

February 27, 1989

M E M O R A N D U M

TO: SENATOR DOLE

FROM: DENNIS SHEA

SUBJECT: SPEECH BEFORE THE ANNUAL CONVENTION OF THE NATIONAL  
AGGREGATES ASSOCIATION/NATIONAL READY MIXED CONCRETE  
ASSOCIATION

On Tuesday, February 28, you are scheduled to speak before the annual convention of the National Aggregates Association and the National Ready Mixed Concrete Association. The convention is being held at the Washington Hilton.

The time of your speech is 8:30 a.m. Organizers of the convention have asked that you speak for 30 minutes. A question-and-answer period will follow your speech, lasting approximately 20 minutes. Mrs. Dole is scheduled to speak immediately after the conclusion of this question-and-answer period.

I have been informed that approximately 1000 members of the two associations will be in attendance.

National Aggregates Association

The National Aggregates Association represents producers of construction aggregates. Construction aggregates include raw materials like sand and gravel.

National Ready Mixed Concrete Association

The National Ready Mixed Concrete Association represents companies that produce or sell ready-mixed concrete. The Association also represents companies that furnish materials, equipment, supplies and services to producers of ready-mixed concrete.

Speech

Your speech, which is intended to provide a broad overview of the major issues before the 101st Congress, covers the following topics:

- 1) budget deficit;
- 2) taxes;
- 3) labor issues (minimum wage, parental leave,  
double-breasting and occupational disease notification);
- 4) highways.

The speech looks very long. However, if you read the speech verbatim, it would barely cover the full 30 minutes.

FEBRUARY 28, 1989

NATIONAL AGGREGATES ASSOCIATION/NATIONAL READY

MIXED CONCRETE ASSOCIATION

INTRODUCTION

O I WANT TO THANK YOU FOR GIVING ME THE  
OPPORTUNITY TO SPEAK THIS MORNING AT  
THE ANNUAL CONVENTION OF TWO GREAT  
TRADE ORGANIZATIONS: THE NATIONAL  
AGGREGATES ASSOCIATION AND THE  
NATIONAL READY MIXED CONCRETE  
ASSOCIATION.

O THE MEMBERSHIP OF BOTH ASSOCIATIONS  
DESERVES MUCH CREDIT. YOU HAVE WORKED  
HARD AT DEVELOPING OUR NATION'S  
NATURAL RESOURCES. AND YOU HAVE  
WORKED HARD TO ENSURE THAT THESE  
RESOURCES ARE USED IN WAYS THAT BENEFIT  
US ALL -- IN BUILDING OUR HIGHWAYS AND  
OUR BRIDGES AND IN PROTECTING THE  
SOUNDNESS AND SAFETY OF OUR NATION'S  
INFRASTRUCTURE.



O I MIGHT ADD THAT BOTH ASSOCIATIONS CAN  
HELP TO DEVELOP YET ANOTHER OF OUR  
COUNTRY'S GREAT NATURAL RESOURCES --  
JOHN TOWER. I URGE YOU TO CONTACT  
YOUR SENATORS AND TELL THEM THAT YOU  
STAND BEHIND THE PRESIDENT AND HIS  
NOMINEE FOR SECRETARY OF DEFENSE.

## THE BUDGET

- O THIS ANNUAL CONVENTION IS A SALUTE TO  
LEADERSHIP AND NO PROBLEM  
CONFRONTING OUR GOVERNMENT TODAY  
REQUIRES LEADERSHIP MORE THAN THE  
FEDERAL BUDGET DEFICIT.
- O IN HIS BUDGET, THE PRESIDENT MAKES GOOD  
ON HIS CAMPAIGN PROMISES. HE HAS  
PRODUCED A KINDER AND GENTLER BUDGET  
AND HAS MET THE  
GRAMM-RUDMAN-HOLLINGS TARGETS  
WITHOUT RAISING TAXES.

O DESPITE THE CLAIMS MADE BY SOME IN THE  
DEMOCRATIC LEADERSHIP, THIS BUDGET  
DOES NOT LEAVE THE TOUGH CHOICES  
ABOUT WHAT TO CUT TO CONGRESS. THE  
PRESIDENT HOLDS DEFENSE GROWTH TO THE  
RATE OF INFLATION, SIGNIFICANTLY CUTS  
MEDICARE, FEDERAL RETIREMENT,  
AGRICULTURAL SUBSIDIES, AND FEDERAL  
HEALTH BENEFITS.

