


MAY 18, 1989

TO: SENATOR DOLE
FROM: CAROLYN SEELY 
SUBJECT: SPEECH TO COMPUTER AND COMMUNICATIONS INDUSTRY
ASSOCIATION EXECUTIVES

At 9:00 a.m. on Tuesday, May 23, 1989, you are scheduled to address the Washington Caucus of the Computer & Communications Industry Association. Approximately 75-100 CEOs of member firms are expected to attend.

You will appear between Congressmen Aspin and Horton (order undecided). Following you on Tuesday are Michael Boskin, Chairman of the Council of Economic Advisors, William Graham, Science Advisor to the President, Anne Brunsdale, Chairman of the International Trade Commission, and Congressman Pat Williams. On Wednesday, the speakers will be Congressmen Tauke, Boucher, Fascell, Gejderson and Levine.

The theme of this Conference is "Global Challenges to the Computer & Communications Industry". The intent is to discuss various policy issues -- anti-trust, savings and spending rates, business innovation, export controls, limitations on foreign investment, etc. -- from the perspective of U.S. competitiveness. Glenn Davidson, CCIA's Vice President, has asked you to focus on the deficit and taxes. If possible, he would appreciate your reserving some time for Q & A.

Your remarks include a brief announcement of the formation and agenda of the Senate Republican Competitiveness task force. In addition, you may want to mention that you have consistently supported these industries in seeking to reduce Japanese barriers to American exports. You wrote to Ambassador Hills advocating sanctions (which are now pending) against Japan for violations of the Moss telecommunications agreement, and you are an original co-sponsor of Senator Heinz' resolution (S. Res. 119), adopted today in the Finance Committee mark-up, citing Japan for violations of the semi-conductor agreement.



Computer & Communications Industry Association

March 29, 1988

The Honorable Robert Dole
Minority Leader
U.S. Senate
141 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Dole:

The chief executive officers of the Computer & Communications Industry Association's member companies will hold their 16th Annual Washington Caucus on May 22-24 at the Four Seasons Georgetown Hotel. We would be honored if you would accept our invitation to address the membership and industry guests at any time which may be convenient during those days. The meeting begins the evening of May 22 and concludes mid-afternoon on May 24.

As you may know, CCIA is an international trade association comprised of manufacturers and providers of computer, information processing, and telecommunications equipment and services. Taken together, these companies generate annual industry-derived revenues in excess of \$145 billion and employ well over one million people in the United States. So that you may know a little more about us, I am sending you a list of our member companies and who from each company participates in the Association.

The Washington-based meeting, which CCIA holds once each year, has traditionally been the setting for a spirited exchange between the leaders of the computer and communications industry and the Nation's key policymakers. A listing of last year's Caucus speakers is attached as an indication of the level of the dialogue.

We would be honored to have you join us and share your thoughts with CCIA's members at its upcoming 16th Annual Washington Caucus and would particularly welcome the opportunity to exchange views. I would be pleased to work with you in formulating your presentation.

We would also be pleased to provide you with an honorarium in appreciation of the time and effort expended in preparing for and actually addressing the group.

We look forward to what we hope will be a favorable reply as soon as it may be convenient.

4-20-89 Interim letter

Spack
May 23-27
during recess
Mon., Tues., Wed.
4 Seasons Hotel
Washington, D.C.

9:10 am
Tues, May 23



9 09
7 2 4

petitioners
would
not
be
admitted
fact
on
Wednesday
V.P.

75-100
attendees
mainly
CEO's

Contact:
Suzanne Boyd
Glen Davidson

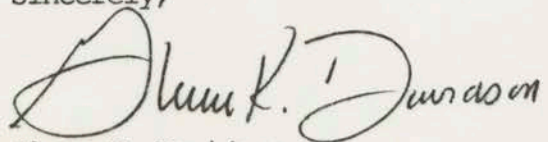
666 Eleventh Street, N.W., Sixth Floor
Washington, D.C. 20001
(202) 783-0070
FAX (202) 783-0534

\$2,000.?

Senator Robert Dole
March 29, 1988
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Thank you for your attention to and consideration of my request.

Sincerely,

A handwritten signature in dark ink, reading "Glenn K. Davidson". The signature is written in a cursive style with a large, stylized "G" and "D".

