must be encouraged to save more. Private industry must also be encouraged to do its part to increase the quality and productivity of our products and workers. To aid in this effort the Federal Government should adopt realistic and effective programs aimed at maximizing U.S. research and development activities.

Many groups and organizations like the Presidential Commission on Industrial Competitiveness and the Council on Competitiveness have undertaken extensive and serious studies of the U.S. competitive position. These private sector groups have made numerous suggestions as to areas in which the government can take initiatives. These suggestions should be studied carefully and our future actions should be taken in cooperation with both the private sector industrial and labor leaders.

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The situation is serious, but not impossible. I support the broad scale efforts which are needed to deal with our trade problems.

POSITION OF SENATOR ROBERT DOLE ON INTERNATIONAL TRADE

Introduction

Over the last several years, annual U.S. trade deficits have risen dramatically. The deficits are the result of a wide variety of factors which must be dealt with through a variety of coordinated policies and programs. They involve actions which must be taken by our trading partners as well as by the United States. The United States cannot be myopic about either the problem or the solutions.

Background

Beginning in the early 1980's, the United States experienced increasingly larger deficits in its merchandise trade balance. In 1986, this deficit reached \$170 billion and it will be at approximately the same level in 1987. About one-third of this deficit is with Japan. Newly industrializing countries, particularly in Southeast Asia, account for much of the remainder.

It is clear that there are many causes of these deficits. Over the past several years, broad economic factors like exchange rates, the U.S. budget deficit, global debt, and the general competitiveness of U.S. industries have played a key role. More specific factors are also at work. Unfair or unreasonable practices by our trading partners and individual foreign firms have denied U.S. firms access to foreign markets and caused injury here in the United States.

I have dealt for a number of years with these issues. As a member and chairman of the Senate Committee on Finance and as the Senate Republican Leader I have been actively involved with every recent trade, tax, and economic proposal considered by the Congress.

Throughout this period I supported legislation and policies which have stimulated U.S. and world trade. I supported legislation which authorized U.S. implementation of the Tokyo Round modifications of the General Agreements on Tariffs and Trade as well as negotiation of the current Uruguay Round of trade agreement negotiations. I took a leadership role in innovative programs like the Israeli Free Trade Agreement, the Caribbean Basin Initiative and the U.S.-Canadian Free Trade Area.

At the same time I have sought to be pragmatic about the problems facing our firms and workers. I have supported the strengthening of our unfair trade practice laws. Most recently I co-authored a proposal, adopted by the Senate, which would force action against countries which have a consistent pattern of barriers to U.S. exports. This so-called "Super 301"

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provision is part of my ongoing effort to ensure that U.S. laws are both adequate and flexible enough to deal with current conditions of trade. The time has come, however, for a more comprehensive and coordinated program for dealing with the causes of this deficit.

Senator Dole's Programs

In the early 1980's growing Federal deficits increased interest rates and strengthened the value of the dollar. No efforts were made to influence the value of the dollar. Since 1985 there has been a dramatic reversal of this situation. The U.S. and other major market economy countries initiated a concerted effort to adjust exchange rates. This effort together with underlying economic factors have increased the value of most major foreign currencies against the dollar. I believe the United States should continue to pursue these policies which permit realistic and stable currency relationships.

As such, I think it is necessary to work more closely with those trading partners who have continued to artificially maintain undervalued currencies. Several of our trading partners in Southeast Asia have thus far refused to allow their currencies to move freely against the dollar. They should be encouraged to do so.

Other trading partners, particularly major ones like Japan and West Germany are maintaining economic policies which unnecessarily hold down domestic demand. This reduces demand for U.S. products and at the same time increases pressure on third country suppliers to divert their products to markets here in the United States. I strongly support working out policies with our trading partners which will permit optimal levels of economic activity in all the major free world markets.

We cannot limit our activities to the traditional free world markets, however. Both the People's Republic of China and the U.S.S.R. will increasingly offer economic opportunities to U.S. exporters. I will make special efforts to ensure that both the U.S. Government and the private sector are in a position to take advantage of the opportunities which exist in those markets and which do not jeopardize U.S. national security interests. In the pursuit of these policies we must carefully differentiate our commercial and foreign policy interests.

Special efforts will also be required in Third World debtor nations. In the early 1980's many of these countries were good markets for U.S. products. Since that time, markets have collapsed under debt obligations. We must be imaginative and energetic in pursuing solutions like debt equity swaps and other

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arrangements if we are to restore the purchasing power of these countries.

The U.S. also must make clear to its trading partners its determination to have full access to their markets if they expect to have access to ours. As I spelled out in my amendment to S. 1420, the President should be encouraged to take action against foreign trade barriers which restrict U.S. exports, particularly where such barriers are part of a pattern of unfair practices. For example Japan, until very recently, refused to permit any U.S. participation in public works projects and denied free access to its supercomputer and telecommunications market. The President must be prepared to act decisively in situations like these to secure the fundamentals of fair and reciprocal trading relationships.

Unless the U.S. pursues solutions to obvious unfair trading practices, it will have little chance of strengthening the rules which govern the world trading system. While I support the Uruguay Round of trade negotiations, its success depends in large part on vigorous U.S. efforts to address the problems which currently exist in trade in merchandise and commodities and to expand and develop rules to cover new areas like services and intellectual property. Any chance of success in dealing with the systemic problems in world trade in agricultural commodities also depends on a willingness by the U.S. to demonstrate a commitment to the elimination of unfair practices like export subsidies. Experience has shown that competitors like the European Community will not hesitate to take over-third country agricultural markets through such subsidized sales. Negotiations to reduce or eliminate these practices will not succeed unless it is clearly understood that the U.S. is also prepared to commit the resources necessary to defend its trading interests and to maintain access to its markets.

I believe the U.S. also should undertake an intensive review of existing agreements. In some instances, such as with the Government Procurement Code, there are indications that the balance of benefits may not be working as expected. We must be pragmatic about such situations and if they are not working we must be prepared to seek necessary changes.

The U. S. must also ensure that the laws and regulations which govern access to the U.S. market are adequate to deal with the conditions of trade. While the U.S. must conform with its international obligations, it should also make every effort to strengthen its laws to deal with the variety of unfair trading practices that face our companies and workers. I support proposals such as those contained in the Omnibus Trade Bill which would strengthen U.S. trade laws to deal with unfair trade practices such as the theft of intellectual property rights and

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fraudulent customs practices. The antidumping and countervailing duty laws should also be reviewed and updated where necessary.

The U.S. also must renew its commitment to the adjustment process. Industries and workers can suffer dramatic and harsh effects from sharp changes in import levels. The U.S., like all other countries, has a GATT-sanctioned statutory mechanism for dealing with such situations. I believe that the current criteria in this statute give the President the flexibility to act in those situations where it is in the national economic interest and that the President should use this authority when it is. This law and the trade adjustment assistance law should be reviewed, however, to make certain that they effectively focus on the adjustment of firms and the retraining of workers. We should not protect an industry just for the sake of protecting it. Nor should the Government pay adjustment assistance benefits as an extension of unemployment benefits.

Several other current policies and programs maintained by the Federal Government have an impact on U.S. exports. Both the Foreign Corrupt Practices Act and U.S. export control laws act as unnecessary impediments to U.S. exports in certain circumstances. While each seeks to deal with very legitimate concerns, it is necessary to achieve a balance between these concerns and commercial interests. I support efforts to work with private industry and other interests to review these laws to make certain that while serving overall U.S. interests, they do not unnecessarily impede exports.

I also would support a thorough ongoing review of the U.S. Government export promotion organizations. Private American interests who are served by these organizations, like the Foreign Commercial Service, should be asked for candid assessments of their performance and for suggestions as to how this service could be made more cost effective.

The U.S. must also make comprehensive efforts to improve the competitiveness of the workforce, individual firms and industries. In 1986 foreign firms, governments and individuals won almost half of the patents awarded. Personal savings rates are declining. Studies have shown that in many markets U.S. goods are not associated with high quality.

I believe the government must play an active role in confronting these problems. The U.S. must increase its stress on education. Particular areas like math and the sciences are essential if we are to maintain inventiveness in an increasingly technological world. Labor management relations must be improved. Obviously, the budget deficit, which absorbs a huge part of our national savings, must be reduced. Individuals must

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be encouraged to save more. Private industry must also be encouraged to do its part to increase the quality and productivity of our products and workers. To aid in this effort the Federal Government should adopt realistic and effective programs aimed at maximizing U.S. research and development activities.

Many groups and organizations like the Presidential Commission on Industrial Competitiveness and the Council on Competitiveness have undertaken extensive and serious studies of the U.S. competitive position. These private sector groups have made numerous suggestions as to areas in which the government could take initiatives. Such efforts should be studied carefully and our future actions should be taken in cooperation with both the private sector industrial and labor leaders.

The situation is serious, but not impossible. I support the broad scale efforts which are needed to deal with our trade problems.

1/15/88

January 14, 1988

SENATOR DOLE'S ENERGY POLICY
FOR AMERICA'S FUTURE

I am ~~is~~ committed to assuring this Nation the supply of energy essential to sustain long-term economic growth. The energy crisis is still with us; it has only slipped out of the limelight. A reliable supply of reasonably priced energy is still essential to the economic and political vitality of the United States.

Without action to promote domestic production and conservation, however, control over America's energy supply will fall into the hands of foreign oil exporting nations. I believe that it would be inexcusable if we were to allow ourselves again to suffer the whims of unreliable suppliers who have their interests at heart, not ours.

The time is now to begin providing for America's future, I believe, by implementing a comprehensive national energy program to promote domestic energy production and conservation. It will be too late if we wait to take needed action until shortages begin.

