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As a lawyer, I'm honored to share this podium with your distinguished outgoing President. The only thing more blinding than the gold on the Association's Gold Medal is the lustre of Chesterfield Smith's career. I'm proud to add my personal salute - along with that of President Reagan. The President asked me to convey his best wishes to the legal profession - and remind you that for every lawyer who loses a job interpreting federal regulation, there'll be two who are called upon to interpret the new changes in the federal tax laws.

Two centuries ago, John Adams summed up the common interests of lawyers and public officials. "One useless man is a disgrace," he said. "Two men are called a law firm, and three or more become a Congress."

Well, Adams was a bit of a cynic. But it is true that we often travel a common road. One look at your agenda this week will dispel the notion that lawyers inhabit a precedent-encrusted ivory tower: Immigration law and energy, the voting rights act, and the rules of judicial selection. These are not the stuff of dry briefs or academic footnotes. They go to the heart of the way people live their daily lives.

Millions of Americans who have never set foot in a courtroom -- who hope they never have to -- were thrilled when President Reagan nominated Sandra Day O'Connor to the United States Supreme Court. The court has assumed a greater place in public attention, precisely because its work has taken on greater significance for average Americans. The same might be said of our profession in general. We are no longer merely professional advocates for a single client. Today's lawyers are -- and must be -- shapers of public opinion.



Law, like politics, is both absolute and flexible, fixed and evolving. It's a profoundly rational discipline -- in an all too irrational world.

And it has served me very well indeed for my new responsibilities in the White House Office of Public Liaison. Someone has said that America isn't a melting pot so much as a boiling pot. And if that's so, then you can find me six -- often seven days a week in the thick of the cauldron.

We are a nation of organizers. It's my job to reach out and include organized Americans in the development of public policy -- in a nutshell, to make millions of outsiders into Washington insiders. I'm privileged to talk to -- and more importantly listen to hundreds of businesses, trade associations and agricultural leaders, ethnic, minority, and religious groups, labor unions -- and their lawyers -- in obtaining views that can be synthesized with our own insights, fed into the political process and then presented to the President.

The American Bar Association is one of the organizations with which I work. Our common interests go beyond issues of the moment. Our goals are much the same, really: The ABA is an association, a vast pooling of constituent views that determines key issues, disseminates information about those issues to members, and then expresses their collective view at the highest level of policy-making.

My job is much like that. In the Office of Public Liaison, we set out to reconcile individual and institutional concerns. We practice outreach, involvement, and coalition building. We provide inspiration, hopefully, and information, most definitely, about Administration policies and programs to organization leaders, many



of whom have grassroots networks of their own. And my personal role in all this: To go beyond the numbers that threaten to swamp any Washington policymaker, and to make certain that those numbers never crowd out individual Americans as the chief concern of this Administration.

The President himself has met with dozens of groups at my request. Time and time again, I've seen awed visitors ushered into his presence, a little bewildered by the aura of authority and tradition all around them. And just as often, I've witnessed how the President puts them at ease. He genuinely wants an open White House. He honestly is anxious to know what people have on their minds. And no one is better at sharing his own relaxed confidence -- a sense of mastery and a sense of vision -- than Ronald Reagan. This is a secure man, who knows where he wants the country to go, and is savoring the experience of leading it there. Far from looking upon the Presidency as an awesome burden, Mr. Reagan is enjoying his role as the leader of the free world. Leaders point the way, and articulate the reasons for others to follow. And this, President Reagan has done with incomparable skill and personal grace.

For much of our first 200 days in office, the Reagan Administration has focused intensively -- just as the President promised last fall -- on the state of the American economy. My own major preoccupation has been with economic matters -- and so I want to talk about the economic agenda from the White House perspective -- not because the battle is over, but because the renewal has just begun, as the Vice President indicated here Monday in speaking of the economic changes. The economy defines our objectives, and measures our success in attaining them. It encourages our dreams -- or limits our chances of realizing them.



"The Republic is a dream," wrote Carl Sandburg. "Nothing happens unless first a dream."

