

NOVEMBER 13, 1989

TO: SENATOR DOLE
FROM: CAROLYN SEELY
SUBJECT: SPEECH TO NATIONAL ELECTRICAL MANUFACTURERS ASSOC.

At 7 p.m. on Monday, November 13, you are scheduled to be the dinner speaker at the annual meeting of the National Electrical Manufacturers' Association. About 400 senior executives (Vice President and above) are expected to attend. The Association membership is divided between large manufacturers (G.E., Westinghouse) and small-medium size businesses.

The theme of this conference is "Crossing Boundaries -- the Global Enterprise". The members are primarily interested in budget, tax and trade issues. You have been asked to speak for about 30 minutes. That can include Q&A or not as you choose.

You are the only Government speaker. Former Senator Brock will speak on Tuesday morning. Congressman Conte will lead a discussion group, but will not address the entire membership.

Speak *Nov. 13*
Mon.
NATIONAL ELECTRICAL MANUFACTURERS ASSOCIATION
2101 L STREET, N. W., WASHINGTON, D. C. 20037 · 202-457-8457

BERNARD H. FALK
PRESIDENT

Cap. Helton

Joyce
October 26, 1989

Ms Betty Meyer
Executive Assistant
to The Honorable Robert Dole
U.S. Senate
Washington, DC 20510

Dear Betty:

Thanks so much for arranging for Senator Dole to speak at the NEMA Annual Meeting on Monday evening, November 13.

Confirming our telephone conversation, it would be desirable if the Senator could be at the Presidential Ballroom of the Capital Hilton Hotel at about 7:00, and 7:30 at the latest. Of course, he is welcome to stay for dinner but we understand his time constraints.

The theme of our meeting is "Crossing Boundaries - The Global Enterprise", and I'm sure that from his perspective as a national leader, including his recent trip to Europe, he will have some valuable insights.

We expect an audience of 300 to 400 and we will not start our dinner until the Senator has concluded his remarks.

Confirming our honorarium discussion, we will await word from you as to the charity to be named.

Sincerely,

Bernie Falk

Speak
Nov. 13
mon
NATIONAL ELECTRICAL MANUFACTURERS ASSOCIATION

2101 L STREET, N.W., WASHINGTON, D. C. 20037 - 200K 957-8457

Jayce
BERNARD H. FALK
PRESIDENT

7:00pm SPEAK
Capitol Hilton
Pres. Ballroom
7/14
August 17, 1989

Honorable Bob Dole
United States Senate
Washington, DC 20510-1601

Dear Senator Dole:

Confirming our recent poolside conversation at the Watergate, NEMA would like to invite you to address our members at the Association's Annual Meeting here in November.

in Cont.
The meeting is November 13 and 14 at the Capitol Hilton. We'd be honored if you would be the speaker at our luncheon on Monday, November 13 -- the first general session of our national meeting.

NEMA is one of the leading trade associations for this country's capital industries, and we attract about 400 senior executives for our Annual Meeting. They're concerned about the domestic and international economic priorities of their government, and I know they'd be vitally interested in your views.

The luncheon is scheduled to begin at noon, and you would be the only speaker on the after-lunch program. Of course, we can adjust our schedule somewhat to fit your needs.

I hope you'll give us an early and affirmative reply, and I look forward to your joining us on November 13.

W. Valis
or Wayne Valis
833-5055
or Jennifer
Sincerely,

or
contact
Bernie Falk

8-21-89 Interim letter

Hon \$5,000.

NOVEMBER 13, 1989

SPEECH

NATIONAL ELECTRICAL MANUFACTURERS' ASSOCIATION

O GOOD EVENING. I AM PLEASED TO BE HERE AT SUCH
AN EXCITING MOMENT. WE ARE MEETING TO
DISCUSS THE "GLOBAL ENTERPRISE" AT A TIME WHEN
THE GLOBE ITSELF IS CHANGING BEFORE OUR EYES.

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O EVEN BEFORE THIS WEEKEND'S DRAMATIC OPENING OF THE BERLIN WALL, WESTERN EUROPE WAS MOVING BEYOND NATIONAL BOUNDARIES TO CREATE A SINGLE ECONOMIC UNIT. NOW THE PROSPECT OF A UNIFIED GERMANY SUGGESTS THAT EASTERN EUROPE ALSO MAY BECOME A PART OF THAT ENTERPRISE. IN ANY EVENT, IT IS CLEAR THAT THE POST WORLD WAR II ERA IS ENDING.

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- O OBVIOUSLY, THESE CHANGES PRESENT BOTH
OPPORTUNITIES AND CHALLENGES FOR AMERICA
AND AMERICAN BUSINESS.

