

TO: Senator Dole
FR: Kerry

RE: California Manufacturer's Association

*You're scheduled to meet with a group of 65-75 representatives from companies associated with the California Manufacturing Association. The event is sponsored by the CMA, the National Association of Manufacturers, and Governor Wilson's office.

*A list of participating companies is attached.

*You will be introduced by Dr. Ray Irani, CEO of Occidental.

*You will speak at 11:30, and Senator Mitchell will follow at noon. Earlier in the day, they are to have a "working breakfast" with the California House delegation.

*They have asked for 10 minutes or so of opening remarks on current events, and then questions and answers.

*A few introductory remarks and talking points are attached.

Manufacturing's California Day in Washington

Participating Entities

Advanced Micro Devices	Sun Microsystems
Allied Signal Aerospace Company	Syntex Corporation
Apple Computers	Teledyne Incorporated
Atlantic Richfield Company	Trimble Navigation LTD
Bechtel Group Inc.	TRW
California Forestry Association	Unocal Corporation
California Manufacturers Association	
Cerrell & Associates	
Chevron U.S.A. Inc.	
The Dow Chemical Company	
Fluor Corporation	
FMC Corporation	
GTE Government Systems	
Harris Corporation	
The Hartwell Corporation	
Hewlett-Packard Company	
Hughes Aircraft Co.	
Hyatt Die Cast & Engineering Corp.	
Independent Bakers Association	
Intel Corporation	
International Business Machines	
Jacobs Engineering	
Kelco	
Lockheed Corporation	
National Assn. of Manufacturers	
Nestle USA, Inc.	
Northrop Corporation	
Occidental Oil & Gas Corporation	
Oracle	
Pacific Gas & Electric	
Pacific Telesis	
Ricoh Corporation	
Rockwell Corporation	
Roux Associates	
Simpson Paper Company	
Southern California Edison Company	
Southwest Marine, Inc.	



OXY USA INC.

1747 Pennsylvania Ave., N.W., Suite 300
Washington, D.C. 20006
Telephone 202 857-3080

Sept. 11, 1991

Ms. Yvonne Hopkins
Office of Senator Robert Dole
141 Senate Hart Office Building
Washington, D.C. 20510

Dear Yvonne:

The top management of California's manufacturing community is very excited about its upcoming California Day in Washington and the prospect of hearing and visiting with Senator Dole at its lunch on Thursday, September 19. I am confirming your call to me that the Minority Leader is available for that event.

To recap: The Western Region of the National Association of Manufacturers, the California Manufacturers Association and the California Governors Office are sponsors of this two day event (Sept. 18 - 19).

The lunch on Sept. 19 features the two leaders of the Senate: Senator Dole at 11:30 am followed at noon by Senator Mitchell. The overall issue of concern to the group is competitiveness. Senator Dole may wish to frame his remarks (10 - 15 minutes duration, followed by Q&A of about 15 minutes) around this theme or he may wish to provide his own overview/outlook of current legislative priorities of importance to him and the party. (Attached is Sunday's Post article on changes in California's productive base).

I will confirm the room for lunch as soon as it is arranged (it had been set for the Hart, then the Dirksen building....).

Dr. Ray Irani, Occidental's CEO, will make the luncheon introductions.

Please feel free to call with whatever questions may pop up or if you need assistance in any other way (857-3080).

With best regards,

A handwritten signature in dark ink, appearing to read "Jean L. Mestres".

Jean L. Mestres
Manager, Federal Relations

cc: G. Schnacke

"Working Together To Achieve California's Competitiveness"

CALIFORNIA DAY BULLETIN

AUGUST 1991

California Manufacturers To Pitch Competitiveness And Cooperation To Congressional Delegation

Leaders from the California manufacturing and business community will converge on Washington, D.C., September 18 and 19, 1991 to launch a lobbying and communication forum with elected leaders called "California Day". This event is co-sponsored by two major business groups: The National Association of Manufacturers and the California Manufacturers Association. The goal of the program is to foster dialogue and cooperative action between the state's congressional delegation and manufacturing sector. "Only a dedicated cooperative effort between government and the California manufacturing community can sustain and improve our state's capacity to compete," says California Day Co-Chair Bob McGee, President of Occidental International.

