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DOCUMENT NO.	FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
001	Memorandum	Meeting with AARP on Medicare - To: Karl Rove - From: Doug Badger	2	03/01/2003	P5;
002	Email	FW: Nick Lemman - To: Susan Ralston - From: Karl Rove	1	03/02/2003	PRM;
003	Memorandum	Jobs and Growth Plan Update - To: Steve Friedman - From: Adam Goldman	4	02/28/2003	P5;
004	Handwritten Note	[Notes]	1	N.D.	P5;
005	Invitation	Save the Date [with attachment]	4	N.D.	PRM;

COLLECTION TITLE:
Records Management, White House Office of
SERIES:
Subject Files - FG006-27 (Office of Senior Advisor - Karl Rove)
FOLDER TITLE:
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9707

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

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b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Records Not Subject to FOIA

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Dear General Motors Stockholder:

I want to bring to your attention an important development in Congress that may impact how much of your dividend income you actually get to keep.

Under today's laws, your dividends are treated as personal income that is subject to Federal income tax. In addition to the tax you pay, GM also pays Federal income tax on these dividends. President Bush has proposed a broad-based economic stimulus plan to Congress that, among other things, would stop this "double taxation" of dividends. Under the President's plan, you would not be taxed on dividends received from General Motors, to the extent they are paid out of income on which General Motors has already paid taxes. The result is more money for you.

We think this is a proposal that makes good economic sense, and is good for our stockholders and General Motors. We've shared our enthusiasm for it with members of Congress, and we urge you to do the same promptly. Please consider contacting your Senators and Representative to voice your support for the President's plan to eliminate the "double taxation" of your dividends.

