

TALKING POINTS -- AMERICAN BUSINESS CONFERENCE

APRIL 4, 1989

O I AM DELIGHTED TO BE WITH ABC MEMBERS AGAIN

AND TO HAVE THE CHANCE TO HEAR YOUR VIEWS.

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THE REPUBLICAN AGENDA

- O EVERY TWO YEARS THE CONGRESS STARTS WITH A
CLEAN SLATE AND THE OPPORTUNITY TO RETHINK
ITS AGENDA. THIS CONGRESS IS ALSO THE START OF
A NEW ADMINISTRATION AND PRESIDENT BUSH HAS
REACHED OUT TO BOTH DEMOCRATS AND
REPUBLICANS IN CONGRESS SO THAT WE CAN WORK
TOGETHER TO SOLVE THE DIFFICULT PROBLEMS
CONFRONTING OUR NATION: THE BUDGET DEFICIT;
IMPORTANT SOCIAL CONCERNS, SUCH AS
RETIREMENT SECURITY, HEALTH CARE, EMPLOYEE
BENEFITS, CHILD CARE AND EDUCATION; AND, NOT
LEAST, OUR NATIONAL SECURITY.

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O ON OUR FIRST DAY IN SESSION, I JOINED WITH A
NUMBER OF MY COLLEAGUES TO INTRODUCE
LEGISLATION MANDATING A BALANCED BUDGET AND
GRANTING THE PRESIDENT ENHANCED RECISSION
AUTHORITY TO COMBAT CONGRESSIONAL SPENDING,
ELIMINATING THE UNFAIR SOCIAL SECURITY
EARNINGS TEST, IMPOSING SANCTIONS ON
COMPANIES WHICH AID IN THE SPREAD OF CHEMICAL
WEAPONS AND PROVIDING FOR CAMPAIGN FINANCE
REFORM. SINCE THEN I HAVE INTRODUCED
LEGISLATION TO DEAL WITH THE RURAL HOSPITAL
CRISIS AND TO IMPLEMENT THE PRESIDENT'S CHILD
CARE INITIATIVES.

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O SO YOU CAN SEE THAT THE REPUBLICAN AGENDA
ENCOMPASSES A BROAD SPECTRUM OF ISSUES
FROM ECONOMIC RESPONSIBILITY AND SPENDING
RESTRAINT TO LOOKING OUT FOR CHILDREN, THE
ELDERLY, THE SICK AND THE POOR, FROM INTEGRITY
AND COMPASSION AT HOME TO STRENGTH ABROAD.

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THE BUDGET DEFICIT

O FIRST OF ALL, I BELIEVE THAT PRESIDENT BUSH IS
OFF TO A GOOD START. UNLIKE PRESIDENT REAGAN
WHEN HE TOOK OFFICE, THIS PRESIDENT IS ON A
FIRST NAME BASIS WITH MOST MEMBERS OF
CONGRESS -- BOTH DEMOCRAT AND REPUBLICAN.
AND HE IS COMFORTABLE DEALING WITH CONGRESS.

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- O THE PRESIDENT HAS MADE REDUCING THE BUDGET DEFICIT HIS NUMBER ONE LEGISLATIVE PRIORITY. HIS FIRST MEETING WITH CONGRESSIONAL LEADERS, WHICH I ATTENDED, WAS A BIPARTISAN MEETING ON THE DEFICIT THAT LASTED TWO HOURS. SINCE THEN THE PRESIDENT HAS NAMED HIS NEGOTIATORS AND INSTRUCTED THEM TO SIT DOWN WITH THE CONGRESS. AND THIS IS HAPPENING. BUDGET COMMITTEE CHAIRMEN AGREED TO BEGIN DEFICIT REDUCTION TALKS WITH THE PRESIDENT'S BUDGET DIRECTOR AND ARE PLANNING TO COMPLETE THEIR WORK BY APRIL 7.

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THE BUSH BUDGET

O IN ADDITION, PRESIDENT BUSH HAS MADE GOOD ON HIS CAMPAIGN PROMISES TO PRODUCE A KINDER AND GENTLER BUDGET AND TO MEET THE GRAMM-RUDMAN-HOLLINGS TARGETS WITHOUT RAISING TAXES. NOW I DIDN'T REALLY APPRECIATE THE MERITS OF THE FLEXIBLE FREEZE UNTIL NEW HAMPSHIRE. BUT THE CONCEPT IS REALLY QUITE SIMPLE. IT MERELY RESTRAINS THE GROWTH IN FEDERAL SPENDING TO THE RATE OF INFLATION.

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O EVEN WITHOUT ANY CHANGES IN CURRENT POLICY,

FEDERAL REVENUES WILL INCREASE BY MORE THAN

\$80 BILLION IN 1990. WITH THIS REVENUE GROWTH, IT

WILL BE POSSIBLE TO MEET THE 1990 G-R-H DEFICIT

TARGET, IF CONGRESS STICKS TO THE PRESIDENT'S

PLAN.

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O MOREOVER, IN SPITE OF THE CLAIMS MADE BY SOME
DEMOCRATS, THIS BUDGET DOES NOT LEAVE THE
TOUGH CHOICES TO CONGRESS. THE PRESIDENT
HOLDS DEFENSE GROWTH TO THE RATE OF
INFLATION, AND SIGNIFICANTLY CUTS OTHER
PROGRAMS.

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WHY CONGRESS NEEDS TO COME TO THE BARGAINING

TABLE

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 SERIOUS
NEGOTIATIONS CAN PROCEED.

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O I BELIEVE THAT IT IS IMPORTANT THAT WE

ACCELERATE THE NORMAL BUDGET PROCESS WHICH
CAN DRAG ON UNTIL OCTOBER OR NOVEMBER.

IMPORTANT DEADLINES ARE LOOMING: THE SENATE
BUDGET COMMITTEE IS REQUIRED TO REPORT A
BUDGET RESOLUTION BY APRIL 1. CLEARLY WE
WON'T COMPLETE THAT WORK ON TIME BUT WE ARE
MOVING AND PROGRESS IS BEING MADE.

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O STARTING BUDGET NEGOTIATIONS WAS THE RESPONSIBLE THING TO DO. THE FINANCIAL MARKETS ARE NERVOUSLY AWAITING A SIGNAL THAT CONGRESS INTENDS TO ACT RESPONSIBLY TO MEET ITS DEFICIT REDUCTION TARGETS WITHOUT A SEQUESTER. IN RESPONSE TO ACCELERATING PRICE GROWTH, THE FEDERAL RESERVE HAS RAISED THE DISCOUNT RATE FOR THE FIRST TIME SINCE AUGUST, 1988, AFFECTING EVERYTHING FROM THE PRIME RATE TO HOME MORTGAGES.