The lobbying highlight will be a working breakfast with the California House members, Thursday, September 19, at 7:30 a.m., in the Gold Room of the Rayburn House Office Building. Steve Chaudet, Lockheed's Vice-President of Public Affairs and California Day Co-Chair will moderate this critical exchange of views with California Manufacturers Association's President, Bill Campbell. Chaudet notes the group will pose an urgent message: "California's manufacturing base, from heavy industry to the highest of technology, is a vastly undervalued national resource. . . In order for us to thrive in the world market we need our own congressional delegation to work together. . . and **with us** at the same time."

To underscore our serious commitment to this initiative, and "to deliver a strong and effective message in Washington we will need maximum participation from members of NAM and CMA," says CMA President Campbell. He also urged that "we have a lot at stake," so "all manufacturers should sign up and attend California Day, September 18 and 19."

California Day Highlights

- Senate Majority Leader, George Mitchell of Maine and Senate Minority Leader, Bob Dole of Kansas will be joining California Day participants for their luncheon on Thursday, September 19.
- Breakout Sessions with Congressional Committee Staff will raise specific issues of concern to California companies (environment, trade, workplace issues, cost of capital and national energy strategy). Further information on this program segment can be obtained from California Day Co-Chair, Mary Dee Beall of Hewlett Packard. She may be reached at (415) 857-7292.
- The formal program opens with a California Wine-Tasting Reception, Wednesday evening, in the Mansfield Room of the U.S. Capitol. This is an informal gathering with the entire senior staff of the California Congressional Delegation.

Manufacturers To Carry "California Competitiveness" Message To White House

California Day participants will cover the White House, as well, when they meet with Cabinet Officials to discuss the future competitiveness of the state's manufacturing sector. Cabinet members invited include: William Reilly, EPA Administrator; Carla Hills, United States Foreign Trade Representative; and Secretary of Labor, Lynn Martin. "California sells well over \$3.5 billion in goods every month to other countries. In addition, our state's export sales last year were equal to all of this nation's manufactured exports for about two months" according to California Day Co-Chair Mary Dee Beall of Hewlett Packard. Noting that California is now a world-class trade competitor, she also points out that the administration will be a vital part of the California manufacturing community's ongoing lobbying and communications strategy.



LAST CHANCE — REGISTER TODAY!!!



CALIFORNIA DAY AGENDA

Wednesday, September 18

- 5:30 p.m. - 7:15 p.m. **California "Wine Tasting" Reception**
U.S. Capitol with California Congressional Delegation Staff
Mansfield Room, S-207
- 7:30 p.m. **Working Dinner & Discussion**
With ranking Administration official
Capitol Hill Club

Thursday, September 19

- 7:30 a.m. - 9:10 a.m. **Senatorial/Congressional Dialogue Breakfast**
Discussion with U.S. Congressmen from California
The Gold Room, 2168 - Rayburn House Office Building
- 9:30 a.m. - 10:45 a.m. Breakout group meetings with staff representatives of California delegation
who sit on congressional committees involving trade, workplace
issues, national energy strategy and the environment
(Location - to be announced)
- 11:00 a.m. - 11:30 a.m. California Day Attendees Reconvene
- 11:30 a.m. - 12:45 p.m. **Lunch**
Dirksen Senate Office Building, Room 628
Senator Robert Dole (R-KS), Minority Leader
Senator George J. Mitchell (D-ME), Majority Leader
- 12:45 p.m. Depart for White House
- 1:15 p.m. Check in at White House
(Date of Birth and I.D. Required)
- 1:45 p.m. **Briefing and Dialogue/White House Senior
Administration Officials invited**
William Reilly, EPA Administrator
Carla Hills, U.S. Trade Representative and
Secretary of Labor, Lynn Martin
Executive Office Building, Room 450
- 3:00 p.m. - 3:30 p.m. **Joint Summary & Wrap-up**
Senator William Campbell, President, CMA
Executive Office Building, Room 450

Registration Form

☐ YES! I will attend California Day in Washington, D.C. on September 18-19, 1991.