GM

Rick Wagoner
Rick Wagoner
President and Chief Executive Officer

GM-0303-DIV

Logansport/Cass County Chamber of Commerce (Indiana)
Los Angeles Fastener Association
Louisiana Oil Marketers & Convenience Store Association
Louisiana Restaurant Association
Louisiana Retailers Association
Machinery Dealers National Association
Maine Merchants Association
Maine Oil Dealers Association
Maine Petroleum Association
Maine Restaurant Association
Manufactured Housing Association for Regulatory Reform
Manufactured Housing Association of Oklahoma
Manufactured Housing Institute
Manufacturers' Agents National Association
Manufacturers Association of Mid-Eastern Pennsylvania
Manufacturer's Association of Northwest Pennsylvania
Manufacturers' Association of South Central Pennsylvania
Manufacturing Jewelers & Suppliers of America, Inc.
Marine Operators Association of America
Marine Industries Association of Southern Florida
Mary Kay, Inc.
Maryland Highway Contractors Association
Maryland Highway Users Federation
Maryland Petroleum Council
Maryland Retailers Association
Mashantucket Pequot Tribal Nation
Massachusetts Electrical Contractors Association
Massachusetts Petroleum Council
Massachusetts Restaurant Association
Master Builders Association of Western Pennsylvania
Master Builders of Iowa
Material Handling Equipment Distributors Association
Medical Device Manufacturers Association
Melaleuca, Inc.
Mercersburg Area Chamber of Commerce (Pennsylvania)
Merrill Lynch & Company, Inc.
Metal Treating Institute
Metals Service Center Institute
Metropolitan Evansville Chamber of Commerce (Indiana)
Michigan Chamber of Commerce
Michigan Grocers Association
Michigan Manufacturers Association
Michigan Restaurant Association
Michigan Retailers Association
Michigan Road Builders Association
Mid-America Grocers Association
Mid-America Lumbermens Association
Mid-Atlantic Petroleum Distributors Association
Mid-States Meat Association
Midwest Dairy Foods Association, Inc.
Midwest Equipment Dealers Association
Minnesota Grocers Association
Minnesota Petroleum Council
Minnesota Retailers Association
Mississippi Association of Convenience Stores
Mississippi Malt Beverage Association
Mississippi Restaurant Association
Missouri Association of RV Parks & Campgrounds
Missouri Forest Products Association
Missouri Grocers Association
Missouri Oil Council
Missouri Petroleum Marketers & Convenience Store Association
Missouri Restaurant Association
Missouri Retailers Association
Monroe Chamber of Commerce (Louisiana)
Montana Agricultural Business Association
Montana Chamber of Commerce
Montana Contractors Association
Montana Equipment Dealers Association
Montana Food Distributors Association
Montana Motor Carriers Association
Montana Petroleum Marketers Association
Montana Restaurant Association
Montana Retail Association
Montana Taxpayers Association
Montana Tire Dealers Association
Mortgage Bankers Association
Motor & Equipment Manufacturers Association
Motor Transport Association of Connecticut
Mount Vernon Chamber of Commerce (New York)
Muncie-Delaware County Chamber of Commerce (Indiana)
Music Distributors Association
Naperville Area Chamber of Commerce (Illinois)
National Apartment Association
National Association of Broadcasters
National Association of Chain Drug Stores
National Association of Chemical Distributors
National Association of Convenience Stores
National Association of Electrical Distributors
National Association of Floor Covering Distributors
National Association of Independent Insurers
National Association of Manufacturers
National Association of Mutual Insurance Companies
National Association of Printing Ink Manufacturers
National Association of Real Estate Investment Trusts
National Association of Realtors
National Association of RV Parks & Campgrounds
National Association of Sign Supply Distributors
National Association of Sporting Goods Wholesalers
National Association of Texaco and Shell Marketers
National Association of Truck Stop Operators
National Association of Water Companies
National Association of Wheat Growers
National Association of Wholesaler-Distributors
National Automobile Dealers Association
National Beer Wholesalers Association
National Candle Association
National Cattlemen's Beef Association
National Chicken Council
National Concrete Masonry Association