CAPITAL GAINS

- O ADDRESSING THE JAPANESE CHALLENGE TO THE
AUTOMOBILE INDUSTRY ON TELEVISION THIS
MORNING, LEE IACOCCA SAID, "JUST GET OUR COST
OF CAPITAL DOWN AND GET THEM TO OPEN THEIR
MARKETS," AND U.S. BUSINESS WILL DO FINE.

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- O ONE MEANS OF LOWERING THE COST OF CAPITAL IN AMERICA IS TO REDUCE CAPITAL GAINS TAX RATES.
- O THE UNITED STATES IMPOSES THE HIGHEST TAX ON LONG-TERM CAPITAL GAINS OF ANY OF ITS TRADING PARTNERS. AND IT IS ALMOST ALONE IN IMPOSING A DOUBLE TAX ON THE EARNINGS FROM EQUITY.
- JAPAN, WEST GERMANY, FRANCE AND THE UNITED KINGDOM ALL INTEGRATE THEIR CORPORATE AND INDIVIDUAL TAX REGIMES, TREATING EQUITY INVESTORS AS FAVORABLY AS WE TREAT CREDITORS.

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O WITHOUT SOME LESSENING OF THE TAX

DISINCENTIVES FOR EQUITY INVESTMENT, U.S.

COMPANIES WILL CONTINUE TO FIND IT DIFFICULT TO

RAISE THE PERMANENT, "PATIENT" EQUITY CAPITAL

NEEDED FOR LONG-TERM INVESTMENTS IN PLANT,

EQUIPMENT AND RESEARCH. IN FACT, SINCE WE

ELIMINATED THE DIFFERENTIAL RATE FOR

LONG-TERM CAPITAL GAINS, NEW EQUITY CAPITAL

RAISED IN THE UNITED STATES FELL FROM A HIGH OF

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\$68 BILLION IN 1986 -- MORE THAN TWICE THE
AMOUNT RAISED IN JAPAN -- TO \$20 BILLION -- LESS
THAN ONE-FIFTH THE AMOUNT RAISED IN JAPAN.

- O PRESIDENT BUSH AND THE CLEAR MAJORITY OF THE
CONGRESS WHO ARE COMMITTED TO ALLEVIATING
THE DOUBLE TAX BURDEN ON EQUITY CAPITAL, HAVE
BEEN STYMIED SO FAR BY PROCEDURAL HURDLES IN
THE SENATE -- WE DO NOT HAVE THE 60 VOTES
REQUIRED TO INVOKE CLOTURE TOMORROW OR
WEDNESDAY. HOWEVER, WE EXPECT TO RAISE THIS
ISSUE -- AND WIN -- NEXT YEAR.

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THE BUDGET

- O ANOTHER ISSUE WHICH AFFECTS THE COST OF

CAPITAL IS OUR FEDERAL BUDGET DEFICIT.
- O LAST MONTH THE SENATE PASSED A BUDGET

RECONCILIATION BILL WITHOUT EXTRANEIOUS OR

REVENUE-LOSING PROVISIONS. THIS

UNPRECEDENTED ACTION WAS DESIGNED TO

RESTRICT BUDGET RECONCILIATION TO ITS

INTENDED PURPOSE: DEFICIT REDUCTION.

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O LIKE MOST SENATORS, I WAS SORRY TO SEE CERTAIN
PROVISIONS STRIPPED FROM THE RECONCILIATION
BILL REPORTED BY THE SENATE FINANCE COMMITTEE
-- MY OWN RURAL HEALTH INITIATIVE IS AN OBVIOUS
EXAMPLE -- BUT WE ALL REALIZED THAT THERE
COULD BE NO EXCEPTIONS IF THIS "GOOD
GOVERNMENT" INITIATIVE WAS TO SUCCEED.

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- O NOW IT IS IMPORTANT THAT THE HOUSE-SENATE
CONFEREES REPORT A BILL WHICH PRODUCES REAL
SAVINGS EQUIVALENT TO THOSE NOW BEING
ACHIEVED UNDER THE SEQUESTER. THE PRESIDENT
HAS INDICATED THAT HE WILL NOT ACCEPT A
RECONCILIATION BILL WHICH INCLUDES MANY OF
THE REVENUE-LOSING PROVISIONS FROM THE
HOUSE BILL.

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MARKET ACCESS

O LAST YEAR, IN THE OMNIBUS TRADE LEGISLATION, CONGRESS STRENGTHENED THE ADMINISTRATION'S HAND IN DEALING WITH BOTH OVERT AND HIDDEN BARRIERS TO U.S. EXPORTS THROUGH THE SUPER 301 PROCESS. THE RESULT HAS BEEN NOT ONLY NEGOTIATIONS AIMED AT SPECIFIC PRODUCTS, SUCH

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AS SATELLITES AND SUPERCOMPUTERS, BUT ALSO
THE START OF UNPRECEDENTED, BROAD
DISCUSSIONS WITH THE JAPANESE WHICH ARE
DIRECTED AT ECONOMIC BARRIERS -- SO-CALLED
STRUCTURAL IMPEDIMENTS -- TO TRADE AND
INVESTMENT GENERALLY.

