

BUSINESS COUNCIL

*Remarks to 120 CEO's and leaders of America's major corporations. 15 minutes of remarks and 15 minutes of Q&A.

*The group will be going to the White House to meet with President Clinton later in the morning.

*This year's Business Council President is Robert Allen, CEO of AT&T.

*You will be introduced by H. Laurence Fuller, CEO of Amoco.

THE
BUSINESS COUNCIL

The Business Council is a voluntary association of American business leaders whose members meet several times a year for the free exchange of ideas both among themselves and with representatives of the government.

In its most fundamental form, the Council seeks to foster understanding through discussion. From these discussions, it hopes to generate greater understanding of major public policy issues and to help create the consensus for solutions.

Since its founding more than half a century ago, The Business Council has been dedicated to service in the national interest. The Council membership is a group of current or former chief executive officers from a broad range of American companies. All major industries and all regions of the nation are represented among the members of The Business Council.

Because schedule demands on senior business executives are extensive, the Council provides an especially valuable opportunity to discuss major subjects in a broader ranging forum than is normally available in the course of business activities.

As part of its process, the Council invites leaders in government and other sectors to address the Council and to participate in its discussions. Council members hope that these discussions result in better understanding by their invited guests as well as by the members themselves.

Today the Council meets three times a year in a collegial atmosphere to share and explore ideas. As a gathering of peers from many fields, the Council is entirely an educational and deliberative forum. It never takes positions as an organization and does not advocate any policy or course of action.

Individual members sometimes do present their own views in public discussions. But they do so as individuals, rather than as representatives of the Council.

BACKGROUND

In 1933 Secretary of Commerce Daniel C. Roper decided that he could benefit from the advice and counsel of public-spirited leaders of demonstrated success in their conduct of business affairs. The idea had been formulated by investment banker Sidney J. Weinberg, who felt that the government had relatively little business expertise at its disposal when it made decisions affecting that segment of society. After discussing the idea with some of his business acquaintances, Mr. Roper selected about 50 men who agreed to serve without compensation of any kind as members of a new Business Advisory Council for the Department of Commerce.

In making those first selections Mr. Roper established a principle which has been followed ever since. He questioned no one's politics, insisting that only personal integrity, ability, experience and a willingness to serve the public interest be considered as qualifications.

From its inception the Council was determined to represent no formal constituency. Its opinions represented the collective judgment of a group of experienced business leaders who had also demonstrated their interest in the general welfare by participation in public and social issues.

The Council's first major assignment was to form the Industrial Advisory Board for the National Recovery Administration, to advise and assist in resolving pressing problems of the nation's recovery from the Great Depression. Simultaneously the Council established a number of committees to address such issues as the Securities and Exchange Act, the Banking Act and the Social Security Act.

Council members worked closely with public officials responsible for those milestone policy enactments to help resolve the challenges of implementing the new laws. Another field in which the Council became active was labor relations, providing insights on policy and administrative issues.

The Council continued its role as an advisory body primarily to the Department of Commerce until 1961 when the members decided to broaden its scope. Council members felt that they should be available to serve all areas of government which requested their services. The action was welcomed by President John F. Kennedy who said that "the various government agencies would be glad to have such a group available for consultation." Renamed The Business Council, it serves as an independent forum for the interchange of ideas and the development of positive, practical recommendations for action.

Since its formation, the Council has been called upon by Presidents in turn for counsel and advice. The Council has also served regularly as a de facto reservoir of experienced talent to assist an administration in carrying out its public mandate. During the critical years of the Second World War, for example, more than 50 Council members were called into government service to assist in meeting the tremendous challenges facing the nation. Subsequent years have seen many Council members leave private life to serve in critical positions within government at the request of Presidents from both parties. Today, as it has for many years, the Council numbers among its members many business leaders who are serving in various roles as public servants. And from its membership the Council has provided experienced business leaders as voluntary leaders for a variety of special panels and commissions that help develop policy for the federal government.

The Business Council limits itself to 100 Active members, each of whom is selected on the basis of personal qualities and position as the chief executive officer of a leading private sector American business from commerce and industry. The Council seeks a wide representation of American business leaders, both from a broad range of industrial and service sectors as well as from a geographical basis. There are no political qualifications for membership.

