

APRIL 4, 1995

TO: SENATOR DOLE
FR: CLARKSON
RE: McDONALD'S SPEECH
WEDNESDAY, 9:30 AM, GRAND HYATT, INDEPENDENCE ROOM A

YOU ARE SCHEDULED TO SPEAK TO ABOUT 400 OWNERS/OPERATORS OF McDONALD'S FRANCHISES FROM ALL OVER THE COUNTRY. MOST OF THESE FOLKS ARE SMALL BUSINESSMEN AND WOMEN.

YOUR DRAFT REMARKS FOCUS ON UNFUNDED MANDATES ON THE PRIVATE SECTOR AND ON REGULATORY REFORM. WALT RIKER SUGGESTED THIS WOULD BE A GOOD AREA OF DISCUSSION WITH THIS GROUP. HE AND KYLE HAVE REVIEWED.

IF THERE IS TIME, YOU ARE WELCOME TO TAKE Q&A.

THE MEETING IS OPEN TO THE PRESS. NOT TOO MANY ARE EXPECTED.

WEDNESDAY IS THE FINAL DAY OF THEIR THREE-DAY CONFERENCE. THEY HAVE HEARD FROM SPEAKERS INCLUDING: NORM ORNSTEIN, ROBERT WOODSON, SENATOR KASSEBAUM, SENATOR COATS, REP. BOEHNER, AND REP. JC WATTS.

DRAFT REMARKS OF SENATE MAJORITY LEADER BOB DOLE
McDONALD'S OWNERS/OPERATORS
GRAND HYATT
WEDNESDAY, APRIL 5, 1995

IT'S A PLEASURE TO JOIN YOU THIS MORNING. I'LL BE BRIEF, BECAUSE I HAVE TO GET BACK TO ALL THE CLOWNS ON CAPITOL HILL -- TODAY, WE ACTUALLY HAVE REAL CLOWNS IN CONGRESS, BECAUSE RINGLING BROTHERS IS PUTTING ON A CIRCUS PERFORMANCE AT THE CAPITOL THIS MORNING.

LET ME FIRST RECOGNIZE SOME IMPORTANT PEOPLE -- ALL OF YOU FROM NEW HAMPSHIRE AND IOWA. AND I ALSO UNDERSTAND ED RENSI (RENZIE), PRESIDENT & CEO OF McDONALD'S USA IS HERE. ED IS A MEMBER OF THE BOARD OF THE AMERICAN RED CROSS. I THINK ED CAME TO THIS MEETING TO AVOID THE INEVITABLE BLOOD DRIVE THAT ELIZABETH PUTS ON AT THOSE RED CROSS BOARD MEETINGS.

WHILE MOST FOLKS IN WASHINGTON HAVE THEIR SIGHTS SET ON THE WHITE HOUSE, MY FORMER PRESS SECRETARY WALT RIKER ALWAYS HAD HIS EYE ON THE "GOLDEN ARCHES." HE DID A GREAT JOB FOR ME, AND I KNOW HE'S DOING A GREAT JOB FOR YOU IN OAK BROOK.

IN FACT, McDONALD'S PLAYED A KEY ROLE IN THE EARLY DAYS OF THE CLINTON ADMINISTRATION. WHEN THE PRESIDENT FIRST CAME TO THE CAPITOL TO HAVE LUNCH WITH SENATE REPUBLICANS, WE BROKE THROUGH ALL THE PARTISANSHIP AND DISAGREEMENTS BY SERVING SOMETHING WE COULD ALL AGREE ON -- BIG MACS AND FRIES.

I KNOW YOUR GOVERNMENT RELATIONS REPRESENTATIVE CLIFF RABER IS RETIRING. I UNDERSTAND THAT CLIFF'S PHILOSOPHY WHEN IT COMES TO GETTING YOUR MESSAGE ACROSS IS "BE A PLAYER, NOT A VICTIM." I KNOW THAT'S WHAT McDONALD'S OWNER/OPERATORS HAVE TRIED TO DO, UNDER AN ASSAULT OF REGULATIONS, MANDATES AND RED TAPE IMPOSED ON SMALL BUSINESSES.

