

SENATOR BOB DOLE

REMARKS

ECONOMIC STRATEGY INSTITUTE

**THANK YOU. IT'S A
PRIVILEGE TO BE HERE THIS
EVENING AND TO SHARE SOME
THOUGHTS WITH THIS VERY
DISTINGUISHED GATHERING.**

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I DO WANT TO BEGIN BY
CONGRATULATING YOU ON HOW
FAR YOU'VE COME SINCE I SPOKE
AT YOUR FOUNDING DINNER A
FEW YEARS BACK. IN A
RELATIVELY SHORT TIME, YOU
HAVE EARNED A REPUTATION AS
THE NUMBER ONE "THINK TANK"
IN THE COUNTRY ON TRADE AND
I N T E R N A T I O N A L

COMPETITIVENESS ISSUES.

**AND THIS EVENING, I'VE
BEEN ASKED TO SHARE A FEW
THOUGHTS WITH YOU ON THOSE
ISSUES.**

**AS YOU KNOW, THE COMING
MONTHS WILL FEATURE A SERIES
OF COMMEMORATIONS MARKING**

**THE 50TH ANNIVERSARIES OF THE
CONCLUDING EVENTS OF WORLD
WAR II.**

**AND I THINK IT IS
WORTHWHILE TO NOTE THAT IN
ADDITION TO THE VALOR OF THE
TROOPS, IT WAS THE INGENUITY
AND PRODUCTIVITY OF AMERICAN
LABOR AND INDUSTRY THAT**

**PROVIDED THE TECHNOLOGICAL
SUPERIORITY AND THE
INDUSTRIAL LEADERSHIP THAT
MADE VICTORY POSSIBLE.**

**THE SOVIET UNION WAS NOT
DEFEATED IN THE COLD WAR
BECAUSE OF A SHORTAGE OF
TROOPS OR MISSILES OR
NUCLEAR BOMBS. IT WAS**

**DEFEATED IN THE END BECAUSE
IT COULD NOT COMPETE
ECONOMICALLY, IT COULD NOT
KEEP UP IN TECHNOLOGY, IN
INDUSTRIAL PRODUCTIVITY, AND
IN DEVELOPMENT AND PROVISION
OF NEW, SOPHISTICATED
SERVICES.**

MOREOVER, THE SOVIET

**UNION WAS NOT DEFEATED
BECAUSE ITS ECONOMIC
PERFORMANCE WAS BAD IN AN
ABSOLUTE SENSE. THE AVERAGE
RUSSIAN WAS MATERIALLY
BETTER OFF IN 1989 THAN IN 1929
OR 1959. BUT RELATIVELY THE
SOVIET UNION COULD NOT KEEP
PACE WITH THE WEST. AND
BECAUSE IT COULD NOT, IT**

EVENTUALLY COLLAPSED.

**THE GENERATION OF WORLD
WAR II KNEW WHAT IT WAS
FIGHTING FOR -IT WAS FIGHTING
TO KEEP THE AMERICAN
PROMISE. TO OFFER HAVEN AND
R E F U G E , H O P E A N D
O P P O R T U N I T Y , A N D T H E C H A N C E
F O R A B E T T E R L I F E F O R I T S**

**CHILDREN AND FOR THEIR
CHILDREN.**

**THAT IS WHY I AM DEEPLY
DISTURBED TODAY WHEN I HEAR
OUR YOUNG PEOPLE EXPRESS
DOUBT ABOUT THEIR FUTURE,
AND CYNICISM ABOUT AMERICA'S
PROMISE.**

**IT IS NOT THAT THEIR
CONCERNS ARE ENTIRELY
UNJUSTIFIED. WITH THE DOLLAR
AT A QUARTER OF ITS 1950
VALUE, THE NATIONAL DEBT
RISING OUT OF CONTROL, REAL
WAGES STAGNANT OR FALLING
FOR TWENTY YEARS, A CHRONIC
\$150-160 BILLION TRADE DEFICIT,
SCHOOLS THAT DON'T EDUCATE,**

**STREETS THAT ARE NOT SAFE,
AND A WIDENING GAP BETWEEN
RICH AND POOR, AMERICA'S
PERFORMANCE DOES NOT BODE
WELL FOR THE FUTURE.**

**THIS IS NOT WHAT I AND MY
GENERATION FOUGHT FOR.
WHAT A TRAGEDY IT WOULD BE
IF, HAVING WON THE COLD WAR,**

**AMERICA LOST ITS OWN WAY AND
FAILED TO KEEP ITS PROMISE IN
THE NEW CENTURY.**

**TO PARAPHRASE GENERAL
DOUGLAS MACARTHUR, THERE IS
NO SUBSTITUTE FOR ECONOMIC
LEADERSHIP. IF WE ARE TO
PROVIDE TO OUR CHILDREN THE
OPPORTUNITY THAT WE HAD,**

