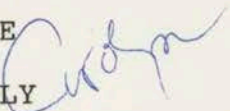


FEBRUARY 8, 1990

TO: SENATOR DOLE 
FROM: CAROLYN SEELY
SUBJECT: SPEECH TO EDWARD D. JONES BROKERAGE EXECUTIVES

At noon on Thursday, February 8, you have agreed to replace Senator Simpson as the luncheon speaker at a Government Relations Conference sponsored by the Edward D. Jones brokerage firm and chaired by John Bachman, a two-time President of the Securities Industry Association. The firm has offices in 43 states, including 48 in Kansas; it is very Republican. The audience will consist of approximately 60 heads of grass roots offices, and Robin Yessen from Wellington, Kansas will introduce you.

In 1985, the firm established a Grass Roots Task Force "to give individual investors a voice in Washington". The issues which they will be discussing with Congress this week are 1) the need for incentives to increase individual savings; 2) the need for both a capital gains differential and elimination of the double taxation of dividends to encourage equity investing; and 3) market reforms to reduce excessive volatility and restore investor confidence.

As volatility curbs, the group recommends coordinated margin requirements and settlements among exchanges and an end to program trading, but you may get questions on the Excessive Churning bill. The joint tax committee revenue estimates assume that short-term trading by large pension funds would fall to approximately one-tenth of current levels if this legislation were enacted.

Congressman Wiley was the keynote speaker on Wednesday night. This morning the group heard from Majority Leader Gephardt. This afternoon, they will be briefed by Roger Bolton and Jonathan Minnis (?) from Treasury.

2/8/90

12 Noon

February 7, 1990

Carolyn
Kathy

M E M O R A N D U M

TO: SENATOR DOLE
FROM: MARILYN SAYLER
SUBJECT: SPEAKING TO THE EDWARD D. JONES BROKERAGE FIRM

Senator Simpson was scheduled to speak to the Edward D. Jones Brokerage Company on Thursday, February 8th. Because Senator Simpson is now giving a eulogy, he won't be able to make the speech and wanted to know if you could take his place.

The firm is a nationwide company and one of its national offices is in Wyoming. This is their Government Relations Conference and 60 officers will be in attendance.

Time: 12:00 noon

Location: SH-143

Topic: An overview of the Congress, the budget, and any financial issues. The company supports capital gains.

Length of Speech: 30 minutes - which includes Q&A's. You don't have to stay for the lunch.

Honoraria: \$2,000

Do you want to give the speech?

Yes

No

cc: Betty

Contact: Mike Esser



Member New York Stock Exchange, Inc. and Securities Investor Protection Corporation

Carolyn Seely

A G E N D A

GRASSROOTS TASK FORCE WASHINGTON MEETING FEBRUARY 6, 7, and 8, 1990

Tuesday, February 6, 1990

- 2:00 - 6:00 p.m. Arrive and check in at the Hyatt Regency Washington
Capitol Hill, 400 New Jersey Ave., NW, Washington,
D.C. 20001 202/737-1234
- 6:00 - 7:30 p.m. Private dinner in hotel - Lexington Concord Room
- 7:30 p.m. Welcome, self-introductions, presentation of agenda,
meeting materials, client case histories
----- flipchart pages
----- issues brochures
----- handouts

Wednesday, February 7, 1990

- 7:00 a.m. Private breakfast -- Yellowstone Everglades Room
- 8:00 a.m. Meeting begins -- Columbia A Room
Welcome and presentation of the issues by:
John W. Bachmann, Managing Partner
Spencer Burke, General Partner
- 9:00 a.m. Break
- 9:15 a.m. Reconvene
----- Introduction of SIA Washington Panel:
Don Crawford - Sr. V.P./Dir. of Govt. Rel.
Jonathan Paret - V.P./Legislative Counsel
Steve Small - V.P./Dir. Congressional Rel.
Jack O'Rourke - V.P./Legislative Counsel
- 9:30 a.m. Role Plays - Conducted and critiqued by Tom Woodward
and Mary Beth Heying
----- Savings Incentives: Savings
Taxes
Market
- 10:30 a.m. Break
- 10:45 a.m. Reconvene
----- SIA Panel discusses potential legislative
results of the year.

Edward D. Jones & Co.®

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-2-

Wednesday, February 7, 1990 (Cont'd.)

11:45 a.m. Lunch -- Valley Forge Room
 Host SIA officials as our guests

12:45 p.m. Spencer Burke, Principal
 EDJ Investment Banking Department
 Presentation on state involvement

1:45 p.m. Face-to-face calls on elected officials

6:30 p.m. Cocktails -- Valley Forge Room

7:00 - 10:00 p.m. Dinner -- Valley Forge Room
 Speaker: Chalmers Wylie (R-OH)
 House of Representatives

Thursday, February 8, 1990

7:30 - 8:30 a.m. Working Breakfast - Bunker Hill Lexington Room
 ---- State Chairs report on calls made on
 elected officials

9:00 - 10:00 a.m. Continue calls on Capitol Hill

10:15 - 11:30 a.m. Discussion with Richard A. Gephardt, Majority Ldr.
 Location - Democratic Club
 30 Ivy Street, SE

12:00 - 2:00 p.m. Lunch with Alan K. Simpson, Majority Whip, Senate
 Location - Hart Building, Room SH-143

2:00 - 3:30 p.m. Calls

3:30 - 4:30 p.m. White House Briefing and Wrap-up Meeting
 Old Executive Office Building
 Room 474 - Indian Treaty Room
 (enter via Pennsylvania Ave.)