Glenn K. Davidson
Vice President

Enclosures

COMPUTER & COMMUNICATIONS INDUSTRY ASSOCIATION

1989 MEMBER ROSTER

Active Memory Technology, Inc.
Amdahl Corporation
Ameritech
Andor Systems, Ltd.
AT&T
BancTec, Inc.
Bell Atlantic
BellSouth
Charles River Data Systems
Cognitronics Corporation
Computer Intelligence
Concurrent Computer Corporation
Cortex Corporation
Datamedia Corporation
Dataproducts Corporation
Datum, Inc.
Davox Corporation
Digital Sound Corporation
DSC Communications Corporation
Falcon Microsystems, Inc.
Formation, Inc.
GRiD Systems Corporation
Hayes Microcomputer Products, Inc.
Honeywell Federal Systems, Inc.
Innovative Technology, Inc.
International Computers, Ltd.
Local Area Telecommunications, Inc.
Lockheed Corporation
Memorex Telex Corporation
Miltop Group, Inc.
National Advanced Systems, Inc.
National Computer Systems, Inc.
NEC America, Inc.
NEC Information Systems, Inc.
Nixdorf Computer Engineering Corporation
Northern Telecom, Inc.
OKIdata Corporation
Pyramid Technology Corporation
Resdel Industries
Rockwell Communications Systems
Sanbar Corporation
Scan-Optics, Inc.
Software AG of North America, Inc.
Standard Telephone & Cable, plc.
StorageTek
Tandem Computers Incorporated
Technology Marketing, Inc.
Telcom Technologies Corporation
Tolerant Systems, Inc.
TSI International
UNISYS
Vanguard Atlantic, Ltd.
ViON Corporation

CCIA MEMBER COMPANIES REPRESENT COMBINED REVENUES OF \$145 BILLION

WHO IS CCIA?

JOHN C. ALDERMAN, President and Chief Executive Officer
Innovative Technology, Inc.

GENE M. AMDAHL, Chairman and Chief Executive Officer
Andor Systems, Ltd.

GILBERT F. AMELIO, President and Chief Executive Officer
Rockwell Communications Systems

ROBERT L. BARNETT, President and Chief Executive Officer
Ameritech Enterprise Group

ARTHUR D. BEARD, President and Chief Executive Officer
Formation, Inc.

JEAN M. BELHUMEUR, JR., Chairman and President
Scan-Optics, Inc.

CHARLES G. BETTY, Senior Vice President
Hayes Microcomputer Products, Inc.

A.G.W. BIDDLE, President
Computer & Communications Industry Association

EDWARD BOTWINICK, President and Chief Executive Officer
Unisys Networks

GARY J. BOWEN, Vice President, Marketing
Concurrent Computer Corporation

GEORGE L. BRAGG, President and Chief Executive Officer
Memorex Telex Corporation

JOHN S. BUCHAN, Vice President, Technology
Northern Telecom, Inc.

DAVID I. CAPLAN, Chairman of the Board
Tolerant Systems, Inc.

ROBERT CHERRY, President and Chief Executive Officer
Telcom Technologies Corporation

GRAHAME N. CLARK, JR., Chairman and Chief Executive Officer
BancTec, Inc.

JAMES G. CULLEN, President and Chief Executive Officer
Bell Atlantic Enterprises

RONALD E. CUNEO, Vice President and General Manager
Honeywell Federal Systems, Inc.

GUY A. DANIELLO, President and Chief Executive Officer
Datamedia Corporation

JACK C. DAVIS, Chairman, President and Chief Executive Officer
Dataproducts Corporation

JAMES L. DONALD, President and Chief Executive Officer
DSC Communications Corporation

MICHAEL A. FAHERTY, President
Mico, Inc.

DENNIS FLANAGAN, Senior Vice President
OKidata Corporation

MATTHEW J. FLANIGAN, President and Chief Operating Officer
Cognitronics Corporation

CONSTANCE F. GALLEY, President and Chief Executive Officer
TSI International

ROBERT GERVASONI, Senior Vice President
OKidata Corporation

BRYAN GRUMMON, President and Chief Executive Officer
Digital Sound Corporation

WILLIAM M. HAHN, Senior Vice President
Technology Marketing, Inc.