WHEN MOST PEOPLE THINK OF McDONALD'S, THEY PROBABLY THINK OF A GIGANTIC CORPORATION. BUT WHEN YOU CONSIDER THAT MORE THAN 80% OF McDONALD'S ARE LOCALLY OWNED AND OPERATED BY INDEPENDENT FRANCHISEES, YOU KNOW YOU'RE TALKING ABOUT SMALL BUSINESSMEN AND WOMEN, NOT THE HUGE CORPORATE ENEMY THE WHITE HOUSE TRIED TO CREATE DURING THE HEALTH CARE DEBATE WHEN THEY SINGLED OUT McDONALD'S AND PIZZA HUT.

THAT DEBATE SAID A LOT ABOUT THE PHILOSOPHICAL DIFFERENCES THAT UNDERScore THE CURRENT DYNAMIC HERE IN WASHINGTON. LAST NOVEMBER, THE AMERICAN PEOPLE SENT A POWERFUL MESSAGE TO WASHINGTON: REIN IN BIG GOVERNMENT, STOP WASTING TAXPAYERS MONEY, STOP PASSING THE BUCK TO STATE AND LOCAL GOVERNMENTS, STOP MICROMANAGING OUR LIVES AND BUSINESSES THROUGH BURDENSOME AND COSTLY REGULATIONS.

AS WE APPROACH THE END OF THE FIRST 100 DAYS OF THE

REPUBLICAN CONTROLLED CONGRESS, IT'S CLEAR THAT WE ARE TRANSLATING THAT MESSAGE INTO ACTION.

THE FIRST STEP IN THE PROCESS OF RETURNING POWER TO THE STATES AND TO THE PEOPLE WAS THE BILL WE DESIGNATED S.1, THE SO-CALLED UNFUNDED MANDATES BILL. FOR FAR TOO LONG, CONGRESS OPERATED UNDER THE FALSE ASSUMPTION THAT LEGISLATION THAT DID NOT AFFECT THE FEDERAL GOVERNMENT HAD NO COST. NOTHING COULD BE FARTHER FROM THE TRUTH.

ACCORDING TO PRIVATE ESTIMATES, THE PRIVATE SECTOR AND STATE AND LOCAL GOVERNMENTS LAST YEAR SPENT BETWEEN \$600 BILLION AND \$800 BILLION COMPLYING WITH FEDERAL REGULATIONS. MEANWHILE, THE FEDERAL GOVERNMENT COLLECTED SOME \$550 BILLION FROM FEDERAL INCOME TAXES ON INDIVIDUAL TAXPAYERS. THAT MEANS STATE AND LOCAL GOVERNMENTS, PRIVATE BUSINESSES LIKE YOU, AND ULTIMATELY TAXPAYERS AND CONSUMERS PAID MORE TO COMPLY WITH FEDERAL REGULATIONS THAN THE GOVERNMENT COLLECTED FROM FEDERAL INCOME TAXES ON INDIVIDUALS.

THE UNFUNDED MANDATES LAW, ALREADY SIGNED BY THE PRESIDENT, IS A MUCH-NEEDED REALITY CHECK FOR ADVOCATES OF NEW MANDATES. FROM NOW ON, CONGRESS WILL BE WEIGHING THE POTENTIAL COSTS OF NEW LEGISLATION BEFORE THAT LEGISLATION IS ADOPTED.

NOT ONLY IS THIS CONGRESS DETERMINED TO THINK BEFORE WE REGULATE, WE PLAN TO PURSUE DRAMATIC REGULATORY REFORM.

