

May 7, 1990

M E M O R A N D U M

TO: SENATOR DOLE  
FROM: DENNIS SHEA  
SUBJECT: SPEECH TO THE YOUNG PRESIDENT'S ORGANIZATION

You are scheduled to speak at the Young President's Organization ("YPO") tomorrow, May 8, at 3:30 p.m. in Dirksen 562.

You have been asked to speak for approximately 15 minutes. You have also been asked to accept a few questions immediately after your speech.

You will be introduced by Ed Carpenter. Carpenter is President of Pacific Corp., a diversified holding company with annual sales in excess of \$4 billion.

Description of the Young President's Organization

The YPO is an organization composed of corporate presidents who have achieved their position by the age of 40. According to Carpenter, 2 out of 3 are Republicans. Approximately 100 members of the YPO will be in attendance tomorrow.

62 of the corporations represented at the YPO conference operate political action committees whose expenditures last year exceeded \$250,000.

Special Members

Some notable YPO members in the audience tomorrow include:

Dr. Nicholas Barletta, former President of Panama, who was deposed by Noriega.

Two citizens of the Soviet Union. Both are presidents of large agricultural cooperatives and both are the first YPO members from the Soviet Union.

Speakers

The list of speakers scheduled to address the YPO sounds like a "Who's Who" of American politics.

On Monday, May 7, the YPO will hear from Dick Cheney, Colin Powell, Ron Brown, and Leslie Stahl.

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On Tuesday, May 8, the order of speakers is as follows: Newt Gingrich, Dick Gephardt, Tom Foley, David Broder, Frank Fahrenkopf, Warren Rudman, Bob Kerrey, Bill Bradley, you, and Lloyd Bentsen. As you can see, Sen. Bradley will speak immediately before you and Sen. Bentsen will speak immediately after you.

On Wednesday, May 9, the YPO will be addressed by Chase Untermeyer, Roger Porter, Brent Scowcroft, Sandra Day O'Connor, and briefly, by President Bush at the White House.

#### Speech Topics

You can speak on any topic of your choice.

Your prepared remarks cover the following topics: 1) the need to expand "corporate horizons"; 2) the need to get involved in politics; 3) the savings and loan bailout; and 4) the budget.

I have been told by Ed Carpenter that these topics would be of interest to the group.

*May 8  
3:00 pm*

M E M O R A N D U M

May 3, 1990

*Y. H*

TO: SENATOR DOLE  
FROM: JIM WHITTINGHILL  
SUBJECT: YOUNG PRESIDENTS ORGANIZATION

This group is comprised of President's and/or CEOs of companies with sales in excess of \$10 million per year, and who achieved their positions by the age of 40.

They will be in Washington and want you to address them at 3:00 P.M. on Tuesday, May 8 in Room 562 of the Dirksen Building.

At that time, a photographer will take the picture of whoever is addressing the group, and the picture will appear in their magazine, CEO. The magazine is sent to 12,000 recipients.

The group also represents 72 PACs with at least \$250,000 per year in donations.

O.K. TO SCHEDULE \_\_\_\_\_

CANNOT MAKE IT \_\_\_\_\_

cc: YVONNE

*Bob Patte contact: 42946*

SENATOR BOB DOLE

YOUNG PRESIDENTS' ORGANIZATION

MAY 8, 1990

THANK YOU, ED, FOR THOSE KIND WORDS OF  
INTRODUCTION.

TWO YEARS AGO, I TRIED TO JOIN A SIMILAR GROUP  
CALLED THE "OPO" -- THE "OLD PRESIDENT'S  
ORGANIZATION." UNFORTUNATELY, I WASN'T ADMITTED --  
AND I UNDERSTAND IT HAD NOTHING TO DO WITH MY  
AGE.

## EXPANDING CORPORATE HORIZONS

I CERTAINLY APPRECIATE THE OPPORTUNITY TO  
SPEAK TO THE "YOUNG PRESIDENTS' ORGANIZATION,"  
WHICH I GUESS COULD BE DESCRIBED AS THE "CUTTING  
EDGE" OF AMERICA'S CORPORATE LEADERSHIP.

OVER THE YEARS, I HAVE HAD THE GOOD FORTUNE  
OF TALKING TO LITERALLY HUNDREDS OF CORPORATE  
MANAGERS -- MOST OF WHOM ARE CERTAINLY NOT AS  
YOUNG AS THE PEOPLE IN THIS AUDIENCE.

DURING THESE CONVERSATIONS, ONE COMMON

THEME KEEPS RECURRING: THERE'S SIMPLY TOO MUCH  
PRESSURE ON CORPORATE MANAGEMENT TO PRODUCE  
SHORT-TERM PROFITS, TO MAKE THE QUICK KILLING, AND  
TO KEEP THEIR COMPANY'S STOCK PRICE AT AN INFLATED  
LEVEL.