National Confectioners Association
National Corn Growers Association
National Council of Chain Restaurants
National Electrical Contractors Association
National Electrical Manufacturers Association
National Electrical Manufacturers Representatives Association
National Fastener Distributors Association
National Federation of Independent Business
National Federation of Republican Assemblies
National Fire Sprinkler Association
National Fisheries Institute
National Food Processors Association
National Frozen & Refrigerated Foods Association
National Glass Association
National Grocers Association
National Hardwood Lumber Association
National Independent Automobile Dealers Association
National Industrial Sand Association
National Insulation Association
National Lumber & Building Material Dealers Association
National Lumber Dealers Association
National Marine Distributors Association
National Marine Manufacturers Association
National Paper Trade Association
National Paperbox Association
National Pork Producers Council
National Precast Concrete Association
National Restaurant Association
National Retail Federation
National Roofing Contractors Association
National Sash & Door Jobbers Association
National School Supply & Equipment Association
National Small Business United
National Soft Drink Association
National Spa & Pool Institute
National Sporting Goods Association
National Stone, Sand & Gravel Association

National Taxpayers Union
National Telephone Cooperative Association
National Tooling & Machining Association
National Truck Equipment Association
National Utility Contractors Association
National Wheel & Rim Association
Natural Gas Supply Association
NEA-The Association of Union Constructors
Nebraska Building Chapter of the Associated General Contractors
Nebraska Cattlemen's Association
Nebraska Chamber of Commerce
Nebraska Grocery Industry Association
Nebraska Petroleum Marketers & Convenience Store Association
Nebraska Restaurant Association
Nebraska Retail Federation
Nevada Cattlemen's Association
Nevada Petroleum Marketers and Convenience Stores Association
Nevada Restaurant Association
New Castle County Chamber of Commerce (Delaware)
New England Convenience Store Association
New Hampshire Grocers Association
New Hampshire Lodging & Restaurant Association
New Jersey Business & Industry Association
New Jersey Food Council
New Jersey Petroleum Council
New Jersey Restaurant Association
New Jersey Retail Merchants Association
New Mexico Building Branch of the Associated General Contractors
New Mexico Restaurant Association
New York Association of Convenience Stores
New York State Automotive Aftermarket Association
New York State Petroleum Council
New York State Restaurant Association
Newport Harbor Area Chamber of Commerce (California)
Newspaper Association of America
Noble Drilling Corporation
Non-Ferrous Founders' Society
Nortel Networks
North American Building Material Distribution Association
North American Equipment Dealers Association
North American Graphic Arts Suppliers Association
North American Horticultural Supply Association
North American Insulation Manufacturers Association
North American Meat Processors Association
North American Wholesale Lumber Association
North Carolina Association of Convenience Stores
North Carolina Manufacturers Association
North Carolina Petroleum Council
North Carolina Restaurant Association
North Carolina Retail Merchants Association
North Dakota Grocers Association
North Dakota Petroleum Council
North Dakota Petroleum Marketers Association
North Dakota Retail Association
Northern Illinois Building Contractors Association
Northern Kentucky Chamber of Commerce
Northern Rhode Island Chamber of Commerce
Northern Virginia Technology Council
NPES-The Association for Suppliers of Printing,
Publishing and Converting Technologies
Nuclear Energy Institute
Oakland Chamber of Commerce (California)
O'Fallon Chamber of Commerce (Illinois)
Office Products Wholesalers Association
Ohio Aggregates & Industrial Minerals Association
Ohio Association of Convenience Stores
Ohio Bakers Association
Ohio Chamber of Commerce
Ohio Contractors Association
Ohio Council of Retail Merchants
Ohio Grocers Association
Ohio Jewelers Association
Ohio Petroleum Council
Ohio Petroleum Marketers Association
Ohio Real Estate Investors Inc.
Ohio Restaurant Association

