

Northeast-Midwest Leadership Council

Forum

Comments by

William S. Woodside

Chairman,

Executive

Committee

Primerica Corporation

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Let me welcome all of you to this meeting of the Northeast-Midwest Leadership Council. This promises to be a very rewarding day.

In these opening remarks, I'd like to accomplish three things. For those of you attending your first Leadership Council meeting, I want to briefly describe the group's mission. Second, I want to update all of you on the Council's progress since our February meeting. And finally, I want to review today's agenda and the Council's plans for 1988.

The Leadership Council was formed a short time ago to provide elected officials from our region with a private-sector viewpoint on issues that affect all of us. The participating business executives, university presidents, and labor leaders try to identify pragmatic means to transfer technology from the laboratory to the production line, channel capital to promising new businesses, enhance trade, and educate and train our citizens for the demands of a changing regional and national economy.

The Leadership Council works closely with the Northeast-Midwest Congressional and Senate Coalitions, formed about ten years ago by Members of Congress to ensure that federal policies did not discriminate against the nation's industrial heartland. The Coalitions have carefully tracked tax, program, and budget initiatives, helping to secure increased commitments for economic development, trade, and jobs. The bipartisan groups -- whose leaders we will meet throughout the day -- continue to promote a range of policies to spur the region's economic vitality. Much of the policy work for the Coalitions and the Leadership Council is done at the Northeast-Midwest Institute, a non-profit research center.

With that brief roster of the players and goals, let me describe the Leadership Council's recent activities. As many of you know, we held our first major meeting in February, prepared a regional agenda for the 100th Congress, and talked with an impressive array of leaders from the Reagan Administration and Congress. Treasury Secretary James Baker, for instance, described his plans for tax reform and monetary policy. Mac Baldrige, the late Commerce Secretary, outlined the Administration's trade initiatives. House Speaker James Wright discussed the Democrats' concerns about the budget and their plans to enhance America's competitiveness. Budget Committee Chairman William Gray described the nation's tough fiscal choices in this era of large federal deficits. And Education and Labor Committee Chairman Gus Hawkins outlined his plans for education reform.

NEMW LEADERSHIP COUNCIL FORUM

Much of the Leadership Council's work for and since our February meeting has been carried out by three hardworking Task Forces. The group on competitiveness, led by Pat Choate of TRW, has been developing an action agenda that would create an economic environment in which the region's businesses and workers can invest, innovate, adapt, and compete. Most recently, this Task Force has focused its attention on U.S.-Canadian trade, and federal research and development policies.

The Task Force on Education and Training, co-chaired by President Michael Timpane of Teachers College, Columbia University, and Al Shanker of the American Federation of Teachers, concluded that we must first identify our people - our human capital if you will - as the major resource for revitalizing our economy. The group argued that our region has a lot of catching up to do for those least served by our public education, employment, and welfare policies. Recently, it has focused on the reauthorization of Chapter I, the major federal program of compensatory education for disadvantaged students, and it has examined how the National Science Foundation, particularly with its enlarged budget, can help promote the transfer of technology to commercial applications.

The third Task Force, on Economic Development and Infrastructure, is chaired by Ralph Widner of the Greater Philadelphia First Corporation. The group initially developed a series of recommendations that rely less on the traditional federal subsidy approach and more upon new incentives, regulations, and procedures that can stimulate private investments without increasing the burden on the federal budget. Recently, the Task Force's discussions have focused on innovative initiatives that can provide broader access to capital, and on means to promote strategic infrastructure investment.

Building on our working relationships with Representatives and Senators, the Leadership Council has tried to translate the Task Forces' ideas into action. The issue of U.S.-Canadian trade provides the most current example. As you probably know, the two countries enjoy the world's largest trade relationship, with two-way exchanges valued at about \$150 billion. At the 11th hour, just a week ago, the Administration completed negotiations for a draft free trade agreement that will fundamentally change the trade patterns across a broad range of sectors. Because two-thirds of U.S.-Canadian trade occurs within our region, the Northeast-Midwest organizations have played a major role in the negotiations. The groups met regularly with the U.S. Trade Representative. At USTR's request, the staff and Task Force members drafted detailed proposals, several of which were finally adopted, on telecommunications, automotives, alcoholic beverages, and dispute resolution mechanisms.

