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NEWS

U. S. SENATOR FOR KANSAS

FROM:

SENATE REPUBLICAN LEADER

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AMERICAN COMPETITIVENESS

REMARKS OF SENATOR BOB DOLE TO THE
COMMITTEE ON INVESTMENT OF EMPLOYEE BENEFITS ASSETS
SEPTEMBER 26, 1991
MAYFLOWER HOTEL, WASHINGTON, DC

I'VE BEEN ASKED THIS MORNING TO SPEAK FOR A FEW MINUTES ON HOW THE UNITED STATES CAN IMPROVE ITS COMPETITIVENESS IN TODAY'S GLOBAL ECONOMY.

NO DOUBT ABOUT IT, "COMPETITIVENESS" IS ONE OF THE CURRENT HOT-BUTTON ISSUES IN WASHINGTON.

THIRTY YEARS AGO, RICHARD NIXON AND NIKITA KRUSCHEV ENGAGED IN A "KITCHEN DEBATE" OVER WHAT TYPE OF GOVERNMENT WOULD ULTIMATELY PREVAIL. AND FOR THE PAST THREE DECADES THAT QUESTION WAS THE DEFINING ONE OF OUR TIME.

TODAY, THAT DEBATE IS OVER. DEMOCRACY HAS WON A CONVINCING AND OVERWHELMING VICTORY.

BUT WHILE WE SWEEP UP THE TICKER-TAPE FROM THE VICTORY PARADE, WE MUST BE CAREFUL TO ENSURE THAT OTHER COUNTRIES DON'T MARCH RIGHT BY US.

COMPETING ECONOMICALLY

THE DEFINING QUESTION OF THE 90'S AND BEYOND IS NOT "WHAT TYPE OF GOVERNMENT IS BEST?", RATHER, "WHAT COUNTRY IS BEST ABLE TO COMPETE ECONOMICALLY."

AND LET ME SAY THAT THE ANSWER TO THAT QUESTION IS VERY MUCH UP IN THE AIR.

THE PACIFIC RIM NATIONS CONTINUE THEIR REMARKABLE RECORD OF GROWTH IN THE WORLD MARKET.

IN JUST A SHORT TIME, THE COUNTRIES OF WESTERN EUROPE WILL FORM A UNITED MARKET--A EUROPEAN COMMUNITY--WITH A COMBINED GROSS NATIONAL PRODUCT LARGER THAN OURS.

MANY OF THE NEWLY EMERGING DEMOCRACIES IN EASTERN EUROPE CLAIM WORKFORCES YOUNG IN AGE, AND WITH NEARLY UNIVERSAL LITERACY.

YOU CAN'T OPEN A NEWSMAGAZINE THESE DAYS WITHOUT SEEING MULTI-PAGE INSERTS FOR COUNTRIES LIKE IRELAND, SAUDI ARABIA, OR KOREA, PROMOTING THEIR WORKFORCE AND LURING COMPANIES AND INVESTMENTS.

AFTER THE GULF WAR AND THE COLLAPSE OF COMMUNISM IN RUSSIA, IT'S CLEAR THAT THE U.S. IS THE ONLY SUPERPOWER LEFT IN THE WORLD...AND IF WE ARE TO REMAIN SO, WE MUST TAKE STEPS TO ENSURE OUR WORKFORCE AND PRODUCTS COMPETE AND SUCCEED IN WORLD MARKET.

GOVERNMENT MANDATES

THE FIRST STEP WE NEED TO TAKE IS TO GET CONGRESS AND THE GOVERNMENT OUT OF MOST OF YOUR BUSINESS DECISIONS.

CONGRESS CAN NOT RESIST PASSING NEW LAWS AND SPENDING PROGRAMS. IT USED TO BE THAT THE FEDERAL GOVERNMENT WOULD PAY FOR THESE PROGRAMS. BUT THEN WE REALIZED THAT WE WERE BROKE, AND CONGRESS TOLD THE STATES THEY COULD PAY FOR THEM. BUT NOW, MANY OF THE STATES ARE BROKE, AND CONGRESS HAS LOOKED AROUND AND SAID, "AHA! YOU, MR. BUSINESSMAN OR BUSINESSWOMAN CAN PAY FOR THESE PROGRAMS."

THIS FALL, WE'LL BE DEBATING ONCE AGAIN A WHOLE LAUNDRY LIST OF CONGRESSIONAL MANDATES--PARENTAL LEAVE, MANDATORY HEALTH CARE, A SO-CALLED CIVIL RIGHTS BILL.

NOW, ALL OF THESE SOUND LIKE GOOD IDEAS...HOW CAN YOU OPPOSE TAKING TIME OFF WHEN A CHILD IS BORN OR A RELATIVE IS SICK?

BUT THESE PROGRAMS AREN'T FREE...THEY CARRY STIFF PRICE TAGS...PRICE TAGS THAT HARM BUSINESSES AND HINDER OUR COMPETITIVENESS.