My national energy program would protect America's energy security by:

- seeking to stabilize oil prices in order to encourage new energy production and conservation;
- eliminating existing impediments to domestic energy production;
- providing appropriate incentives to actively encourage all forms of domestic energy production including alternative energy; and to encourage sound energy conservation, and by
- guarding against an OPEC oil supply disruption.

American Needs Energy

Until the 1973 Arab oil embargo, the conventional wisdom had been that oil would always be cheap and plentiful and that OPEC did not have the power to affect price or supply. The Arab oil embargo proved otherwise; and no one who sat for hours in the long gasoline lines will soon forget it.

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The Arab oil embargo also demonstrated that the price and supply of all types of energy -- oil, natural gas, coal, electricity -- are interrelated, and that they directly affect our economic well-being. Energy is integral to every aspect of our economy, and when in short supply we have a national crisis.

Despite having learned those lessons the hard way, however, we have not yet taken the steps necessary to assure America's energy supply. This Nation's energy security improved little since 1973, and there are now clear warning signs that without action it will soon deteriorate significantly. That would be bad news for consumers, the economy, and our national security.

Petroleum exploration has been reduced to the point that it is not replacing what we are now producing out of the ground, and America's proven reserve base is declining. Consumption is increasing and imports of foreign oil are rising. No new nuclear power plant has been announced for nearly a decade.

The Department of Energy has concluded that if we continue to stand idly by, in just a few years the United States will depend on foreign producers for two-thirds of our oil supply.

OPEC Not Dead

Being two-thirds foreign dependent -- in contrast to our one-third dependence at the time of the Arab oil embargo -- would turn the keys to America's economy over to OPEC. I find that unacceptable.

Those who believe that OPEC is "dead" and no longer capable of manipulating supply and price are putting hope before reality. Just last year, OPEC flexed its oil muscles again by engineering a price plunge. They did so in order to restore their control over the marketplace by destroying non-OPEC oil production. And it worked. During the last three years over 40,000 U.S. oil wells have since been plugged, and scores of independent oil producers are now out of business. We are clearly being set up for the threat of new shortages and further price increases.

Just as OPEC manipulation has reduced U.S. oil production, it has decimated alternative energy production. For example, over 80% of the firms in the solar and wind energy have gone out of the business since 1985.

If we do nothing and simply watch as our domestic energy capacity dwindle, we cannot expect it to be there to meet our future needs or to respond to the next OPEC-engineered oil supply disruption.

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We must keep in mind that the Middle East, which provides one-third of the free-world's oil supplies, is a highly volatile region. Events in the Persian Gulf can, without a moment's notice, create an instant worldwide oil shortage. That is why the United States has assembled there one of the largest peacetime flotillas of American warships. Ironically, we are now risking the lives of U.S. servicemen in order to protect the OPEC oil which is the threat to American energy security.

The Energy Policy We Need

If we are to have the energy supply necessary to ensure long-term economic growth, we must establish a comprehensive national energy policy, a program designed to promote the production of all types of domestic energy at the lowest reasonable price.

A comprehensive policy would have three key principles: first, the elimination of disincentives to produce domestic energy; second, the establishment of appropriate incentives to produce domestic energy; and third, a reliance on free-market forces wherever appropriate.

The United States is blessed with substantial resources of oil, coal, natural gas, uranium and other forms of energy such as solar, wind geothermal, oil shale and hydroelectric power, as well as the technical know-how to construct a myriad of power generating facilities.

Some steps have already been taken under Republican leadership: crude oil was deregulated in 1981; natural gas was partially deregulated in 1985; regulatory changes have been made to stimulate competition in the natural gas market; and the Strategic Petroleum Reserve has been filled to more than 515 million barrels, the equivalent of over 200 days of our imports of OPEC oil.

We must not make the mistake, however, of assuming that there is a simple, painless, and noncontroversial quick-fix "solution," because there isn't. There is no single answer to the problems we face, instead there are a number of actions which can be taken, each of which would contribute to our domestic energy production. The choice now facing this Nation is whether we take a chance with our future, or whether we instead provide for our energy security.

In my view, a comprehensive national energy policy should:

- (1) seek to stabilize oil prices in order to encourage investment in all forms of energy production including renewable alternative fuels and to encourage energy conservation;

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- (2) remove disincentives that hamper U.S. energy exploration as;
 - repealing the so-called Windfall Profit Tax,
 - permitting controlled exploration of Arctic National Wildlife Refuge and environmentally acceptable areas of Outer Continental Shelf, and
 - removing Federal controls on natural gas prices;
- (3) provide incentives and encouragement for an expansion of all forms of domestic energy production, such as;
 - continuing and extending incentives and encourage for new alternative energy such as fuel ethanol, solar and wind energy and energy conservation efforts such as cogeneration projects,
 - providing new tax incentives for new marginal oil and gas production,
 - establishing a clean coal technology development and deployment program, and encouraging coal gasification projects,
 - reauthorize the Price-Anderson Act, and establish a blue ribbon panel to review the nuclear energy program to determine what changes in law or regulation are necessary to insure safety while promoting facility construction; and
- (4) guarding against OPEC supply disruptions by continuing to fill the Strategic Petroleum Reserve and permanently reducing our dependence on OPEC.

1/15/88

POSITION OF SENATOR ROBERT DOLE ON EDUCATION ISSUES

Introduction

Our nation faces an education deficit that rivals our economic deficit in threatening the hopes of future generations.

For too long, too many of our schools have been getting failing grades -- and deserving them. The consequences show up in high drop-out rates, adult illiteracy, remedial courses in major colleges and universities, and basic skills courses required for young workers or enlistees in the military. Last year alone, 700,000 individuals came out of our schools unable to read the diplomas they were given on graduation day -- a shameful and inexcusable record that fosters a legacy of crime, welfare dependency and low productivity.

At stake is our competitive standing in the world -- where Japanese and European students routinely outperform American students by substantial margins. The fact is: we must begin to work smarter. We must encourage students to think, to challenge and to discern. We must involve more elements in our society in the dialogue over what we want our children to know when they graduate from high school, when they enter the job market, and when they graduate from college. In the highly competitive world of the 1990s and beyond, we cannot afford to squander a single talent. We cannot risk a closing of the American mind.

Throughout America's history, education has been our major hope for improving the individual and society. Now, we must reaffirm our commitment to education as the great equalizer -- as the door to opportunity for millions of children who may start a step behind others.

Abraham Lincoln -- himself a self-educated man -- in his first public speech as a candidate for the Illinois Legislature in 1832, said this: "Upon the subject of education, not presuming to dictate any plan or system respecting it, I can only say that I view it as the most important subject which we, as a people, can be engaged in." Those words were never more true than today.

Background

Education at all levels is our number one public enterprise, our top priority of public business at the state and local level.

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With an investment of a record \$308 billion in education spending at all levels in 1987, it's time for us to get more for our money.

It is unequivocally true that we have the best system of higher education in the world. We are on the leading edge of technological advances. We have more than our share of Nobel Laureates in the sciences. But we have permitted the foundations of our system of public education to erode dangerously. Four-fifths of the jobs to be created in coming years will require post-secondary cognitive skills -- communication, mathematic and reasoning skills that today too many students are not getting. Standards for educational performance must be linked more with performance in the real world, if America is to be a real competitor in the world.

We all have a stake in making America a nation of learners. Our responsibility and need for learning begins with ourselves, extends to our schools through our children, and spans our entire lifetime. We can no longer afford to fiddle with knobs on the education machine or work at the margins improving test scores.

We must also realize that government cannot do for people what they won't do for themselves. Common sense, backed up by academic research, clearly recognizes that parental involvement in a child's education inevitably improves performance. Homes must be conducive to learning. A study by the U.S. Department of Education on what works in American education states it best: "Parents are their children's first and most influential teachers. What parents do to help their children learn is more important to academic success than how well-off the family is." Education, in short, can't be left only to the educators.

While families retain the primary responsibility for fostering traditional values in children, schools can reinforce in young people the positive character traits that are so important to basic social interaction and indispensable in the world of work. Cheating is wrong, lying is wrong, stealing is wrong. Basic values can be taught, discipline can be enforced. It's a big order, but we have to fill it if we are to have a better society.

The good news is that after more than two decades of neglect, our public schools are beginning to get the attention they require. An education reform movement is sweeping the country today, spawned by intense dissatisfaction with the quality and delivery of education.

The Federal Role

I have long believed that education is a national concern, a state responsibility and a local function. The federal government is clearly the junior partner. It must refrain from imposing excessive rules and regulations on schools, but must

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instead allow educators the flexibility to innovate. We cannot afford to reinstitute the costly, inefficient educational bureaucracies of the past.

But the federal government can stimulate school systems to improve what goes on in our classrooms. It can identify as models those programs that produce positive results. It can give incentives to states and localities to adopt methods of proven success.

I will also promote the government's historic role as the insurer of equal educational opportunity regardless of race, gender, economic status or disability. This role will be even more important in coming decades as we strive to meet the special needs of poor, handicapped, and gifted and talented students -- as well as those from our growing minority groups and children of single-parent families. There was no selectivity in Jefferson's proclamation that all God's children are created equal. Every child should be given the chance to pursue the American dream.

ELEMENTARY AND SECONDARY EDUCATION

At the primary and secondary levels -- beginning at pre-kindergarten levels -- we must transform schools into settings where learning is the focus and teachers are responsive to the individual needs of students. Above all, we should re-emphasize instruction in the basics: English, math and science, foreign language and the newest basic skill -- computer training. I recommend establishing national fellowships to train outstanding teachers in the uses of technology and encouraging partnership programs that allow elementary and secondary schools to tap into the expertise of universities and the private sector.