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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 AND
THE CLEAN-UP OF NUCLEAR WASTE. THE PRESIDENT
SHOULD NOT HAVE HIS AGENDA HELD HOSTAGE BY A
CONGRESS THAT PREFERS TO POINT FINGERS
RATHER THAN FACE UP TO THE TOUGH BUDGET
CHOICES.

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TAXES

O I AGREE WITH THE PRESIDENT THAT TO BALANCE THE
BUDGET WE NEED TO LOOK AT SPENDING CUTS AND
NOT NEW TAXES. I DO NOT BELIEVE TAX INCREASES
ARE A SUBSTITUTE FOR SPENDING RESTRAINT TO
REDUCE THE FEDERAL BUDGET DEFICIT.

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O I ALSO BELIEVE THAT KEEPING THE LOWER RATES
ENACTED IN 1986 IS VERY IMPORTANT, BOTH AS AN
ECONOMIC INCENTIVE AND TO CONVINCE
TAXPAYERS THAT OUR TAX LAWS ARE FAIR. IN 1987, I
INTRODUCED A RESOLUTION ADOPTED BY THE
SENATE THAT WE SHOULD NOT ATTEMPT TO REDUCE
THE DEFICIT BY TAMPERING WITH TAX RATES.

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O THE BUDGET PROPOSED BY PRESIDENT BUSH MAKES GOOD ON HIS CAMPAIGN PROMISES TO MEET THE GRAMM-RUDMAN-HOLLINGS DEFICIT TARGETS WITHOUT RAISING TAXES. SOME DEMOCRATS HAVE INDICATED THAT THE PRICE FOR ENACTING SOME OF THE PRESIDENT'S PROGRAMS, SUCH AS LOWER CAPITAL GAINS TAXES, MUST BE INCOME TAX RATE INCREASES. I BELIEVE THEY WILL FIND THAT WHEN THE PRESIDENT SAID "NO NEW TAXES", HE MEANT IT. THAT INCLUDES EXCISE TAXES, AS WELL AS RATE INCREASES.

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CAPITAL GAINS TAX RELIEF

O LAST MONTH, THE SENATE FINANCE COMMITTEE
HELD HEARINGS ON THE PRESIDENT'S PROPOSAL TO
REDUCE THE LONG-TERM CAPITAL GAINS TAX RATE
ON INVESTMENT ASSETS. ECONOMISTS FROM BOTH
TREASURY AND CONGRESS APPREARED THERE TO
DEFEND THEIR REVENUE ESTIMATES.

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O THE TREASURY ESTIMATES THAT THE PRESIDENT'S PROPOSAL WILL INCREASE REVENUES OVER A FIVE-YEAR PERIOD BY \$9.3 BILLION, WHILE THE JOINT TAX COMMITTEE ESTIMATES THAT REVENUES WILL DECREASE BY \$24.2 BILLION OVER THE SAME PERIOD...WHATEVER THE OUTCOME, I BELIEVE THAT THE CONGRESS WILL BE RELUCTANT TO GAMBLE ON SUBSTANTIAL LONG-TERM REVENUE GAINS FROM THIS PROPOSAL.

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O IN ADDITION. THE CHAIRMAN OF THE HOUSE WAYS
AND MEANS COMMITTEE HAS INDICATED THAT HE
WILL NOT ACCEPT A CAPITAL GAINS TAX DECREASE
WITHOUT INCREASES IN INCOME TAX RATES WHICH
ARE NOT ACCEPTABLE TO THE PRESIDENT AND MANY
MEMBERS OF CONGRESS, NOT JUST REPUBLICANS.

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MINIMUM WAGE

O AS YOU KNOW, SENATOR KENNEDY PLANS TO BRING HIS MINIMUM WAGE INCREASE BILL TO THE SENATE FLOOR VERY SOON. THIS LEGISLATION WOULD RAISE THE MINIMUM WAGE TO \$4.65/HOUR OVER THREE YEARS, \$.10 MORE THAN THE HOUSE BILL, WITH NO PROVISION FOR A TRAINING WAGE.

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- O OVER 60 STUDIES PERFORMED BY A WIDE RANGE OF ECONOMISTS CONFIRM THAT THE KENNEDY BILL WILL COST THOUSANDS OF JOBS FOR AMERICAN WORKERS -- AS MANY AS 600,000 JOBS NATIONWIDE. THE PRESIDENT'S PROPOSAL -- AN INCREASE TO \$4.25 WITH A SIX-MONTH TRAINING WAGE -- WOULD SAVE ALMOST 400,000 OF THESE JOBS.

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MANDATED BENEFITS

- O HOWEVER, RAISING THE MINIMUM WAGE IS ONLY THE BEGINNING. SENATOR KENNEDY AND OTHERS ARE READYING LEGISLATION IMPOSING MANDATED HEALTH BENEFITS. SENATOR DODD HAS ALREADY INTRODUCED LEGISLATION REQUIRING EMPLOYERS TO PROVIDE UP TO 10 WEEKS UNPAID LEAVE FOR THE BIRTH OR ADOPTION OF A CHILD AND AS MUCH OR MORE FOR THE SERIOUS ILLNESS OF EITHER THE EMPLOYEE OR HIS CHILD.

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- O THIS IS A TYPICAL RESPONSE. TRADITIONALLY, WHILE THE REPUBLICANS PREFER CHOICES, THE DEMOCRATS OPT FOR MANDATES. IN DOING SO, THEY OF COURSE LIMIT THE OPTIONS GIVEN TO EMPLOYEES.
- O EVERY EMPLOYEE BENEFIT, EVEN UNPAID LEAVE, HAS A SIGNIFICANT COST. (LAST YEAR THE GENERAL ACCOUNTING OFFICE ESTIMATED THAT PARENTAL LEAVE LEGISLATION WOULD COST EMPLOYERS ALMOST \$200 MILLION ANNUALLY.) WHEN WE ARE DEALING WITH COSTS OF THIS MAGNITUDE, I BELIEVE THAT EMPLOYEES AND EMPLOYERS SHOULD HAVE SOME SAY.

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

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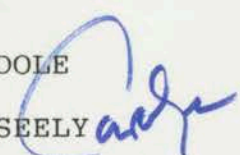
0 I ALSO BELIEVE THAT THERE IS A ROLE FOR
GOVERNMENT, ALONG WITH THE PRIVATE SECTOR, IN
HELPING TO MAKE THESE BENEFITS AVAILABLE. IT IS
NOT AN EITHER/OR PROPOSITION. THE PROBLEMS
ARE JUST TOO LARGE FOR THE GOVERNMENT OR
THE PRIVATE SECTOR ALONE.