Over the next few months as Congress reviews the draft agreement, Leadership Council members will join Representatives and Senators in briefings by the Trade Representative on the treaty's implications. The Northeast-Midwest Coalitions also will prepare several papers on the draft pact, and take at least 15 Members of Congress to Ottawa in late November to meet with Canadian Ministers and Parliamentarians. At the request of the Coalitions I will be designating a member of our Task Force to accompany the legislators to Ottawa and participate in these important discussions.

We've focused similar follow-up activity on several of the other recommendations made at the Council's February meeting. A "Policy Agenda" in your folder describes many of these efforts.

Obviously, we have much more to do to help shape public policies in ways that create jobs and expand businesses. We're here today to discuss our options and to recommend future activities.

To help us review issues associated with the 1988 elections, we had originally invited each of the major presidential candidates to present their positions and answer questions from the private-sector leaders. After the Task Force meetings in June, the staff spoke with each of the campaigns about the Council's interests, and they've prepared a brief review of the candidate's positions, which is included in your packet. But the presidential campaign, as all of you know, has become hectic, if not bizarre. It seems that we need new score cards each week just to tell who's in the race and who is not. The uncertainties of scheduling presidential candidates during this confusing period led the Leadership Council to switch gears and to ask several senior administration and congressional leaders to present their views on the issues and to answer your questions. I'm sure you'll find the discussions to be informative and useful.

Because all of us are interested in new directions at the Federal Reserve Board, we've invited Alan Greenspan, the new chairman, to outline his perspective on how the Fed's monetary policy will affect the nation and our region. Because the Council wants to closely follow trade and captial developments, we've invited Ways and Means Committee Chairman Dan Rostenkowski to discuss the comprehensive trade legislation now before Congress, Energy and Commerce Committee Chairman John Dingell to review issues before his very powerful committee, and U.S. Trade Representative Clayton Yeutter to outline the U.S.-Canadian trade agreement and other negotiations.

We've structured the day to provide as much time as possible for your questions. We also want to solicit your advice regarding a new project for the Council. I'm proposing that the Council and

its Task Forces work throughout 1988 to prepare a list of specific initiatives for the new Administration to consider. Council members would be asked to review and discuss specific issues with Members of Congress and other experts during breakfast meetings in Washington or briefings throughout the region. After the November 1988 elections, we will request a formal meeting with the Presidential transition team to share our perspectives on key issues that affect our region. A questionnaire in your packet seeks your advice regarding the topics on which we should focus. I hope you will complete that questionnaire and raise suggestions throughout the day's discussions.

Over the next year, I also want to expand the Leadership Council's membership. I hope it's a sign of our effectiveness that participation at this session is twice that of February's. My thanks to the many Representatives and Senators who extended invitations to private-sector leaders in their states. Thanks also to AmeriTrust Corporation Chairman Jerry Jarrett who organized a very successful meeting last month with Cleveland's business leaders. I hope to participate in other such efforts to recruit more executives, university presidents, and labor leaders to the Council.

Today's meeting of the Leadership Council is another step in the process of mobilizing the national creativity and flexibility to meet our economic challenges. However, we need a strong, ongoing effort, and we need to translate our general concern for economic vitality into a common agenda and specific initiatives.

The Leadership Council has a very important role to play. It offers you, the region's private sector leaders, the opportunity to recommend public policies to senior members of Congress and the Administration. And it enables elected officials at all levels to benefit from the pragmatic ideas of our region's business, academic, and labor leaders. I am very pleased you could attend today's meeting, and I hope you will remain active participants in the Leadership Council.

Thank you.