O IN ADDITION, PRESIDENT BUSH APPLIES A  
NOMINAL FREEZE TO A POT OF NONDEFENSE  
DISCRETIONARY SPENDING WORTH \$136  
BILLION. BY KEEPING SPENDING FOR THESE  
PROGRAMS AT 1989 LEVELS, WE WILL SAVE  
ALMOST \$11 BILLION IN A SINGLE YEAR.



O EVEN WITHOUT ANY CHANGES IN CURRENT  
POLICY, THE CONGRESSIONAL BUDGET OFFICE  
EXPECTS REVENUES TO INCREASE BY \$81.5  
BILLION IN 1990. WITH THIS REVENUE  
GROWTH, IT WILL BE POSSIBLE TO MEET THE  
1990 GRAMM-RUDMAN-HOLLINGS DEFICIT  
TARGET. BUT IN ORDER TO DO SO CONGRESS  
MUST STICK TO PRESIDENT BUSH'S PLAN TO  
HOLD THE OVERALL GROWTH IN SPENDING TO  
THE RATE OF INFLATION.



O THE PRESIDENT HAS ALSO FOUND FUNDS FOR  
INVESTING IN PEOPLE AS WELL AS  
TECHNOLOGY. THIS KINDER AND GENTLER  
BUDGET INCLUDES \$400 MILLION IN BUDGET  
AUTHORITY FOR NEW EDUCATION PROGRAMS,  
\$900 MILLION FOR THE WAR ON DRUGS, \$400  
MILLION IN AID TO THE HOMELESS, AND THE  
RESTORATION OF PRESIDENT REAGAN'S \$1.7  
BILLION CUT IN MEDICAID.

- O PRESIDENT BUSH'S BUDGET MAY NOT BE ALL THINGS TO ALL PEOPLE -- NO RESPONSIBLE BUDGET EVER IS -- BUT HIS BUDGET IS A SERIOUS, WORKABLE FIRST STEP. NOW, THE DEMOCRATS NEED TO LAY THEIR CARDS ON THE TABLE, SO THAT BUDGET NEGOTIATIONS CAN BEGIN.
- O STARTING BUDGET NEGOTIATIONS IS THE ONLY RESPONSIBLE THING TO DO, BECAUSE AS WE FIGHT OVER THE BUDGET, SIX YEARS OF SOLID, LOW-INFLATION ECONOMIC GROWTH MAY BE COMING TO AN END.

O SQUABBLING OVER THE BUDGET PREVENTS  
US FROM MOVING FORWARD ON THE  
APPROPRIATIONS PROCESS, AS WELL AS  
TACKLING IMPORTANT PROBLEMS LIKE THE  
SAVINGS AND LOAN CRISIS. THE PRESIDENT  
SHOULD NOT HAVE HIS LEGISLATIVE AGENDA  
HELD HOSTAGE BY A CONGRESS THAT  
PREFERS TO POINT FINGERS RATHER THAN  
FACE UP TO THE TOUGH BUDGET CHOICES  
NEEDED TO MEET THE  
GRAMM-RUDMAN-HOLLINGS TARGETS.



## TAXES

### A. NO NEW TAXES

- O YOU CAN'T TALK ABOUT THE BUDGET THESE  
DAYS WITHOUT ALSO TALKING ABOUT TAXES.
- O MY POSITION ON TAXES SHOULD BE VERY  
CLEAR. I DO NOT BELIEVE THAT TAX  
INCREASES ARE A SUBSTITUTE FOR SPENDING  
RESTRAINT. I AGREE WITH THE PRESIDENT  
THAT TO BALANCE THE BUDGET WE NEED TO  
LOOK AT SPENDING CUTS AND NOT NEW  
TAXES.

O I ALSO BELIEVE THAT KEEPING THE LOWER  
RATES ENACTED IN 1986 IS VERY IMPORTANT,  
BOTH AS AN ECONOMIC INCENTIVE AND TO  
ASSURE TAXPAYERS THAT OUR LAWS ARE  
FAIR. TAXPAYERS SHOULD NOT HAVE TO RELY  
ON TAX SHELTERS TO KEEP THEIR EFFECTIVE  
TAX RATES AT AN ACCEPTABLE LEVEL.