MUCH OF THIS PRESSURE STEMS FROM THE FEAR OF  
A CORPORATE TAKEOVER OR A LEVERAGED BUYOUT.

AND IN RESPONSE TO THIS FEAR, CORPORATE  
MANAGERS FORGET THE LONG-TERM AND BECOME  
FIXATED ON IMPROVING THE SHORT-TERM NUMBERS ON  
THE QUARTERLY BALANCE SHEETS.

DICK DARMAN CALLED IT "NOW-NOWISM." I'D CALL IT

"BALANCE SHEET MYOPIA."

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BUT WHATEVER THE LABEL -- WHATEVER THE TERM --

THE RESULT IS ALWAYS THE SAME: MANAGEMENT TURNS  
ITS ATTENTION AWAY FROM RESEARCH AND PRODUCT  
DEVELOPMENT -- AWAY FROM THE TYPE OF INVESTMENT  
THAT BUILDS COMPANIES -- AND TOWARDS SHORT-TERM  
SPECULATIVE ACTIVITY THAT MAY LOOK GOOD ON THE  
BALANCE SHEET BUT DOESN'T DO MUCH FOR AMERICA'S  
FUTURE.



# THAT'S WHY I JOINED WITH SENATOR KASSEBAUM IN

INTRODUCING LEGISLATION -- ENTITLED THE "EXCESSIVE

CHURNING AND SPECULATION ACT" -- THAT WOULD TAX

PENSION FUNDS ON SHORT-TERM TRADES. [MORE

SPECIFICALLY, THE BILL WOULD IMPOSE A 10% TAX ON

GAINS FROM ASSETS HELD LESS THAN 30 DAYS, AND A 5%

TAX ON GAINS FROM ASSETS HELD MORE THAN 30 BUT

LESS THAN 180 DAYS. ]

ALTHOUGH THE SENATE FINANCE COMMITTEE HAS

ALREADY HELD A HEARING ON THE BILL, I FRANKLY

DOUBT IT WILL GET OUT OF COMMITTEE. SECRETARY

BRADY AND THE FOLKS AT TREASURY WEREN'T THRILLED

ABOUT THE PROPOSAL, AND THEY'VE SAID SO.

BUT AT LEAST THE POINT WAS MADE.



SO I HOPE YOU WOULD REMEMBER HOW IMPORTANT

IT IS TO INVEST <sup>" "</sup>IN -- AND INVEST <sup>" "</sup>FOR -- THE FUTURE. AND

I HOPE THAT THIS PRINCIPLE WILL CONTINUE TO GUIDE

YOUR THINKING AS YOU LEAD YOUR COMPANIES INTO

THE 1990S.

## THE NEED TO CARE ABOUT POLITICS

JUST AS FINANCE IS THE LIFEBLOOD OF NEW YORK,  
POLITICS AND PUBLIC POLICY ARE THE LIFEBLOOD OF  
WASHINGTON. NO DOUBT ABOUT IT, WASHINGTON IS A  
COMPANY TOWN, AND THE COMPANY HAPPENS TO HAVE  
A PRETTY WELL-KNOWN NAME -- IT'S CALLED THE  
FEDERAL GOVERNMENT.

THIS IS MY 30TH YEAR IN CONGRESS, AND I HAVE  
ENJOYED THE CHALLENGES IMMENSELY. THERE HAVE  
BEEN STRUGGLES -- THERE HAVE BEEN "DOWN-DAYS" --  
BUT THERE HAVE ALSO BEEN ACCOMPLISHMENTS, AND  
THE PERSONAL AND PROFESSIONAL SATISFACTION THAT  
COMES WITH THESE ACCOMPLISHMENTS.

SOMETIMES -- ON DAYS WHEN THINGS WEREN'T  
NECESSARILY GOING MY WAY -- I WOULD REMEMBER THE  
FAMOUS WORDS OF TEDDY ROOSEVELT -- A GOOD  
REPUBLICAN -- WHO ONCE WROTE:

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"IT IS NOT THE CRITIC WHO COUNTS; NOT THE MAN

WHO POINTS OUT HOW THE STRONG MAN STUMBLES.

THE CREDIT BELONGS TO THE MAN WHO IS ACTUALLY IN

THE ARENA, WHOSE FACE IS MARRED BY DUST AND

SWEAT AND BLOOD; WHO STRIVES VALIANTLY; WHO ERRS,

AND COMES SHORT AGAIN AND AGAIN. THE CREDIT

BELONGS TO THE MAN WHO -- IF HE FAILS -- AT LEAST

FAILS WHILE DARING GREATLY, SO THAT HIS PLACE SHALL

NEVER BE WITH THOSE COLD AND TIMID SOULS WHO

KNOW NEITHER VICTORY NOR DEFEAT."