Okefenokee Chamber of Commerce (Georgia)
Oklahoma Grocers Association
Oklahoma Municipal Contractors Chapter of the
Associated General Contractors
Oklahoma Petroleum Marketers Association
Oklahoma Association of Convenience Stores
Oklahoma Restaurant Association
Oklahoma Retail Merchants Association
Oklahoma State Chamber of Commerce
Oklahoma Travel Industry Association
Orange Chamber of Commerce (California)
Oregon Farm Bureau
Oregon Neighborhood Store Association
Oregon Restaurant Association
Oregon State Pharmacists Association
Oregon Trucking Associations, Inc.
Otsego County Chamber of Commerce (New York)
Outdoor Amusement Business Association
Outdoor Power Equipment & Engine Service Association
Overland Park Chamber of Commerce (Kansas)
Packaging Machinery Manufacturers Institute
Painting & Decorating Contractors of America
Pennsylvania Chamber of Business and Industry
Pennsylvania Convenience Store Council
Pennsylvania Food Merchants Association
Pennsylvania Manufacturers' Association
Pennsylvania Restaurant Association
Pennsylvania Retailers Association
PepsiCo, Inc.
Pet Industry Distributors Association
Petroleum Equipment Institute
Petroleum Marketers and Convenience Store Association of Kansas
Petroleum Marketers and Convenience Stores of Iowa
Petroleum Marketers Association of America
Petroleum Marketers Association of Wisconsin/
Wisconsin Association of Convenience Stores
Philadelphia Builders Chapter of the Associated General Contractors
Pickerington Area Chamber of Commerce (Ohio)
Plattsburgh-North Country Chamber of Commerce
Plumbing Manufacturers Institute
Plumbing-Heating-Cooling Contractors-National Association
Portland Cement Association
Post Card & Souvenir Distributors Association
Power Transmission Distributors Association
Powers Restaurants Inc.
Praxair
Printing and Imaging Association of New York State
Printing Industries of America
Professional Lawn Care Association of America
Professional Services Council
Q-Markets, Inc.
RaceTrac Petroleum, Inc.
Real Estate Investors Association of Cincinnati
Real Estate Roundtable (The)
Recreation Vehicle Dealers Association
Recreational Vehicle Aftermarket Association
Remanufacturing Institute (The)
Rental Industry Association
Republican Jewish Coalition
Restaurant & Hospitality Association of Indiana
Restaurant Association of Maryland
Restaurant Association of Metro Washington, Inc.
Retail Council of New York State
Retail Merchants of Hawaii
Retailers Association of Massachusetts
Rhode Island Food Dealers Association
Rhode Island Hospitality & Tourism Association
Rhode Island Retail Federation
Richmond Chamber of Commerce (California)
Richmond Chamber of Commerce (Kentucky)
River City Republican Association (Kentucky)
Rocky Mountain Food Dealers Association
Roundy's Inc.
Rubber Manufacturers Association
Safety Equipment Distributors Association
Salt Institute