RONALD HALEY, President and Chief Executive Officer
Tolerant Systems, Inc.

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Hayes Microcomputer Products, Inc.

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Datum, Inc.

DANIEL HOSAGE, President and Chief Executive Officer
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OKidata Corporation

GERALD HUDSPETH, President and Chief Executive Officer
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ROY L. KING, Executive Vice President
Memorex Telex Systems Group

DONALD LATHAM, President and Chief Executive Officer
Lockheed C3I Systems Division

JOHN C. LEWIS, Chairman and Chief Executive Officer
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RICHARD H. LUSSIER, Chairman, President and Chief Executive Officer
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DAVID MALMBERG, President and Chief Operating Officer
National Computer Systems, Inc.

DAVID N. MARTIN, President and Chief Executive Officer
National Advanced Systems

EDWARD B. MATTHEWS, Vice President, Strategic Planning and Development
Northern Telecom, Inc.

WILLIAM O. McCOY, Chairman and President
BellSouth Enterprises

PETER T. McCRACKEN, President and Chief Executive Officer
Sanbar Corporation

RICHARD McGINN, Group Vice President, Data Systems Division
AT&T

JOHN McMAHON, President, Missiles and Space Group
Lockheed Corporation

FREDERICK MEIER, Vice President, Corporate Program Management
Unisys Corporation

STUART J. MILLER, President and Chief Executive Officer
Cortex Corporation

CHARLES W. MISSLER, Chairman and Chief Executive Officer
Resdel Industries, Inc.

ALFRED E. MOCKETT, Executive Vice President
Memorex Telex Sales Service, Inc.

CHARLES W. OSWALD, Chairman and Chief Executive Officer
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RICHARD PANDOLFI, President and Chief Executive Officer
Miltop Group, Inc.

P. DAVID PAPPERT, President and Chief Executive Officer
VION Corporation

RYAL R. POPPA, Chairman and Chief Executive Officer
Storage Technology Corporation

GORDON T. RAY, Senior Vice President
NEC America, Inc.

RICHARD SHAPIRO, President and Chief Executive Officer
Charles River Data Systems

RICHARD J. SCHINELLER, Immediate Past-Chairman of the Board
Computer & Communications Industry Association

DAVID H. SHEPARD, Chairman and Chief Executive Officer
Cognitronics Corporation

JAMES K. SIMS, Chairman, President and Chief Executive Officer
Concurrent Computer Corporation

NORTON A. STUART, Jr., President and Chief Operating Officer
BancTec, Inc.

WILLIAM TERRY, Vice President, Sales and Marketing
Active Memory Technology, Inc.

HUGH M. TIETJEN, President and Chief Executive Officer
Computer Intelligence

WILLIAM E. TOPERCER, Executive Vice President
VION Corporation

HARRY B. TRAYLOR, Vice President and General Manager
Unisys Federal Systems Group

JOSEPH TUCCI, President, United States Information Systems Group
Unisys Corporation

RICHARD UNDERWOOD, President and Chief Executive Officer
NEC Information Systems, Inc.

THOMAS A. VASSILIADES, President
Bell Atlantic Customer Services

SAMUEL J. WIEGAND, Chairman and Chief Executive Officer
GRID Systems Corporation

BERNHARD WOBKER, President and Chief Executive Officer
Nixdorf Computer Engineering Corporation

M. DENDY YOUNG, President and Chief Executive Officer
Falcon Microsystems, Inc.

JOSEPH ZEMKE, President and Chief Operating Officer
Amdahl Corporation

03/29/89

1988 CCIA Washington Caucus Participants

Bill Bradley

Chairman
Senate Finance Subcommittee on International Debt

Frank Carlucci

Former Secretary of Defense

John Conyers

Chairman
House Government Operations Committee

Patricia Dennis

Federal Communications Commissioner

Alan Dixon

Senior Member
Senate Armed Services, Banking and Small Business
Committees

Pete Domenici

Ranking Minority Member
Senate Budget Committee

Hamilton Fish

Ranking Minority Member
House Judiciary Committee

Richard Gephardt

Senior Member
House Ways and Means Committee
1988 Presidential Candidate

William Gray

Chairman
House Democratic Caucus
Former Chairman, House Budget Committee

Ernest Hollings

Chairman
Senate Commerce Committee
1984 Presidential Candidate

John LaFalce

Chairman
House Small Business Committee

Susan Wittenberg Liebeler

Former Chairman
International Trade Commission

Edward Markey

Chairman
House Energy & Commerce Subcommittee
on Telecommunications and Finance

Bob Packwood

Ranking Minority Member
Senate Finance Committee

Dan Rostenkowski

Chairman
House Ways and Means Committee

Toby Roth

Ranking Minority Member —
Foreign Affairs Subcommittee, International
Economic Policy and Trade