# TEDDY MAY HAVE BEEN A BIT CARRIED AWAY WHEN

HE WROTE THESE BEAUTIFUL WORDS -- AND HE

CERTAINLY HAD A UNIQUE FLAIR FOR THE DRAMATIC --

BUT HIS CORE MESSAGE IS RIGHT-ON-TARGET.

IT'S EASY TO BE A CRITIC. IT'S EASY TO SIT BACK AND  
COMPLAIN ABOUT THE LOUSY JOB THAT WE'RE DOING IN  
WASHINGTON. AND IT'S EASY FOR US IN CONGRESS TO  
ENGAGE IN ONE OF OUR OWN FAVORITE PASTTIMES --  
THE GAME OF "BASH THE FEDERAL REGULATOR."



YOURSELVES GRUMBLING -- DURING THE MIDDLE OF THE  
NIGHT -- DURING THE MIDDLE OF SOME HIGH-RISK  
TRANSACTION -- ABOUT SOME DUMB LAW THAT  
CONGRESS PASSED, OR ABOUT SOME BURDENSOME  
REGULATION ISSUED BY THE BUREAUCRATS DOWN IN  
WASHINGTON. AND I AM CERTAIN THAT WHEN YOU PICK  
UP THE WALL STREET JOURNAL SOME MORNINGS YOU  
WONDER "WHAT IN THE WORLD ARE THOSE PEOPLE IN  
WASHINGTON DOING ANYWAY?"



ONE AREA WHERE THE GOVERNMENT SIMPLY  
CANNOT GO-IT-ALONE -- AND WHERE THE GOVERNMENT  
MUST RELY UPON PEOPLE LIKE YOURSELF WITH  
FINANCIAL EXPERIENCE -- IS THE MASSIVE CLEAN-UP OF  
THE SAVINGS AND LOAN INDUSTRY.

IT'S BEEN A BIG HEADACHE FOR THE PRESIDENT, A  
BIG HEADACHE FOR CONGRESS, AND IT WILL BE AN EVEN  
BIGGER HEADACHE FOR THE AMERICAN TAXPAYER ONCE  
THE FINAL TAX BILL GETS TALLIED.

YOU KNOW, I HEARD THAT THE HUBBLE TELESCOPE

GOT ITS FIRST PICTURE OF A BLACK HOLE -- AND IT HAD  
THE WORDS "S&L BAILOUT" WRITTEN ALL OVER IT.

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I HAVE SAID THAT THE SAVINGS AND LOAN DEBACLE

WILL BE AN ELECTION YEAR ISSUE -- NOT JUST FOR THE  
SENATE OR THE HOUSE OF REPRESENTATIVES, BUT FOR  
THE PRESIDENT HIMSELF. AND, FRANKLY, IT DESERVES  
TO BE AN ISSUE SINCE IT'S THE WORST FINANCIAL  
DISASTER TO HIT THIS COUNTRY SINCE THE DEPRESSION.

CHARLES BOWSHER -- THE DIRECTOR OF THE  
GENERAL ACCOUNTING OFFICE -- RECENTLY TESTIFIED  
THAT THE COST OF THE CLEAN-UP COULD RISE TO MORE  
THAN \$325 BILLION OVER THE NEXT 30 YEARS.

THE PRICE TAG WILL ALMOST CERTAINLY BE EVEN

HIGHER IF THE RESOLUTION TRUST CORPORATION

DOESN'T TAKE SOME QUICK -- AND SUBSTANTIAL STEPS --

TO STANCH THE THRIFT BLOOD-LETTING.

RESPONDED WELL --PERHAPS TOO WELL -- NOW  
CONTROLLING 347 THRIFTS WITH ASSETS TOTALLING  
MORE THAN \$170 BILLION. ACCORDING TO THE LAST  
OFFICIAL ESTIMATE, THE RTC OWNS 26,800 HOMES, 773  
OFFICE BUILDINGS, 158 HOTELS, 205 RESORTS, 51  
RESTAURANTS, 236 INDUSTRIAL FACILITIES -- AND "YES" --  
43 MINES. THE RTC ALSO HOLDS 37 PROPERTIES IN MY  
OWN HOMETOWN OF RUSSELL, KANSAS, SO I CAN  
CERTAINLY UNDERSTAND THOSE WHO SAY THAT THE RTC  
IS FAST BECOMING THE NATION'S LANDLORD.

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BUT ON THE ASSET DISPOSITION FRONT -- THE

FRONT WHERE THE REAL ACTION IS, OR AT LEAST

SHOULD BE -- THE RTC IS NOT LIVING UP TO

EXPECTATIONS, HAVING RESOLVED ONLY 80 OF THE

THRIFTS THAT IT HAS CLOSED OR TAKEN OVER.