There are four categories of membership:

- **ACTIVE** Presiding chief executive officers
- **GRADUATE** Presiding and former chief executive officers, under age 70
- **HONORARY** Presiding and former chief executive officers, age 70 or older
- **EMERITUS** Members who have not attended a Council meeting in the last three years
 (Emeritus members do not pay dues; upon paying current dues and attending a Council meeting, Emeritus members revert to their appropriate categories, unless they have reached age 70, in which case they cannot become Honorary members, but remain Emeritus members)

All Active, Graduate and Honorary members are accorded a full role in the discussions and semi-annual meetings of the Council. Only Active and Graduate members attend the annual Washington, D.C. meeting. Membership in all categories totals 274.

FORMER CHAIRMEN

1933	Gerard Swope	1961-62	Roger M. Blough
1934	S. Clay Williams	1963-64	F. R. Kappel
1934-35	Henry P. Kendall	1965-66	W. B. Murphy
1936	George H. Mead	1967-68	Albert L. Nickerson
1937-39	W. Averell Harriman	1969-70	Fred J. Borch
1940-41	William L. Batt	1971-72	William M. Batten
1942-43	R. R. Deupree	1973-74	David Packard
1944-45	Thomas B. McCabe	1975-76	Edmund W. Littlefield
1946	George M. Humphrey	1977-78	John D. deButts
1947-48	John L. Collyer	1979-80	Reginald H. Jones
1949-50	James S. Knowlson	1981-82	Walter B. Wriston
1951-52	Robert T. Stevens	1983-84	Clifton C. Garvin, Jr.
1953	John D. Biggers	1985-86	Ruben F. Mettler
1954-55	Harold Boeschstein	1987-88	S. D. Bechtel, Jr.
1956-57	Eugene Holman	1989-90	Roger B. Smith
1958-59	S. D. Bechtel	1991-92	John F. Welch, Jr.
1960-61	Ralph J. Cordiner	1993	Robert E. Allen

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 Vice Chairman · D. Wayne Calloway
 Vice Chairman · H. Laurance Fuller
 Vice Chairman · James R. Houghton
 Vice Chairman · Dennis Weatherstone
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*Ex Officio Member of Executive Committee

MEMBERS
JANUARY
1993

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Walter B. Wriston · Former Chairman & CEO · Citicorp

**SENATOR BOB DOLE
BUSINESS COUNCIL**

***THANK YOU. IT'S A
PLEASURE TO BE HERE ONCE
AGAIN WITH SOME OF
AMERICA'S MOST OUTSTANDING
BUSINESSMEN AND WOMEN.**

***I KNOW YOU'RE OFF TO THE
WHITE HOUSE LATER THIS**

**MORNING TO MEET WITH THE
PRESIDENT, SO I WON'T KEEP
YOU LONG...AND I DO WANT TO
LEAVE A FEW MINUTES TO HEAR
WHAT'S ON YOUR MIND.**

***BEFORE I SPEAK ABOUT THE
PRESIDENT'S ECONOMIC PLAN, I
WANT TO TAKE CARE OF A
LITTLE POLITICAL BUSINESS
FIRST, SINCE THERE MIGHT BE A**

**FEW PEOPLE HERE WHO HAVE
SOME MONEY THEY WANT TO
GET RID OF--YOU'LL HAVE A LOT
LESS IF THE PRESIDENT'S PLAN
TAKES EFFECT, BY THE WAY.**

STRIKER REPLACEMENT

***THERE'S AN ELECTION
COMING UP IN TEXAS IN A FEW
MONTHS. REPUBLICANS HAVE
43 SENATORS KNOW, AND WE'D**

**LIKE TO GET TO 44. HOW
IMPORTANT IS THIS ELECTION.
WELL, LET ME GIVE YOU TWO
WORDS--STRIKER
REPLACEMENT.**

***I BELIEVE THE VOTE ON
STRIKER REPLACEMENT
LEGISLATION IS SO CLOSE THAT
IT MIGHT COME DOWN TO ONE
VOTE...WE'VE GOT THREE**

**OUTSTANDING CANDIDATES
DOWN THERE, SO TAKE YOUR
PICK AND GET BEHIND ONE.**

***I KNOW YOU GET TIRED OF
POLITICIANS ASKING FOR YOUR
MONEY, BUT IT COULD BE
WORSE--I KNOW MY WIFE HAS
PROBABLY CALLED A LOT OF
PEOPLE HERE...AND SHE NOT**

**ONLY ASKS FOR YOUR MONEY,
SHE ASKS FOR YOUR BLOOD.**

ECONOMIC PLAN:

***I KNOW THE PRESIDENT IS
GOING TO GIVE YOU A GOOD
LITTLE TALK LATER THIS
MORNING. NO DOUBT ABOUT IT,
HE GAVE A GREAT SPEECH LAST
WEEK.**

***AND THE PRESIDENT AND I
AGREE ON A FEW THINGS.**

***WE AGREE WE'VE GOT TO DO
SOMETHING ABOUT THE DEFICIT**

***WE AGREE WE WANT AN
ECONOMY THAT CREATES JOBS.**

***WE JUST DISAGREE ON
WHETHER HIS PROPOSALS WILL
ACCOMPLISH THESE GOALS.**

***HE BELIEVES THAT THEY
WILL, AND I DON'T. AND I TOOK
A PAGE OUT OF ROSS PEROT'S
BOOK, AND BROUGHT ALONG A
FEW CHARTS YOU MIGHT FIND
INTERESTING. FEEL FREE TO
TAKE THEM TO THE WHITE
HOUSE AND SHARE THEM WITH
THE PRESIDENT.**

***I ALSO BROUGHT ALONG A
DAVID BRODER COLUMN THAT
WAS IN YESTERDAY'S
WASHINGTON POST.**

***NOW, I DON'T AGREE VERY
OFTEN WITH THE POST, BUT
DAVID BRODER IS A VERY, VERY,
RESPECTED REPORTER IN THIS
TOWN--AND HIS COLUMN IS
RIGHT ON THE MONEY.**

***IN BRODER'S WORDS, "THE
MORE THAT IS LEARNED ABOUT
THE PLAN, THE LESS SOLID IT
LOOKS."**

***IN FACT, THE ONLY THING
SOLID ABOUT THE PLAN IS THAT
IT SOLIDLY INCREASES
SPENDING, IT SOLIDLY
INCREASES TAXES, AND IT
SOLIDLY INCREASES THE**

DEFICIT.

***IT ALSO PLAYS FAST AND
LOOSE WITH THE FACTS.**

***AS MUCH AS \$54 BILLION OF
CLAIMED SPENDING REDUCTION
ARE ACTUALLY INCREASES IN
TAXES AND FEES.**

***EVEN THE PROMISED CUT OF
100,000 FEDERAL EMPLOYEES IS
MEASURED AGAINST**

**AUTHORIZED EMPLOYMENT
LEVELS--NOT ACTUAL
EMPLOYMENT LEVELS. THAT
MEANS CUTTING POSITIONS
THAT THE TAXPAYERS ALREADY
AREN'T PAYING FOR.**

REPUBLICAN SUGGESTIONS

***PRESIDENT CLINTON HAS
ASKED FOR SOME
SUGGESTIONS ON ADDITIONAL**

**SPENDING CUTS. I'M HAPPY TO
OFFER A FEW, EVEN THOUGH HE
DIDN'T CONSULT WITH US IN
WRITING THE PLAN.**

***FIRST, ELIMINATE THE \$178
BILLION IN SPENDING
INCREASES. TAKING JUST THIS
ONE STEP WOULD PRODUCE
THE SAFE DEFICIT REDUCTION
THE PRESIDENT IS CALLING FOR**

WITH HALF THE TAXES.

***SECOND: GO EVEN FURTHER**
AND DO AWAY WITH THE \$67
BILLION IN TAX CUTS FOR
"STIMULUS." I SPOKE TO A
BUSINESSMAN THE OTHER DAY
WHO SAID THAT A FEW YEARS
AGO THE GOVERNMENT TOLD
HIM HE HAD TOO MANY TAX
SHELTERS, AND THEY TOOK

**THEM AWAY. NOW WE'RE
GOING TO TELL HIM HE CAN USE
THEM AGAIN. AND A FEW YEARS
DOWN THE LINE, WE'LL TAKE
THEM AWAY AGAIN.**

MORE TAXES COMING

***THE INK IS BARELY DRY ON
PRESIDENT CLINTON'S RECORD-
SETTING \$360 BILLION TAX
INCREASE PLAN, AND WE'RE**

**ALREADY HEARING TROUBLING
NOISES ABOUT EVEN MORE NEW
TAXES--PERHAPS TOTALING
HUNDREDS OF BILLIONS OF
DOLLARS--TO FINANCE HEALTH
CARE REFORM.**

