



POLICY COMMITTEE MEETING

Wednesday, February 1, 1995

Anticipated Attendance

Paul A. Allaire	Xerox Corporation
Rand V. Araskog	ITT Corporation
Hank Barnette	Bethlehem Steel Corporation
Riley P. Bechtel	Bechtel Group, Inc.
John H. Bryan	Sara Lee Corporation
Dean L. Buntrock	WMX Technologies, Inc.
M. Anthony Burns	Ryder System Inc.
John L. Clendenin	BellSouth Corporation
Charles A. Corry	USX Corporation
Alfred C. DeCrane, Jr.	Texaco Inc.
William T. Esrey	Sprint Corporation
George M. C. Fisher	Eastman Kodak Company, Inc.
H. Laurance Fuller	Amoco Corporation
John A. Georges	International Paper Company
Harvey Golub	American Express Company
Joseph T. Gorman	TRW Inc.
Maurice R. Greenberg	American International Group, Inc.
John R. Hall	Ashland Oil, Inc.
James F. Hardymon	Textron Incorporated
Charles A. Heimbald, Jr.	Bristol-Myers Squibb Company
James A. Henderson	Cummins Engine Co., Inc.
Irvine O. Hockaday, Jr.	Hallmark Cards, Inc.
James R. Houghton	Corning Incorporated
Ralph S. Larsen	Johnson & Johnson
Charles R. Lee	GTE Corporation
Drew Lewis	Union Pacific Corporation
Richard J. Mahoney	Monsanto Company
Leslie G. McCraw	Fluor Corporation
Kent C. Nelson	United Parcel Service of America
Paul H. O'Neill	Aluminum Company of America
John D. Ong	The BFGoodrich Company
Lawrence Perlman	Ceridian Corporation
Joseph A. Pichler	The Kroger Company
Frank P. Popoff	The Dow Chemical Company
Lee R. Raymond	Exxon Corporation
Charles S. Sanford, Jr.	Bankers Trust New York
Walter V. Shipley	Chemical Banking Corporation
Frank A. Shrontz	The Boeing Company
John W. Snow	CSX Corporation
William C. Steere	Pfizer, Inc.
Wilson H. Taylor	CIGNA Corporation

Gary L. Tooker
Alex Trotman
Linda J. Wachner
Harold A. Wagner
Edgar S. Woolard, Jr.

Motorola, Inc.
Ford Motor Company
Warnaco
Air Products & Chemicals, Inc.
Du Pont

CEO GUESTS ATTENDING:

J.P. Bolduc
Edward A. Brennan
Duane L. Burnham
John H. Croom
John J. Curley
Jerry E. Dempsey
Joseph L. Dionne
Thomas L. Gossage
William H. Grigg
William J. Hudson, Jr.
W. Craig McClelland
Paul M. Montrone
William D. Ruckelshaus
Edward B. Rust, Jr.
John B. Yasinsky

W.R. Grace & Co.
Sears, Roebuck & Co.
Abbott Laboratories
Columbia Gas System
Gannett Co., Inc.
PPG Industries, Inc.
McGraw-Hill, Inc.
Hercules Incorporated
Duke Power Company
AMP Incorporated
Union Camp Corporation
Fisher Scientific International
Browning-Ferris Industries
State Farm Insurance Companies
GenCorp

OTHERS:

Samuel L. Maury
Patricia Hanahan Engman
Paula J. Collins
Marian E. Hopkins
Michael A. DiConti
Johanna Schneider
Susan L. Traiman
Ronald M. Howard
Woodruff M. Price
J. Michael Kelly
Lisa Rickard
Gail McDonald
Douglas B. Kidd

The Business Roundtable
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CSX Corporation
GTE Corporation
Ryder Systems
Ryder Systems
Bankers Trust

One of the lessons of the election -- in addition to the first Republican majority in 48 years, is how anxious the American voter is for real change in the way the government is run. But what kind of change? We have to begin to answer this question by recognizing that people do not think that the responsibilities of society -- of all of us to work with each other and care for each other has gone away. No one in America is looking for a society that is purely individualistic. I think people are looking for a world in which the institutional elements of America mesh together harmoniously -- government, industry, education, and church.