Alfred Sikes

Assistant Secretary of Commerce
Administrator of NTIA

MAY 23, 1989

TALKING POINTS

COMPUTER & COMMUNICATIONS INDUSTRY

- O THANK YOU FOR INVITING ME HERE THIS MORNING
TO DISCUSS THE CHALLENGES CONFRONTING YOUR
INDUSTRIES IN TECHNOLOGY, TRADE AND ECONOMIC
COMPETITION.

-2-

THE REPUBLICAN COMPETITIVENESS TASK FORCE

O LAST WEEK, AT SUGGESTION OF SENATOR DANFORTH, I CONVENED A REPUBLICAN COMPETITIVENESS TASK FORCE IN THE UNITED STATES SENATE. THE TASK FORCE MEMBERS, SENATORS DANFORTH, CHAFEE, PACKWOOD, DOMENICI, GRASSLEY, KASTEN AND MYSELF, WILL STUDY BARRIERS TO COMPETITIVENESS WITHIN THE CONTROL OF THE FEDERAL GOVERNMENT.

-3-

- O OUR INITIAL FOCUS WILL BE ON THE WAYS IN WHICH GOVERNMENT IMPEDES COMPETITIVENES -- WHETHER THROUGH ANTI-TRUST LAWS, TAX POLICY, OR INAPPROPRIATE REGULATION. IN ADDITION, WE WILL SEARCH FOR AFFORDABLE MEANS OF ENCOURAGING COMPETIVENESS -- FOR EXAMPLE, THROUGH REASONABLE PRODUCT LIABILITY STANDARDS, PATENT PROTECTION AND BETTER CO-ORDINATION OF FEDERAL RESEARCH FUNDS.

-4-

- O WE ARE NOT LOOKING TO ESTABLISH AN INDUSTRIAL POLICY. GOVERNMENT INTERVENTION IN THE MARKETPLACE AND PROTECTIONISM IN WORLD TRADE ONLY CREATES OBSTACLES TO COMPETITIVENESS BY RAISING THE COST OF CAPITAL AND MATERIALS FOR U.S. MANUFACTURERS.
- O HOWEVER, WE DO NEED LEADERSHIP AND COORDINATION IN OUR TRADE AND ECONOMIC POLICIES. THIS TASK FORCE AIMS TO ESTABLISH THOSE PRIORITIES.

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- O AS WE PROGRESS IN THIS INITIATIVE, WE WILL

WELCOME YOUR INPUT AND SUGGESTIONS FROM

WHAT ARE, IN EFFECT, THE FRONT LINES OF THIS

STRUGGLE.

THE BUDGET AGREEMENT

- O TODAY AMERICAN EXPORTERS ARE SUCCEEDING IN

BRINGING DOWN OUR TRADE DEFICIT DESPITE THE

OBSTACLE OF A SOARING U.S. DOLLAR -- THE

RESULT OF HIGH REAL INTEREST RATES BROUGHT

ABOUT BY OUR BUDGET DEFICITS.

-6-

O IT SEEMS THAT, MORE AND MORE OFTEN, BUDGET DECISIONS ARE SHAPING OUR NATIONAL PRIORITIES, AND AFFECTING PRIVATE INDUSTRY AS MUCH AS PUBLIC POLICY. THAT IS WHY I SUPPORTED PRESIDENT BUSH'S EFFORTS TO BEGIN BUDGET NEGOTIATIONS WITH CONGRESSIONAL LEADERS IMMEDIATELY AFTER TAKING OFFICE.