## B. EXCISE TAX ON GASOLINE

- O AS I MENTIONED EARLIER, THE BUDGET PROPOSED BY THE PRESIDENT MAKES GOOD ON HIS CAMPAIGN PROMISES TO MEET THE GRAMM-RUDMAN-HOLLINGS DEFICIT TARGETS WITHOUT RAISING TAXES. IT IS NOW CLEAR THAT WHEN THE PRESIDENT SAID "NO NEW TAXES," HE MEANT IT. THAT INCLUDES EXCISE TAXES ON SUCH ITEMS AS GASOLINE.



## C. CAPITAL GAINS

- O PRESIDENT BUSH IS ALSO COMMITTED TO A  
REDUCTION IN THE LONG-TERM CAPITAL  
GAINS TAX RATE IMPOSED ON CERTAIN  
INVESTMENT AND BUSINESS ASSETS.  
TREASURY AND CONGRESSIONAL  
ECONOMISTS DIFFER OVER THE REVENUE  
CONSEQUENCES OF THIS PROPOSAL. I  
BELIEVE THAT THE CONGRESS WILL BE  
RELUCTANT TO GAMBLE ON HYPOTHETICAL  
REVENUE GAINS, GIVEN THE CURRENT  
BUDGET SITUATION.

D. SECTION 89

O I ALSO KNOW THAT SOME OF YOU ARE  
CONCERNED ABOUT THE ADMINISTRATIVE  
BURDENS IMPOSED ON HEALTH AND WELFARE  
BENEFIT PLANS BY SECTION 89 OF THE  
INTERNAL REVENUE CODE. I HAVE RECEIVED  
LETTERS FROM BUSINESSMEN ACROSS THE  
COUNTRY WHO ARE SIMILARLY CONCERNED.  
IN MANY CASES, I BELIEVE THAT THESE  
COMPLAINTS ARE JUSTIFIED.

O LAST YEAR, AT THE REQUEST OF PRIVATE  
INDUSTRY GROUPS, I SUPPORTED  
SUBSTANTIVE CHANGES TO SIMPLIFY SECTION  
89 IN THE TECHNICAL CORRECTIONS ACT.  
SEVERAL OF THESE PROVISIONS WERE  
DESIGNED SPECIFICALLY TO EASE  
COMPLIANCE BURDENS FOR SMALL  
BUSINESSES.



O I RECOGNIZE THAT THESE CHANGES ARE NOT  
ENOUGH, AND FRANKLY, I WOULD HAVE  
PREFERRED TO DO EVEN MORE TO SIMPLIFY  
THESE RULES. ACCORDINGLY, I HAVE  
CO-SPONSORED LEGISLATION TO DELAY THE  
EFFECTIVE DATE OF SECTION 89 TO GIVE  
CONGRESS THE TIME TO REVIEW THIS  
PROVISION. MY STAFF IS ACTIVELY WORKING  
WITH STAFFS OF OTHER FINANCE COMMITTEE  
MEMBERS AND INDUSTRY EXPERTS TO  
DEVELOP WORKABLE TESTS.

## LABOR ISSUES

- O THERE ARE ALSO A NUMBER OF IMPORTANT  
LABOR ISSUES THAT CONGRESS WILL TAKE UP  
THIS LEGISLATIVE SESSION.

### A. MINIMUM WAGE

- O SENATOR KENNEDY, FOR EXAMPLE, RECENTLY  
INTRODUCED A BILL THAT WOULD RAISE THE  
MINIMUM WAGE TO \$4.65 AN HOUR BY 1992.  
THIS BILL IS ON THE FAST TRACK AND SHOULD  
REACH THE SENATE FLOOR SOMETIME IN  
MID-MARCH.

- O RAISING THE MINIMUM WAGE HAS GREAT  
POLITICAL APPEAL. AS A RESULT, YOU CAN  
UNDERSTAND WHY SOME OF THE POLITICIANS  
IN CONGRESS ARE PUSHING HARD FOR IT.
- O BUT IF ONE STEPS AWAY FROM THE POLITICAL  
RHETORIC AND LOOKS AT THE HARD FACTS, IT  
BECOMES CLEAR THAT RAISING THE MINIMUM  
WAGE WILL ONLY SERVE TO FUEL THE  
INFLATIONARY FIRE BY INCREASING THE  
COSTS OF DOING BUSINESS.