People have learned that if there isn't real value in the things they buy, or the things they do, that they can send a message by simply changing -- by buying generic, by voting for Perot, by terminating their membership in a church or a club or a political party.

This has taught them that they can have an affect and the biggest affect comes when they vote with their feet. We know that the American people want less government. They want greater freedom to act on their own interests and chart their own course, and they have given us the opportunity to make that happen. But as quickly as they have given us the opportunity, they can take it away.

Despite our revolutionary gains the American people remain skeptical. Confidence in American industry is below the 50% level for every industry the Yankelovich people measure except computers and telecommunication. Confidence in the honesty and integrity of business is dangerously low -- only 43% of America believes that the honesty and integrity of business is at a high level and 57% of America believes that businesses will take advantage of the public if they feel they are not likely to get caught.

Obviously these numbers beg the question of how government and business can work together to reduce the role of government in the economy, without issues arising that challenge public confidence in our ability to deliver fairness and quality to America. This crisis of confidence extends to belief in the things we say. The federal government is not credible nor are state and local governments, but neither are corporations. Only 14% of Americans express great confidence in information provided by corporations or their advertising. Industry ranks with government.

Therefore, we have to begin to think about the ways in which we will manage our economy with honor and integrity. In the old days -- B.B.G. -- before big government -- industry organizations emphasized honor as a cornerstone of the moral right to manage assets. This "honor word" is not used very much any more, but it is the word we should use to describe a person who can be trusted. It is a word that says "can be trusted without concern for self interest" because moral interests exceed self interest.

This has to be part of the agenda of the Businessman's Roundtable if we are to reduce the regulatory side of the government equation. The pressure to regulate has not been all together eliminated by our Republican victory. Significant pluralities continue to support the demand for additional regulation in matters of air and water pollution, hazardous substances, and nuclear safety.

At the same time, the fastest growing area in which a plurality of America (59%) seeks regulatory action is truth in advertising. In fact the only thing that beats truth in advertising are things that in the public's mind at least, can kill you -- hazardous waste and pollution. Right below advertising is the demand for pension protection . . . And what's interesting about pension protection and advertising is that these are personal issues affecting every

American that arise from skepticism about the honor of business.
May I place honor on your agenda?

This may sound like a cliché, but I suspect that changing to an unregulated economy will be as difficult for your bureaucracies as is proving to be for ours in Washington. Together, we will have to unlearn the lessons of an era of big government. In Washington we'll have to learn how to say no. We'll have to learn how to trust in people to make good choices for themselves and the country. We'll have to trust business to examine its interests in the light of the wider interest of society and the interests of its shareholders. We will not be able to fix problems with legislation.

The process of reengineering the government-industry relationship will be rocky at times. Voters will want to reach out and tell us to intervene and we want to be comfortable saying no. Therefore, we will be looking at the ways industry influences and is influenced by government. We will be asking ourselves what is the issue at stake whenever commentary on draft legislation or regulatory change is being proposed. Of course our bureaucracies and your bureaucracies will want the government to become involved in the search for solutions, but we will have to ask ourselves whether or not a philosophical or social concern is at stake.

One area where perhaps we can begin to look at a new partnership between government and industry is in the area of education. You have skills, knowledge and tools that are relevant to our children. a failure to educate our children will produce problems of global competition of such magnitude that trade imbalances will become intellectual imbalances and from that there may be no recovery.

In this global world, it may be tempting for a large company to see itself as having no national center of gravity. It is possible to imagine the "stateless" organization -- operating its own

diplomacy, getting countries to compete for jobs and forsaking countries who's short-term problems interfere with the politics of business elsewhere in the world, but this is an illusion. We are Americans, it is America that nurtures global confidence in your capacity to perform and therefore, you have a long-term stake in the capacity of this country to remain competitive.

Therefore I recommend that we work together to attack the problems of inner-city education, the growing gap between the haves and have nots in technical and computer literacy, the math, science, and art gap in our elementary and secondary schools, and the ability of our universities to finance research and the development of keen intellect.