It is a national embarrassment that almost 40 percent of 17-year-olds who have taken American history courses don't have the foggiest idea of when Columbus discovered this country and 25 percent can't place World War I in the correct half century.

The federal government must encourage efforts by localities to inject a measure of competition into education by experimenting with options to provide parents a choice of schools for their children. Magnet schools, for example, have contributed significantly to the choices available to parents, particularly for economically disadvantaged students who have special talents.

In the Senate, I have addressed these needs through "The Education Competitiveness and Improvement Act," which would target federal resources toward poorer students, encourage innovative programs, and provide incentives for school districts to participate with local businesses and industry in developing training programs relevant to employment opportunities -- a "Partnerships for Excellence Program".

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I strongly believe that we must restore the luster of the high school diploma, the value of which has declined over the last two decades. I propose a new standardized advanced high school diploma for students completing rigorous academic programs that would be recognized by college and universities for admission, advanced placement and scholarships. Some districts now offer advanced placement courses, but they should be backed up by a special diploma that recognizes the students' enhanced educational standing.

At the same time, diplomas must not be awarded simply because students have spent 12 years in the classroom. Everything possible must be done to avoid encouraging mediocrity in our schools -- and this means that students must not be passed on to the next grade unless they are truly ready to move to a higher academic level. The high number of pass-along students has contributed to the 23 million adult Americans who can't read or write well enough to fill demanding jobs.

We must also guarantee our children a drug-free environment in which to pursue their studies. The new anti-drug abuse act, which is based on legislation I introduced in the Senate, provides some good weapons for the fight for drug-free schools.

There are a variety of specific areas that also must be addressed at the elementary and secondary levels. These include:

Accountability. We spend more money on education than any country in the world. Additional investments may well be necessary, but the public is calling for more accountability with current programs and policies. They want to know how well their money is being spent now, and this is a reasonable expectation. Students, teachers and school administrators must all be held to higher standards. Everything possible must be done to avoid encouraging mediocrity in our schools.

Early Childhood Education. Such federal efforts as Headstart and preschool programs for children with disabilities have been proven successes. What is learned during the early developmental years has a profound impact and sets the pace for later learning. Early childhood education is also cost effective because it can prevent developmental handicaps and curb learning disabilities in children.

Many school districts have experimented with before and after school care for children of working parents, and even day care for preschool children. Increasing the role of public schools in day care has some drawbacks, but the nation's schools clearly represent a largely untapped resource that should be explored.

The Drop-Out Problem. Twenty-five percent of our nation's youth drop out of school -- a major reason for our inability to achieve a more productive work force. We know that quality education at an early level can prevent many children from

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becoming school dropouts when they reach adolescence, but only close cooperation among parents, schools and social agencies can lead to a lower drop-out rate.

The Teaching Profession. Teaching is rewarding work for talented and dedicated teachers, but too often the rewards are not in the pay check. School boards must provide incentives in the form of merit pay and career advancement to deserving individuals who take on the difficult but all-important job of teaching. Teachers' salaries should be more competitive with private industry and their work environments should be made more professional. In return, teachers must be held accountable for providing a quality classroom experience.

Too often we reward our most capable teachers by pulling them out of the classroom and putting them in administrative offices. At the same time, we treat beginning teachers as if they were experienced professionals. Instead, we should encourage our master teachers to stay in the classroom, where they can train new teachers and, if appropriate, teach children with special needs. We should also encourage schools to provide in-service programs for first year teachers.

Rural Education. One quarter of America's school population is in rural and remote areas. While their learning experiences are adequate in many respects, education in specialized subjects is difficult for rural communities to provide. Using telecommunications, particularly satellite and cable networks, colleges and universities can broadcast advanced coursework to students and adults in isolated areas.

HIGHER EDUCATION

This nation produces one commodity that is prized the world over: A degree from an American university. The best students from Europe, Japan, China and the Third World flock to our campuses for made-in-America training that can be found nowhere else. Our students are privileged to have access to such institutions.

But throughout the 1980s, this commodity -- the college diploma -- has been rising in price at twice the rate of inflation. Because of tuition increases, a college degree has gone up an average of 10 and one-half percent a year. Today, the cost of four years at some schools rivals the price of a small house.

At the same time, the value of a college degree in the workplace is going up, as evidenced by the record numbers of applicants seeking admission. My concern is that the neediest students -- many from middle and working class families -- may find the rising costs too high, and decide to drop out or forgo college altogether. That is something the nation can't afford. We must not create a situation in which only the rich can send their children to college.

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Given the limited federal resources available for student aid, such as Pell Grants and Guaranteed Student Loans, we must be certain that these funds are targeted to those who need them most.

In addition, enactment of tax-deferred educational savings accounts or other investments, with appropriate safeguards, is needed to allow families to save for education expenses. This is a program that I have promoted through legislation for many years: private savings accounts established by parents that specifically provide for a college education for their children. Such accounts would be similar to individual retirement accounts in that they would not be taxed when used for college. Instead, the tax advantage would be "recaptured" after the student enters the work force. However, it is also necessary that those who borrow federal tax dollars must repay their debt. Those who don't are defaulting on their obligation to society.

Higher Education and Competitiveness. We can and must do more to enlist our institutions of higher learning in the effort to restore our national competitiveness. We are not going to produce qualified people for the work force of the next century unless we are able to disseminate more widely the technical skills and scientific knowledge developed at our colleges and universities.

It is also time to upgrade the laboratories and equipment at our research institutions. One-half of this nation's basic research is conducted at universities, yet many of our campus laboratories are not state-of-the-art facilities. I would advocate selective aid to colleges and universities to support their research efforts. This has been a major priority of the National Science Foundation and the White House Office of Science and Technology Policy. And it pays off. We are just seeing the start of work on superconductors that could revolutionize the way we consume energy. Genetic engineering holds promise for curing cancer and increasing farm productivity.

Conclusion

It is our responsibility to prepare our children for the 21st century. If we are to maintain our competitive edge in the world economy, we must see to it that students master the basic and technical skills required of a quality work force. If we are to continue our proud tradition as a land of opportunity, we must ensure that the growing numbers of minority and economically disadvantaged children are not allowed to fall through the cracks of our educational system. And if we are to preserve our freedoms, we must make certain that young people learn what it takes to make democracy work. Our children must understand the past and be prepared for the future. A quality education is the key to achieving these goals.

Speech Draft
January 17, 1988

BOB DOLE
AGRICULTURE POLICY

It's a presidential election year and a number of candidates are traveling around the country talking about farm policy.

And, as I listen to them, it's my understanding that once their new farm policy proposals are enacted, no one will be able to lose money farming ever again.

Now, I've worked on farm policy for 27 years, and I don't ever recall any agricultural legislation having worked quite that well.

I've served on either the House or the Senate agriculture committee ever since I walked through the doors of Congress as a freshman member of the House in 1961. In fact, I've put in more time on the agriculture committees than anybody else in Congress. I can tell you, with some authority, farm policy is more than just an easy campaign time answer to a one shot problem.

Agriculture policy-making means finding solutions and making on-going adjustments to the laws and regulations affecting farmers, ranchers and consumers. Farm policy is our government's attempt to keep up with a dynamically shifting world economy and an ever-changing U.S. agriculture.

I've had the honor of hammering out farm legislation with six different Secretaries of Agriculture. Every one of them was an intelligent, concerned person who wanted what was best, in their viewpoint, for U.S. farmers and ranchers.

They wanted the best for small town people and people whose jobs in the cities also depended on agriculture, and food production and distribution.

They wanted a reliable supply of reasonably priced food for consumers who go to the grocery store two or three times a week and fill their shopping carts.

They wanted to supply efficient food aid for the disadvantaged, the poor, and the unemployed; or any other group of people needing nutritional help to get them through tough times.

These goals, these considerations, are what farm policy is all about.

I don't doubt the desires of my fellow presidential candidates to make America a better place to live for rural and urban people alike. But I do question their understanding of agricultural policy, and their continued willingness to make it a priority if elected.

And I don't think anybody can challenge the sincerity of Bob Dole when I say that I will continue to work for sound agricultural policy when I am President. My record of 27 years in Congress, working to make a positive difference for ranchers and farmers, speaks for itself.

Good farm legislation takes hard work. It requires the same sort of continuing effort, year after year, as defense policy, foreign policy, or educational policy.

For almost three decades, I've stood up time and time again in the U.S. Congress to be counted on every issue affecting American agriculture. I'll continue to do so if elected president. A new address on Pennsylvania Avenue won't change my belief in the importance of rural and small town America: it's where I come from; it's what I am.

Sound farm policy requires thoughtful action from farmers, from the White House, and from Congress. It requires getting opposing sides to sit down at the bargaining table to reach solutions that work. It also requires remembering the importance of the U.S. agricultural sector when making other government policy decisions as well. Farmers and ranchers can't afford any more policy blunders like President Carter's Soviet grain embargo.

I worked hard to get that particular foreign policy mistake lifted from the heads and pocketbooks of American farmers. And when I'm President, I'll work long and hard to see that similar short-sighted policies don't happen again.

But if we are going to have better farm policy, and a stronger agricultural trade position in the world, I believe we need to start working on it right now -- and not just wait for the 1990 Farm Bill to roll around.

I have definite concerns about the direction future farm policy might take. Some people are growing weary of what they perceive as unnecessarily high farm program costs. They also worry about the size of payments being made to some individual producers.

These are issues that the next president must address.

U.S. farm policy also cannot be made in a vacuum, without considering the political and economic policies of other countries competing with us in supplying food to the world marketplace.

Our agriculture has maintained a comparative advantage in the world for a long time. We have good land and hard working farmers. Our climate is favorable. Our technology is highly developed. Our researchers are constantly looking for new and better answers to production and economic problems. We have an efficient transportation system and a market-based economy that works.