-7-

O AND NOW, ONLY A MONTH AFTER THE APRIL 15
DEADLINE SET FORTH IN THE BUDGET ACT, THE
CONGRESS HAS ENACTED THE 1990 BUDGET PLAN
AGREED TO BY THOSE NEGOTIATORS. A MONTH
LATE MAY NOT SOUND LIKE FAST WORK IN THE
PRIVATE SECTOR, BUT FOR A CONGRESSIONAL
BUDGET RESOLUTION, IT IS PRACTICALLY EARLY.

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- O UNFORTUNATELY, THIS AGREEMENT IS NOT A BOLD PLAN. MOST MEMBERS OF CONGRESS, ON BOTH SIDES OF THE AISLE, WISH THAT IT HAD GONE FARTHER AND THAT IT HAD SAVED MORE ON SMOKE AND MIRRORS.
- O SO PERHAPS THE MOST POSITIVE THING THAT CAME OUT OF THE SUMMIT AGREEMENT WAS THAT THE NEGOTIATORS DECIDED TO BEGIN NEGOTIATING THE FISCAL 1991 BUDGET AS SOON AS THEY FINISH WORK ON THE FISCAL 1990 BUDGET. AND, BELIEVE IT OR NOT, THE "PRE NEGOTIATIONS" ARE SCHEDULED TO BEGIN SHORTLY.

THE FLEXIBLE FREEZE

- O I HOPE THE NEGOTIATORS START BY GOING BACK
AND TAKING A GOOD LOOK AT THE ORIGINAL BUSH
FREEZE PLAN. I REMEMBER GETTING SOME PRETTY
STRONG SUPPORT FROM THE AMERICAN PEOPLE
FOR MY OWN OUTLAY FREEZE PROPOSAL. IT IS THE
FAIREST AND MOST REASONABLE WAY I'VE SEEN TO
GET EXCESS SPENDING OUT OF THE BUDGET FAST.

-10-

0 FOR MANY IN WASHINGTON A FREEZE IS A RADICAL
CONCEPT. THEY BELIEVE FEDERAL SPENDING
SHOULD GROW WITH INFLATION, WHETHER OR NOT
WE HAVE THE MONEY TO PAY FOR IT. WELL, AS FAR
AS I KNOW THERE IS NO RULE THAT SAYS
GOVERNMENT PROGRAMS SHOULD NEVER BE
SHRUNK OR ELIMINATED.

-11-

BUDGET REFORM

O IN ADDITION TO THE BUDGET NUMBERS, I BELIEVE IT IS FINALLY TIME TO INSTITUTE SOME LONG-TERM REFORMS TO FIX OUR BROKEN BUDGET PROCESS. I HAVE INTRODUCED TWO BILLS TO ADDRESS THE PROBLEM OF BUDGET REFORM -- LEGISLATION TO ADD A BALANCED BUDGET AMENDMENT TO THE CONSTITUTION AND LEGISLATION TO ENHANCE THE PRESIDENT'S RECISSION AUTHORITY TO CUT PORK BARREL SPENDING.

-12-

O ANOTHER WAY OF GIVING THE PRESIDENT MORE
POWER TO ELIMINATE OVERSPENDING IS THE LINE
ITEM VETO. I HAVE NOT SPONSORED LEGISLATION
TO GIVE THE PRESIDENT A LINE ITEM VETO, BECAUSE
I BELIEVE THAT ARTICLE 1, SECTION 7, CLAUSE 8 OF
THE CONSTITUTION MAY ALREADY GIVE THE
PRESIDENT THE POWER TO VETO LINE ITEMS IN BILLS
SENT TO HIM BY CONGRESS. I ENCOURAGE

-13-

PRESIDENT BUSH TO TEST HIS LINE ITEM VETO

POWER EARLY ON HIS TERM AND LET THE COURTS

DECIDE WHETHER IT IS CONSTITUTIONAL OR NOT.

- O WHATEVER WE DO, WE CANNOT ALLOW ANOTHER
YEAR TO SLIP AWAY WITHOUT SERIOUS ACTION. IT'S
A LONG, ROUGH ROAD, BUT WITH LEADERSHIP AND
PERSERVERENCE, WE CAN MAKE THE HARD CHOICES
AND BRING THE BUDGET DEFICIT INTO LINE.

-14-

TAXES

O NOW, 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 THAT TAX INCREASES ARE A SUBSTITUTE
FOR SPENDING RESTRAINT TO REDUCE THE FEDERAL
BUDGET DEFICIT.