SENATOR BOB DOLE

TALKING POINTS

BUSINESS ROUNDTABLE

***I'VE HAD THE PLEASURE OF MEETING WITH THIS GROUP MANY TIMES IN THE PAST. BUT THIS IS THE FIRST TIME I WAS EVER ABLE TO SPEAK TO YOU AS A MEMBER OF THE MAJORITY PARTY IN THE HOUSE AND IN THE SENATE.**

***I KNOW A NUMBER OF YOU
WERE VERY SUPPORTIVE OF
REPUBLICAN CANDIDATES THIS
FALL, SO LET ME BEGIN BY
THANKING YOU FOR ALL YOUR
HELP.**

***AND IF YOU DIDN'T HELP, WELL
THERE WILL BE ANOTHER
OPPORTUNITY IN 1996.**

***THIS IS AN EXCITING TIME TO
BE IN WASHINGTON. AFTER YEARS**

**AND YEARS OF GOING TO WORK
KNOWING THAT WHATEVER THE
VOTE, WE WOULD PROBABLY GET
BEAT, IT'S GREAT TO GO TO WORK
KNOWING THAT WE WILL WIN--
AND, MORE IMPORTANTLY, THAT
AMERICA WILL WIN.**

***THE SENATE SPENT TODAY
DEBATING THE BALANCED BUDGET
AMENDMENT. AND THE HOUSE IS
SCHEDULED TO COMPLETE DEBATE**

**ON LEGISLATION TO END
UNFUNDED MANDATES. NOT A
BAD DAY'S WORK--IF YOU BELIEVE
IN LIMITED GOVERNMENT--WHICH I
DO.**

***I BELIEVE THE MESSAGE THE
VOTERS SENT LAST NOVEMBER
WAS SIMPLE AND CLEAR--REIN IN
GOVERNMENT, AND RETURN POWER
BACK TO THE STATES AND TO THE
PEOPLE.**

*** TRANSLATING THAT MESSAGE
INTO ACTION IS JUST WHAT NEWT
AND I PLAN TO DO, THROUGH THE
UNFUNDED MANDATE LEGISLATION,
THROUGH THE BALANCED BUDGET
AMENDMENT, AND THROUGH
CUTTING SPENDING BY PUTTING
EVERYTHING ON THE TABLE--
EXCEPT SOCIAL SECURITY.**

*** LET ME JUST SPEAK FOR A**

**MINUTE OR TWO ON THE ISSUES I
HAVE BEEN TOLD ARE ON TOP OF
YOUR AGENDA, AND THEN I'D LIKE
TO HEAR WHAT'S ON YOUR MIND.**

MEXICO

**I SUPPOSE IF YOU TOOK A POLL,
THERE WOULDN'T BE MUCH
SUPPORT IN THE UNITED STATES
FOR HELPING MEXICO. BUT I
SUPPORT THE ACTIONS TAKEN BY
PRESIDENT CLINTON YESTERDAY.**

**IT'S NOT RISK FREE--BUT DOING
NOTHING WAS A MUCH MORE
DANGEROUS RISK.**

**I THINK ORGANIZATIONS LIKE
THE BUSINESS ROUNDTABLE CAN
HELP HERE BY SPEAKING OUT
ABOUT THE IMPORTANCE OF
HELPING MEXICO--BUT WE ALSO
HAVE TO MAKE CLEAR THAT THIS
IS NOT JUST IN THE BEST INTEREST
OF "BIG BUSINESS," IT'S IN THE**

**BEST INTEREST OF THE AVERAGE
AMERICAN WORKING MAN AND
WOMAN.**

INTERNATIONAL TRADE

*** ANOTHER INTERNATIONAL
ISSUE ON THE FOREFRONT IS
CHINA'S FLAGRANT ABUSES OF
U.S. COMPANIES' INTELLECTUAL
PROPERTY RIGHTS--PARTICULARLY
IN THE AREA OF COPYRIGHT.**

*** LAST MINUTE NEGOTIATIONS
ARE ONGOING TO REACH
AGREEMENT ON STEPS CHINA WILL
TAKE TO CONTROL AND
EVENTUALLY TERMINATE
INTELLECTUAL PROPERTY PIRACY.**

*** HOWEVER, I DO EXPECT THAT
NEGOTIATIONS WILL RESULT IN AN
AGREEMENT BY THE DEADLINE OF
THIS SATURDAY, FEBRUARY 4.**

PRODUCTS LIABILITY REFORM

*** WE'VE FOUGHT THE PRODUCTS LIABILITY REFORM BATTLE FOR ABOUT A DECADE NOW, AND WE ALWAYS HAVE ENDED UP A VOTE OR TWO SHORT OF GETTING CLOTURE.**

*** LAST SESSION, 38 OUT OF 44 REPUBLICANS VOTED FOR CLOTURE--AND NOW THAT WE HAVE 53, I'M HOPING THE RESULT**

WILL BE DIFFERENT.