Of course, this country has always nurtured a dream. That dream tamed a barren continent and built the World's most advanced society. The dream had the force of law. It fostered a law-abiding nation, constructed on the example of founding fathers who conceived a republic as a vast, ongoing experiment in social mobility. No government could be true to America and false to that ideal. No rulers could justify their rule unless they extended the validity of the dream to ever-greater numbers of Americans.

Give a man a job, we said, and you give him a stake in society. Deprive him of a job, and you steal away more than his independence or self-respect. You undermine the stability of society itself. You mock the intentions of our founders. And you put roadblocks in the way of the legal and moral revolutions that have moved us forward ever since we declared ourselves an independent people.

And so it is, to this massive gathering of lawyers and jurists, who often write as well as interpret the law, that I come today with a progress report on our great American experiment in social mobility. In the white heat of political debate, it might easily be misinter-preted as a war between differing economic projections. But it is much more than that. For these projections and that economy will mould all our lives for many years to come.

The peaceful revolution now taking place in Washington will have special significance for our profession. And why not? Think about the course of public life over the last half century.



Fifty years ago, Americans were forced by the great depression to turn to their government for food and shelter. Government responded to their cries. Franklin Roosevelt personified a new spirit -- and lawyers were among the first to benefit from the explosive growth of government that followed. But he who takes credit for the sunshine must also be prepared to shoulder blame when it rains. And lately, this country has been living under a cloudburst of disillusionment. Somewhere along the way, government slipped away from the governed. It became a self-generating engine, an assembly line of do's and don'ts. Idealism got confused with bureaucratic visions of glory. We tried to be compassionate: we forgot to be competent.

Meanwhile, an economic hardening of the arteries set in, denying the promise of social mobility to millions of our people. Of course, one man's security is another's straightjacket. Whether a boon is really a boondoggle depends largely on the perspective of the viewer. But some facts are beyond dispute. When I was in law school, Americans were experiencing inflation of 2 or 3% annually. Joblessness was around 6% and cyclical. Taxes seemed too high -- that, I suspect, is a complaint made by every generation -- but government seemed closer then.

In the sixties, government was big -- but it also seemed to work. During that decade of national prosperity, the number of people living in poverty fell by nearly half. In the seventies, when federal spending and taxation tripled, the number of poor Americans declined by only 6%. Black unemployment, to cite another example, was slashed 40% in the sixties, when our domestic economy was buoyant. Black unemployment went up by 75% in the seventies, when that same economy fell victim to rampant inflation and a bloated



government that equated a printing press with sound currency.

President Reagan said it best in his recent speech to the NAACP. "If productivity had not stopped growing and then started downhill after 1965, the gross national product today would be \$850 billion bigger -- enough to balance the budget, cut personal and social security taxes in half, and still provide every American with an extra \$2,500 in spending money. And all this would have happened with the compliments of the private sector."

A lot of us have commented on the President's skill as a communicator. The dramatic groundswell we've seen for his economic recovery package is a tribute not only to the messenger, but his message as well.

What the President proposed is much more than simply dethroning John Maynard Keynes from his perch atop federal economic policy. President Reagan isn't looking to smooth out one business cycle: He won't be content with an encouraging economic quarter or two. In the course of restoring prosperity to the average American, this President intends as well to realign the relationship between Washington and the people whose labor fuels that city's expensive aspirations. Government has tried for years now to reform the people. Now is the time for the people to reform government...To put it in its proper place, if you will, as an encourager of risk and provider of incentive. This was a country built with sweat as well as steel, nurtured by the belief that profit was a worthy goal and a job, the surest form of social justice.



A job remains our definition of justice. The Reagan economic plan departs from theories that government's chief economic function is to redistribute wealth. This administration intends to create wealth -- more dollars for more people. More investment, more savings, more jobs, more reasons to hope. We tend to forget that capital wealth is the life blood of our nation's economy. In recent years, America has been anemic indeed. We have the lowest rate of savings and investment among all the world's major industrial powers. 37% of all new patents now taken out in Washington, D. C. belong to foreign inventors. Meanwhile, the federal government has reserved for its own coffers billions of dollars that an unleashed economy might use to fight poverty, create new energy sources, or redevelop tired neighborhoods.