Name _____ Title _____

Company _____

Address _____

City / State / Zip _____

Phone _____ Extension _____ Fax _____ Attention _____

Name for Badge _____ Name of Guest _____

Hotel Information: A block of rooms has been reserved for the registrants at the Willard Intercontinental, 1401 Pennsylvania Avenue, NW, Washington, D.C. 20004. (202) 628-9100 until September 3, 1991. Room rates are: Single/Double - \$145. Please mention "NAM/California Day" when you call for a reservation.

Mail your registration form and check for \$250 to cover costs of the reception, breakfast, lunch and materials to: Betty Williams, Meeting Specialist, Code 0270-14, National Association of Manufacturers, 1331 Pennsylvania Avenue, NW, Suite 1500 - North Lobby, Washington, D.C. 20004-1703. Telephone: (202) 637-3070. Fax: (202) 637-3182.

Firms Flee California's Conditions

By Lou Cannon
Washington Post Staff Writer

SPARKS, Nev.—Don Conroy moved his family-owned firm, which makes sophisticated fuses for military missiles, to Nevada to get away from the congestion and "negative attitudes" toward business in Southern California. Tom Buckley relocated his paper-converting business from the Silicon Valley because of lower plant costs. Doug Rumberger transferred two medical-equipment firms from San Diego to Reno because of economic advantages and an easier lifestyle. And Diane Sanchez moved her management-training firm from Walnut Creek, east of San Francisco, for tax reasons.

These Nevada owners of professional or technical companies are part of a growing exodus of small businesses from California that is nurturing an economic boom in several western and southern states.

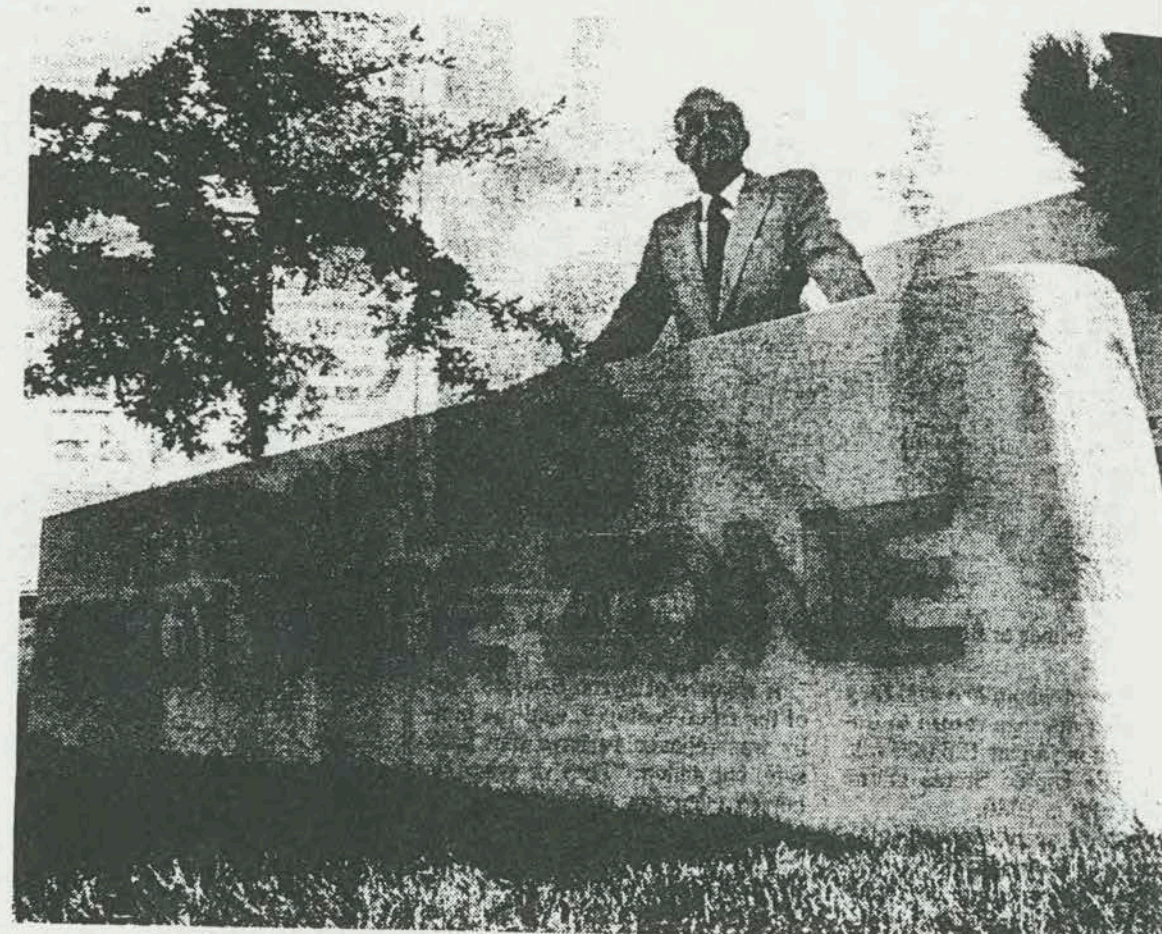
"Every firm in California now has an escape plan," said Robert Boyd, marketing director for the Nevada Commission on Economic Development, which is aggressively pursuing disaffected California businesses.