-15-

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,
FOR EXAMPLE, I INTRODUCED A RESOLUTION --
LATER ADOPTED BY THE SENATE -- THAT CONGRESS
SHOULD NOT ATTEMPT TO REDUCE THE DEFICIT BY
TAMPERING WITH THE TAX RATES.

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CAPITAL GAINS

- O THE 1990 BUDGET AGREEMENT CALLS FOR ONLY \$5.3
BILLION IN NEW REVENUES AND AN ADDITIONAL \$500
MILLION IN INCREASED IRS ENFORCEMENT.

TREASURY ESTIMATES THAT THE PRESIDENT'S

CAPITAL GAINS TAX CUT PROPOSAL WOULD RAISE

\$4.8 BILLION OF THAT NEW REVENUE.

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- O WHILE THE LONG-TERM REVENUE IMPACT OF A CAPITAL GAINS TAX CUT IS VERY MUCH IN DISPUTE, EVEN CONGRESSIONAL ECONOMISTS ESTIMATE THAT THE PRESIDENT'S PROPOSAL RAISES MONEY -- THEY SAY \$3.3 BILLION -- IN THE FIRST YEAR.
- O WE MAY NOT AGREE ON A CAPITAL GAINS CUT THIS YEAR. THE CHAIRMAN OF THE HOUSE WAYS AND MEANS COMMITTEE HAS INDICATED THAT HE WILL NOT ACCEPT A CAPITAL GAINS TAX DECREASE WITHOUT OTHER TAX INCREASES. THIS IS NOT ACCEPTABLE TO THE PRESIDENT AND IT IS NOT ACCEPTABLE TO MANY MEMBERS OF CONGRESS.

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O NEVERTHELESS, WHATEVER MEANS ARE FOUND TO
RAISE THIS REVENUE -- CAPITAL GAINS CUTS,
LOOPHOLE CLOSING (AND THE PRESIDENT'S BUDGET
DIRECTOR HAS AFFIRMED THAT LOOPHOLES ARE
NOT DUCKS), OR INCREASED COMPLIANCE -- I
BELIEVE THE YOU WILL FIND THAT WHEN THE
PRESIDENT SAID "NO NEW TAXES", HE MEANT IT.

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MINIMUM TAX

- O IN ADDITION TO OUR BUDGET DECISIONS, THE

TAX-WRITING COMMITTEES ARE FACED WITH A

NUMBER OF YEAR-END DEADLINES.
- O IF WE DO NOT ACT THIS YEAR, A NEW MINIMUM TAX

PREFERENCE FOR 75% OF ADJUSTED CURRENT

EARNINGS, OR "ACE", WILL TAKE EFFECT BEGINNING

IN 1990. THAT PREFERENCE IS GENERALLY

ACKNOWLEDGED TO BE UNWORKABLE IN ITS

-20-

PRESENT FORM -- IN FACT, IT WAS ENACTED WITH A
THREE-YEAR DELAY IN THE EFFECTIVE DATE,
EXPRESSLY TO GIVE CONGRESS AMPLE TIME TO
REVIEW AND AMEND IT. AND WHILE IT IS THE
ELEVENTH HOUR, SOME RESPONSIBILITY FOR OUR
DELAY RESTS WITH THOSE AFFECTED TAXPAYERS
WHO HAVE WAITED UNTIL NOW TO PROVIDE THE
NECESSARY INPUT.

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O HOWEVER, THE REFORM PROCESS HAS NOW
BEGUN. THE CHAIRMAN OF THE WAYS AND MEANS
COMMITTEE HAS INTRODUCED A BILL WHICH
SIMPLIFIES THE ACE PREFERENCE -- BUT AT THE
EXPENSE OF TAXPAYERS WHO DO NOT BENEFIT
FROM HIS DEPRECIATION REFORM AND, POSSIBLY,
OF REVENUE NEUTRALITY, AS WELL.

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- O NEVERTHELESS, THE SENATE FINANCE COMMITTEE

WILL CERTAINLY TAKE A CAREFUL LOOK AT ANY

HOUSE-PASSED INITIATIVE, AND WE WILL WORK

INDEPENDENTLY TO RESOLVE THIS ISSUE IN THE

INTERESTS OF BOTH FAIRNESS AND SIMPLICITY.