San Diego Employers Association, Inc.
San Ramon Chamber of Commerce (California)
SBC Communications
Schiffli Lace and Embroidery Manufacturers Association, Inc.
Secondary Materials and Recycled Textiles Association
Securities Industry Association
Security Hardware Distributors Association
Service Specialists Association
Service Station Dealers of America and Allied Trades
Sherman Oaks Chamber of Commerce (California)
Skowhegan Chamber of Commerce (Maine)
Small Business Association of Michigan
Small Business Survival Committee
Snack Food Association
Society of American Florists
Society of Glass and Ceramic Decorators
Society of Independent Gas Marketers of America
South Carolina Association of Convenience Stores
South Carolina Manufacturers Alliance
South Carolina Merchants Association
South Carolina Petroleum Council
South Carolina Petroleum Marketers Association
South Carolina Timber Producers Association
South Dakota Automobile Dealers Association
South Dakota Cattlemen's Association
South Dakota Chamber of Commerce and Industry
South Dakota Petroleum and Propane Marketers Association
Association of Convenience Stores
South Dakota Retailers Association
South Dakota Trucking Association
Southern California Business Association and
Los Angeles County Hotel/Motel Group
Southern Company
Southern Forest Products Association
Spartan Stores Inc.
Specialty Equipment Market Association
St. Cloud Greater Osceola Chamber of Commerce (Florida)
St. Mary's Area Chamber of Commerce (Ohio)
St. Petersburg Area Chamber of Commerce (Florida)
Steel Manufacturers Association
StorageTek, Inc.
Synthetic Organic Chemical Manufacturers Association
Syracuse & Wawasee Chamber of Commerce (Indiana)
Taxicab, Limousine & Paratransit Association
Team Builder International
Tellabs, Inc.
Tennessee Association of RV Parks & Campgrounds
Tennessee Grocers Association
Tennessee Oil Marketers Association
Tennessee Petroleum Council
Tennessee Restaurant Association
Texas & Southwestern Cattle Raisers Association
Texas Association of Builders
Texas Association of Business & Chambers of Commerce
Texas Building Branch of the Associated General Contractors
Texas Food Industry Association
Texas Good Roads Transportation Association
Texas Manufactured Housing Association
Texas Petroleum Marketers and Convenience Store Association
Texas Propane Gas Association
Texas Restaurant Association
Texas Retailers Association
Texas Society of Certified Public Accountants
Textile Care Allied Trades Association
Textile Rental Services Association
Timken Company (The)
Tire Industry Association
Titusville Area Chamber of Commerce (Pennsylvania)
Tooling & Manufacturing Association
Toy Industry Association
Trade Associates, Inc.
Truck Renting and Leasing Association
Tulsa Hispanic Chamber
Tuolumne County Chamber of Commerce (California)
Twin West Chamber of Commerce (Minnesota)
U.S. Oil & Gas Association
Unified Western Grocers
Union Pacific Corporation
United Fresh Fruit & Vegetable Association
United Seniors Association
United States Telecom Association
United Telecom Council
USX Corporation
Utah Food Industry Association
Utah Restaurant Association
Utah Retail Merchants Association
Utah Taxpayers Association
Utility and Transportation Contractors
Association of New Jersey
Valve Manufacturers Association of America
Verizon
Vermont Lodging & Restaurant Association
Vinyl Institute
Virginia Food Dealers Association
Virginia Hospitality and Travel Association
Virginia Manufacturers Association
Virginia Petroleum Council
Virginia Petroleum Marketers & Convenience
Store Association
Virginia Retail Merchants Association
Virginia Road and Transportation Builders Association
Washington Automotive Wholesalers Association
Washington Aviation Group
Washington Cattlemen's Association
Washington Credit Union League (The)
Washington Restaurant Association
Washington Retail Association
Washington State Funeral Directors Association
Waste Equipment Technology Association
Water and Sewer Distributors of America
Water Quality Association
Wealth Preservation Planners
Wellsville Area Chamber of Commerce (New York)
West Branch Manufacturers' Association
West Jordan Chamber of Commerce (Utah)
West Virginia Oil Marketers and Grocers Association
West Virginia State Chamber of Commerce
Western Association of Fastener Distributors
Western Connecticut Industrial Council, Inc.
Western Kentucky Construction Association
Western Petroleum Marketers Association
Western Retail Implement & Hardware Association
Western Suppliers Association
Weston Area Chamber of Commerce (Florida)
White Rose Food
Wholesale Beer & Wine Association of Ohio
Wholesale Beer Distributors of Texas
Wholesale Florist & Florist Supplier Association
Wichita Independent Business Association (Kansas)
Willmar Area Chamber of Commerce (Minnesota)
Wine & Spirits Distributors of Florida
Wine & Spirits Wholesalers of America, Inc.
Wisconsin Grocers Association
Wisconsin Manufacturers & Commerce
Wisconsin Merchants Federation
Wisconsin Motor Carriers Association
Wisconsin Petroleum Council
Wisconsin Restaurant Association
Wisconsin Transportation Builders Association
WMDA Service Station and Automotive Repair Association
Wood Machinery Manufacturers of America
Woodworking Machinery Industry Association
Worthington Area Chamber of Commerce (Minnesota)
Wyoming Contractors Association
Wyoming Retail Merchants Association
Wyoming Stock Growers Association
York County Chamber of Commerce (Pennsylvania)