***BEATING THE DEMOCRATS**

LAST NOVEMBER WAS GREAT...BUT

BEATING THE TRIAL LAWYERS

ASSOCIATION MIGHT EVEN BE

BETTER.

***YOU KNOW THE STATISTICS**

HERE BETTER THAN I DO...BUT I

FIND IT AMAZING THAT PRODUCT

LIABILITY AND PERSONAL INJURY

CASES COST THE U.S. ECONOMY

**\$ 130 BILLION ANNUALLY IN
LITIGATION COSTS AND HIGHER
INSURANCE PREMIUMS--THAT
AMOUNTS TO MORE THAN \$1,000
PER HOUSEHOLD.**

***IN THE NEXT WEEK OR TWO,
SENATOR GORTON, ALONG WITH
SENATOR ROCKEFELLER, INTENDS
TO INTRODUCE PRODUCT LIABILITY
REFORM LEGISLATION.**

*** THE COMMERCE COMMITTEE IS
SCHEDULED TO MARK UP THIS
LEGISLATION SOMETIME IN MARCH,
AFTER THEY DISPOSE OF THE
TELECOMMUNICATIONS BILL.**

REGULATORY REFORM

**TOMORROW, I WILL INTRODUCE
THE "COMPREHENSIVE
REGULATORY REFORM ACT OF
1995."**

**THIS BILL WILL FORCE FEDERAL
AGENCIES TO IMPLEMENT ONLY
THOSE REGULATIONS THAT PASS A
COST BENEFITS TEST. AND IT
MAKES CLEAR THAT AGENCIES CAN
NO LONGER EXPAND FEDERAL
POWER AND JURISDICTION BY
ADDING REGULATORY
REQUIREMENTS OR PROGRAMS TO
THOSE AUTHORIZED BY CONGRESS.**

SUPER FUND

***MANY OF YOU IN THIS ROOM
HAVE WORKED HARD OVER THE
LAST YEAR ON SUPERFUND. I PLAN
TO WORK CLOSELY WITH SEN.
SMITH TO CRAFT A BILL THAT WILL
TRULY ADDRESS WHAT IS AT THE
CORE OF THE PROBLEM, THE ISSUE
OF RETROACTIVE LIABILITY.**

***WE HAVE A SITE IN KANSAS**

**THAT EPA WON'T LET US CLEAN
UP. THE STATE AND LOCAL
COMMUNITY HAVE ASKED EPA TO
ALLOW THEM TO PROCEED, BUT
EPA SAYS NO. THE SITE HAS BEEN
ON THE NATIONAL PRIORITY LIST
FOR NINE YEARS. IN COMPARISON,
ANOTHER SITE IN KANSAS
PROPOSED A VOLUNTARY CLEAN
UP BEFORE THEY WERE PUT ON THE
NATIONAL PRIORITY LIST - THE**

**CLEAN UP TOOK ONE YEAR. SO
MUCH FOR BEING IDENTIFIED AS A
PRIORITY.**

***BY FINE TUNING AND
REDEFINING THE PROGRAM, WE
CAN ACCOMPLISH A GREAT DEAL
WITHOUT INCREASING LEVELS OF
FUNDING. THERE NEEDS TO BE A
CLOSE LOOK AT WHERE THE
MONEY CURRENTLY COLLECTED
GOES AND MAKE SURE THAT IT IS**

**USED FOR WHAT IT WAS INTENDED.
THIS, COUPLED WITH TRUE REFORM
MEASURES, WILL RESULT IN A
LEANER, AND CLEANER SUPERFUND
PROGRAM.**

***I'LL STOP HERE SO I HAVE
PLENTY OF TIME TO HEAR FROM
YOU.**