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CONCLUSION

- O THIS IS A GOOD PLACE TO STOP. YOU ASKED ME TO
TALK ABOUT THE REPUBLICAN AGENDA. BUT WHILE
REPUBLICANS HAVE IMPORTANT GOALS FOR OUR
FUTURE, WE NEED THE HELP OF THE PRIVATE
SECTOR IN ACCOMPLISHING THESE TASKS.
- O AND ALL OF YOU REPRESENT AN IMPORTANT PART
OF THE BUSINESS COMMUNITY AND AN IMPORTANT
PART OF THIS EFFORT. THANK YOU.

MARCH 28, 1989

TO: SENATOR DOLE
FROM: CAROLYN SEELY 
SUBJECT: POLICY DISCUSSION WITH AMERICAN BUSINESS CONFERENCE
LEADERS

At noon on Tuesday, April 4, 1989, you are scheduled to lead the policy discussion at a luncheon with 12-15 CEO's of American Business Conference members. Following your introductory remarks (5-10 minutes), the hour will be devoted to a group discussion.

ABC member companies consist of high growth firms with annual revenues between \$25 million and \$2 billion. The organization is chaired by Arthur Levitt, Chairman of the American Stock Exchange. You last addressed ABC's membership in 1987.

ABC is concerned with economic issues: the budget, taxes, capital formation, mandated benefits, etc. You are expected to discuss the Republican legislative agenda and the outlook for this Congress: Is bipartisanship an illusion? Is government by Congress becoming a reality?

Before you, all members will have heard from Congressman Panetta and Senator Bradley. President Bush, Ambassador Hills, Michael Boskin and Secretary Mossbacher will address the full Conference later.

Tuesday breakfast discussion groups will have featured Danny Wall, Senator Nunn, Senator Cochran with Congresswoman Schroeder, Congressmen Houghton and Upton and Senator Domenici. The other luncheon discussions scheduled so far will be led by Congressman Gray on the budget and by Congressmen LaFalce, Schumer, and Torcelli on banking and financial institutions.

On Wednesday, the breakfast discussions will feature Alan Greenspan, Senator Packwood, Senators Sanford and Wirth and Congressmen Downey and Schumer. At lunch, the discussions will be led by Secretary Dole, by Congressman Coelho on the Democratic legislative agenda, by Senator Simpson and Congressman Anthony, and by Senator Rudman and Congressman Green.

SENATE REPUBLICAN LEADERSHIP PERSPECTIVE OF
THE LEGISLATIVE AGENDA

AGENDA
FOR
LUNCHEON MEETING WITH

Senator Robert Dole (R-KS)

Washington Court Hotel
525 New Jersey Avenue, NW
Ashlawn Room
April 4, 1989
12:00 p.m. - 1:00 p.m.

- o What is the Republican legislative agenda?
- o Is bipartisanship an illusion?
- o Is Congressional government a reality?

**American
Business
Conference**

March 30, 1989

The Honorable Robert Dole
United States Senate
SH-141
Washington, D.C. 20510

Dear Senator Dole:

During the American Business Conference's upcoming Membership Meeting, our member chief executives will work with the nation's top policymakers to promote policies encouraging growth, job creation, and a higher standard of living for all Americans. We are pleased you plan to join us and look forward to meeting with you.

A central theme of the American Business Conference is the responsibility and accountability of the policymaking and business communities in ensuring the nation's economic growth. We view this as an ongoing process; next week's discussion will provide a foundation on which to build as we continue to work with you on those initiatives which are in the best interest of the economic wellbeing of this country.

Specifically, your luncheon with a group of ABC members is an informal policy discussion, basically a "roundtable" format. This session will provide an opportunity for our chief executives to gain from your insight into the issue of the Senate legislative agenda, as well as share with you ABC's views. The attached issue agenda includes topics for the discussion, and a list of attendees is also attached.

The luncheon discussion will begin with introductions by the ABC member who will chair the session (as indicated on the attendees list). You will be invited to make brief remarks; subsequently the discussion will be open to all participants. This informal forum has a proven track record with the American Business Conference -- it encourages candid dialogue and ensures a productive exchange of ideas between policymakers and ABC chief executives.

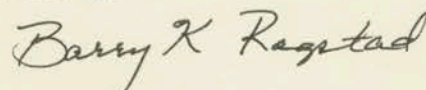


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Additional briefing material is enclosed for your review. Specifically, I bring to your attention the one-page mission statement describing the organization and our activities. Also included are the biographies of the chief executives with whom you will meet and general information on the organization.

Again, our thanks for participating in ABC's Membership Meeting. We look forward to seeing you next week.

Sincerely,

A handwritten signature in dark ink, reading "Barry K. Rogstad". The signature is written in a cursive style with a large, stylized "B" and "R".

Barry K. Rogstad
President

Enclosures

American Business Conference

A Coalition of Growth Companies

MISSION

Founded in 1981 and comprising one hundred chief executives of fast-growing, mid-size companies, the American Business Conference is the non-partisan voice of the high-growth, entrepreneurial sector of the economy. ABC's mission is the promotion of public policies to encourage growth, job creation, and a higher standard of living for all Americans.

Through personal advocacy, direct involvement and publications, ABC executives strive to bring a fresh, informed and neutral outlook to economic policy-making. The American Business Conference sees itself as a "laboratory of excellence" dedicated to communicating the outlook and practices of the firms that are on the leading edge of the American economy.

MEMBERSHIP

To qualify for membership in ABC, a company must have annual revenues of at least \$25 million and must be growing in revenues or earnings at a minimum annual rate of three times the growth of the economy plus inflation. ABC maintains a distribution of manufacturing, service, financial service and real estate firms in its membership roughly proportional to the configuration of the economy as a whole.

AGENDA

ABC focuses on a select array of issues directly related to economic growth.

- o Fiscal Policy: ABC regards the stimulation of national savings and the continued reduction of the federal deficit as the nation's leading economic priorities. While ABC urges bipartisan scrutiny of federal spending programs to balance the budget without new taxes, it would support new taxes only if the new revenues were dedicated solely to deficit reduction. The burden of any new levies, however, should fall on consumption rather than savings, and in the longer term, ABC favors an examination of a transition to a consumption-based income tax.

- o International Trade and Finance: ABC is committed to free and fair trade as well as the unhindered international flow of investment capital.

- o Human Capital: The long-range competitiveness of ABC companies and of American business generally, depends upon the maintenance of a world-class work force. To that end, ABC strongly supports new initiatives to promote educational excellence at all levels.

ACTIVITIES

ABC in all of its activities depends upon the participation and initiative of its executives. Twice each year, ABC members come to Washington for three days of policy meetings. In addition to small meetings with two or three senators or administration officials, ABC executives meet in plenary session to hear from the president of the United States and other distinguished policy makers.

ABC executives often visit Washington individually and in small groups to exchange views of the membership before committees of Congress. A number of ABC executives serve on various trade and advisory committees to the president, and three ABC members are directors of Federal Reserve Banks.

ABC regularly publishes monographs on economic policy issues as well as surveys drawing directly from the experiences of ABC member companies.