(MORE)

INSTEAD OF MANDATES, WHY DON'T WE ADOPT A PROGRAM THAT PROMOTES AND DOESN'T STIFLE GROWTH--A PROGRAM THAT INCLUDES CAPITAL GAINS TAX CUTS.

PRODUCT LIABILITY REFORM

AND LET'S GIVE DAN QUAYLE SOME CREDIT. HE WAS RIGHT ON TARGET LAST MONTH WHEN HE SAID THAT THE U.S. LEGAL SYSTEM UNDERMINES OUR COMPETITIVENESS AND PROSPERITY.

FOREIGN MANUFACTURERS CAN HAVE PRODUCT LIABILITY INSURANCE RATES AS LITTLE AS 2% OF THE RATES U.S. MANUFACTURERS PAY...AND IT'S ONLY IN THE U.S. THAT SAFE PRODUCTS, NOTABLY DRUGS, ARE TAKEN FROM THE MARKET SIMPLY BECAUSE PROFIT MARGIN DOESN'T COVER THE COST OF DEFENDING FRIVOLOUS LAWSUITS.

INDEED, A RECENT BUSINESS STUDY REVEALED THAT:

47% OF U.S. MANUFACTURERS HAVE WITHDRAWN PRODUCTS FROM THE MARKET.

25% OF U.S. MANUFACTURERS HAVE DISCONTINUED SOME FORMS OF PRODUCT RESEARCH.

APPROXIMATELY 15% OF U.S. COMPANIES HAVE LAID OFF WORKERS AS A DIRECT RESULT OF PRODUCT LIABILITY EXPERIENCE.

DESPITE THESE NUMBERS, THE LIKELIHOOD OF PRODUCT LIABILITY REFORM IS ALMOST ZERO. THE TRIAL LAWYERS ARE A VERY POWERFUL LOBBY IN THIS TOWN. THEY GIVE LOTS OF MONEY--MOSTLY TO ONE PARTY--AND THE STATUS QUO CONTINUES.

EDUCATION

AND THE STATUS QUO HAS CONTINUED FOR FAR TOO LONG IN OUR SCHOOLS. PRESIDENT BUSH AND SECRETARY ALEXANDER ARE ABSOLUTELY RIGHT IN TRYING TO SHAKE UP OUR EDUCATION SYSTEM.

IF AMERICA IS TO COMPETE IN THE FUTURE, THEN WE MUST BE SURE THAT OUR YOUTH ARE RECEIVING SKILLS AND EDUCATION NEEDED TO COMPETE...IT'S CLEAR THAT JUST ISN'T HAPPEN.

DROP OUT RATES CONTINUE TO SKY ROCKET---REACHING 50% IN SOME INNER-CITY SCHOOLS.

IN TESTS COMPARING THE MATH AND SCIENCE SKILLS OF AMERICA'S 13 YEAR-OLDS WITH THOSE OF FIVE FOREIGN COUNTRIES AND FOUR CANADIAN PROVINCES, AMERICA'S STUDENTS FINISHED DEAD LAST.

NEARLY 50% OF ADVANCED DEGREES IN MATH AND ENGINEERING OFFERED BY U.S. UNIVERSITIES ARE NOW AWARDED TO FOREIGN STUDENTS.

THERE CONTINUE TO BE THOSE IN CONGRESS WHO SAY THE WAY TO IMPROVE EDUCATION IS TO SPEND MORE MONEY. THE SIMPLE FACT IS HOWEVER, THAT DOLLAR BILLS DON'T EDUCATE STUDENTS. IN FACT, THE UNITED STATES SPENDS MORE PER STUDENT THAN EITHER GERMANY OR JAPAN. TEN YEARS AGO, THE NATION SPENT \$2,491 PER PUBLIC SCHOOL STUDENT BELOW THE UNIVERSITY LEVEL. THIS YEAR THE FIGURE WILL BE \$5,638--AN INCREASE OF 33% AND WITH VERBAL SCHOLASTIC APTITUDE TESTS DECLINING FOR THE FOURTH STRAIGHT YEAR, I DON'T THINK THERE'S ANYONE HERE IN THE ROOM WHO WOULD SAY THAT WE'VE SEEN A 33% IMPROVEMENT IN OUR SCHOOLS' PERFORMANCE.

BUDGET DEFICIT

AND FINALLY, IF AMERICA WANTS TO COMPETE, THAN WE'VE GOT TO PUT OUR OWN FINANCIAL HOUSE IN ORDER.

I WAS VERY DISCOURAGED EARLIER THIS WEEK--THERE'S NO DOUBT THAT UNEMPLOYMENT BENEFITS SHOULD HAVE BEEN EXTENDED. AND I HAD A PLAN THAT WOULD HAVE DONE SO, AND WOULD HAVE PAID FOR THE EXPENSES--AS WE AGREED TO DO IN LAST YEAR'S BUDGET AGREEMENT.

THE DEMOCRATS PLAN WAS MORE EXPENSIVE, MORE GENEROUS, AND JUST TACKED THE BILL ON TO THE DEFICIT...AND YOU KNOW WHICH ONE PASSED.

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