These strengths have made agriculture the largest, most competitive industry in the United States.

Agriculture continues to support more people than any other industry in our country. Rural America is still home to over 60 million people. This includes families living in 14,000 small towns and cities, people whose livelihoods depend directly or indirectly on farming and ranching.

Agriculture is also steward to nearly 90 percent of our country's natural resources.

All this means that rural America is too important to be washed into the backwater of political decision-making -- and it's up to all of us who know and understand agriculture's importance to our economy to see that U.S. farm policy continues to be soundly formulated and administered.

Public support of U.S. agriculture began as far back as Abraham Lincoln's time, when the Department of Agriculture was first formed to help promote agricultural research and to disseminate useful information about farming.

But it wasn't really until the Depression Years of the 1930's that price and income supports were added to the mix of farm policy responsibilities. Franklin Roosevelt put sharply expanded farm programs in place as part of the New Deal -- because they directly affected the cash incomes of more than 25 percent of the population.

Those basic Dust Bowl Era farm policies have remained soundly entrenched through the decades, with only a few twists here and there, right through to the early 1980's. The 1981 Farm Bill for instance, was essentially more of the same -- non-recourse commodity loans, support prices, payments above market prices, supply management programs and large land reserves.

Between 1981 through 1985, however, change and outside financial pressures caught up with American agriculture and pretty well blew apart the effectiveness of that era's farm policy. In spite of more and more government spending, U.S. farmers took a real beating.

- 1....Grain, rice and cotton prices plunged over 25 percent.
- 2....Farmland prices collapsed by 50 percent (in some cases the losses hit as high as 70 percent).
- 3....Total farm assets dropped \$200 billion, to an \$800 billion level.
- 4....Debt to equity ratios for agriculture surged from about 20 percent up to 30 percent.
- 5....Farm foreclosures and rural bank failures increased significantly.
- 6....Farm input buying dropped dramatically, with fertilizer usage, agricultural chemical sales and farm machinery sales plummeting more than 20 percent. This caused small businesses and rural communities to suffer severely.

While all this was hitting farmers, government farm program administrators were having their problems too.

- 1....Farm program spending shot up from about \$4 billion per year to over \$20 billion.
- 2....Government farm payments, as a percentage of farm income increased from about 10 percent to over 25 percent.
- 3....Farmland acreage removed from production by government farm programs shot up from virtually nothing to as much as 80 million acres per year.
- 4....Foreign grain and cotton production increased 25 percent worldwide competing directly with U.S. crops in the export market.
- 5....Subsidized competition from other exporting nations intensified tremendously.
- 6....Agriculture exports dropped from nearly \$44 billion in 1981 to about \$26 billion in 1986.
- 7....Agricultural imports rose from about \$15 to approximately \$20 billion.

For many farm policy architects in Washington, this was a time of panic. Loud cries for rigid government control of agriculture were getting more and more attention.

Had those pleas been translated into legislation, farmers would have even less choice of how to work their way out of a mess not entirely of their own making.

This was the environment in 1985 when farm legislation had to be renewed.

All of us concerned with agriculture in Congress knew we were going to have to provide some strong leadership and cool thinking if we were going to avoid a legislative disaster. First we had to provide a voice of reason to bring some of the wilder ideas back to reality. Next we began to work to bring about a consensus centered on some solid principles to help American agriculture out of the hole it found itself in.

Looking back, I'm proud of the leadership role I had in moving the 1985 Farm Bill through Congress. We made some significant policy shifts away from the old programs that weren't working any more.

The 1985 Farm Bill gave U.S. farmers a better competitive edge in the international marketplace while protecting farm income. The legislation also acknowledged and modified previous policies which had encouraged foreign competitors to expand agricultural production under the price-protective umbrella of U.S. farm programs -- while using their own export subsidies to capture markets away from U.S. farmers. We made strong legislative changes to correct those inequities.

The 1985 farm legislation set up stronger export enhancement programs, so U.S. farmers could fight fire with fire when other exporting governments unfairly subsidized farm exports.

Those export enhancement programs are working. U.S. farmers are starting to sell more of their production overseas again.

The 1985 bill also set policies in motion to preserve the environmental health of farm land and to preserve the water quality of the streams and rivers running through it.

An emphasis on long term conservation is taking highly erodible farm land out of production through the Conservation Reserve Program (CRP). This helps prevent soil erosion and it also addresses the growing concern about the possible movement of pesticides into water supplies. I strongly supported this provision of the Farm Bill and am considering legislation to expand the program to reduce our dependence on annual production cutbacks.

On the cash flow side of things, new authorization for generic PIK certificates in the commodity programs gave farmers a new marketing tool to use in getting the best possible price for their grain.

Those are some of the tools provided to farmers by the 1985 Farm Bill. Now let's look at the results after two years.

- *....Record net cash income for farmers (\$53 billion in 1986; \$52-56 billion estimated for 1987);
- *....Farm prices are up, especially for livestock;
- *....Production costs declined \$20 billion during last two years (lowest since 1979);
- *....Reduced farm debt (22 percent drop since the peak);
- *....Farm land values stabilizing and farm net worth is likely to rise in 1987 after 6 straight years of decline;
- *....Total return on farm assets turns positive for the first time since 1980;
- *....Farm exports in 1987 are up 19.5 million tons (to 129 million) and \$1.7 billion (to \$28 billion) in value from the previous year, and 1988 exports (both in value and volume) are expected to increase even further;
- *....Domestic use is up for almost all commodities, including record utilization of feedgrains;
- *....Evidence indicates that land ownership by nonfarm investors, cooperations, and foreign owners is extremely low and declining;
- *....Farm program costs are large but declining (\$26 billion, fiscal year 1986; \$23 billion, fiscal year 1987, and estimated \$18 billion, fiscal year 1988);
- *....Consumers have also benefited. In 1986 Americans spent only 14 percent of their disposable income for food. In 1966, that figure was 18 percent. And, overall, in the last three years, food price increases have ranged from 2 to 4 percent -- well below the overall inflation rate.

Those are pretty impressive achievements in two years. So, as I have often said, 'Any of us who like to eat, and want a continuing supply of good food at reasonable prices, should think twice before complaining about farm programs.'

This doesn't mean, however, that there is not room for improvement.

Americans should expect, and demand, from their next president that farm programs -- right along with all other government programs -- become more efficient and more cost-effective.

The 1985 Farm Bill has been a good transition bill out of the farm doldrums of the early '80's, but now we need to build something better.

I think there are three basic areas to be considered as we design future farm policy.

- 1....Government must work actively with states and the private sector to set policy direction and incentives for future growth.
- 2....It is the federal government's responsibility to maintain fully competitive conditions in international trade, allowing U.S. farmers to compete on a level playing field.
- 3....Agriculture must receive fair and equal treatment in all federal policy decisions. It must be fully represented in domestic and international economic decisions.

The following are key directions to be considered in U.S. farm policy.

- 1....Ensure a continuous, adequate, and wholesome supply of food and fiber.
- 2....Promote the sound use and management of soil, water, and timber resources.
- 3....Invest in research and education that benefits farmers and consumers alike.
- 4....Allow more flexibility for farmers to grow the crops they can produce the most efficiently.
- 5....Increase freedom for individual farmers to exercise independent farm management decisions and to profit from their own initiative, ingenuity, hard work, and risk taking.

- 6....No longer make unilateral adjustments in U.S. supply which provide a price umbrella for other nations to expand production and increase market share at our expense.
- 7....Reaffirm the U.S. reputation as a reliable supplier by guaranteeing that no restrictions will be imposed on the exportation of farm products because of rising domestic prices, and assuring that embargoes of farm exports will not be used as an instrument of foreign policy.
- 8....Work aggressively to achieve world markets that are free of trade barriers and unfair trade practices. Until that is accomplished, adopt trade policies that "fight fire with fire" if our farmers are forced to compete with unfair competition and the treasuries of other nations.
- 9....Increase agricultural exports by setting commodity loan rates at competitive levels.
- 10....Use export assistance programs in a meaningful way to increase exports and quickly bring our competitors that use subsidies and limit market access to the bargaining table.
- 11....Support agriculture with programs that enhance market development, upgrade market intelligence, develop and communicate useful agricultural information, and assist in protecting national food and fiber supplies through livestock and crop disease control.
- 12....Reduce our reliance on acreage reduction programs in the short term and try to eliminate such programs over the long run as highly erodible land is taken out of production on a long-term basis through the Conservation Reserve.
- 13....Maintain a sound dairy program at price support levels that balance supply and demand.
- 14....Preserve marketing order programs that have served consumers and producers well over the years.
- 15....Maintain adequate food reserves to care for the poor and disadvantaged here and abroad.

- 16....Maintain a sound and safe food supply through quality inspection systems, supported at a level that allows them to work effectively.
- 17....Re-orient agricultural credit programs to avoid uneconomic excess investment while helping current farm borrowers recover from their economic difficulties.
- 18....Give greater support for finding and implementing new uses (food and non-food) of farm products, as we have done with corn in alternative fuels production. I was an original sponsor of the 1978 Energy Security Act, establishing the current ethanol fuel program, and will continue to support such energy diversification programs.
- 19....Support all aspects of the P.L. 480 Food for Peace Program as an instrument for peace and to relieve suffering from food shortages in poorer countries.
- 20....Strive for a vigorous national economy that fosters a combined farm and rural community structure providing healthy economic and social environments.
- 21....Encourage information and service-oriented companies to locate their headquarters and branch offices in rural America by supporting expanded use of modern telecommunications and computer technologies. Along these lines, I have proposed establishment of a "Rural Fund for Development," using surplus, government-owned farm commodities to guarantee loans for state and private sector projects in rural America.
- 22....Be aware of the growing concern about possible non-point source pollution of groundwater, surface waters and farmland; support research and training in the responsible use of pesticides and farm chemicals.