**SENATE REPUBLICAN LEADERSHIP PERSPECTIVE OF
THE LEGISLATIVE AGENDA**

**ATTENDEES
FOR
LUNCHEON MEETING WITH**

Senator Robert Dole (R-KS)

**Washington Court Hotel
525 New Jersey Avenue, NW
Ashlawn Room
April 4, 1989
12:00 p.m. - 12:55 p.m.**

CHAIRMAN

**Roger W. Johnson
Chairman, President & C.E.O.
WESTERN DIGITAL CORPORATION
Irvine, California**

**Russell Berrie
Chairman & C.E.O.
RUSS BERRIE AND COMPANY, INC.
Oakland, New Jersey**

**Lennox K. Black
Chairman & C.E.O.
TELEFLEX INCORPORATED
Limerick, Pennsylvania**

**Roland S. Boreham, Jr.
Chairman & C.E.O.
BALDOR ELECTRIC COMPANY
Fort Smith, Arkansas**

**John W. Brown
Chairman, President & C.E.O.
STRYKER CORPORATION
Kalamazoo, Michigan**

**J.E.R. Chilton, III
Owner
CHILTON INVESTMENTS
Dallas, Texas**

**Dan A. Colussy
President & C.E.O.
UNC INCORPORATED
Annapolis, Maryland**

**William A. Fickling, Jr.
President & Chairman
CHARTER MEDICAL CORPORATION
Macon, Georgia**

**Donald C. Graham
Chairman
GRAHAM COMPANIES
York, Pennsylvania**

**Robert L. Green
Chairman
COMMUNITY PSYCHIATRIC CENTERS
San Francisco, California**

**Louis A. Guzzetti, Jr.
President & C.E.O.
NEOAX, INC.
Stamford, Connecticut**

Leon C. Hirsch
Chairman, President & C.E.O.
U.S. SURGICAL CORPORATION
Norwalk, Connecticut

James M. Hoak
Chairman
HERITAGE COMMUNICATIONS, INC.
Des Moines, Iowa

Lillian Vernon Katz
Chairman, President & C.E.O.
LILLIAN VERNON CORPORATION
Mt. Vernon, New York

Lawrence P. Klamon
President & C.E.O.
FUQUA INDUSTRIES, INC.
Atlanta, Georgia

Michael Markels, Jr.
President & C.E.O.
VERSAR, INC.
Springfield, Virginia

James R. McManus
Chairman & C.E.O.
MARKETING CORPORATION OF AMERICA
Westport, Connecticut

Edward C. Raymund
Chairman
TECH DATA CORPORATION
Clearwater, Florida

Michael J. Rogerson
Chairman & President
ROGERSON AIRCRAFT CORPORATION
Irvine, California

Richard Ruch
C.E.O.
HERMAN MILLER, INC.
Zeeland, Michigan

Charles R. Scott
President & C.E.O.
INTERMARK, INC.
La Jolla, California

Ray Stata
Chairman & President
ANALOG DEVICES, INC.
Norwood, Massachusetts

Sidney Topol
Chairman
SCIENTIFIC-ATLANTA, INC.
Atlanta, Georgia

Thomas W. Wathen
Chairman & C.E.O.
PINKERTON'S INC.
Van Nuys, California

W. Hall Wendel, Jr.
President & C.E.O.
POLARIS INDUSTRIES L.P.
Minneapolis, Minnesota

Josh S. Weston
Chairman & C.E.O.
AUTOMATIC DATA PROCESSING, INC.
Roseland, New Jersey

ROGER W. JOHNSON

Chairman, President & C.E.O.
Western Digital Corporation
2445 McCabe Way
Irvine, California 92714
(714) 863-7847

COMPANY:

- o Leading manufacturer of a broad range of storage management, intelligent disk drive, communications, video controller and core logic products for both OEM and end-user markets
- o Facilities located in: Irvine, California
Cork, Ireland
Malaysia
Puerto Rico
Singapore
Seoul, Korea
- o Public company which operates in domestic and international markets
- o 6,850 employees
- o Founded 1970

PERSONAL:

- o Chairman, President & C.E.O., Western Digital Corporation
- o Former: President, Office Systems Group of Burroughs Corp.
Executive Vice President and Chief Operating Officer, Measurex Corp.
Executive with Memorex Corp., Singer Co., and General Electric Co.
- o Boards: American Business Conference
Quintec Industries, Inc.
Pacific Scientific
Orange County Performing Arts Center
American Stock Exchange Board of Governors
University of California, Irvine Board of Overseers
- o Education: B.B.A., Clarkson University, College of Technology
M.B.A., University of Massachusetts

RUSSELL BERRIE

Chairman & C.E.O.
Russ Berrie and Company, Inc.
111 Bauer Drive
Oakland, New Jersey 07436
(201) 337-9000

COMPANY:

- o Designs, markets and distributes gifts
- o Manufactures more than 7,500 products
- o Products include: stuffed animals, key rings, greeting cards, dolls, picture frames, candy, candles, mugs, stationery products and holiday ornaments
- o Facilities include: 11 U.S. distribution centers, 2 U.S. central warehouses, 4 Orient offices, and Canadian and U.K. distribution centers
- o Public company which operates in domestic and international markets
- o 2,554 employees
- o Founded 1963

PERSONAL:

- o Chairman & C.E.O., Russ Berrie and Company, Inc.
- o Founder, Russ Berrie and Company, Inc.
- o Founder, Hebrew University of Jerusalem
- o Named 1986 Man of the Year by the Catholic Community Services
- o Recipient of the Gate of Jerusalem Award - 1987
- o Recipient of the Antonio R. Rizzuto Award - UNICO National 1987
- o Recipient of New Jersey Entrepreneur of the Year Award - Arthur Young and VENTURE Magazine - 1988
- o Boards: Overseer, N.Y.U. Graduate School of Business
Founder, Yeshiva University School of Business
University of Florida Foundation
Toy Manufacturers of America
- o Education: University of Florida
New York University

LENNOX K. BLACK

Chairman & C.E.O.
Teleflex Incorporated
155 South Limerick Road
Limerick, Pennsylvania 19468
(215) 948-5100

COMPANY:

- o Applied engineering company; leading manufacturer of automotive engine and transmission controls
- o 46 manufacturing facilities
- o Services include: aerospace, defense, medical, and transportation industries
- o Public company which operates in domestic and international markets
- o Over 4,500 employees
- o Founded 1943

PERSONAL:

- o Chairman & C.E.O., Teleflex Incorporated
- o Member, Executive Council of the Conference Board
- o Director: Penn Virginia Corporation
TFX Engineering
Quaker Chemical Corporation
Envirite Corporation
Pep Boys
- o Trustee: Thomas Jefferson University
Tabor Children's Services
Hyde School
Huntsman Marine Science Center
- o Chairman, International Business Forum, 1989
- o Education: Graduate, Royal Canadian Naval College
Bachelor of Commerce, McGill University

ROLAND S. BOREHAM, JR.