***BEFORE I TAKE SOME
QUESTIONS, LET ME CLOSE
WITH SOME WORDS OF WISDOM
FROM WINSTON CHURCHILL.**

***CHURCHILL SAID, "SOME SEE
PRIVATE ENTERPRISE AS A
PREDATOR TO BE SHOT,
OTHERS AS A COW TO BE
MILKED, BUT FEW ARE THOSE
WHO SEE IT AS THE STURDY
HORSE PULLING THE WAGON."**

***NO DOUBT ABOUT IT--I
BELIEVE AND REPUBLICANS
BELIEVE THAT BUSINESS IS THE**

HORSE THAT PULLS AMERICA'S
ECONOMIC WAGON.

***PRESIDENT CLINTON SAID IN**
THE CAMPAIGN HE WAS A "NEW
TYPE OF DEMOCRAT..." BUT
FROM THE LOOKS OF HIS PLAN,
WHEN YOU GO TO THE WHITE
HOUSE, YOU MIGHT WANT TO
BRING ALONG A MILKING
STOOL.

WEDNESDAY, FEBRUARY 24, 1993

THE WASHINGTON POST

David S. Broder

Beware the 'Trust' Deficit

President Clinton's economic plan is addressed, he says, not to one deficit but to three: the budget deficit, the investment deficit and the social deficit.

Americans, he says, must shut down the drain of red-ink budgets that have virtually quadrupled the national debt in the past dozen years. At the same time, we must increase the investments that promise productivity growth and future prosperity. And there are, he says, unmet needs for AIDS research, public housing rehabilitation, preschool education and a score of other things that cannot wait.

Clinton is right to say all three deficits must be faced. But he is wrong—dangerously wrong—to do so in a way that worsens a fourth deficit: people's trust in their leaders.

The new president is being rightly praised for putting all these issues on the table in a comprehensive and coherent fashion. But if his diagnosis of the nation's needs is accurate, his prescription falls far short of a remedy. His plan just doesn't achieve its advertised goals. And it will avail Clinton little to push his economic program to passage if voters decide afterward that they have been misled about what it will do.

Doubts about his reliability plagued Clinton all through the campaign year and caused him to wind up with the lowest share of the popular vote of any winner since Richard Nixon, in a similar three-way race, 24 years earlier.

Now people are discovering that Clinton really played fast and loose with the facts in last

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year's campaign. When reporters challenged the assumptions and the internal mathematics of Clinton's campaign-season economic plan, "Putting People First," the Democratic nominee brushed off the questions. When Republicans said he was being deceptive, he issued indignant denials that ring hollow today.

Last Oct. 1, for example, when the Bush campaign ran ads based on the calculation that Clinton could finance his campaign promises only by raising taxes on every family earning more than \$36,600 a year, this is what the Democratic nominee said:

"It is blatantly false. . . . It is a disgrace to the American people that the president of the United States would make a claim that is so baseless, that is so without foundation, so shameless in its attempt to get votes under false pretenses."

Last week Clinton, unembarrassed, put forward a revised program requiring tax increases the administration says will affect most families making over \$30,000, one-sixth below the threshold George Bush had forecast. Clinton claims he has been forced to these steps by the unexpected \$346 billion size of the deficit he

inherited. But last July, he told Business Week the deficits would approach \$400 billion.

The more serious problem is that the new economic plan, "A Vision of Change for America," looks almost as jerry-built as the campaign document it replaced. The administration's \$30,000 threshold, for example, is not what most people understand as income, or even the Form 1040's familiar adjusted gross income line. It is a figure concocted to include all kinds of "non-cash income," including fringe benefits and even the imputed rental value of the family home. As administration officials have conceded, the higher tax bites actually begin at a figure closer to \$20,000 than to \$30,000.

These artifices were carefully concealed in Clinton's State of the Union address, helping him to gain a favorable first public reaction. Assiduous salesmanship on his part has so far sustained that image of evenhandedness.

But the more that is learned about the plan, the less solid it looks. As much as \$54 billion of claimed spending reductions are actually increases in taxes or fees. More important, major cost-cutting moves are of dubious value.