The agenda is long. But I believe U.S. agriculture has a great future and so will always give highest priority to issues affecting agriculture. This is my best assurance to farmers and ranchers, and all of our citizens in rural America.

January 4, 1988

TO: Senator Dole
FROM: Richard Haass *CH*
SUBJECT: Middle East


Last Thursday's New York Times carried a piece comparing the reactions of the candidates to recent events in the Middle East. You were portrayed as avoiding direct comment on Israel's action, saying that Israel has the right to maintain order but has no right to use excessive force. You were also characterized as stating that a way must be found to square Israeli security needs with political concerns of the Palestinians and other Arabs. Although I have no real objections to either of these reactions, I think you could approach things somewhat differently, in the process distinguishing yourself from the competition.

Rebukes of Israel for its handling of the West Bank and Gaza unrest will only lead most Israelis to circle the wagons and strengthen the hands of Israelis opposed to compromise. At the same time, criticism of Israel only encourages Palestinians who prefer the streets to the negotiating table. If asked for your views, you might express some sympathy with those Israelis assigned the difficult task of maintaining order, and note that people and governments on the outside who are quick to criticize Israel appear less able to provide constructive advice as to how Israel should maintain order in a volatile environment.

The related point should be that U.S. policy ought not to be deflected by these events. Consistent with the Camp David Accords and the 1982 Reagan Plan, the United States has articulated a vision in which the occupied territories would be jointly administered by Israel, Jordan and responsible Palestinians. (The latest term of art is "condominium arrangement.") Questions of sovereignty would be deferred. Only the local actors can make this a reality; the United States can help with economic and political support, but no major U.S. initiative (much less an international conference) is called for until the situation is ripe for progress, something that will have to await the 1988 Israeli elections and the emergence of more moderate political views on all sides of the Middle East equation.

Here you could note two themes. First, the recent unrest might prove a blessing in disguise if it stimulates some political thinking in Israel and among Palestinians as to the danger of drift. Second, the way ahead is illuminated by the Camp David Accords and the 1982 Reagan Plan, namely, that there is no substitute for Israel, Jordan and responsible Palestinian leaders sitting down together and coming up with interim arrangements to improve life in the West Bank while peace is being negotiated.

January 4, 1988

TO: Senator Dole
FROM: Richard Haass 
SUBJECT: Your January 17 Appearance on "Candidates 88"

You are scheduled to be the guest on Marvin Kalb's "Candidates 88" on Sunday, January 17. The show lasts one hour--1:00-2:00 p.m.--and goes out live, although some public television stations delay broadcast. More than almost any other setting, and certainly more than any debate or the Frost program, the Kalb interview provides an opportunity to have a serious conversation about the issues.

The format is simple. You and Kalb will be sitting in arm chairs in the center of the Kennedy School of Government's forum, surrounded by an audience of 500 or so people. Kalb will ask you questions for some 25 minutes, followed by a half hour of questions from the audience. For part of this time, Kalb tends to zero in on one or two subjects, typically where the candidate is perceived to be vulnerable. Thus, Dukakis got pushed on foreign policy, Simon on his economic proposals, Robertson on religion, and so on. You might get questions on "vision", the budget and possibly the INF treaty. Often he asks the candidate to defend past votes or statements. Kalb also tries to cover as many issues--national security, economic, domestic--as he can.

The questions from the audience are more difficult to predict, but a normal sampling would include homosexual rights, abortion, Central America, South Africa, strategic defense, welfare reform, social security, and trade. Three of the questioners--two faculty and one student--will know they are to be called upon and tend to be primed. Almost everyone will come at you from a liberal direction. Often Kalb saves the last question for himself--something to catch you off guard, about your favorite book or what your wife would do in your administration.

You will be the final candidate to appear. All but one--George Bush--have been on. (Bush's staff says he is over-scheduled, although most people think his staff is unwilling to permit him to go before the cameras any more than is absolutely necessary.) It is a setting that favors those appearing relaxed, thoughtful and low-keyed. Humor, short personal statements and even touches of philosophy go over better than campaign rhetoric or excessive detail.

I look forward to seeing you here, either before or at the small reception after the show. Let me know if there is anything I can do to assist.

1/15/88

POSITION OF SENATOR ROBERT DOLE
ON ENVIRONMENTAL ISSUES

Introduction

The Republican Party has a strong tradition of environmental stewardship dating back to Theodore Roosevelt. During his presidency, he set aside some 230 million acres of national forests, wildlife refuges and other protected lands. Roosevelt's foresight with regard to conservation -- and his vision of an America protective of her natural riches -- are a legacy that the Republican Party can claim with pride. We are a party of initiative -- and that initiative must be redirected toward preserving the environment for this and future generations.

Today, few issues generate greater support from Americans than protecting both our natural resources and our health from the adverse effects of man-made pollution. Despite this support, we are far from achieving all the goals established by Congress. Moreover, problems of even greater complexity are being discovered as our scientific prowess advances.

In a Dole Administration, the full panoply of environmental concerns will be addressed, but I will give particular attention to two vexing problems: Acid rain that jeopardizes our forests and lakes, and toxic waste repositories that are nothing less than ticking time bombs that threaten the quality of life for this and future generations.

Background

The federal government oversees a comprehensive national environmental protection program. It is national in scope because pollutants and contamination don't recognize state boundaries. Air, rivers and streams, and highways and rail lines flow freely between states -- and all too often carry hazardous material with them. Our constitution charges the federal government with regulating interstate commerce. But we need a renewed determination to regulate interstate pollution as well.

Above all, we need determined leadership that begins in the White House and runs strongly through the Environmental Protection Agency, the Interior Department, the National Oceanic and Atmospheric Administration and the dozens of other federal agencies that monitor compliance with environmental law. EPA in particular is of concern: It not has more than 10,000 employees, a \$4-billion budget, administers a dozen major statutes and has adopted eight volumes of regulations. Yet many Americans still believe the agency is not meeting its full potential.

We have had many success stories: The cleanup of the Great Lakes is well underway. A historic multi-state compact to restore the viability of the Chesapeake Bay has been signed. Pollution controls on cars and factories have improved the quality of our air. Many state and federal land-use planners -- working closely with American business and industry -- have been able to balance development and continued economic growth with respect and concern for ecological preservation, recreation and natural beauty.

Maintaining that balance will require leadership, imagination, discipline and toughness. We are on our way to achieving the most easily attainable pollutant reductions. But it is the last 10 to 15 percent in pollution control that presents the most difficult technical problems and the most costly solutions. Under my leadership, this country can and will meet the challenge of protecting the quality of the environment and the health of its citizens who live and work within that environment.

Acid Rain

We know that automobile exhaust and emissions from high-sulfur coal-burning power plants undergo chemical changes in the upper atmosphere and then precipitate as acid rain.

We know of the corrosive effect that this acid precipitation has on our buildings and monuments. We are aware of its capacity to render lakes devoid of life. We worry about what acid rain may be doing to our forest lands and cultivated crops.

It's time to admit we have a problem, and get to work on it. We may not have the luxury of waiting until we have details on the extent of the potential damage. Like most environmental problems, the lag time can be lengthy -- and it is not always prudent to delay.

This country recently signed a five-year pact with Canada to study the causes and effects of acid rain and to develop ways to burn coal more cleanly. The emphasis of this bilateral effort must be toward reducing the pollutants that cause acid rain.

Further reductions in nitrogen oxide emissions from motor vehicles can be achieved by tightening auto emission standards. Additional reductions can be made by increasing the development and use of cleaner-burning alternative fuels, such as ethanol. Cooperation between government and industry is essential for the continued

development of technologies that reduce sulfur dioxides. And industry must be allowed a free choice among those technologies based on cost effectiveness. These strategies can include any combination of "clean coal" technologies, stack scrubbers, upgrading of existing furnaces and boilers, energy conservation, co-generation, or fuel switching.

The cost of just one stack scrubber is in the \$80-100 million range. The federal government must investigate the ways in which it can encourage the installation of these enormously expensive technologies, perhaps through tax incentives or a revolving low-interest loan fund. We must also take care not to unfairly burden any one region of the nation -- or one industry -- with the expense of reducing this pollution. No region of this country will be able to successfully reduce its sulfur dioxide emissions if its economy is undermined. States and local governments must take part in developing regulatory strategies that accommodate the particular environmental and economic conditions they face.

Toxic Waste

No environmental problem has generated greater public concern than the threat posed by improper disposal of hazardous wastes. We have made strides in protecting our citizens from the dangers of toxic chemicals, but much remains to be done. As Chairman of the Senate Finance Committee, and later as Majority Leader, I pushed for two major statutes, the Resource Conservation and Recovery Act (RCRA) and the "Superfund" program. RCRA regulates the handling and disposal of current wastes, while Superfund provides the financial and legal mechanisms to remove closed and sometimes abandoned disposal sites from our neighborhoods.

EPA must streamline its procedures and cut the red tape to accelerate Superfund cleanups. Its track record -- the ratio of sites cleaned to dollars spent -- is mediocre at best. In 1987, EPA lists more than 900 Superfund sites nationwide, yet it has completed full cleanup on only 16 sites. That is an appalling record -- for government and for industry -- when this statute, intended to provide prompt response to a serious public health problem, has been in effect for nearly eight years.

Plain and simple, we know what has to be done, and it's time to get it done. At present, 75 cents of every Superfund dollar is spent for consultants and lawyers. We've got to let the cleanup begin -- even though we may not have yet determined the exact degree of cleanliness we need. As of now, no one is happy with the process, most

of all the individual citizens living near toxic wastes who only want to see the hazards eliminated.