Chairman & C.E.O.
Baldor Electric Company
5711 South Seventh Street
Fort Smith, Arkansas 72901
(501) 646-4711

COMPANY:

- o Manufacturer of high-efficiency industrial electric motors and electronic motor controls
- o Markets include: distributor replacement
agriculture
power transmissions
robotics
industrial automation
- o 12 facilities located throughout the U.S. and in Germany
- o Public company which operates in domestic and international markets
- o 2,600 employees
- o Founded 1920

PERSONAL:

- o Chairman & C.E.O., Baldor Electric Company
- o Vice President of Sales, Baldor Electric Company, (1961-1975)
- o Manufacturer's representative manager, R.S. Boreham & Co. (1948-1961) Los Angeles, California
- o Boards: Sparks Regional Medical Center
University of the Ozarks
United Way
- o Education: Degree in physics-meteorology, UCLA
Completed requirements for masters degree in electrical engineering, UCLA, 1954

JOHN W. BROWN

Chairman, President & C.E.O.
Stryker Corporation
P.O. Box 4085
Kalamazoo, Michigan 49003-4085
(616) 385-2600

COMPANY:

- o A leading manufacturer of specialty surgical and medical products
- o Products include: surgical instruments
orthopedic implants
hospital stretchers
arthroscopy products
- o Facilities located in: U.S.
The Netherlands
Hong Kong
- o International sectors comprise over 27% of total sales
- o Public company which operates in domestic and international markets
- o 1,300 employees
- o Founded 1946

PERSONAL:

- o Chairman, President & C.E.O., Stryker Corporation
- o Former Chairman, Health Industry Manufacturers Association
- o Boards: Kalamazoo College
Cobe Laboratories
Health Industry Manufacturers Association
Lunar Radiation Corporation
- o Education: B.S., Auburn University

J.E.R. CHILTON, III

Owner
Chilton Investments
12606 Greenville Avenue
P.O. Box 2049
Dallas, Texas 75221
(214) 699-6311

COMPANY:

- o A sole proprietorship for personal investments, currently operating as a venture capital company making investments in young growth companies
- o The 30 million dollar fund provides capital and expertise to start-up firms across the U.S. primarily in the service business
- o Private company which operates in domestic markets

PERSONAL:

- o Owner, Chilton Investments
- o Founding member and former vice chairman, American Business Conference
- o Formerly Chairman & C.E.O. of the Chilton Corporation which provides business services to the nations credit grantors
- o First person to computerize a credit bureau
- o Boards: Past Chairman, Associated Credit Bureaus of America
Chairman, Image Sciences Corporation
Dallas Museum of Art
- o Education: B.A., Southern Methodist University

DAN A. COLUSSY

President & C.E.O.
UNC Incorporated
175 Admiral Cochrane Drive
Annapolis, Maryland 21401-7394
(301) 266-7333

COMPANY:

- o Provides service through technology in: Aerospace/Aviation
Environmental Services
Defense
- o Continues to build up its aerospace/aviation sector; its capability in the environmental remediation and reclamation markets; and capitalize on the increased outsourcing of business and activities by the Department of Defense
- o Facilities located in:

Connecticut	New Jersey
California	New York
Florida	Maryland
Colorado	Indiana
New Mexico	
- o Facilities and offices located in 16 states and 19 cities in the U.S.
- o 3,768 employees
- o Founded 1954

PERSONAL:

- o President & C.E.O., UNC Incorporated
- o Former: President & C.E.O. for Canadian Pacific Airlines
President & C.O.O. for Pan American World Airways
- o Education: M.B.A., Harvard University Graduate School of Business
B.S., U.S. Coast Guard Academy

WILLIAM A. FICKLING, JR.

President & Chairman
Charter Medical Corporation
577 Mulberry Street
P.O. Box 209
Macon, Georgia 31298
(912) 742-1161

COMPANY:

- o Provides medical treatment services to hospital patients
- o 93 psychiatric, addictive disease and general acute-care hospitals in U.S. and Europe
- o Largest provider of private psychiatric care in the world in terms of number of free-standing hospitals
- o Approximately 15,000 employees worldwide
- o Founded 1969

PERSONAL:

- o President and Chairman, Charter Medical Corporation
- o Founder, Charter Medical Corporation
- o Former Chairman of Federal Reserve Bank of Atlanta
- o Boards: American Business Conference
American Stock Exchange
Georgia Power Company
- o Education: B.S., Auburn University

DONALD C. GRAHAM

Chairman
Graham Companies
1420 Sixth Avenue
P.O. Box 1104
York, Pennsylvania 17405-1104
(717) 848-3755

COMPANY:

- o Leading diversified manufacturer with three subsidiaries

Graham Engineering: (and affiliated machinery companies) manufacture packaging machinery in the United States and Italy

Graham Container and Sonoco Graham: the largest blow molders of polyethylene bottles in the world with over 30 manufacturing plants

Graham Architectural Products: the largest manufacturer in the United States of commercial replacement windows

- o Facilities located in:

Pennsylvania	California	Texas
New Jersey	Missouri	Georgia
South Carolina	Ohio	Florida
North Carolina	Mississippi	Kansas
Oklahoma	Washington	Indiana

- o Private company which operates in domestic markets
- o 2,200 employees
- o Founded 1963

PERSONAL:

- o Chairman, Graham Companies
- o Founder, Graham Companies
- o Former President, Manufacturers' Association of York
- o Trustee: YMCA
York College
- o Boards: Continental Bancorp - Philadelphia
York Bank Corporation
Camp Tecumseh
Burke Mountain Academy
- o Education: Graduate, University of Michigan
Master's Degree, University of Michigan

ROBERT L. GREEN

Chairman
Community Psychiatric Centers
517 Washington Street
San Francisco, California 94111
(415) 397-6151

COMPANY:

- o Owns and operates 44 psychiatric hospitals and 84 facilities which provide hemodialysis for kidney patients
- o Patient centers are located in 28 states, Puerto Rico and London
- o Public company which operates in domestic and international markets
- o 5,500 employees
- o Founded 1969

PERSONAL:

- o Chairman, Community Psychiatric Centers
- o Co-Founder, Community Psychiatric Centers
- o Board member, American Business Conference
- o Former President of a diversified investment company
- o Certified Public Accountant (California)
- o Member: Federation of American Health Systems (FAHS)
National Association of Private Psychiatric
Hospitals (NAPPH)
California Business Roundtable
- o Education: B.A., Stanford University
LL.B., Stanford University Law School

LOUIS A. GUZZETTI, JR.