The plan calls for more than \$38 billion in

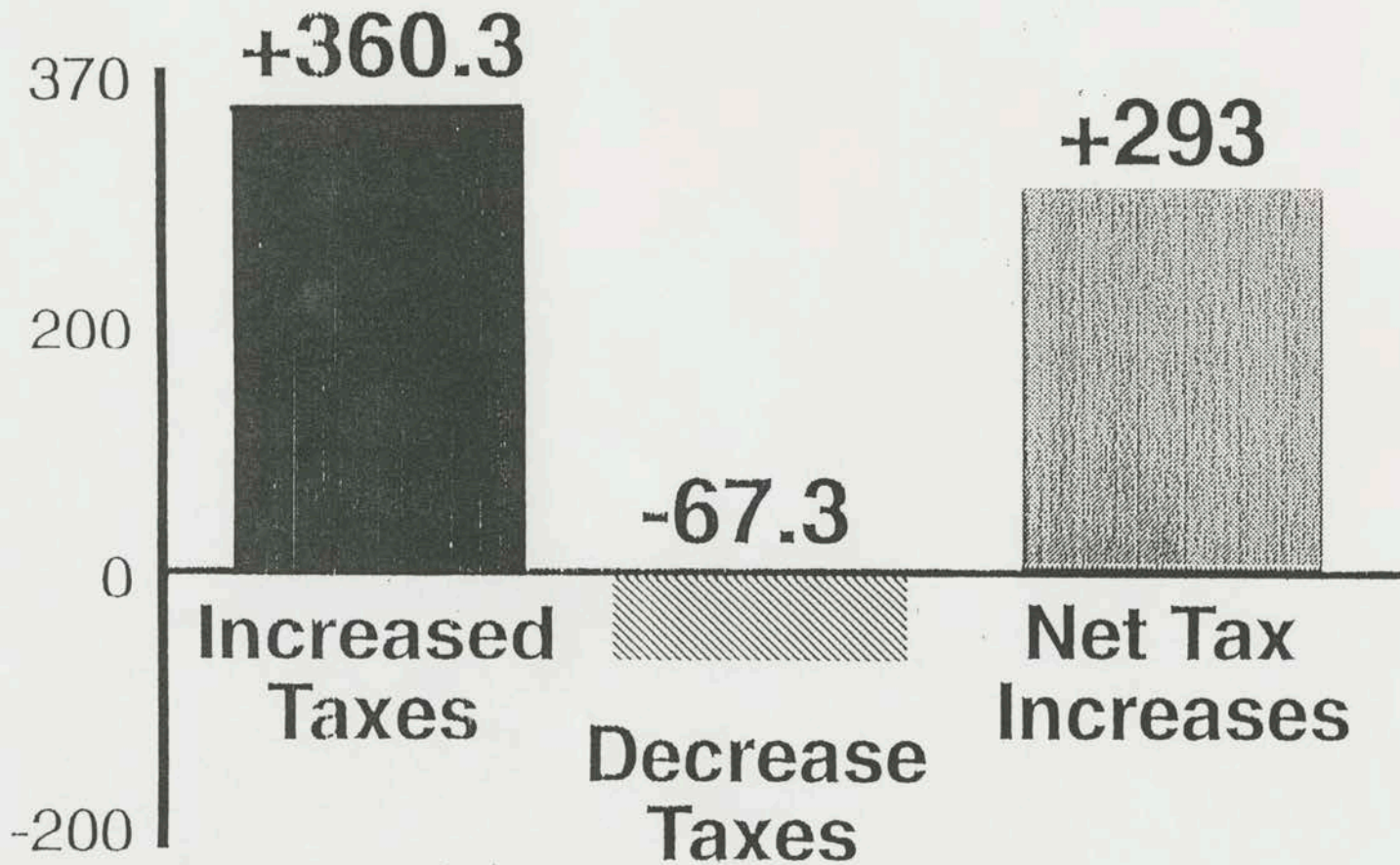
Medicare savings over the next four years, not through any reforms but simply by cutting government payments to hospitals and doctors. In the past, when Republican administrations have proposed such "savings," Democrats have objected, properly, that hospitals and doctors will be forced to shift those costs to private patients and to raise their rates to make up for the loss. The argument is still valid. In effect, Clinton is proposing an additional "tax" on anyone unlucky enough to enter a hospital as a non-Medicare patient in the next four years.

Leon Panetta, the conscientious former House Budget Committee chairman recruited by Clinton as director of the Office of Management and Budget, knows these games for what they are. That may explain why he looks so uncomfortable defending such artifices, as he was forced to do repeatedly after Clinton's speech. But the accounts of the plan's formulation suggest that Panetta lost some crucial inside battles when Clinton sided with political aides who wanted to sugarcoat the message, as Clinton did during the campaign.