EPA must be more aggressive in breaking these logjams and get on with the job of site cleanups. This country has excellent businesses and scientific firms that specialize in the design and clean-up of hazardous waste sites. EPA must promote new partnerships with private enterprise to encourage safe, efficient and cost-effective cleanups. The government should resist attempts to micro-manage these programs, but must instead act as a facilitator. If the interested parties -- states, citizen groups, waste generators, defense attorneys, engineering firms -- devote the same energy they use attacking each other to find ways to streamline the process, the public will benefit enormously.

Solid Waste

The saga of the unwanted garbage barge from Islip, New York symbolizes the serious and growing problem of municipal waste disposal. More than 250 million tons of garbage are produced each year, enough to fill 50 million garbage trucks. While the volume of garbage continues to grow, the number of available landfills continues to decline. Some localities have already run out of space and at tremendous expense are shipping their garbage out of state, causing increasingly bitter interstate conflicts. Lack of space, lack of suitable sites and public resistance to new landfills has exacerbated the problem. The states should be encouraged to set up regional interstate compacts to deal with the solid waste disposal problem.

Many municipalities are looking to incineration of their wastes. High temperatures destroy many of the toxic compounds in such wastes and can reduce the volume of wastes to be landfilled by up to 90 percent.

These waste combustion facilities are not without problems. EPA must develop reasonable emission standards for these facilities. It must continue to monitor the disposal of the waste ash produced by these incinerators. While the federal government must ensure that public health is protected, it is local governments that have primary responsibility in waste management and they must be allowed the flexibility to use combustion, landfills and recycling.

Clean Water

This year Congress reauthorized the Clean Water Act, although it was in spite of a presidential veto and my vote to sustain that veto. The issue in contention there was not whether to protect the environment, since the President's proposal was identical on every environmental

section. The problem with the bill was the same problem that plagues so much of legislation in Washington, that favorite item on the Congressional menu -- pork. Every Congressman and Senator wanted to send a sewage treatment plant and miles of sewer pipe to folks back home. In the blink of an eye, the deficit was increased by another \$6 billion over the next four years.

I've repeatedly emphasized the dangers of the budget deficit and I had some problems with the number of public subsidies provided under the bill for what is essentially new real estate development rather than increased environmental protection.

Still, we have the bill and I believe that the new standards adopted in the Clean Water Act will go a long way in restoring purity to our rivers, lakes and drinking water supplies.

The U.S. relies heavily on groundwater. Forty percent of the nation served by public water utilities uses ground water and more than ninety-five percent of rural America's drinking water comes from underground sources. Maintaining the quality of those sources is imperative. I would like to see more coordination among the various federal agencies entrusted with groundwater protection. The federal role should primarily emphasize technical and funding assistance to the States, who are, after all, best able to allocate and manage their underground water resources. And assistance should be provided to agricultural extension services to educate farmers on the proper methods of fertilizer and pesticide applications, emphasizing proper selection, proper quantities and proper timing of applications.

Clean Air

December 31, 1987 is the deadline in the Clean Air Act for the attainment of air quality standards on carbon monoxide and ozone. Many of our cities have not completely met the standards. Some, such as Los Angeles and Denver, are far from compliance and have little hope of meeting the standards in the near future. Failure to meet the air standards by the deadline exposes these cities to a wide variety of sanctions, including construction moratoriums and the withholding of highway and wastewater grants.

I support the EPA's proposal to extend the deadline for those states who come up with a new plan for achieving compliance within a specific period of time. But the clock is ticking loudly. The most severely polluted areas must be forced to halt construction of new industrial facilities. And consistent, achievable controls should be established at levels and with compliance deadlines that enable businesses adequate time to develop and implement cost effective technologies.

Recently, in response to a worrisome depletion of the protective stratospheric ozone layer over Antarctica, members of the United Nations signed an agreement for international cooperation on reducing the chemicals responsible for ozone depletion. I was happy to join my colleague, Senator John Chaffee of Rhode Island, as a co-sponsor of his resolution, since passed, which directed our American representatives to seek significant reductions in the production of these chemicals. With such reductions, there is hope that, over time, the earth's protective ozone layer might be naturally restored.

Conclusion: More Vigorous Leadership Needed

From time to time I hear that Republicans don't care about the environment. Now, that's not an accurate perception, but it is a perception. The fact is, no political party has a monopoly on concern for the environment. Governmental policies regarding protection of the environment touch on all citizens -- not just environmentalists and not just those industries covered by environmental regulations.

In Kansas, during the Dust Bowls of the 30s and 40s, wind and erosion destroyed vast areas of our Great Plains farmland. We hadn't been too careful with our soil resources up to that point. But we learned a lot from that tragedy -- knowledge gleaned from suffering -- but knowledge that has helped make American farmers second to none in conserving the rich top soil responsible for our agricultural productivity.

From such knowledge, we know that environmental problems can be anticipated in advance and resolved. In a world of intense international economic competition -- some of that competition being with nations having far weaker environmental laws than we have here -- we must emphasize cost-effective solutions to environmental threats. We must study the problems to find those solutions -- but we must not study for the sake of delay. The final goal is to solve the problem and the sooner action takes place, the sooner we reach that goal.

The first key to an effective environmental program is the appointment of an EPA administrator who has the experience and commitment to provide strong, dynamic leadership to the nation's environmental protection efforts. Swift, vigorous federal enforcement of environmental laws is absolutely essential. The resources of the Justice Department and EPA have been substantially expanded in recent years, but there has not been a commensurate rise in the number of enforcement actions. I would not accept the pace of the current Administration.

America has some of the best environmental protection laws in the world. Our business and scientific community is on the cutting edge with regard to environmental technology. Government should actively encourage the further development of this technology and of the equipment and expertise that make it possible. And we should encourage putting that technology into use.

Environmental problems are world wide -- and the rest of the world is rapidly realizing that economic growth and environmental protection are inextricably linked. Those photos of the earth taken from the moon by the Apollo astronauts show better than words that we're all on the same planet and we'd better take care of it. The federal government ought to vigorously promote the exporting of our environmental technology: The benefits to our country will include much more than the positive economic impact on our balance of payments.

Leadership requires experience in proposing inventive legislative and administrative techniques for practical solutions to such problems as acid rain, clean water and air and toxic wastes. Experience that is not from just being in Washington, but from working with members of Congress in both political parties to get things done.

I believe we've just begun to tap the greatness that is America. I also believe that if all Americans had one wish, it would be that when they leave this earth, it would be a better place for their children and grandchildren. That means a clean, healthy and vital environment. It also means a government meeting its tasks, yet living within its means. This is necessary if those decisions which are efficient and appropriate in serving our national interests today are to remain protective of our interests for generations to come.

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from Dale Tate
1/24/88

*Rough
Draft*

SENATOR BOB DOLE
BUDGET FREEZE CONCEPT

o The concept of a budget freeze is simple and straightforward. It is equitable, it is easy to administer, and it is politically "doable."

o That is why I favor the freeze concept as a first step in reducing the federal deficit to manageable levels and finally in balance.

o There are many "freeze" proposals that could be adopted. I want the flexibility to make the final determination on which freeze formula based on the economic and political realities of January 1989. That is why I am not now wedded to any one freeze plan.

o But I will lay out some principles that any freeze proposal I back must follow:

(1) It must be an across-the-board spending freeze, with the only exceptions being those programs that affect the most "vulnerable" in society.

(2) By most vulnerable, I mean: the poor (Medicaid, low-income energy assistance); the elderly (Social Security) and the very young (WIC, Headstart). *(low income)*

(3) The revenue side of the equation would not be affected. In other words, no tax hikes, no freezing of indexing.

o The magnitude of the savings from a one-year freeze is significant. The more austere the freeze the higher the savings. A one year freeze in absolute dollar terms, or freeze in outlays, would cut \$70 billion off the deficit in the first year and the cumulative three-year savings from such a freeze would be \$215 billion.

o Even with such a freeze, we would still have the option of going back through the budget, eliminating some programs entirely, cutting more deeply in other, so that the "people" programs I mentioned above could be made whole, and the savings still realized.

o The freeze is a first step, and only a first step.

Savings from Freeze Plans

	88	89	90
One year outlay freeze	\$70	\$75	\$80
One year, 2% increase in outlays	\$50	\$54	\$57
One year, budget authority freeze	\$18	\$28	\$28

Total 3 yrs

** not best policy
* people of both parties support
* Congress support
* take look at program by program analysis*

PROSPECTS AND PROPOSALS FOR THE FEDERAL DEFICIT

The federal budget deficit is the nation's most pressing economic problem. In January 1985, when I assumed my position as Majority Leader of the U.S. Senate, the Congressional Budget Office projected the budget deficit to rise from an unprecedented level of \$215 billion in FY 1986 to almost \$300 billion in FY 1989.

In the three years since then, we have cut the budget deficit in half. The most recent Congressional Budget Office estimates project budget deficits in the \$140 billion to \$150 billion range for the next two years. Even the more pessimistic private sector estimates show deficits in the \$160 billion to \$170 billion range -- dramatically different from the explosive budget picture we faced several years ago.

Still, the federal budget deficit remains the single most important obstacle to economic growth, lower interest rates, and further improvement in our national trade deficit. While it is lower than in the past, the federal budget deficit this year will still be the fourth largest in the nation's history -- and this statement is based on estimates which are considered optimistic by almost all economists.

We need to take broader action to restrain the government's insatiable appetite for new spending. If we can draw upon all aspects of government, while protecting the most vulnerable Americans, through a three year program of collective restraint,

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we could virtually balance the federal budget by FY 1992.