Worried California business leaders echo that assessment. Kirk West, president of the state Chamber of Commerce, issued a report last May citing studies that he said provide "disturbing evidence that the state is becoming less competitive and that action is needed to reverse this trend."

Among the most alarming evidence, he noted, was a survey by the California Business Roundtable showing that 41 percent of companies in the state have plans to expand outside of California and that 14 percent of companies intend to relocate outside the state.

West, former deputy state finance director, expressed concern that the scores of small companies fleeing California are the advance guard of an exodus that will include large firms. He said this flight has been encouraged by high taxes, overlapping environmental regulations, high workers' compensation costs, anti-business attitudes, congestion and declining living conditions.

California calls itself the Golden State and remains a magnet for other Americans and immigrants from Mexico, Central America and Asia. A majority of firms surveyed in the Business Roundtable study praised the state's climate and Pacific Rim



"Every firm in California now has an escape plan," says Robert Boyd of Nevada Commission on Economic Development. BY DAVID PARKER FOR THE WASHINGTON POST

location as positive attributes. Businesses also gave high marks to its colleges and universities and to recreational and cultural opportunities.

But these advantages are beginning to pale as California's population approaches 31 million, with a projection of 50 million people by 2010. Many of the newcomers are young and relatively poor, so the population is expanding faster than the tax base. Health care, transportation and elementary and secondary education systems have been pushed to the breaking point. More than two-thirds of businesses surveyed in the Business Roundtable survey cited the high costs of housing, labor and health care as competitive disadvantages.

"California is a happy hunting ground," said Rich Thresher, president of the Economic Development Corporation of Utah. "The cost of doing business in California is high. It's getting difficult to move executives to Southern California because they're concerned about the quality of [elementary and secondary] education. The congestion there impinges on worker productivity because it takes so long to get

to work. We take our California clients on the freeways at rush hour to show them how easy it is to get around in Utah."

Thresher and Boyd are among many state and regional economic development officials soliciting California businesses. The California chamber report included a sheaf of advertisements from more than 30 states, many in trade publications, extolling advantages of relocation.

"People are discovering the best place to do business in California," proclaims an ad by the Economic Development Authority of Western Nevada. It shows bumper-to-bumper cars on a California freeway. The Idaho Chamber of Commerce stresses energy costs that it claims are three times lower than those in California. An ad by the Pueblo Economic Development Corp., which also runs commercials on the most popular news station in Southern California, quotes President Bush as saying, "Go to Pueblo, Colorado. Watch what's happening."

Development agencies nationwide also engage in regular raiding expeditions to Southern California, sometimes with the aid of promi-

as Other States Beckon



fewer people and lower taxes boast inducements that California cannot match. Nevada is one of three western states with no tax on personal income, and California's rate is highest among those that do have personal income taxes. All western states except Arizona also have a lower top corporate tax than California, and Nevada and Washington have no corporate tax.

For many smaller entrepreneurs, California's higher personal income tax, raised this year at Wilson's behest to a top rate of 11 percent for wealthiest taxpayers, is more discouraging than the corporate rates.