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O IN THIS CONTEXT, U.S. NEGOTIATORS ARE
ATTEMPTING TO PERSUADE THE JAPANESE TO
INVEST THEIR SUBSTANTIAL NATIONAL SAVINGS AT
HOME IN NEW HOUSING AND INFRASTRUCTURE. WE
HOPE THAT THIS WILL INCREASE JAPANESE DEMAND
FOR CAPITAL GOODS -- GOODS WHICH U.S.
BUSINESS CAN SUPPLY.

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THE REPUBLICAN COMPETITIVENESS TASK FORCE

O HOWEVER, ALTHOUGH WE ARE MONITORING THESE

NEGOTIATIONS WITH GREAT INTEREST, CONGRESS IS

NOT WAITING FOR THE ADMINISTRATION TO SOLVE

THESE PROBLEMS ALONE. LAST MAY, AT

SUGGESTION OF SENATOR DANFORTH, I CONVENED

A TASK FORCE OF REPUBLICAN SENATORS TO

ADDRESS THOSE BARRIERS TO COMPETITIVENESS

WHICH ARE WITHIN THE CONTROL OF THE FEDERAL

GOVERNMENT.

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- O WE WERE NOT LOOKING TO ESTABLISH AN INDUSTRIAL POLICY. LIKE MOST OF YOU, WE BELIEVE THAT PROTECTIONISM AND GOVERNMENT INTERVENTION IN THE MARKETPLACE CREATE OBSTACLES TO COMPETITIVENESS BY RAISING THE COST OF CAPITAL AND MATERIALS FOR U.S. MANUFACTURERS.
- O NEVERTHELESS, WE RECOGNIZE THAT AMERICA NEEDS LEADERSHIP AND COORDINATION IN ITS TRADE AND ECONOMIC POLICIES. OUR TASK FORCE AIMS TO ESTABLISH THOSE PRIORITIES.

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O OUR INITIAL FOCUS HAS BEEN ON THE WAYS IN WHICH GOVERNMENT IMPEDES COMPETITIVENESS -- WHETHER THROUGH ANTI-TRUST LAWS, TAX POLICY, OR EXCESSIVE REGULATION. IN ADDITION, WE WILL SEARCH FOR WAYS TO ASSIST PRIVATE SECTOR INITIATIVES -- FOR EXAMPLE, THROUGH REASONABLE PRODUCT LIABILITY STANDARDS, PATENT PROTECTION AND BETTER TRANSFORMATION OF FEDERAL RESEARCH ADVANCES INTO PRODUCTIVE USES BY AMERICAN BUSINESS.

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- O AS CURRENTLY ENVISIONED, THIS TASK FORCE WILL
RECOMMEND TAX INCENTIVES FOR RESEARCH,
EDUCATION, SAVINGS AND INVESTMENT, PRODUCT
LIABILITY REFORM, ANTI-TRUST REFORM, FEDERAL
CO-ORDINATION OF THE DEVELOPMENT OF
STRATEGIC TECHNOLOGIES AND STREAMLINED
PUBLIC/PRIVATE PARTNERSHIPS TO TRANSFORM
FEDERAL RESEARCH DISCOVERIES INTO NEW
PRODUCTS AND SERVICES.

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ROLE OF U.S. BUSINESS

- O IN ALL THESE EFFORTS, IT IS IMPORTANT THAT THE PRIVATE SECTOR UNITE WITH US IN GOVERNMENT TO MAKE COMPETITIVENESS A NATIONAL PRIORITY. IN CONFRONTING CHALLENGES OF NEW TECHNOLOGIES, SUCH AS HIGH DEFINITION TELEVISION, THE GOVERNMENT CAN HELP YOU IN PROVIDING A LESS RESTRICTIVE REGULATORY ENVIRONMENT, BETTER COORDINATION AND ADDITIONAL RESEARCH FUNDING. BUT WITHOUT THE COMPETITIVE SPIRIT OF AMERICAN BUSINESS, THESE EFFORTS WILL BE USELESS.

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CONCLUSION

- O SO AS THE OLD POLITICAL AND MILITARY RIVALRIES
DIMINISH, ECONOMIC COMPETITION WILL
INCREASINGLY BECOME THE FOCUS OF
INTERNATIONAL RELATIONS. IF AMERICA IS TO
MAINTAIN ITS LEADERSHIP IN THIS NEW WORLD,
GOVERNMENT AND BUSINESS MUST NOW TRULY
JOIN FORCES.
- O THANK YOU.