**AMERICA MUST REMAIN AT THE
FOREFRONT IN INDUSTRY,
TECHNOLOGY, COMMERCE, AND
FINANCE.**

**SOME ECONOMISTS SAY,
"POTATO CHIPS, COMPUTER
CHIPS, WHAT'S THE DIFFERENCE,
THEY'RE ALL CHIPS." BY THIS,
THEY MEAN TO SAY IT DOESN'T**

**MATTER WHAT INDUSTRY WE ARE
IN OR WHAT WE PRODUCE.**

**I SAY THIS IS A FALSE
CHOICE. AMERICA CAN AND
SHOULD BE THE UNDISPUTED
LEADER IN TECHNOLOGICAL AND
INDUSTRIAL PRODUCTION -- AND
THAT INCLUDES MAKING BOTH
THE MOST ADVANCED,**

**POWERFUL COMPUTER CHIPS IN
THE WORLD AND, FOR THAT
MATTER, THE BEST-TASTING
POTATO CHIPS. AFTER ALL, WE
INVENTED BOTH OF THESE CHIPS.**

**TO BE COMPETITIVE, TO
MAINTAIN INDUSTRIAL AND
TECHNOLOGICAL LEADERSHIP,
MANY CHANGES MUST BE MADE**

**IN OUR DOMESTIC POLICIES. WE
ARE NOW MOVING IN THE
CONGRESS TO GET THE BUDGET
DEFICIT UNDER CONTROL, TO
RAISE U.S. SAVINGS AND
INVESTMENT RATES, TO REDUCE
UNNECESSARY REGULATION, AND
TO GET RID OF FRIVOLOUS
LAWSUITS AND THE ENORMOUS
AND UNNECESSARY LEGAL COST**

**OF DOING BUSINESS IN THIS
COUNTRY.**

**ALL THESE STEPS AND
OTHERS WILL BUILD THE
FOUNDATION FOR A COMPETITIVE
AMERICA IN THE 21ST CENTURY.**

**BUT IN A GLOBAL ECONOMY,
WE CANNOT BE COMPETITIVE**

**UNLESS THE CONDITIONS OF
GLOBALIZATION ENABLE
AMERICAN BUSINESS TO FULLY
EXPLOIT THEIR ABILITY IN THE
WORLD'S MAJOR MARKETS.**

**SINCE THE END OF WORLD
WAR II, THE UNITED STATES HAS
ACCEPTED THAT ITS MARKETS
WOULD BE MORE OPEN THAN ALL**

**OF ITS TRADING PARTNERS. IN
RECENT YEARS, WE HAVE FOUND
OURSELVES WITH A CHRONIC
TRADE DEFICIT OF \$150-160
BILLION AND A FALLING DOLLAR.**

**SOME OF THE TRADE DEFICIT
IS DUE TO OUR LOW SAVINGS
RATE AND LARGE BUDGET
DEFICITS. BUT SOME OF THE**

**TRADE DEFICIT IS ALSO DUE TO
THE FACT THAT MANY MARKETS,
PARTICULARLY IN THE PACIFIC
REGION, REMAIN CLOSED TO U.S.
EXPORTS AND INVESTMENT.**

**OVER THE LAST SEVERAL
YEARS, WE HAVE TRIED TO LEVEL
THE PLAYING FIELD WITH THE
NAFTA AND URUGUAY ROUND**

**AGREEMENTS. I THINK THEY ARE
BOTH STEPS IN THE RIGHT
DIRECTION, BUT I WAS
CONCERNED THAT IN
NEGOTIATING THE URUGUAY
ROUND AGREEMENT THE
CLINTON ADMINISTRATION DID
NOT DO ENOUGH TO PROTECT
U.S. SOVEREIGNTY.**

**THE UNITED STATES IS THE
WORLD'S ONLY ECONOMIC,
POLITICAL AND MILITARY
SUPERPOWER. IT SHOULD NOT
BE REDUCED TO THE LEVEL OF
THE SMALLEST DEVELOPING
COUNTRY, AND IT SHOULD NOT
ALLOW ITS LAWS TO BE
UNDERMINED, OR EVEN UNFAIRLY
NIT-PICKED, BY AN**

INTERNATIONAL BODY.

AS WE HAVE SEEN IN THE UNITED NATIONS' PERFORMANCE THIS YEAR, INTERNATIONAL BODIES CANNOT BE DEPENDED UPON FOR SWIFT AND EFFECTIVE ACTION. INTERNATIONAL COOPERATION IS FINE, BUT THE UNITED STATES MUST RETAIN ITS INDEPENDENCE.