- O HIGHER BUSINESS COSTS WILL HAVE ONE  
  
DISASTROUS CONSEQUENCE: LONGER  
  
UNEMPLOYMENT LINES. NUMEROUS  
  
ECONOMIC STUDIES HAVE PROVEN THIS TO BE  
  
TRUE.
- O IT IS ALSO CLEAR WHO WILL BE STANDING ON  
  
THESE UNEMPLOYMENT LINES: THE  
  
LEAST-SKILLED AND THE LEAST-EDUCATED IN  
  
THE WORKFORCE, THE VERY PEOPLE THAT  
  
MINIMUM WAGE ADVOCATES CLAIM TO BE  
  
HELPING. OF THIS GROUP, MINORITIES,  
  
TEENAGERS, AND WORKERS IN DEPRESSED  
  
GEOGRAPHIC AREAS WILL BE PARTICULARLY  
  
HARD HIT.

O DESPITE THESE OBJECTIONS, I WOULD  
  
CONSIDER A RESPONSIBLE INCREASE IN THE  
  
MINIMUM WAGE IF THIS INCREASE WERE  
  
COUPLED WITH A SUBMINIMUM "TRAINING  
  
WAGE." A "TRAINING WAGE" WOULD ENABLE  
  
MORE YOUNG PEOPLE TO OBTAIN THAT  
  
VALUABLE FIRST JOB -- AT A TIME IN THEIR  
  
LIVES WHEN MOST DO NOT HAVE THE  
  
RESPONSIBILITY OF SUPPORTING A FAMILY --  
  
AND AT A COST THAT MOST BUSINESSES CAN  
  
AFFORD.

## B. MANDATED BENEFITS

- O EARLIER IN THE MONTH, SENATOR DODD  
INTRODUCED THE FAMILY AND MEDICAL LEAVE  
ACT. THIS BILL WOULD REQUIRE EMPLOYERS  
-- INCLUDING SMALL-SIZED BUSINESSES -- TO  
PROVIDE UNPAID PARENTAL AND MEDICAL  
LEAVE FOR PERIODS AS LONG AS 13 WEEKS.

O NEEDLESS TO SAY, A NATIONAL "PARENTAL  
LEAVE" STANDARD WILL  
DISPROPORTIONATELY HURT MANY SMALL  
BUSINESSES. THESE BUSINESSES WILL BE  
PARTICULARLY HARD-PRESSED TO FIND  
TEMPORARY REPLACEMENTS FOR THOSE  
EMPLOYEES WHO DO GO ON LEAVE.



O MOREOVER, THE FACT THAT SENATOR DODD'S  
BILL CALLS FOR UNPAID PARENTAL AND  
MEDICAL LEAVE DOES NOT MEAN THAT THE  
BILL WOULD HAVE NO SOCIAL COSTS. THE  
GENERAL ACCOUNTING OFFICE, FOR  
EXAMPLE, HAS ESTIMATED THAT PARENTAL  
LEAVE LEGISLATION WOULD COST EMPLOYERS  
ALMOST \$200 MILLION ANNUALLY.

O MANDATING EMPLOYEE BENEFITS LIKE  
PARENTAL LEAVE IS A TYPICAL DEMOCRATIC  
APPROACH. TRADITIONALLY, WHILE THE  
REPUBLICANS PREFER CHOICES, THE  
DEMOCRATS OPT FOR MANDATES. IN SO  
DOING, THE DEMOCRATS LIMIT THE OPTIONS  
GIVEN TO EMPLOYEES.

O ONE EMPLOYEE MAY WANT HIS RESOURCES  
SPENT ON PARENTAL LEAVE BENEFITS WHILE  
CHILD CARE MAKES MORE SENSE FOR  
ANOTHER. IF A MANDATE IS IN PLACE,  
SOMEONE IS GOING TO LOSE. I BELIEVE THAT  
THE FREE MARKET DECIDES MORE  
EFFICIENTLY THAN CONGRESS ON HOW  
RESOURCES SHOULD BE ALLOCATED.

## C. DOUBLE-BREASTING

O A NUMBER OF LABOR ISSUES FIGURED  
PROMINENTLY IN THE LAST CONGRESS AND  
THEY MAY REAPPEAR SOMETIME LATER THIS  
YEAR.