FEBRUARY 8, 1990

REMARKS OF SENATOR DOLE
BEFORE THE JONES FIRM CONFERENCE

O GOOD MORNING. IT IS ALWAYS A CHALLENGE TO
STAND IN FOR SENATOR SIMPSON. HE IS A VERY
TALL MAN.

THE BUDGET PROCESS

- O YOU HAVE COME TO WASHINGTON AT AN IMPORTANT TIME. DEBATE IS BEGINNING ON THE 1991 BUDGET AND OUR NATIONAL AGENDA.
- O THERE ARE NO MAJOR SURPRISES IN THE PRESIDENT'S BUDGET WHICH WAS RELEASED LAST WEEK: IT ACHIEVES \$36 BILLION IN DEFICIT REDUCTION UNDER OMB'S OPTIMISTIC ASSUMPTIONS.

-3-

O AND NOW THAT THE DEMOCRATS HAVE LOUDLY
DISMISSED THE PRESIDENT'S BUDGET AND CALLED
FOR A PEACE DIVIDEND WHICH DOESN'T CLOSE ANY
BASES OR CANCEL ANY PROGRAMS IN THEIR
DISTRICTS, CONGRESS MUST BEGIN ITS ANNUAL RAIN
DANCE TO FIND ENOUGH SAVINGS TO REACH OUR
1991 TARGET OF \$64 BILLION. LAST YEAR WE SPENT
10 MONTHS AND DEVOTED OVER 60% OF OUR ROLL
CALL VOTES IN THE SENATE TO REDUCE THE DEFICIT
BY ONLY \$16 BILLION -- AND WE NEEDED FOUR
MONTHS OF SEQUESTER TO DO EVEN THAT.

O SO YOU CAN SEE WHY THE PROCESS IS SO
FRUSTRATING AND WHY THERE ARE CONSTANT
CALLS FOR REFORM -- FOR MULTI-YEAR BUDGETS,
FOR REPEAL OF GRAMM-RUDMAN-HOLLINGS, FOR
EXTENSION OF THE TARGETS.

-5-

O BUT THE PRESIDENT REMAINS VERY POPULAR. AND
EVEN THOUGH WE BASICALLY TOOK A WALK ON THE
DEFICIT DURING HIS FIRST YEAR WHEN HE HAD THE
OPPORTUNITY TO ENACT SOME TOUGH PROGRAMS
LIKE THE FLEXIBLE FREEZE, I BELIEVE THAT HIS BASIC
AGENDA IS ON TRACK.

O ON OPENING DAY IN THE SENATE, I SPOKE OF THE
SIX C's: CHINESE STUDENTS, CLEAN AIR, CAPITAL
GAINS, CHILD CARE, CRIME AND CAMPAIGN FINANCE
REFORM.

O SOCIAL SECURITY

O HOWEVER, THE DEMOCRATS ADDED A SEVENTH
ISSUE: SOCIAL SECURITY WHEN SENATOR MOYNIHAN
HIT UPON A SLOW NEWS DAY WITH HIS PROPOSAL TO
TO ELIMINATE THE SOCIAL SECURITY TRUST FUND
SURPLUS. PREDICTABLY, OTHER DEMOCRATS, LIKE
SENATOR HOLLINGS, IMMEDIATELY BEGAN CALLING
FOR TAX INCREASES.

O THE PRESIDENT HAS RESPONDED BY PROPOSING ANNUAL REDUCTIONS IN THE NATIONAL DEBT, TO END OUR RELIANCE ON ADDITIONS TO THE SOCIAL SECURITY SURPLUS TO FINANCE CURRENT GOVERNMENT OPERATIONS. HOWEVER, THE PRESIDENT HAS MADE IT CLEAR THAT HE WILL FULFILL THE PROMISE MADE BY A BI-PARTISAN PANEL THAT THE RETIREMENT SECURITY OF ALL AMERICANS, INCLUDING THE BABY BOOM GENERATION, WILL BE PROTECTED.

-8-

O WHILE LAST TIME I LOOKED SENATOR MOYNIHAN
ONLY HAD ONE VOTE -- HIS OWN -- THIS DEBATE IS
LIKELY AT LEAST TO SLOW DOWN ENACTMENT OF
CAPITAL GAINS RELIEF.