When the personal tax increase was first proposed last April, Diane Sanchez consulted with her tax attorney. "He said it wasn't against the law to move to save taxes," Sanchez recalled. She and her husband were on a plane to Reno the next day to find a new location for their business, which they moved in June.

While smaller businesses find it easier to pull up roots, some of California's larger employers are expanding beyond the state and shrinking operations within it. The Long Beach-based aerospace firm of McDonnell Douglas, for instance, has opened a plant in Utah with 600 employees.

The loss of aerospace jobs, estimated at 50,000 in California during the last five years, has been one of the principal reasons that the state's economy has lagged behind the nation in recovering from the recession. Many new jobs being created in Southern California, such as an increase in textile employment, are lower-paying than those they have replaced.

Don Conroy, a former Air Force engineer, owns a firm called Smart Telcom Inc. that makes fuses for missiles such as the Sidewinder and Harpoon. Until last year, his firm occupied cramped quarters in Orange, Calif., where Conroy's com-

had increased in a decade from 15 minutes to an hour. His chief technician spent more than five hours on freeways each day commuting 47 miles to Riverside. At the suggestion of an Army friend, Conroy explored relocating to Nevada, where officials welcomed him.

Conroy's new offices are in a well-manicured row of warehouses in the desert near the Reno Airport. The warehousing business developed in this small town east of Reno after World War II as a tax-avoidance strategy by corporations seeking to avoid California's inventory tax.

By the time California repealed its inventory tax a decade ago, the warehousing business was second in western Nevada only to legalized gambling. It has grown unabated because of Nevada's other economic advantages over California.

When major firms such as General Motors and K mart established warehouses here to serve western markets, they brought in a flourishing trucking business. As a result, several business executives interviewed for this article noted, almost any firm can serve California clients quickly and efficiently from Nevada.

Once a month, a California business moves to western Nevada, about the same rate that businesses are relocating to Utah. The loss is a trickle in the \$750 billion California economy, which would be the world's seventh largest if California were a separate nation, but it seems to economic development officials everywhere to be a harbinger of the future.

"Nevada has had the foresight to market itself as an alternative, but the larger reason that businesses are coming here is that they can no longer afford to do business in California," said Jim Spoo, president of the Nevada Commission on Economic Development and former mayor of Sparks. "There may not yet be a crisis in California, but they have a very ominous trend."

nent political officials and professional agencies.

Ted Levine, president of Development Counselors International of New York, said agencies that focused on New York City in the 1970s and the Silicon Valley in the 1980s have shifted their attention to Southern California.

"The word on the street is that Southern California is the place to come, particularly because it has quietly become the No. 1 manufacturing center in the United States," he said. "Southern California is now the Mecca. And it is highly vulnerable."

This vulnerability worries California Gov. Pete Wilson (R), who has warned that businesses are finding the state unattractive. During the last legislative session, Wilson displayed letters from business leaders who said they were discontinuing production in California because of a workers' compensation system that nationally ranks third in costs but 35th in benefits. Apart from making solicitation of false compensation claims a felony, however, the Legislature left the system largely unchanged.

SPEAK

Thurs, Sept 19
11:30 am
Hart Bldg.

OCCIDENTAL PETROLEUM CORPORATION
10889 WILSHIRE BOULEVARD
LOS ANGELES, CALIFORNIA 90024
(213) 208-8800

DR. RAY R. IRANI
CHAIRMAN OF THE BOARD
PRESIDENT
AND
CHIEF EXECUTIVE OFFICER

August 2, 1991

Og

The Honorable Robert J. Dole
141 Senate Hart Office Building
Washington, DC 20510-1601

12:00 - Mitchell speaking

Dear Bob:

As a board member of the National Association of Manufacturers, I am leading an effort to organize a day in Washington for the leading manufacturing companies based in California. We will be meeting throughout the day with members of the California delegation and cabinet officials at the White House.

It is my pleasure to invite you to speak to the luncheon that we will be holding in the Hart Senate Office Building on Thursday, September 19 at 12:00 noon. I think that it will be very important for this group to get your perspective on the legislative agenda for the remainder of this year and what you see for the coming year. We would require only 20-30 minutes from your busy schedule.