President & C.E.O.
NEOAX, Inc.
Five High Ridge Park
P.O. Box 10309
Stamford, Connecticut 06904-2309
(203) 321-1109

COMPANY:

- o Specialized industrial services company, primarily for the steel, aluminum and utility industries
- o Also a diversified manufacturer and distributor of custom industrial gears and other precision machined components
- o Facilities located in United States and Canada
- o Subsidiaries include: International Mill Service, Inc.
Fairfield Manufacturing Company
Superior Air Parts, Inc.
Nuclear Automation, Inc.
- o Public company operating in domestic markets
- o 3,400 employees
- o Founded 1984

PERSONAL:

- o President and C.E.O., NEOAX, Inc.
- o Former: President and C.E.O., United Fruit Company
Executive Vice President, United Brands Company
Executive Vice President, General Host Corporation
General Counsel, General Host Corporation
Associate, Breed, Abbott and Morgan
- o Education: Williams College, 1961
Harvard Law School, 1964 (cum laude)

LEON C. HIRSCH

Chairman, President and C.E.O.
United States Surgical Corporation
150 Glover Avenue
Norwalk, Connecticut 06856
(203) 866-5050

COMPANY:

- o Developer, manufacturer and marketer of surgical products
- o Facilities located in: United States Holland
 Australia France
 Spain Switzerland
 Canada Germany
 England Italy
- o Public company which operates in domestic and international markets
- o 2,629 employees
- o Founded 1964

Personal:

- o Chairman, President & C.E.O., United States Surgical Corp.
- o Former: Chairman and President, Tenax, Inc.
 President and Secretary, N.J. Standard Foods Inc.
 Partner, Lebow, Hirsch, and Windly
 Owner, Ravon Advertising Agency
- o Member: American Society of Colon and Rectal Surgeons Research Foundation
- o Awards: "Nessim Habif," 1970, from the University of Geneva
 Man of the Year award, 1964, by Deborah Hospital
 Julius Perlmutter Trophy, 1946
- o Co-authored the medical paper, "A New Instrument for Simultaneous Litigation and Division of Vessels with a Note on Hemostasis by Gelatin-Sponge Combination," 1972
- o Education: City College of New York

JAMES M. HOAK

Chairman
Heritage Communications, Inc.
2195 Ingersoll Avenue
Des Moines, Iowa 50312
(515) 246-1440

COMPANY:

- o Operates in the cable television, broadcast television and radio industries
- o Operates 140 cable television systems in 300 communities in 18 states which serve over 1 million cable television subscribers
- o Also owns and operates companies which operate radio and television stations and in-store advertising systems
- o Private company in cable television which operates in domestic markets; public company in broadcasting
- o 4,000 employees
- o Founded 1971

PERSONAL:

- o Chairman, Heritage Communications, Inc.
- o Former attorney for a Des Moines law firm and a legal assistant to a Commissioner of the Federal Communications Commission in Washington, D.C.
- o Founding member of C-SPAN
- o Boards: American Business Conference
Young Presidents' Organization
- o Education: B.A., Yale University
J.D., Stanford University, Magna Cum Laude

LILLIAN VERNON KATZ

Chairman, President & C.E.O.
Lillian Vernon Corporation
510 South Fulton Avenue
Mt. Vernon, New York 10550
(914) 699-4131

COMPANY:

- o Direct mail specialty catalog company, concentrating on the marketing of gift, household, personal use and children's items
- o Maintains a proprietary data base of past purchasers, gift recipients and catalog requesters with comprehensive transaction histories; database contains names of 9 million people of whom 4.5 million have placed orders in the last two years.
- o Public company (since August 1987) which operates in domestic markets
- o 1,000 full time employees and 500 seasonal employees
- o Founded 1951

PERSONAL:

- o President and C.E.O., Lillian Vernon Corporation
- o Chairman of the Board, Lillian Vernon Corporation
- o Founder, Lillian Vernon Corporation
- o Most successful female catalog founder in history
- o Director, Office of Education Research & Improvement

LAWRENCE P. KLAMON

President & C.E.O.
Fuqua Industries, Inc.
4900 Georgia-Pacific Center
Atlanta, Georgia 30303
(404) 658-9000

COMPANY:

- o Consumer products and services company with four areas of business including: lawn and garden equipment
photofinishing
sporting goods
consumer financial services
- o Subsidiaries include: Snapper Power Equipment
Qualex, Inc.
Georgia Federal Bank
Nelson/Weather-Rite, Inc.
Hutch Sporting Goods
Willow Hosiery
- o Facilities located in: United States, China, Korea, Taiwan and Hong Kong
- o Public company which operates in domestic and international markets
- o 14,000 employees
- o Founded 1965

PERSONAL:

- o President & C.E.O., Fuqua Industries, Inc.
- o Served on the staff of Secretary of Defense Robert McNamara
- o Former Associate, New York law firm, Cravath, Swaine and Moore
- o Director: Fuqua Industries, Inc. (executive committee)
Pier 1 Imports, Inc.
Advanced Telecommunications Corporation
- o Boards: Atlanta Chamber of Commerce
Woodruff Arts Center
The Atlanta College of Art
Central Atlanta Progress
- o Education: B.A., Washington University
J.D., Yale Law School

MICHAEL MARKELS, JR.

President & C.E.O.
Versar, Inc.
6850 Versar Center
Springfield, Virginia 22151
(703) 750-3000

COMPANY:

- o Environmental firm
- o Helps industry maintain growth and profitability while, protecting the environment, conserving natural resources and safeguarding public and occupational health
- o Provides service to federal, state and local governments as well as to numerous industrial concerns
- o 18 locations throughout the U.S.
- o Public company which operates in domestic markets
- o 823 employees
- o Founded 1969

PERSONAL:

- o President & C.E.O., Versar, Inc.
- o Founder of Versar, Inc.
- o Prior management experience with Atlantic Research Corporation
- o Boards: Waste Management Board for the Commonwealth of Virginia
Southeast Low Level Radioactive Waste Management Commission
Fairfax County Public Schools Education Foundation
Riggs Banks of Virginia
The New England's Policy Holders' Advisory Committee
- o Education: B.S., Columbia University
M.S., Columbia University
D.E.S., Columbia University
Graduate School of Business Administration,
Harvard University

JAMES R. McMANUS

Chairman & C.E.O.
Marketing Corporation of America
285 Riverside Avenue
Westport, Connecticut 06880
(203) 222-6666

COMPANY:

- o Provides consumer marketing services to major U.S. corporations
- o Services include: advertising
market research
consulting
sales promotion
new product development
- o MCA's development sector includes activities in the restaurant, real estate, airline and venture capital fields
- o Employee owned corporation with revenues in excess of \$300 million
- o Private company which operates in domestic markets
- o 1500 employees
- o Founded 1971

PERSONAL:

- o Chairman & C.E.O., Marketing Corporation of America
- o Founder, Marketing Corporation of America
- o Trustee: Northwestern University
Fairfield University
Norwalk Hospital
- o Education: B.B.A., University of Wisconsin
M.B.A., Northwestern University