EXPIRING PROVISIONS

- O SIMILIARLY, MANY TAX INCENTIVES -- SUCH AS THE

RESEARCH AND DEVELOPMENT TAX CREDIT -- EXPIRE

AT THE END OF 1989. THE ADMINISTRATION HAS

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INCLUDED A PERMANENT R&D TAX CREDIT IN ITS
BUDGET PROPOSALS, AND LEGISLATION HAS BEEN
INTRODUCED WHICH WOULD BOTH EXTEND AND
IMPROVE THE CREDIT TO PROVIDE A MORE UNIFORM
RESEARCH INCENTIVE FOR BOTH ESTABLISHED
FIRMS AND START-UP ENTERPRISES. THAT
LEGISLATION NOW HAS 30 SENATE COSPONSORS,
AND WILL CLEARLY RECEIVE CAREFUL ATTENTION IN
THE FINANCE COMMITTEE.

SECTION 89

- O IN ADDITION, A MAJORITY OF THE MEMBERS OF CONGRESS NOW FAVOR REPEAL OR RADICAL SIMPLIFICATION OF THE NON-DISCRIMINATION RULES FOR HEALTH AND WELFARE BENEFIT PLANS CONTAINED IN SECTION 89. EVEN THE CHAIRMAN OF THE HOUSE WAYS AND MEANS COMMITTEE, WHO WAS A STAUNCH DEFENDER OF SECTION 89 AT THE OUTSET, HAS NOW INTRODUCED SIMPLIFICATION LEGISLATION.

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O I HAVE SPENT MANY MONTHS WORKING TO SIMPLIFY SECTION 89, BEGINNING WITH LAST YEAR'S TECHNICAL CORRECTIONS LEGISLATION. WHEN IT BECAME CLEAR THAT THAT LEGISLATION WAS NOT ENOUGH, I JOINED WITH SENATOR SYMMS AND OTHERS ON THE FIRST LEGISLATIVE DAY OF THIS YEAR, IN INTRODUCING LEGISLATION CALLING FOR A ONE-YEAR DELAY OF THESE RULES. THE TREASURY HAS NOW AGREED TO DELAY SECTION 89 COMPLIANCE UNTIL OCTOBER 1, SO THAT CONGRESS HAS TIME TO PASS CORRECTIVE LEGISLATION.

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O IN TESTIMONY GIVEN THIS MONTH BEFORE THE
SENATE FINANCE COMMITTEE, TREASURY
REPRESENTATIVES STATED THAT THE STAFF IS
FOCUSING ON THE AVAILABILITY OF COVERAGE AS
ITS BASIC APPROACH TO SECTION 89. IN ADDITION, IT
IS SPECIFICALLY ADDRESSING THE PROBLEMS OF
INADVERTENT OR MINIMAL NONCOMPLIANCE, THE
TREATMENT OF SALARY REDUCTION PLANS AND THE
SPECIAL NEEDS OF SMALL BUSINESSES.

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O THE AIM OF SECTION 89 -- TO DENY A FEDERAL TAX
SUBSIDY TO DISCRIMINATORY BENEFIT PLANS -- IS
VALID. HOWEVER, THE PRICE OF THE CURRENT
RULES IN TERMS OF COMPLEXITY AND BURDENS ON
AMERICAN BUSINESS IS CLEARLY TOO HIGH.

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;

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IMPORTANT SOCIAL CONCERNS, SUCH AS
RETIREMENT SECURITY, HEALTH CARE, EMPLOYEE
BENEFITS, CHILD CARE AND EDUCATION; AND, NOT
LEAST, OUR NATIONAL SECURITY.

- O AS I MENTIONED EARLIER, 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,

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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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CONCLUSION

O SO YOU CAN SEE THAT OUR 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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- O AND CLEARLY, WE NEED THE HELP OF THE PRIVATE
SECTOR -- OF ALL OF YOU -- IN ACCOMPLISHING
THESE GOALS. YOU HAVE BEEN AN ESSENTIAL PART
OF OUR SUCCESSES IN THE PAST, AND I HOPE THAT
YOU WILL CONTINUE TO WORK WITH US IN THE
FUTURE.
- O THANK YOU.