We anticipate that we will have at least 60 CEO's and senior executives present. Given the advance interest shown by the companies, the group may grow larger.

I look forward to hearing from you. I can be reached either through my office in Los Angeles or through Bob McGee, who is in charge of our office in Washington (202) 857-3060.

Best personal regards,

Sincerely,

R R Irani

Ray R. Irani

RRI/lm

Jean Mestres 857-3080 - "California Day"

8-12 confirmed w/ Jean

SENATOR BOB DOLE
TALKING POINTS
CALIFORNIA MANUFACTURERS

***GOOD MORNING. IT'S A
PLEASURE TO BE HERE THIS
MORNING WITH SUCH A
DISTINGUISHED GROUP OF
CALIFORNIA BUSINESSMEN AND
WOMEN.**

***I DON'T KNOW WHY YOU'RE
WASTING YOUR TIME WITH
SENATOR MITCHELL AND
MYSELF...AFTER ALL, I KNOW
YOU HAD BREAKFAST THIS
MORNING WITH THE CALIFORNIA
HOUSE DELEGATION--A
DELEGATION THAT'S BIGGER
THEN A WHOLE LOT OF TOWNS
IN KANSAS OR MAINE.**

***AS YOU KNOW, IN 1993,
CALIFORNIA WILL HAVE 52
CONGRESSMAN--THAT'S ABOUT
1 OUT OF EVERY 8 MEMBERS OF
CONGRESS...AND IT'S A WHOLE
LOT OF CLOUT.**

***IT'S UP TO FOLKS LIKE YOU
TO MAKE SURE THAT THEY USE
THAT CLOUT WISELY, AND IN
THE BEST INTERESTS OF**

CALIFORNIA AND AMERICA.

***I'D LIKE TO SPEND JUST A
FEW MINUTES THIS MORNING
TOUCHING UPON CURRENT
EVENTS, AND THEN, I'LL BE
MORE THAN HAPPY TO TAKE
YOUR QUESTIONS.**

***SINCE I WAS INTRODUCED
BY DR. IRANI, THE CEO OF
OCCIDENTAL, I'LL BEGIN WITH A**

**COUNTRY OF SPECIAL INTEREST
TO THE LATE ARMAND
HAMMER...RUSSIA.**

***JUST THINK OF WHAT WE'VE
SEEN IN THE PAST FEW WEEKS
AND MONTHS--WE WATCHED AS
AN ENTIRE POLITICAL PARTY
SELF-DESTRUCTED...ITS
PHILOSOPHY DISCREDITED...ITS
LEADERS UNABLE TO WIN THE**

CONFIDENCE OF THE PEOPLE.

***BUT ENOUGH ABOUT THE
DEMOCRATS...I SAID I WANTED
TO TALK ABOUT RUSSIA.**

***SERIOUSLY, THE COLLAPSE
OF THE COUP AND THE TURN TO
DEMOCRACY AND SELF-
DETERMINATION OF THE
REPUBLICS DOES PROVIDE
REASON TO CELEBRATE.**

***BUT WHEN THE
CELEBRATION IS OVER, WE WILL
STILL BE FACED WITH A WHOLE
HOST OF PROBLEMS--SOME OF
THEM NEW, SOME LONG-
STANDING, BUT NONE LIKELY TO
BE EASILY OR QUICKLY SOLVED.**

***ONE QUESTION IS, OF
COURSE, FOREIGN AID. I DON'T
BELIEVE THAT THIS IS THE TIME**

**TO BE WRITING OUT
CHECKS...WE DON'T EVEN KNOW
WHAT NAME TO FILL IN ON THE
TOP LINE. PAY TO THE ORDER
OF WHO? THEY DON'T KNOW IN
MOSCOW, AND WE CERTAINLY
DON'T KNOW HERE.**

***YES, GORBACHEV AND
YELTSIN ARE CALLING THE
SHOTS NOW. AND LIKE**

**EVERYONE ELSE, I WAS DEEPLY
IMPRESSED BY YELTSIN'S
COURAGE DURING THE COUP.**

**BUT WHO KNOWS WHAT
HAPPENS WHEN THE
CHALLENGE YELTSIN AND THE
OTHER HEROES FACE IS NOT
STANDING UP TO THE TANKS--
BUT STANDING UP TO STARVING
MEN AND WOMEN.**