EDWARD C. RAYMUND

Chairman
Tech Data Corporation
5350 Tech Data Drive
Clearwater, Florida 34620
(813) 539-7429

COMPANY:

- o Distributes computer related hardware products such as computers, printers, terminals, plug-in boards, disk drives and local area networks
- o Distributes to systems houses, value-added resellers and computer retailers in major metropolitan areas across the United States
- o Manufacturers of products which Tech Data distributes include:

Advanced Digital	Canon	Citizen
Miniscribe	Samsung	Intel
Wyse	Novell	Panasonic
AST	DCA	Seagate
		Western Digital
- o Public company which operates in domestic markets
- o 440 employees
- o Founded 1974

PERSONAL:

- o Chairman, Tech Data Corporation
- o Founder, Tech Data Corporation
- o Former President & C.E.O., Tech Rep Associates, Inc.
- o LTD Partner & Board Member, Grubb & Williams (Merchant Bankers)
- o Board of Advisors, YMCA Foundation (Clearwater, FL)
- o Board of Directors, March of Dimes Celebrity Golf Tournament
- o Education: B.S. (Finance), University of Southern California

MICHAEL J. ROGERSON

Chairman & President
Rogerson Aircraft Corporation
2201 Alton Avenue
Irvine, California 92714
(714) 660-0666

COMPANY:

- o Fastest growing international aviation products company
- o High performance military aircraft, helicopters, and instruments
- o Rogerson Aircraft GMBH was created in 1985 and is concentrating on the European market
- o Products include: instrument systems
 helicopters
 valves
 composite structures
- o Facilities located in W. Germany and throughout California
- o Private company which operates in domestic and international markets
- o 680 employees
- o Founded 1975

PERSONAL:

- o Chairman & President, Rogerson Aircraft Corporation
- o Founder, Rogerson Aircraft Corporation
- o Boards: Chief Executive Roundtable, University of
 California (Irvine)
 President's Council, Loyola University
 Trustee - Irvine Foundation of the University
 of California
- o Education: Graduate, Loyola University

RICHARD RUCH

C.E.O.
Herman Miller, Inc.
8500 Byron Road
Zeeland, Michigan 49464
(616) 772-3318

COMPANY:

- o Manufactures and sells furniture systems products
- o Customers include: offices
health care facilities
factory environments
- o Facilities located in: U.S. West Germany
Holland Japan
Canada Australia
England Mexico
France
- o 5,000 employees
- o Founded 1923

PERSONAL:

- o C.E.O., Herman Miller, Inc.
- o Former Senior Vice President and Chief Financial Officer of Herman Miller, Inc.
- o Former Senior Vice President of Corporate Resources of Herman Miller, Inc.
- o Boards: Milcare
 Herman Miller, Inc.
 Herman Miller Research Corporation
 Weldun International
- o Education: B.A., Michigan State University

CHARLES R. SCOTT

President & C.E.O.
Intermark, Inc.
1020 Prospect Street
P.O. Box 1149
La Jolla, California 92037
(619) 459-3841

COMPANY:

- o A \$1 billion operating/holding company which owns and guides well-established, midsize American growth companies
- o There are nine Intermark Partner Companies operating in broadly diverse industries
- o Each of these autonomously managed companies is a leader in its own market or industry
- o Public company which operates in domestic markets
- o 15,000 employees
- o Founded 1960

PERSONAL:

- o President & C.E.O., Intermark, Inc.
- o Former C.E.O. of Roberts, Scott & Co., Inc., member, NYSE
- o Recipient of the Horatio Alger Award in 1984
- o Recipient of Boy Scouts "Distinguished Citizen" Award in 1987
- o Vice Chairman, American Business Conference
- o Education: Graduate, University of Texas

RAY STATA

Chairman & President
Analog Devices, Inc.
Two Technology Way
P.O. Box 9106
Norwood, Massachusetts 02062
(617) 461-3202

COMPANY:

- o A leading manufacturer of linear integrated circuits used in precision instrumentation, computer peripherals and communications
- o Facilities located in: Massachusetts North Carolina
 Ireland England
 Philippines Japan
- o Public company which operates in domestic and international markets, with 45% of business in international markets
- o 5,300 employees
- o Founded 1965

PERSONAL:

- o Chairman and President, Analog Devices, Inc.
- o Co-founder, Analog Devices, Inc.
- o Founder, Solid State Instruments
- o Co-authored two books entitled, Global Stakes and The Innovators
- o Trustee, Massachusetts Institute of Technology
- o Member: Visiting Committee, Department of Electrical Engineering and Computer Science, M.I.T.
 Advisory Board, Center for Technology, Policy and Industrial Development, M.I.T.
- o President, M.I.T. Alumni Association, 1987-1988
- o Education: B.S., M.I.T., 1957
 M.S., M.I.T., 1958

SIDNEY TOPOL

Chairman
Scientific-Atlanta, Inc.
One Technology Parkway
P.O. Box 105600
Atlanta, Georgia 30348
(404) 441-4000

COMPANY:

- o Designs and manufactures products and systems to address markets in its three business sectors:
 - communications
 - instrumentation
 - government
- o Customer base includes government agencies and commercial organizations around the world
- o Public company which operates in domestic and international markets
- o 3,201 employees
- o Founded 1951

PERSONAL:

- o Chairman, Scientific-Atlanta, Inc.
- o Former General Manager, Communications Division, Raytheon Company
- o Spent 22 years with Raytheon Company in Massachusetts and Europe
- o Boards: The Conference Board
Atlanta University
Business Council of Georgia
Partnership of Business & Education (President)
Electronic Industries Association
Carter Presidential Center
- o Education: B.S., University of Massachusetts
Graduate Study, University of California, Berkeley
Harvard-M.I.T. Radar School
D.Sc.(Hon), University of Massachusetts

THOMAS W. WATHEN

Chairman & C.E.O.
Pinkerton's, Inc.
6727 Odessa Avenue
Van Nuys, California 91406
(818) 782-5400

COMPANY:

- o Largest international security guard and investigative service, providing surveillance, undercover, asset and background searches, ATM servicing, vehicle patrol/inspection and consulting services
- o Private company which operates in domestic and international markets
- o 53,000 employees in 153 offices throughout 48 states, Canada and The United Kingdom
- o Founded 1850

PERSONAL:

- o President and sole owner, Pinkerton's Inc.
- o Former Defense Department Security Officer and Special Agent in the Office of Special Investigations of the Air Force
- o Author of Security Subjects-A Guide to Plant Protection and many other articles on security
- o Member and officer of several professional organizations
- o Chairman, Republican Statesmen and former Chairman, United Republican Finance Committee for Los Angeles County
- o Boards: American Business Conference
Young Presidents' Organization
World Business Council
National Conference of Christians & Jews
L.A. Archdiocesan School Foundation
Private Sector Liaison Committee (International Association Chiefs of Police)
- o Education: B.A. (Police Administration), Indiana University