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## A RECENT REPORT BY THE FORMER CHIEF

ECONOMIST FOR THE OFFICE OF THRIFT SUPERVISION  
CONCLUDED THAT THRIFTS LOST ALMOST \$42 BILLION  
FROM 1980 TO 1988 BEFORE BEING CLOSED BY FEDERAL  
REGULATORS. OBVIOUSLY, THIS IS A TERRIBLE TRACK  
RECORD, AND A TRACK RECORD THAT THE RTC  
SHOULDN'T REPEAT BY NEEDLESSLY DELAYING THE  
ASSET DISPOSITION PROCESS.

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LATER TODAY, THE RTG WILL DECIDE WHETHER TO

ADOPT A POLICY SLASHING THE PRICES OF ITS REAL

ESTATE ASSETS IF THE ASSETS HAVE REMAINED UNSOLD

---

FOR SIX MONTHS.

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ALTHOUGH SOME OBSERVERS ARE LEGITIMATELY

CONCERNED ABOUT DEPRESSING THE REAL ESTATE

MARKETS THROUGH A GOVERNMENT "DUMPING"

PROGRAM, THE RTC -- AND THE AMERICAN TAXPAYER --

SIMPLY CAN'T AFFORD TO BE THE NATION'S LANDLORD.

WHATEVER THE SHORT-TERM PAIN -- AND WHATEVER THE

SHORT-TERM COST -- THE RTC MUST REDUCE ITS REAL

ESTATE INVENTORY AND PLACE ITS PROPERTY HOLDINGS

BACK INTO THE HANDS OF PRIVATE INDIVIDUALS.

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THE OTS -- CERTAINLY HAS HIS JOB CUT OUT FOR HIM.

AND BILL SEIDMAN'S REPLACEMENT AT THE FDIC --

PROBABLY WILLIAM TAYLOR -- WILL BE

UP-TO-HIS-EYEBALLS IN COMPLEX PROBLEMS.

SO IF YOU HAVE ANY IDEAS ABOUT HOW TO  
SPEED-UP THE ASSET DISPOSITION PROCESS, PLEASE LET  
ME KNOW. BELIEVE ME, WHEN IT COMES TO THIS ISSUE,  
THERE'S NO SUCH THING AS A DUMB IDEA.

I WANT TO COMMENT VERY BRIEFLY ON SUNDAY'S  
SO-CALLED BUDGET SUMMIT AT THE WHITE HOUSE. I SAY  
SO-CALLED, BECAUSE THE WORD "SUMMIT" IS USED TOO  
MUCH IN THIS TOWN. ALL WE ARE REALLY DOING RIGHT  
NOW IS TALKING.

NOT THAT WE DON'T HAVE GOOD REASONS FOR  
MOVING FORWARD.

ONE, WE ARE PAYING ABOUT \$180 BILLION A YEAR IN

INTEREST.

TWO, INFLATION, INTEREST RATES, AND THE TRADE

DEFICIT ARE GETTING WORSE.

AND THREE, THE FEDERAL DEFICIT ESTIMATES FOR

1991 APPEAR TO BE RAPIDLY MOVING UPWARD -- FROM

\$100 BILLION TO \$150 BILLION IN JUST A COUPLE OF

MONTHS. AND THOSE ARE THE OPTIMISTIC ESTIMATES.

TODAY, I WILL ASK MY REPUBLICAN COLLEAGUES TO

PROCEED, AND I BELIEVE THE ANSWER WILL BE "YES."

BUT WHATEVER OUR DECISION, WE WON'T BE

SUCCESSFUL WITHOUT THE AMERICAN PEOPLE PUSHING

US TO SIT DOWN AND MAKE THE TOUGH DECISIONS

ABOUT THE DEFICIT.

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# I HAPPEN TO THINK MAKING THE TOUGH CHOICES

NOW IS GOOD POLICY AND GOOD POLITICS.

CONVENTIONAL WISDOM AROUND HERE SAYS YOU CAN'T

DO ANYTHING REAL ON THE BUDGET BECAUSE THIS IS AN

ELECTION YEAR. BUT IF WE COULD CONVINCING THE

AMERICAN PEOPLE THAT WE DID THE RIGHT THING FOR

THE RIGHT REASONS -- BECAUSE WE ARE CONCERNED

ABOUT THEIR CHILDREN AND GRANDCHILDREN -- THEN, I

BELIEVE WE WOULD HAVE WIDESPREAD SUPPORT

AROUND THE COUNTRY.

SO, I HOPE THAT SUNDAY'S MEETING WAS THE FIRST

IN WHAT MAY BE A SERIES OF FRUITFUL DEFICIT

REDUCTION TALKS OVER THE NEXT SEVERAL MONTHS.