Today, the average American works four months of the year just to pay his taxes. If nothing were done, the federal share of the nation's output would continue to rise, until it hit 25% by 1986. But something has been done, and the federal share won't be anywhere near 25%. It will be around 19% instead. Other numbers promise equal encouragement: thirteen million new jobs by 1985, an inflation rate of around 5%, a GNP growing at a steady clip of 4 to 5%, interest rates cut in half, unemployment reduced below 6%, and a national standard of living one-third higher than what we enjoy today.

Something has been done, and just about every American stands to benefit as a result. Last year, federal regulations soaked up an estimated hundred billion dollars, and thousands of lawyers, I might add!



All that is starting to change. The Federal Register reflects that proposed rules in the first four months of the Reagan Administration are down 54% over the previous year. The auto industry alone stands to save nine billion dollars.

Yes, something has been done. The budget has been cut -- through bipartisan adoption of \$35 billion in reductions. Over three years, this means savings to taxpayers in excess of \$130 billion dollars.

The Federal Reserve, working closely with Administration economists, is pursuing a consistent policy of slow, steady growth in the monetary supply. It isn't easy -- and week to week fluctuations are unavoidable -- but the business community at last can count on an atmosphere of predictability in which to make its own plans. And the President's 25% across-the-board tax cut, accompanied by substantial incentives for savings and investment, accelerated depreciation and capital formation will soon take effect.

Let's assume that the savings rate rises by two percentage points. That would mean an extra \$43 billion. Combined with reduced federal borrowing to cover deficit spending, this means an enormous shot in the arm to capital markets -- and to those looking for jobs that last.

But the economy is not simply a calculating machine. It is a bundle of decisions, made by people, who are affected by psychology and mood as well as forecasts and statistical analysis. By cutting tax rates at the margin, the Reagan plan recognizes that it's at the margin where choices are confronted, and decisions made about investing in this stock or that property, hiring new workers or expanding an old plant.



Does it seem surprising that lower tax rates will mean more economic activity? Is it astonishing to suppose that greater returns on investment will lead to more investment? Make savings more financially attractive - and more people will save. Spur investment, renew factories, restore our cutting edge in technology and research and development -- and enlarge the economic pie shared by all Americans.

Boost productivity and you attack inflation at its roots. Add a single half hour to the average workweek, and the GNP grows by 24 billion dollars. And it is there -- in the realm of inflation and jobs -- that you achieve a new burst of economic participation for those who have previously been left out of the economic mainstream.

What about indexing? Without it, inflation has a certain remorseless logic all its own. It's a windfall for the government, but its victims are precisely those middle income Americans and the poor whom government claims to care about the most.

If your take-home pay increased over the last ten years by \$10,300, your spending power actually declined by \$427. That's because inflation pushed you into higher tax brackets.

By indexing tax rates, we can put a halt to the incentive to overspend. We can apply some economic discipline to a federal establishment woefully in need of it. We can instill justice in taxation to match the justice of jobs.



At its heart, the Reagan plan is designed to restore the luster to an old word, once honored but more recently fallen into disfavor. The word is incentive. It has been said that the precise outcome of the plan is murky. I personally disagree, and I think there is plenty of evidence to support my disagreement. But put the question another way: does anyone seriously believe that more of the same would have been the best medicine for an ailing economy? The big risk was in doing nothing.

We have tried fine-tuning the economy and we have tried expediency. Both have failed. The time has come to try a new course, to embrace a comprehensive economic package that will reduce the tax burden, cut back on wasteful regulations, hold out fresh incentive for savings and investment -- and put both more money and more power back in the hands of the American people.

We are talking about much more than dollars and cents when we address the economic issue. No other issue in my lifetime is so fraught with significance for all Americans. And no group can be more instrumental in helping to explain it and make it work than you -- America's professional advocates. What an ideal challenge for each of you. In the course of your daily lives, you advocate adherence to the law, to the precedents of time and experience. Most of all, you advocate justice for all. It is economic justice for all that President Reagan and his administration are advocating. It is Carl Sandburg's dream of a republic, without which nothing can happen. I hope it is a case that you, too, will want to argue.