CAPITAL GAINS

- O THE PRESIDENT'S BUDGET CONTAINS A REVISED
CAPITAL GAINS RATE REDUCTION PROPOSAL
MODELED ON THE PACKWOOD-ROTH PROPOSAL
INTRODUCED IN THE SENATE LAST YEAR. UNDER THE
PRESIDENT'S PROPOSAL, A 10% INCOME EXCLUSION
WOULD BE EARNED IN EACH OF THE FIRST THREE
YEARS THAT A CAPITAL ASSET IS HELD. IN ADDITION,
THE PROPOSAL HAS BEEN BROADENED TO INCLUDE
ALL CAPITAL ASSETS HELD BY INDIVIDUALS, WITH THE
EXCEPTION OF COLLECTIBLES.

-10-

- O FINALLY, PRESIDENT BUSH HAS INDICATED THAT HE
IS WILLING TO WORK WITH MEMBERS OF CONGRESS,
WHO MAY WANT TO ADD CORPORATIONS AND
INDEXING, TO ENACT A PROGRAM THAT WILL
ENCOURAGE LONG-TERM INVESTMENT IN AMERICA.
- O IT IS THIS COMBINATION OF COMMITMENT AND
WILLINGNESS TO COMPROMISE WHICH ENSURES
THAT PRESIDENT BUSH WILL ULTIMATELY PREVAIL
AND THAT CAPITAL GAINS RELIEF WILL PASS THE
CONGRESS THIS YEAR.

SAVINGS INCENTIVES

- O AS AN ADJUNCT TO CAPITAL GAINS RELIEF, THE PRESIDENT'S BUDGET ADAPTS ANOTHER PROVISION FROM THE PACKWOOD-ROTH PACKAGE. THE PRESIDENT PROPOSES TO ENCOURAGE LOW AND MIDDLE INCOME TAXPAYERS TO ESTABLISH FAMILY SAVINGS ACCOUNTS. ALL INCOME FROM THESE ACCOUNTS WOULD BE TAX-FREE IF THE FUNDS ARE NOT WITHDRAWN FOR AT LEAST SEVEN YEARS. LIKE THE IRA PLUS, THESE ACCOUNTS ENCOURAGE LONG-TERM SAVINGS AND PROVIDE THE TAX BENEFIT AT WITHDRAWAL WHEN THE FUNDS ARE ACTUALLY NEEDED.

- O THE NEED TO INCREASE OUR POOR NATIONAL SAVINGS RATE SHOULD PRODUCE SOME FORM OF SAVINGS INCENTIVE LEGISLATION, WHETHER AN IRA EXPANSION OR A NEW ACCOUNT, THIS YEAR.
- O FINALLY, AS A LONG TERM PROJECT, SECRETARY BRADY IS COMMITTED TO ENDING THE BIAS IN OUR TAX LAWS TOWARD DEBT FINANCING BY ENHANCING THE INCENTIVES FOR EQUITY INVESTMENT. THE

-13-

FIRST OF THESE PROPOSALS SHOULD BE MADE
PUBLIC THIS SPRING. LIKE CAPITAL GAINS, THIS
DEBATE WILL CALL ATTENTION TO THE EXCESSIVE
COST OF CAPITAL WHICH IS HAMPERING AMERICAN
BUSINESS.

CLEAN AIR

- O IN THE MEANTIME, PRESIDENT BUSH HAS MADE
GOOD ON HIS CAMPAIGN PROMISE TO BECOME THE
ENVIRONMENTAL PRESIDENT BY PROPOSING A \$19
BILLION REVISION TO OUR CLEAN AIR LEGISLATION --
ITS FIRST MAJOR REVISION IN 12 YEARS.

-14-

O HOWEVER, THE COST OF THE CLEAN AIR

LEGISLATION NOW PENDING ON THE SENATE FLOOR

IS STAGGERING -- \$42 TO \$100 BILLION -- TO BE PAID

BY AMERICAN BUSINESS. THIS DEBATE IS NOT

PARTISAN SO MUCH AS REGIONAL. CITIZENS OF MY

STATE OF KANSAS DO NOT WANT TO PAY THE ENTIRE

BILL FOR CLEANING UP THE AIR IN NEW ENGLAND.

CONCLUSION

O BUSINESSMEN AND FINANCIAL ANALYSTS LIKE
YOURSELVES WILL ALSO HAVE TO CONSIDER THE
POTENTIAL COST OF OTHER LEGISLATIVE INITIATIVES,
SUCH AS HEALTH CARE, PARENTAL LEAVE AND
OTHER MANDATED BENEFITS. I HOPE THAT
CONGRESS WILL SUPPORT THE PRESIDENT IN
PROVIDING OPTIONS, RATHER THAN MANDATES, FOR
AMERICAN BUSINESS AND AMERICAN WORKERS.

-16-

- O AND I HOPE YOU WILL CONTINUE TO WATCH OVER
OUR PROGRESS AND SHARE YOUR THOUGHTS AND
YOUR EXPERTISE.
- O THANK YOU.