It is for this reason that I have endorsed the concept of a government-wide freeze on federal spending. If federal spending were frozen at FY 1989 levels -- consistent with the recent bipartisan Congressional-Administration budget summit agreement - for three years, the budget would be very near balance, if not actually balanced, in FY 1992.

A budget freeze means spending the same number of dollars in the future that we are today, which is well over \$1 trillion. It further means that any beneficiary eligible for a government program, say, unemployment compensation, would still be eligible, would still be protected, and would still receive the benefits prescribed by law. It does however mean that no one who is somehow involved in the government spending machine -- other than the most needy in our society -- would receive an increase.

Just this simple action, for three years, could save up to \$150 billion dollars over three years. Indeed, this proposal would save approximately \$90 billion in FY 1992, if kept in place for just three years. Given that the most recent Congressional Budget Office projections suggest that the budget deficit would be on the order of about \$100 billion in FY 1992 when the full effects of the budget summit actions are taken into account, the federal budget could well be balanced using this approach.

To emphasize, the weak and most vulnerable in our society would be and should be protected. However, we must change our

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approach to looking at spending restraint or it will be very difficult to make substantial progress on the budget deficit.

We need to focus our efforts toward protecting people not programs. Last year, there were 13.6 percent of the American people with family incomes below the poverty line. Only about 11 percent of the federal budget is spent on low income individuals. We must devise ways of restraining the growth in these programs for people who are not needy while protecting the benefits and the welfare of people who are in need.

If we can achieve this simple and equitable rule of restraint, it is clear again from the numbers that we would not need the massive new tax increases that many concerned about the budget deficit have called for. There is ample opportunity to find "pay as you go" approaches for new programs and priorities. Moreover, there is more than ample opportunity to cut, combine or eliminate federal programs to provide the resources necessary to maintain benefits for low income people.

What we do need is a commitment by the leadership in government as well as the American people not to accept less, but rather, a commitment not to demand more. With the proper leadership, and with confidence that the fundamental American values of fairness will guide such an effort, we can achieve not only fundamental restraint in the federal budget, but fundamental reform, which will let us address the priorities of the 1990s in a fiscally prudent way.

	FY 88	FY 89	FY 90	FY 91	FY 92
AUGUST CBO BASELINE	\$183	\$192	\$176	\$165	\$151
Budget Summit 1/	33	46	50	50	50
DEFICIT TOTAL	150	146	126	115	100
Budget Freeze 2/			18	48	88
POSSIBLE DEFICIT			108	67	12

1/ SBC minority staff estimates; CBO estimates of actual Congressional action are not available; and no official estimates beyond FY 1990 are likely to become available.

2/ Assumes the full fiscal FY 1990 impact of a budget freeze. Savings could be larger if a budget freeze were implemented in early 1989.

Note: CBO deficit estimates are likely to rise by about \$20 billion a year when the new more pessimistic forecasts are released. However, the OMB estimates are likely to remain at about these levels even after revising their forecasts.

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Senator: The following is a background memorandum on Citizen Service that provides some of the information you requested and that could be given out to further explain the proposal.

STROCK to LIGHTHIZER

DRAFT/January 16, 1988

TELEPHONE: 303-892-7372(w), 303-894-0074(h).

CITIZEN SERVICE (Background Information)

This paper provides background information concerning the Citizen Service initiative proposed by Senator Bob Dole.

The Proposal

Senator Dole has proposed a Citizen Service effort designed to tap the volunteer and community spirit of America. Citizen Service would be initially aimed toward young Americans entering adulthood, providing opportunities for voluntary community service, with the goal of infusing the nation with the energy of youth, and providing young people with new possibilities of responsibility. Hopefully, within several years, it would be considered a rite of passage for young people to have done some kind of Citizen Service--either through military service or existing federal programs such as the Peace Corps, ACTION or VISTA, or in additional community service efforts across the nation.

In order to encourage and invigorate the community service aspect, Citizen Service would have three initial goals:

- 1) To provide an centralized information bank, which would monitor successful community service efforts and serve as a source of sharing such efforts with people across the nation who may wish to introduce them into their own communities. This would mean that young people seeking volunteer community work, as well as organizations or individuals seeking volunteers, could locate one another by a telephone call. Also, the information bank would be a source from which people could learn of successful volunteer efforts across the nation, which they could then apply in their own communities.

- 2) To encourage state and local governments, as well as non-profit organizations and public-spirited corporations, to establish and expand existing volunteer programs, and to better cross-fertilize their efforts;

- 3) To create additional federal volunteer programs where a need is identified which can only be met at the national level.

While Citizen Service would invigorate voluntary community service among all of our people, it would initially be targeted at the young, with several guidelines:

- 1) participation would be strictly voluntary;

- 2) any new federal spending to implement Citizen Service

STROCK to LINTHIZER
Citizen_Service/DRAFT/1-18-88

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would be limited (and it is anticipated that the unique public--private--non-profit mix of Citizen Service would lead to private and non-profit organization participation in meeting any funding requirements);

3) While Americans who have taken part in the military would of course be considered to have taken part in Citizen Service, Citizen Service would be administered entirely separately from the military, and would not be linked to any change in the current structure of the All-Volunteer Force.

Implementation of Citizen Service

Among the very first actions of the Dole Administration, in January 1989, will be the establishment, by executive order, of a working group to design the Citizen Service initiative. The working groups will be instructed to report to the President within 6 months, so that the effort can begin shortly thereafter.

The working group will be comprised of representatives of the secondary and post-secondary education, the armed forces, labor unions, non-profit organizations and other groups. This group will be charged with developing details of Citizen Service, such as: how it will be paid for; how the centralized information bank will be established; what the initial goals of the effort will be; how Citizen Service for young people can be designed to target specific national and community needs; how Citizen Service can not only unleash the talents of young Americans, but also of others, particularly older people, who also have much to offer. The working group will also identify what, if any, federal legislation will be required to implement the concept.

The Historical Context

Citizen Service is not a "new idea"; it taps upon the traditional willingness of Americans to participate in their communities. This community spirit is one of the most unique and important aspects of our national character, and it can be traced all the way back to the Mayflower and John Winthrop's "City on a Hill" sermon. Alexis de Tocqueville also commented on it in his landmark examination of America in the early nineteenth century, Democracy in America.

Since 1910, when William James proposed the establishment of a "national service" to meet domestic needs, to infuse the American people with a sense of purpose no less than that found in wartime, there have been many proposals in this area. There have also been federal programs, such as the Civilian Conservation Corps during the 1930's, and the Peace Corps, ACTION, and VISTA in more recent times, which have some aspects of national service. Most importantly, during the Reagan

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Administration there has been a dramatic expansion of voluntary community service throughout the nation, largely at the state and local community levels: there are now more than forty state and local youth corps projects operating full-time, with a combined budget of more than \$100 million, including more than 23,000 young people. Simultaneously, the interest of foundations in studying the possibilities of such efforts has increased, with new academic focus shown by numerous studies and publications, such as Northwestern University Professor Charles Moskos' forthcoming book, National Service in America.

Now is the time to build upon these promising beginnings. A degree of federal involvement can serve as a catalyzing force--not by the promulgation of regulations from Washington, but by bringing together the unmet needs of the nation with the genius and enterprise of our people. While Citizen Service would, at least initially, be aimed toward the young, it is foreseeable that other groups, particularly older Americans, would not only be provided services, but would also become active and integral participants in a new era of voluntary community service.

The Unmet Needs of the Nation

In my role as Republican Leader in the U.S. Senate, I have seen that the nature of the problems facing our nation is changing. At the same time, the role of the federal government in helping us to meet our new challenges is also changing. Whereas in the past the federal government often had a direct role in legislating traditional programmatic solutions to national challenges in such areas as civil rights and the environment, traditional federal programs may not hold the key to meeting the coming challenges of the 1990's and the 21st Century.

First, there is no question that, no matter which political party holds the upper hand in Washington, there is simply not enough money in the federal treasury to allow for expensive new programs.

Secondly, the nature of the new problems is such that additional federal money, even if it were available, would not alone provide the kind of creative solutions we now need. New bureaucracies in Washington will not hold the key to meeting the new challenges in areas such as adult literacy, reinvigoration of our educational system at all levels, providing day care for the young, and companionship and home care for older people. These challenges will best be met at the community level by efforts dependent upon person-to-person interaction--efforts which fit perfectly within an evolving Citizen Service concept.

This opportunity was well-illustrated by a 1986 Ford Foundation report which identified the kinds of tasks that could

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be performed by short-term, youth volunteers. The Ford Foundation found that 3.5 million tasks could be performed by young people, including the following areas:

--Education: tutors, teachers' aides, literacy efforts;

--Health_Care: inpatient care in hospitals, nursing homes and hospices; outpatient care facilities and nursing homes;

--Service_for_Older_Americans: in addition to medical care, services such as Meals-on-wheels, transportation and reading;

--Child_Care: day care facility volunteers, transportation, reading classes;

--Environmental_Protection_and_Maintenance: forestry planting; soil conservation; construction and maintenance of recreation areas and walking trails.

Of course, this list represents only the beginning. Citizen Service, by providing the link between those who wish to volunteer and the unmet needs of the nation--and by sharing news of creative and successful volunteer efforts in one part of the country which might be utilized elsewhere--will catalyze many new and creative efforts. To take just one example, there is no doubt that the more than 100,000 non-profit organizations in America would be dramatically energized by Citizen Service.

Old_and_Young

There is no more promising aspect of Citizen Service than the possibilities for new links between older and younger Americans. While I envision Citizen Service as initially providing new opportunities for community service for the young, I also hope that older Americans will become active participants, utilizing the centralized information bank to begin new and creative voluntary efforts.