THE OFFICE OF MANAGEMENT AND BUDGET ESTIMATES THAT THE PRIVATE SECTOR -- AND THAT OBVIOUSLY INCLUDES YOU -- SPENDS MORE THAN 6.6 BILLION HOURS IN ONE YEAR COMPLYING WITH REGULATIONS. AND IT'S NOT MERELY A MATTER OF TOO MANY REGULATIONS, OR WHETHER THEY MAKE SENSE. THEY ARE OFTEN INFLEXIBLE AND UNFAIR. IT'S VERY DIFFICULT FOR ONE PERSON OR ONE BUSINESS TO TAKE ON THE GOVERNMENT -- EVEN IF THEY ARE RIGHT. SOMETIMES THEY MUST, JUST TO SURVIVE, AND THE COSTS OF ENFORCEMENT ARE OFTEN A DEAD WEIGHT LOSS TO SOCIETY IN TERMS OF LOST PRODUCTIVITY AND INNOVATION.

I KNOW OF A SMALL BUSINESS IN PAOLA, KANSAS, THAT SPENT 5 YEARS IN A LAWSUIT WITH OSHA AND FINALLY SETTLED FOR \$6,000. THIS COMPANY TYPICALLY SPENDS BETWEEN \$7500 AND \$10,000 ANNUALLY FOR LEGAL AND MANAGEMENT COSTS JUST FOR DEALING WITH OSHA. MANY OF YOU PROBABLY HAVE HORROR STORIES OF YOUR OWN.

THE BOTTOM LINE IS THE REGULATORY STATE IS OUT OF CONTROL, AND THAT'S WHY I'VE INTRODUCED COMPREHENSIVE LEGISLATION THAT WILL PUT SOME SANITY BACK IN THE PROCESS. OUR BILL INCLUDES COST-BENEFIT ANALYSIS FOR MAJOR REGULATIONS, THE USE OF SOUND SCIENCE FOR RISK ASSESSMENTS, REMEDYING PAST MISTAKES, AND RELIEF FOR SMALL BUSINESSES. AS YOU WELL KNOW, THE COSTS OF REGULATIONS OFTEN FALL DISPROPORTIONATELY ON THOSE LEAST ABLE TO COPE -- SMALL BUSINESSES. OUR PLAN INCORPORATES SENATOR KIT BOND'S BILL TO REFORM THE REGULATORY FLEXIBILITY ACT THAT IS ALREADY LAW, BY ALLOWING SMALL BUSINESSES THE ABILITY TO ENFORCE ITS PROVISIONS

IN COURT.

BEFORE I CLOSE, LET ME SAY I BELIEVE THE HOUSE OF REPRESENTATIVES HAS DONE A SPECTACULAR JOB IN KEEPING THE PROMISES MADE TO THE AMERICAN PEOPLE. AS YOU KNOW, THE SENATE IS A VERY DIFFERENT INSTITUTION WITH VERY DIFFERENT RULES -- SOMETIMES I THINK THE DEMOCRATS WANT TO SPEND 100 DAYS ON EVERY BILL. BUT I BELIEVE THE NEXT 100 DAYS WILL BELONG TO THE SENATE, AND GIVE US A REAL OPPORTUNITY TO CATCH UP WITH THE HOUSE ON A LOT OF PRIORITIES. AND I HAVEN'T GIVEN UP YET TRYING TO FIND THAT 67TH VOTE FOR THE BALANCED BUDGET AMENDMENT.

YOU MAY ALSO BE INTERESTED THAT EARLIER THIS WEEK, SPEAKER GINGRICH AND I ANNOUNCED SOMETHING I'M VERY EXCITED ABOUT -- THE NATIONAL COMMISSION ON ECONOMIC GROWTH AND TAX REFORM. THE CHAIRMAN OF THIS EFFORT WILL BE FORMER HUD SECRETARY JACK KEMP, AND WE'VE ASKED JACK TO LOOK AT OVERHAULING THE ENTIRE 9,000 PAGE TAX CODE -- START WITH A BLANK PIECE OF PAPER, AND DESIGN A SYSTEM THAT IS FLATTER, FAIRER, AND SIMPLER. THE OBJECT IS TO COME UP WITH A SYSTEM THAT WILL ENCOURAGE STRONG ECONOMIC GROWTH AND GREATER OPPORTUNITY FOR ALL AMERICANS.

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