Mr. President, We Stand With You.

"The tax relief is for everyone who pays income taxes - and it will help our economy immediately"
State of the Union speech, 2003

We believe the President's Economic Growth and Jobs proposal will have an immediate economic impact, and will also provide for long-term growth and stability. Why?

The President's Plan will:
- Increase Gross Domestic Product by 2.4 percent by the end of next year.
- Create an average of 1.2 million jobs per year for the next five years.
- Help small businesses and individuals by accelerating personal income tax reductions.
- Increase the small business expensing allowance.
- End double taxation of dividends to provide tax fairness for 35 million American households, including many retirees, who pay taxes.

Thank you Mr. President for proposing this bold and sensible plan. We stand with you 100 percent.

We are The Tax Relief Coalition: more than 1,000 members representing 1.8 million businesses. We have committed our energy and resources to helping the administration pass this plan. We strongly urge Congress to act quickly. Our nation's economy is at stake.

The Tax Relief Coalition

7-Eleven, Inc.
Adirondack Regional Chamber of Commerce (New York)
Advanced Medical Technology Association
Advocate International LLC
Aerospace Industries Association
Agricultural Retailers Association
Air Conditioning Contractors of America
Air Transport Association
Airborne Express Corporation
Air-Conditioning & Refrigeration Institute
Aircraft Electronics Association
Akerlos Enterprises
Alabama Coal Association
Alabama Grocers Association
Alabama Oilmen's Association/Alabama Association of Convenience Stores
Alabama Petroleum Council
Alabama Restaurant Association
Alabama Retailers Association
Alabama Textile Manufacturers Association
Alaska CHARR Restaurant Association
Alaska State Chamber of Commerce
Alliance of Automobile Manufacturers
Altria Corporate Services Inc.
Aluminum Association (The)
America's Chamber of Commerce (Nevada)
American Apparel and Footwear Association
American Architectural Manufacturers Association
American Association of Advertising Agencies
American Association of Small Property Owners
American Automotive Leasing Association
American Bakers Association
American Boiler Manufacturers Association
American Brush Manufacturers Association
American Business Conference
American Chemistry Council
American Conservative Union
American Consulting Engineers Council
American Family Business Institute
American Forest & Paper Association
American Franchise Association
American Frozen Food Institute
American Furniture Manufacturers Association
American Gas Association
American Gear Manufacturers Association
American Hardware Manufacturers Association
American Highway Users Alliance
American Hotel & Lodging Association
American Institute of Architects-Illinois Chapter
American Insurance Association
American International Automobile Dealers Association
American Iron and Steel Institute
American Land Rights Association
American Lighting Association
American Loggers Council
American Machine Tool Distributors Association
American Moving & Storage Association
American Nursery and Landscape Association
American Petroleum Institute
American Rental Association
American Road & Transportation Builders Association
American Shareholders Association
American Society of Travel Agents
American Staffing Association
American Subcontractors Association
American Supply Association
American Textile Manufacturers Institute
American Trans Air
American Tree Farm System
American Trucking Associations
American Water Works Company, Inc.
American Wholesale Marketers Association
Americans for Tax Reform
America's Community Bankers
AMT - The Association for Manufacturing Technology
Amway Corporation
Anderson Area Chamber of Commerce (South Carolina)
Apartment Association/California Southern Cities
Appliance Parts Distributors Association
Arcadia Chamber of Commerce (California)
Arizona Builders' Alliance
Arizona Cattle Growers Association
Arizona Food Marketing Alliance
Arizona Petroleum Marketers Association
Arizona Restaurant Association
Arizona Retailers Association
Arizona Small Business Association
Arkansas Automobile Dealers Association
Arkansas Grocers & Retail Merchants Association
Arkansas Home Builders Association
Arkansas Hospitality Association
Arkansas Petroleum Council
Arkansas State Chamber of Commerce/Associated Industries of Arkansas
Asphalt Roofing Manufacturers Association
Associated Beer Distributors of Illinois
Associated Builders & Contractors
Associated Builders & Contractors Cornhusker Chapter (Nebraska)
Associated Builders & Contractors of Alabama
Associated Builders & Contractors of Alaska
Associated Builders & Contractors of Arkansas
Associated Builders & Contractors of Central California
Associated Builders & Contractors of Central Florida
Associated Builders & Contractors of Central Michigan
Associated Builders & Contractors of Central Ohio
Associated Builders & Contractors of Central Pennsylvania
Associated Builders & Contractors of Central Texas
Associated Builders & Contractors of Connecticut
Associated Builders & Contractors of Cumberland (Maryland)
Associated Builders & Contractors of Delaware
Associated Builders & Contractors of Downeast/Maine
Associated Builders & Contractors of East Tennessee
Associated Builders & Contractors of Georgia
Associated Builders & Contractors of Golden Gate (California)