***WE SHOULDN'T GET CARRIED
AWAY BY INDIVIDUALS OR
PERSONALITIES....WE NEED TO
ACTIVELY REACH-OUT TO ALL
THE VISIBLE LEADERS IN THE
POLITICAL SPECTRUM IN
MOSCOW AND IN THE
REPUBLICS.**

***WHEN IT COMES TO FOOD
AID, HOWEVER, I BELIEVE WE**

**MUST MOVE TO HELP THE
SOVIETS GET THROUGH THE
WINTER. NOTHING WOULD
ENDANGER THE PROGRESS WE
HAVE SEEN THAN THE SHORT
RUN PROSPECT OF SEVERE
FOOD AND ENERGY
SHORTAGES, AND THE
RESULTING POTENTIAL FOR
WIDESPREAD UNREST.**

***BUT BEYOND THAT KIND OF
EMERGENCY PACKAGE, LET'S
GO SLOW ON NEW AID
COMMITMENTS....AND BEFORE
WE MAKE THOSE
COMMITMENTS, LET'S MAKE
SURE THAT THOSE EARLY
PROMISES OF MORE
RESPONSIBLE INTERNATIONAL
POLICIES--CUTTING THE**

**MILITARY BUDGET, ENDING AID
TO CASTRO...DO COME TO PASS.**

***AND BEFORE WE COMMIT
AID, WE NEED TO MAKE SURE
THAT THE SOVIETS THEMSELVES
ABANDON THE ECONOMIC
SYSTEM THAT CREATED THEIR
PROBLEMS, AND TO BEGIN TO
PRACTICE SENSIBLE, MARKET-
BASED POLICIES.**

MANUFACTURING ISSUES

***LET ME TURN NOW TO
ISSUES OF SPECIAL CONCERN
TO MANUFACTURERS.**

***LUXURY TAX: I DON'T THINK
WE'LL SEE MUCH IN THE LINE OF
TAX LEGISLATION--AND WHAT
WE HAVE ALREADY SEEN IS A
MISTAKE. THE "LUXURY TAX"
IMPLEMENTED BY THE**

**DEMOCRATS LAST YEAR
SOUNDED LIKE GOOD POLITICS--
IT'S ALWAYS POPULAR TO SOAK
THE RICH.**

**BUT WE ALL KNOW THE
RESULT OF THIS TAX--PINK
SLIPS ALL THE WAY FROM
AIRCRAFT AND BOAT
MANUFACTURERS, TO SMALL
TOWN JEWELRY SHOP OWNERS,**

TO CAR DEALERS.

**13 OTHER SENATORS HAVE
SIGNED ON TO MY PROPOSAL
TO REPEAL THE LUXURY
TAX...AND HOPE THAT IN YOUR
TIME HERE, YOU MIGHT HAVE A
MOMENT OR TWO TO
BUTTONHOLE YOUR SENATOR
AND CONGRESSMAN ON THIS
MATTER.**

***CIVIL RIGHTS: THERE'S NO
DOUBT THAT YOU CAN COUNT
ON ANOTHER DEBATE OVER A
SO-CALLED CIVIL RIGHTS BILL
THIS FALL.**

**I'M COMPLETELY IN FAVOR OF
CIVIL RIGHTS, BUT I'M NOT IN
FAVOR OF QUOTAS--AND
NEITHER ARE THE VAST
MAJORITY OF AMERICANS.**

***AM HOPEFUL THAT A
COMPROMISE CAN BE WORKED
OUT THAT WILL ENSURE EQUAL
OPPORTUNITY, BUT WILL NOT
PUT UNCLE SAM'S NOSE
FURTHER INTO YOUR BUSINESS
DECISIONS.**

***QUESTIONS AND ANSWERS**

***BEFORE I GO, I DO WANT TO
SAY THAT IF ANY OF YOUR
BUSINESSES ARE MAKING
PROFIT IN THESE TOUGH TIMES,
THEN BE SURE AND GIVE A FEW
DOLLARS TO THE RED CROSS.**

***"LETTER" STORY**