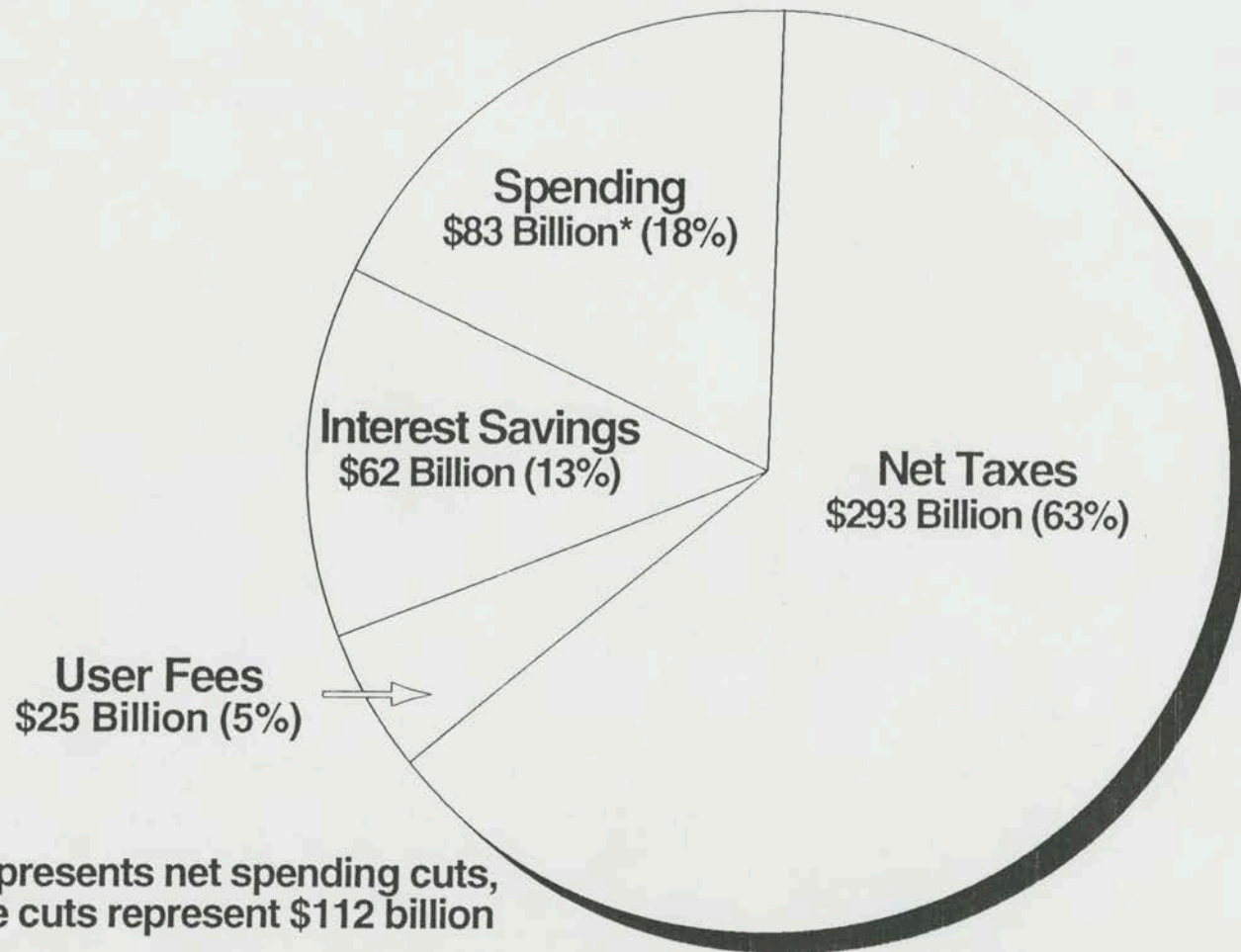
That is bad politics as well as bad economics. Clinton is likely to get a budget-economic package passed this year. Passing one that just pretends to fix the deficit is no fix at all. It simply moves the day of reckoning closer to the next presidential election. George Bush is the living evidence of the danger of following that course.