Associated Builders & Contractors of Greater Houston
Associated Builders & Contractors of Greater Illinois
Associated Builders & Contractors of Guam
Associated Builders & Contractors of Hawaii
Associated Builders & Contractors of Indiana
Associated Builders & Contractors of Inland Pacific (Washington)
Associated Builders & Contractors of Iowa
Associated Builders & Contractors of Kentuckiana
Associated Builders & Contractors of Keystone (Pennsylvania)
Associated Builders & Contractors of Los Angeles/Ventura
Associated Builders & Contractors of Massachusetts
Associated Builders & Contractors of Metro Washington, D.C.
Associated Builders & Contractors of Mid Tennessee
Associated Builders & Contractors of Minnesota
Associated Builders & Contractors of Mississippi
Associated Builders & Contractors of New Hampshire/Vermont
Associated Builders & Contractors of New Jersey
Associated Builders & Contractors of New Orleans/Bayou
Associated Builders & Contractors of North Alabama
Associated Builders & Contractors of North Florida
Associated Builders & Contractors of North Texas
Associated Builders & Contractors of Northern Illinois
Associated Builders & Contractors of Northern Michigan
Associated Builders & Contractors of Northern New Jersey
Associated Builders & Contractors of Northern Ohio
Associated Builders & Contractors of Oklahoma
Associated Builders & Contractors of Pelican (Louisiana)
Associated Builders & Contractors of Rhode Island
Associated Builders & Contractors of Rocky Mountain (Colorado)
Associated Builders & Contractors of San Diego
Associated Builders & Contractors of Sierra Nevada (Nevada)
Associated Builders & Contractors of South Texas
Associated Builders & Contractors of Southeast Pennsylvania
Associated Builders & Contractors of Southeast Texas
Associated Builders & Contractors of Southeastern Michigan
Associated Builders & Contractors of Southern California
Associated Builders & Contractors of the Baltimore Metro Area
Associated Builders & Contractors of the Carolinas
Associated Builders & Contractors of the Chesapeake (Maryland)
Associated Builders & Contractors of the Coastal Bend (Texas)
Associated Builders & Contractors of the Eastern Shore (Maryland)
Associated Builders & Contractors of the Empire State (New York)
Associated Builders & Contractors of the Florida East Coast
Associated Builders & Contractors of the Florida First Coast
Associated Builders & Contractors of the Florida Gulf Coast
Associated Builders & Contractors of the Heart of America (Kansas)
Associated Builders & Contractors of the Lehigh Valley (Pennsylvania)
Associated Builders & Contractors of the Mid Gulf Coast (Alabama)
Associated Builders & Contractors of the Ohio Valley
Associated Builders & Contractors of the Pacific Northwest (Oregon)
Associated Builders & Contractors of the Rio Grande (New Mexico)
Associated Builders & Contractors of the Saginaw Valley (Michigan)
Associated Builders & Contractors of the Texas Mid-Coast
Associated Builders & Contractors of Utah
Associated Builders & Contractors of Virginia
Associated Builders & Contractors of West Tennessee
Associated Builders & Contractors of West Virginia
Associated Builders & Contractors of Western Colorado
Associated Builders & Contractors of Western Michigan
Associated Builders & Contractors of Western Pennsylvania
Associated Builders & Contractors of Western Washington
Associated Builders & Contractors of Wisconsin
Associated Constructors of Maine
Associated Contractors of New Mexico
Associated Equipment Distributors
Associated General Contractors
Associated General Contractors Builders of Southern Illinois
Associated General Contractors Building Chapter of South Dakota
Associated General Contractors of Alabama
Associated General Contractors of Alaska
Associated General Contractors of Arizona
Associated General Contractors of Arkansas
Associated General Contractors of Austin (Texas)
Associated General Contractors of California
Associated General Contractors of Central Florida
Associated General Contractors of Central Texas
Associated General Contractors of Colorado
Associated General Contractors of Columbia (Oregon)
Associated General Contractors of Connecticut
Associated General Contractors of East Tennessee
Associated General Contractors of El Paso (Texas)
Associated General Contractors of Florida East Coast
Associated General Contractors of Georgia
Associated General Contractors of Greater Detroit
Associated General Contractors of Greater Florida
Associated General Contractors of Greater Milwaukee (Wisconsin)
Associated General Contractors of Houston
Associated General Contractors of Idaho
Associated General Contractors of Illinois
Associated General Contractors of Indiana
Associated General Contractors of Inland Northwest (Washington)
Associated General Contractors of Iowa
Associated General Contractors of Jefferson County (Texas)
Associated General Contractors of Kansas
Associated General Contractors of Kansas City
Associated General Contractors of Kentucky
Associated General Contractors of Las Vegas
Associated General Contractors of Louisiana
Associated General Contractors of Maryland
Associated General Contractors of Massachusetts
Associated General Contractors of Metropolitan Washington D.C.
Associated General Contractors of Michigan
Associated General Contractors of Minnesota
Associated General Contractors of Mississippi
Associated General Contractors of Missouri
Associated General Contractors of Nebraska