O ONE OF THESE ISSUES IS  
DOUBLE-BREASTING. AS MANY OF YOU  
KNOW, LAST YEAR I LED THE FILIBUSTER IN  
THE SENATE AGAINST LEGISLATION THAT  
WOULD



HAVE PROHIBITED DOUBLE-BREASTING IN THE  
CONSTRUCTION INDUSTRY. I WAS  
SUCCESSFUL IN MY EFFORTS TO BLOCK THIS  
LEGISLATION, DESPITE THE AFL-CIO'S  
EFFORTS TO FORCE THIS LEGISLATION  
THROUGH CONGRESS.

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O THE ISSUE OF DOUBLE-BREASTING IS REALLY  
ABOUT DEMOCRACY -- ABOUT THE RIGHTS OF  
WORKERS IN THE CONSTRUCTION INDUSTRY  
TO CHOOSE THE TERMS OF THEIR OWN  
EMPLOYMENT. CONGRESS SHOULD NOT BE  
IN THE BUSINESS OF MANDATING  
UNIONIZATION, THEREBY DENYING  
NON-UNION EMPLOYEES THE RIGHT TO VOTE  
ON THE IMPORTANT QUESTION OF UNION  
REPRESENTATION.

- O YOU CAN BE ASSURED THAT I WILL TAKE A  
LEADERSHIP ROLE IN THE FUTURE IN  
OPPOSING LEGISLATION THAT WOULD  
PROHIBIT THE PRACTICE OF  
DOUBLE-BREASTING.

INFRASTRUCTURE

- O NOW LET ME JUST BRIEFLY ADDRESS A TOPIC  
THAT I KNOW IS BOTH NEAR AND DEAR TO  
YOUR HEARTS: OUR NATION'S HIGHWAYS AND  
BRIDGES.
- O THERE IS WIDESPREAD CONCERN -- MOST OF  
IT JUSTIFIED -- OVER THE DETERIORATING  
CONDITION OF OUR NATION'S HIGHWAY  
SYSTEM AND ITS BRIDGES.

- O OF THE MORE THAN 575,000 BRIDGES IN THIS  
COUNTRY, 38 PERCENT HAVE BEEN  
CLASSIFIED AS EITHER STRUCTURALLY  
DEFICIENT OR FUNCTIONALLY OBSOLETE BY  
THE FEDERAL HIGHWAY ADMINISTRATION.
- O FURTHER, IT IS ESTIMATED THAT  
REHABILITATING THESE BRIDGES WILL COST  
OVER \$50 BILLION. THIS PRICE TAG WILL  
INCREASE WITH THE AGE OF THE SYSTEM.



O THE NATION'S ECONOMIC DEVELOPMENT  
DEPENDS UPON MAINTAINING AN ADEQUATE  
TRANSPORTATION NETWORK. WE SIMPLY  
CANNOT ALLOW THESE "LINKS" TO OUR  
BUSINESSES AND MARKETS TO BE DISRUPTED  
OR IMPAIRED BY A BREAKDOWN OF THE  
SYSTEM.

O IT WON'T BE EASY TO PAY FOR ALL THESE  
IMPROVEMENTS. THERE WILL BE INCREASING  
PRESSURE TO FUND THESE PROJECTS AS  
WELL AS OTHER COMPETING PROJECTS -- ALL  
THE WHILE KEEPING OUR EYES ON THE  
NUMBER ONE PRIORITY IN MY VIEW:  
REDUCING THE FEDERAL BUDGET DEFICIT.

## CONCLUSION

O THERE ARE NO EASY ANSWERS OR QUICK  
FIXES TO THESE DIFFICULT PROBLEMS.

HOWEVER, WE ALL HAVE A STAKE IN  
LOWERING THE FEDERAL BUDGET DEFICIT  
AND IN IMPROVING THE CLIMATE FOR  
AMERICAN BUSINESS BOTH AT HOME AND  
ABROAD. I LOOK FORWARD TO WORKING  
WITH ALL OF YOU IN THE WEEKS AND MONTHS  
AHEAD. THERE IS MUCH TO BE DONE.

O I UNDERSTAND THAT MY WIFE, ELIZABETH, IS  
SCHEDULED TO SPEAK IMMEDIATELY AFTER  
ME. I WOULDN'T WANT TO CUT INTO ANY OF  
HER TIME, SO I WILL TAKE YOUR QUESTIONS  
NOW.

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