Clinton Budget Plan Tax Proposal

\$ in Billions
1993-1998



Distribution of Clinton's \$462 Billion Deficit Reduction Plan 1993-1998

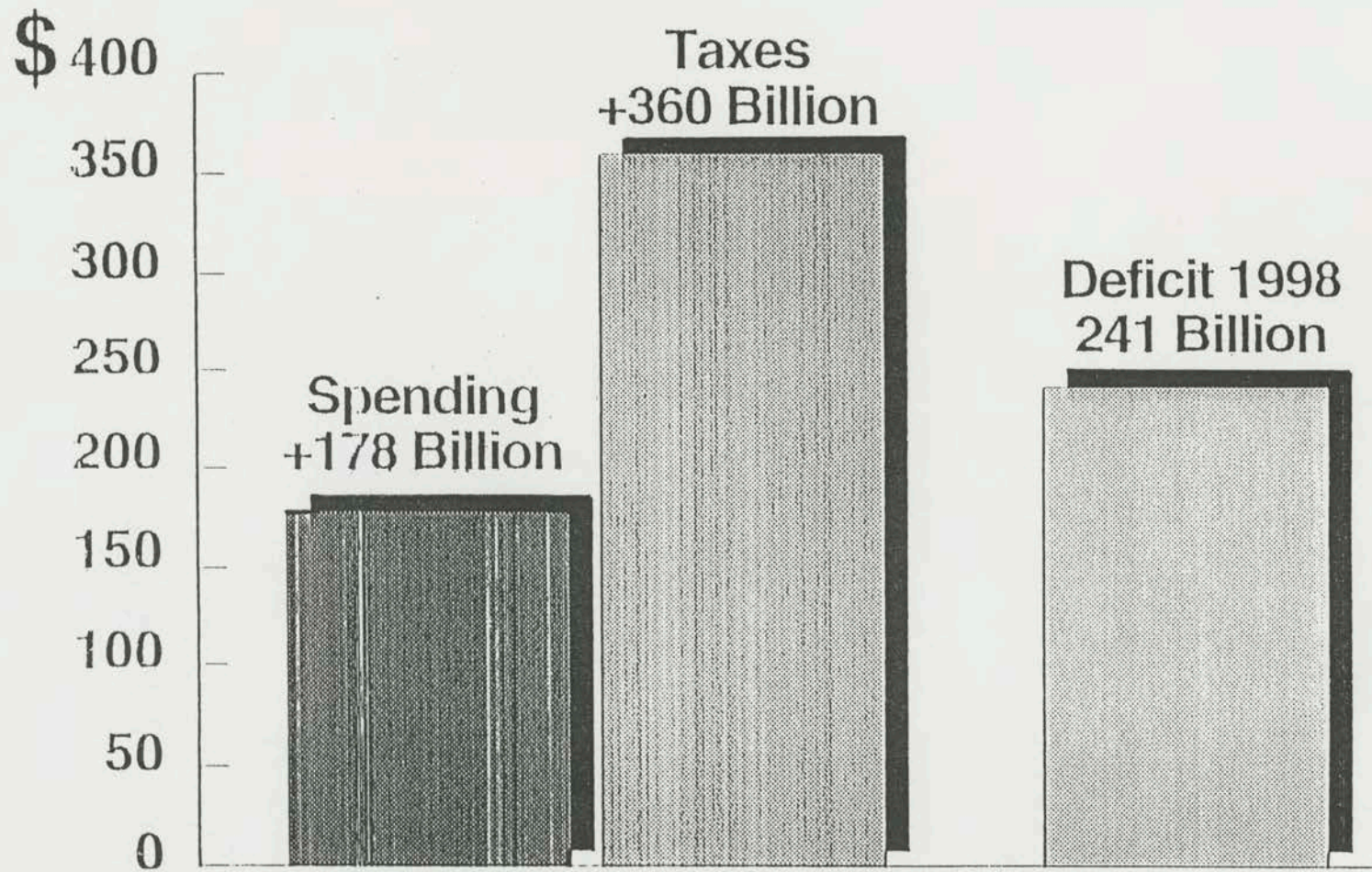


SOURCE: Senate Budget Committee, Minority Staff
Based on published data: A Vision of Change for America, Feb. 17, 1993

Clinton Budget Plan

Spending, Taxes, Deficit Up!

1993-1998



NOTE: Gross Spending, Gross Taxes

SOURCE: Senate Budget Committee, Minority Staff 2-23-93

Clinton's Deficits

\$ BILLION

Deficit

1992 ACTUAL	290
1993	332
1994	262
1997	206
1998	241
2003	400