W. HALL WENDEL, JR.

President & C.E.O.
Polaris Industries L.P.
1225 Highway 169 North
Minneapolis, Minnesota 55441
(612) 542-0536

COMPANY:

- o Designs, engineers, manufactures and markets recreational and utility vehicles
- o Markets its vehicles, related parts, accessories and clothing through a network of dealers and distributors
- o There is one distributor and 1,500 dealers in the U.S. and Canada, and five distributors and 100 dealers in Europe
- o Public company which operates in domestic and international markets
- o 900 employees
- o Founded 1954

PERSONAL:

- o President & C.E.O., Polaris Industries L.P.
- o Joined Textron Inc. in 1971 and remained with the corporation until the company's management group purchased Polaris in 1981
- o Former President, Polaris E-Z-Go Division of Textron Inc.
- o Member, Young Presidents' Organization
- o Education: B.S., U.S. Naval Academy, 1968
M.B.A., Harvard Business School, 1972

JOSH S. WESTON

Chairman & C.E.O.
Automatic Data Processing, Inc.
One ADP Boulevard
Roseland, New Jersey 07068
(201) 994-5828

COMPANY:

- o The largest independent computing service in the U.S.
- o Services include: payroll
accounting
database
data communications
- o Serves over 200,000 clients in the U.S. and abroad
- o Foreign facilities are located in: Canada
United Kingdom
The Netherlands
Brazil
- o Public company which operates in domestic and international markets
- o 23,000 employees
- o Founded 1949

PERSONAL:

- o Chairman & C.E.O., Automatic Data Processing, Inc.
- o Boards: American Business Conference
Shared Medical Systems
Public Service Electric & Gas
N.J. Partnership
Committee for Economic Development
- o Education: B.S., City College of New York
M.S., University of New Zealand

M E M O R A N D U M

April 2, 1989

TO: SENATOR DOLE
FROM: DAVID TAYLOR
SUBJECT: Banking Committee Action on Bush Thrift Reform Plan

The Schedule:

On Monday morning at 8:00AM, the Senate Banking Committee will release issue papers on the 20 "key" issues the Committee staff has identified in S. 413, the Bush Thrift Reform Plan. Beginning Tuesday, Chairman Riegle will meet privately with each of the Committee members to discuss specific issues in S. 413. The Chairman has set Monday, April 10, as the deadline for a Committee print and Wednesday, April 12, as the opening day for mark-up. He plans to have a bill reported out of Committee and ready for floor action by as early as April 21.

This is a very optimistic schedule; however, a bill should be ready for the President's signature before the Memorial Day recess. The major issues that may be contested within the Committee are outlined below.

Budget Treatment:

Deciding whether or not the \$50 billion funding package contained in the Bush Plan should be on-budget is expected to be the most controversial item in the Committee. This appears to be the only issue where the division is clearly partisan.

On Monday, Chairman Riegle and Rep. Charles Schumer (D-NY) will release an alternative funding plan which has the \$50 billion funding package on-budget. The plan would avoid a Gramm-Rudman-Hollings sequestration, but it would require a supplemental appropriation and a budget waiver.

Secretary Brady adamantly opposes an on-budget plan. OMB Director Darman has been willing to discuss other options but appears to be shifting toward Brady on this issue. In addition to spiking up the Federal Deficit by \$50 billion in FY89, Senate passage of an on-budget plan would set an ominous precedent for Gramm-Rudman-Hollings. The targets would become virtually meaningless.

The key player on this issue will be Budget Committee Chairman Jim Sasser. Sasser has argued that an on-budget plan would be less expensive in the long-run, but he has refused to endorse an alternative. If Sasser endorses the Riegle/Schumer Plan, a partisan Committee vote becomes likely.

--2--

The level of funding contained in the Bush Plan has been criticized as being unrealistically low. Secretary Brady has publicly increased Treasury's cost estimates since releasing the Bush Plan. If the Riegle/Schumer Proposal contains a funding increase, the price tag on the plan could become an issue.

Independence of the Bank Board:

Senator Garn has openly criticized this portion of S. 413, arguing that regulators need a large degree of political independence to perform effectively.

The Bush Plan would have the Bank Board answer directly to the Treasury because this is a national crisis. Richard Breeden, one of the architects of the Bush Plan, argues that, under these circumstances, the President needs a direct line of communication with the Bank Board.

Garn argues that if the model for reform is the banking system, then the Bank Board should have the same independence as the Federal Reserve. The thrift industry concurs with the analogy.

A compromise on this issue is likely. The credit function performed by the Federal Home Loan District Banks will likely remain independent, but the regulatory function is expected to move under the Treasury Department's supervision.

Whether these regulatory functions will be moved within the Treasury Department or to an entity that reports to the Treasury has not been decided.

Capital Standards:

The capital standards outlined in the Bush Plan will be modified somewhat. At this point the 1991 deadline for meeting the new standards appears firm, but the statutory growth limitations imposed on marginal institutions failing to meet the standard should soften.

Goodwill:

Thrifts are currently allowed to use supervisory goodwill to meet capital standards. This is listed as a major asset in all those institutions that acquired insolvent thrifts with FSLIC assistance. The Bush Plan would shorten the write-down of goodwill to 10 years. Those who participated in FSLIC-assisted mergers and acquisitions will continue to argue for grandfather protection.

A compromise 20 year write-down period coupled with growth limitations on institutions that rely on goodwill to meet the new capital standards is expected.

--3--

State Powers:

Senator Riegle has a personal interest in this issue. He has indicated that "federal" deposit insurance gives Congress the authority to limit the activities of state-chartered thrifts.

It appears that state-chartered thrifts will be prevented from engaging in activities that are not permissible for federally-chartered institutions unless they have FDIC permission and are fully capitalized by 1992. Direct investments by federally-insured thrifts will be prohibited, regardless of their state charter.

Kansas-related:

- o The Bush Plan calls for a \$300 million contribution from each FHLB District Bank. The Topeka Bank will have difficulty coming up with the cash. District Bank Presidents argue that their contribution should be limited to \$300M or 20% of retained earnings, whichever is lower. The problem is that earnings are easy to manipulate.

Other:

- o The Bush Plan gives the FDIC the authority to raise premiums by up to 35 basis points in a given year. The thrift industry adamantly opposes this provision, even though the Bank Board currently has the authority to raise premiums by as much as 100 basis points. It looks like the S&Ls will win this one.
- o Credit unions used an accounting gimmick to strengthen their insurance fund, while leaving their contribution to the fund listed as an asset on their books. The Bush Plan would force credit unions to write-down these contributions. Credit unions will probably be able to push this provision into the study.