Some politicians look at the growing number of older Americans--from 25 million today to more than 35 million in the year 2000--and think only about budget questions, such as Social Security Cost of Living Adjustments. Those budget questions are of course important, but there is much more to be considered. What I see in older Americans is a tremendous resource just waiting to be tapped. Citizen Service will mean not only that the some of the 3 to 4 million young Americans turning 18 in each year of the next decade will be able to provide voluntary services for older Americans, but also that the young will learn from their elders--both from the seniors they serve, and from the seniors who can teach them through voluntary community service of their own.

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The potential benefits to the nation from such an interaction cannot be calculated in dollars and cents, and should be catalyzed, not directed, from Washington. I hope that Citizen Service will empower individuals in both groups to unleash a new spirit of community across America.

Citizen_Service_in_Action--An Agenda for a Generation

The recent and regrettable preoccupation of some commentators with isolated but notorious examples of greed and unadulterated arrogance on Wall Street and in Washington has blinded them from the essential character of the American people. The everyday heroism and community spirit of our people, including our young, is something I see daily as I travel across America in this campaign. My work has corroborated what the studies of the pollster George Gallup led him to conclude: "The youth population has been misnamed the self-centered generation. There's a strong desire to serve others. The problem we face in America today is not a lack of willingness to serve or to help others, but to find the appropriate outlet for this."

Citizen Service can be that outlet. The best in America is found not only in those few who walk the moon, but also in the many who journey across their streets, neighborhoods and cities to give of themselves to help others. In this task of Citizen Service, we can fulfill centuries-old vision of that proud New Englander, John Winthrop, who wrote:

We must be knit together in this work as one man. We must entertain each other in brotherly affection. We must be willing to abridge ourselves of superfluities, for the supply of others' necessities. We must uphold a familiar commerce together in meekness, gentleness, patience and liberality. We must delight in each other, make other's conditions our own, rejoice together, mourn together, labor, and suffer together, always having before our eyes... Community.

January 22, 1988

M E M O R A N D U M

TO: Senator Dole

FROM: Bob Lighthizer *BL*

Enclosed are two memoranda on monetary policies done by Professor Meltzer. The first one is the statement of the current situation that you asked for on Friday. The second is a brief memorandum on the basic relationships between money and the economy. They are somewhat academic but hopefully understandable.

Current Monetary Policy and the Economy

by Allan H. Meltzer

The growth of all commonly watched measures of money slowed in 1987. Money growth has remained sluggish in early 1988. Many analysts, observing the slow growth of money since last spring, have either expressed concern about, or forecast, a recession beginning this year, possibly in the spring or summer.

Adding to these warnings of possible recession are five other indicators:

- (1) Leading indicators (a composite of 12 series) slowed in October and declined in November. Three months of decline gives a reasonably accurate forecast of recession.
- (2) The stock market declined in October and has not recovered much. Stock prices are one of the more accurate leading indicators.
- (3) Claims for unemployment (jobless claims) have been increasing.
- (4) Growth of consumer spending has slowed. If the volatile auto sales are excluded, retail sales for December were very weak. The peak for retail sales, adjusted for inflation, is November 1986.
- (5) Business loans and borrowing for production has remained flat since September.

On the opposite side is the relatively strong export growth resulting from devaluation and rapid money growth abroad. Real exports (exports adjusted for price changes) have increased at an annual rate of 15 to 20%. Current growth of exports is largely a result of past devaluation of the dollar. If exports continue to rise strongly, a recession may be avoided, but there will be problems in some sectors of the economy -- e.g. housing, construction, domestic production of consumer goods, retailing.

Whether or not there is an actual recession, slow money growth increases the risk of a recession this year.

Money growth has slowed as part of the policy of supporting the dollar exchange rate. To keep the dollar from falling, the main central banks outside the U.S. buy dollars and issue their own currency. This raises their money growth to 10% to 12% in Japan and 8 to 10% in Germany. The opposite happens in the U.S. We slow money growth. U.S. money growth fell to 5% in 1987 and, in the last 13 weeks, it has declined further.

The narrow reason for the decline in U.S. money growth is that the

Federal Reserve is not supplying reserves. Bank reserves have been falling since last spring.

The broader reason is that interest rates have been held too high so as to attract foreign capital and keep the dollar from declining further. Current interest rates discourage domestic borrowing and hold down money growth. That will help, eventually, to keep inflation low, but it runs the risk of a recession at a most inopportune time--this year.

If a recession comes, the Federal Reserve is almost certain to let interest rates fall even if it means a further fall in the dollar. It would be far better to avoid the recession by letting the dollar fall now.

This is not a plea for inflation. It is an argument against further disinflation at this time. And it is a plea to keep the economy's growth stable and avoid a costly recession.

Money and the Economy: Some Basic Relations

By Allan H. Meltzer

From the very earliest systematic studies of economic relationships to the present, many people have observed a relation between money and prices and between money and income (GNP). Sustained increases in money relative to GNP with few exceptions in history, have been followed by inflation. Sustained reductions in money relative to GNP have been followed by recessions and falling prices. Prices change for many reasons but, over long periods, sustained price movements--inflation or deflation--are, in an economy like ours, mainly the result of past movements of money.

Shorter-term effects of money are on output. Output depends on many factors other than money. However, rapid expansion of money gives people more to spend, increasing spending and output; prices rise and, as they do, wages and interest rates rise, the dollar falls. This is the experience of the 1970s, notably in the Carter administration.

A shift to below average money growth makes this process work in reverse. A sudden slowing of money growth, maintained for about six to nine months, has its first effect on interest rates, spending and output. Interest rates rise. Later prices fall, the dollar appreciates against other currencies (as in 1980-82), wages decline or rise more slowly (as in the early 1980s) and interest rates fall to lower levels (as in 1984-86).

Inflation is marked by wage increases in excess of productivity growth, high interest rates and a falling dollar. Debtors, with fixed interest payment mortgages or debts, gain at the expense of creditors--banks, thrift associations and other lenders. Inflation also raises the tax burden on capital. The size of this effect depends on the way the tax laws set depreciation schedules and capital recovery allowances. Disinflation, or deflation, reverses these effects.

Interest rates (wages, exchange rates) change with inflation. The reason is that these measures have two parts. There is a real rate of interest equal, on long-term average, to the productivity of capital. This rate is about 2 to 3% in the U.S. When people expect inflation of 4 or 5%, interest rates rise to repay debtors for the losses from inflation. With a real interest rate of 2 to 3% and inflation at 4 to 5% interest rates reach 6 to 8%

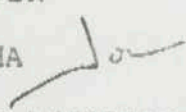
(with some additional effects of taxes). Similarly, if productivity rises by 2% a year, real wages can increase by 2% per year without any increase in average prices. As inflation rises to 5%, wage increases adjust upward to reflect inflation and the sustained rate of productivity growth. It takes wage increases of 7 to 8% to achieve real wage increases of 2 to 3%.

The productivity of labor and capital are not constant, so the real rate of interest and the real wage rate change. Over long periods in the U.S. economy, productivity growth of 2 to 3% has been our experience. (With the increase in the importance of service industries, the rate of productivity growth has slowed.)

Since rapid money growth raises prices and wages, it lowers the value of the currency. Foreigners are concerned about the costs in their own currency of the goods they buy. If inflation raises prices by 50%, while foreign prices are stable, the dollar will eventually fall by 1/3. If wheat prices rise from \$3 to \$4.50 per bushel, they must still compete with foreign wheat. A decline in the U.S. dollar from \$0.67 Canadian to \$1.00 Canadian keeps the price unchanged in Canadian dollars (U.S. $\$3.00 / .67 = \4.50 Canadian). All prices do not rise and fall at the same rate, so these effects are spread over time. (We are now seeing some increases in the prices in Japanese cars and electronic equipment.)

②

November 3, 1987

TO: SUSAN PELTER
FROM: JOSEPH FAHA 
SUBJECT: CHALLENGED AMERICAN INTERVIEW

I agree with your assessment that the interview with Gunnar Loy of "Challenged American" should be fine. Mr. Loy seems very interested in the Senator and wants to portray him in a very human light. He is not interested in political concerns nor in legislative matters presently before Congress. Any mention in the interview of such issues will be at the Senator's prerogative.

Things that the Senator might mention in his conversation with Mr. Loy:

Recent Accomplishments:

- Air Carrier Access Act passed last year to prohibit discrimination against disabled individuals in the airline industry. Regulatory negotiations between the industry, organizations representing the disabled, and DOT are presently underway.
- Employment Opportunities for Disabled Americans Act which gave permanence to work incentives within the Supplemental Security Income program.
- Voting Accessibility for the Elderly and Handicapped Act which ensured that registration and polling places for federal elections would be accessible for elderly and disabled citizens.

Things to note:

- - commitment to a totally accessible political and electoral process. Disabled individuals should be participating as volunteers, paid staffers, delegates to conventions, or even candidates for office.
- - has formed a Disability Coalition to interest the disability community in participating in the making of the political agenda not just responding to it.
- - called for making sure that the convention facilities and the ancillary services would be accessible for disabled individuals.
- - called for the closed captioning of all the debates. Producer of Houston debate indicates that Sen. Dole was the only participant to request that closed captioning be provided.

DATE:

1/27/88COVER SHEET -- TELECOPY

TO:

Mike Glasner

FROM:

Jay Mc Clure

NUMBER OF PAGES TO FOLLOW:

5

Please deliver. to Mike Glasner for
him to give to Senator Dole

Thanks

DATE:

1129

COVER SHEET -- TELECOPY

TO:

Sen. Dole

Mike Harner

FROM:

Walt

NUMBER OF PAGES TO FOLLOW:

Please deliver.

Clips!