**TO ENSURE THAT THE WTO
DOES NOT EXCESSIVELY TREAD
UPON AMERICA'S LEGITIMATE
RIGHTS, I SUPPORTED THE
URUGUAY ROUND ONLY AFTER
THE CLINTON ADMINISTRATION
ADDRESSED MY CONCERNS BY
A G R E E I N G T O T H E
ESTABLISHMENT OF A DISPUTE
S E T T L E M E N T R E V I E W**

**COMMISSION TO REVIEW
DECISIONS OF THE NEW WORLD
TRADE ORGANIZATION OR WTO.
IF THE U.S. IS WRONGLY
TRAMMELED UPON THREE TIMES,
THE CONGRESS CAN VOTE TO
LEAVE THE WTO.**

**CHAIRMAN PACKWOOD HAS
TOLD ME WE WILL HAVE A**

HEARING IN THE FINANCE
COMMITTEE ON THIS
LEGISLATION IN EARLY MAY. I
HOPE THE COMMISSION WILL BE
UP AND RUNNING BY THE TIME
THE WTO ISSUES ITS FIRST
RULING. THIS WILL ENSURE THAT
U.S. LAWS CANNOT AND WILL
NOT BE SUBJECT TO THE WHIMS
OF INTERNATIONAL

BUREAUCRATS.

**AS I LOOK OUT OVER THE
NEXT SEVERAL YEARS, I AM
CONCERNED ABOUT THE LIKELY
TRENDS IN OUR TRADE. WITH
EUROPE, OUR TRADE AND
INVESTMENT PATTERNS
FLUCTUATE MORE OR LESS AS
THE TEXTBOOKS SAY THEY**

**SHOULD. WHEN THE DOLLAR IS
STRONG AND EUROPE IS IN
RECESSION, WE RUN A \$20
BILLION TRADE DEFICIT AND
WHEN THE DOLLAR IS WEAK AND
EUROPE IS GROWING, WE RUN A
\$20 BILLION TRADE SURPLUS.**

**WITH MEXICO, WE ARE
BOUND TO START RUNNING**

TRADE DEFICITS. IN FACT, THE MOST RECENT NUMBERS SHOW THE START OF SUCH DEFICITS. OUR MEXICAN TRADE WAS IN SURPLUS UNTIL THIS YEAR, BUT GIVEN THE CRISIS IN MEXICO, WE WILL HAVE TO RUN A TRADE DEFICIT IN ORDER TO BAIL THE MEXICANS OUT.

**AS THIS HAPPENS, OUR
TRADE DEFICIT IN ASIA SEEMS
BOUND TO RISE. DESPITE MORE
THAN A HALVING OF THE VALUE
OF THE DOLLAR VERSUS THE
YEN, OUR TRADE DEFICIT WITH
JAPAN REMAINS VERY HIGH, AND
OUR DEFICIT WITH CHINA IS
GROWING AT 40% PER YEAR AND
WILL PROBABLY TOP THE DEFICIT**

WITH JAPAN IN 2-3 YEARS.

**THIS IS NOT A VIABLE
SITUATION. I BELIEVE WE
SHOULD CONSIDER THREE
STEPS:**

- 1. INITIATION OF DISCUSSIONS
OF A CLOSER ECONOMIC
RELATIONSHIP WITH**

**EUROPE. WHILE WE
CONTINUE TO HAVE TRADE
DIFFERENCES AND DISPUTES
WITH THE EUROPEAN
COMMUNITY, THE EUROPEAN
ECONOMY REMAINS SIMILAR
TO OURS IN TERMS OF BASIC
PHILOSOPHY AND MODE OF
OPERATION. FURTHER
INTEGRATION OF THE U.S.**

**AND EUROPEAN ECONOMIES
COULD HAPPEN FASTER
THAN THOSE OF APEC,
WHICH HAVE JUST AGREED
TO ACHIEVE FREE TRADE BY
THE YEAR 2020.**

- 2. USE OF THE G-7 AS A BODY
TO BEGIN ADDRESSING
ISSUES SUCH AS ANTI-TRUST**

**R E G U L A T I O N S ,
ADMINISTRATIVE GUIDANCE,
AND OTHER STRUCTURAL
PROBLEMS THAT ARE
INCREASINGLY THE REAL
BARRIERS TO TRADE.**

**3. A COMPLETE REVIEW OF THE
NATURE OF OUR ECONOMIC
RELATIONS IN THE ASIA-**

**PACIFIC REGION AND
DEVELOPMENT OF POLICY
TO ELIMINATE OUR
STRUCTURAL TRADE DEFICIT
IN THIS AREA.**

**THROUGH THESE STEPS, AND
OTHERS--INCLUDING, OF COURSE,
TAKING MEANINGFUL ACTION TO
REDUCE AMERICA'S STAGGERING**

**NATIONAL DEBT---I BELIEVE WE
CAN ENSURE THAT THE PROMISE
OF AMERICA WILL ENDURE
STRONGER THAN EVER.**

**A G A I N , M Y
CONGRATULATIONS ON THE
SUCCESS OF THE ECONOMIC
STRATEGY INSTITUTE. MAY THE
REMAINING YEARS OF THIS**

**DECADE BE AS SUCCESSFUL AS
THE PREVIOUS ONES.**