Associated General Contractors of Nevada
Associated General Contractors of New Hampshire
Associated General Contractors of New Jersey
Associated General Contractors of New York State
Associated General Contractors of North Dakota
Associated General Contractors of Northwest Florida
Associated General Contractors of Ohio
Associated General Contractors of Oklahoma-Building Chapter
Associated General Contractors of Pennsylvania
Associated General Contractors of Puerto Rico
Associated General Contractors of Rhode Island
Associated General Contractors of San Antonio (Texas)
Associated General Contractors of San Diego (California)
Associated General Contractors of Shreveport, Louisiana
Associated General Contractors of South Dakota
Associated General Contractors of South Florida
Associated General Contractors of South Texas
Associated General Contractors of St. Louis
Associated General Contractors of Tennessee
Associated General Contractors of Texas
Associated General Contractors of the Carolinas
Associated General Contractors of the Mississippi Valley
Associated General Contractors of the Rio Grande Valley
Associated General Contractors of the Texas Panhandle
Associated General Contractors of Utah
Associated General Contractors of Vermont
Associated General Contractors of Virginia
Associated General Contractors of Washington
Associated General Contractors of West Texas
Associated General Contractors of Wisconsin
Associated General Contractors QUOIN Chapter (Texas)
Associated Industries of Florida
Associated Industries of Kentucky
Associated Pennsylvania Constructors
Associated Petroleum Industries of Michigan
Associated Petroleum Industries of Pennsylvania
Association for High Technology Distribution
Association for Hose & Accessories Distribution (The)
Association of American Railroads
Association of Equipment Manufacturers
Association of Home Appliance Manufacturers
Association of International Automobile Manufacturers
Association of Oklahoma General Contractors
Association of Sales & Marketing Companies
Association of the Wall and Ceiling Industry-International
Association of Washington Business
Association of Woodworking & Furnishings Suppliers
Automotive Aftermarket Industry Association
Automotive Parts Association of the Carolinas
Automotive Parts Rebuilders Association
Automotive Warehouse Distributors Association
Autoweb
Aviation Distributors & Manufacturers Association
Aviation Suppliers Association
Barbour Griffith & Rogers, Inc.
Bath Brunswick Region Chamber of Commerce (Maine)
Battery Council International
Battle Creek Area Chamber of Commerce (Michigan)
Bay County Chamber of Commerce (Florida)
Bearing Specialists Association
Beauty & Barber Supply Institute
Beer Industry of Florida Inc.
Beer Institute
BellSouth Corporation
Belton Industries, Inc.
Bicycle Products Suppliers Association
Biotechnology Industry Organization
Boca Raton Chamber of Commerce (Florida)
Boise Metro Chamber of Commerce (Idaho)
Bond Market Association (The)
Bowling Centers Association of Wisconsin
Bozeman Area Chamber of Commerce (Montana)
BP
Breckenridge Chamber of Commerce (Texas)
Brick Industry Association
Bristol-Myers Squibb Company
Brown-Forman Corporation
Builders Association of Greater Chicago
Builders Exchange of Rochester, NY Inc.
Building Contractors Association of Fort Wayne (Indiana)
Building Contractors Association of New Jersey
Building Owners and Managers Association
Building Service Contractors Association International
Burbank Chamber of Commerce (California)
Business & Institutional Furniture Manufacturer's Association International
Business Council of Alabama
Business Roundtable (The)
California Beer and Beverage Distributors
California Cattlemen's Association
California Chamber of Commerce
California Farm Bureau Federation
California Forestry Association
California Grocers Association
California Independent Grocers & Convenience Stores
California Retailers Association
Campground Owners of New York, Inc.
Can Manufacturers Institute
CapitolWatch
Carpet and Rug Institute
Case New Holland Inc.
Catoosa Chamber of Commerce (Oklahoma)
Central Illinois Builders of AGC
CH2M HILL
Chamber Alliance of New York State
Chamber of Commerce of Orange County (New York)
Chamber of Commerce of Southern New Jersey
Chamber of Commerce of the U.S.
Chester County Chamber of Commerce (Pennsylvania)
ChevronTexaco
Chicagoland Chamber of Commerce (Illinois)
Chocolate Manufacturers Association
Citigroup
Citizens Against Government Waste
Citizens for a Sound Economy
Citizens for Limited Taxation
Clark County Chamber of Commerce (Nevada)
Cleaning Equipment Trade Association
Clovis Chamber of Commerce (California)
Colorado Cattlemen's Association
Colorado Contractors Association
Colorado Restaurant Association
Colorado Retail Council
Colorado-Wyoming Petroleum Marketers Association
Composites Fabricators Association
Connecticut Petroleum Council
Connecticut Restaurant Association
Connecticut Retail Merchants Association
Connecticut Road Builders Association
ConocoPhillips
Construction Employers Association
Construction Industry Association of Rochester, NY Inc.
Construction Industry Council of Westchester and Hudson Valley, Inc.
Construction Industry Round Table
Construction Industry Services Association, Inc.
Construction Management Association of America
Constructors Association of Western Pennsylvania
Consulting Engineers & Land Surveyors of California
Consulting Engineers Council of Alabama
Consulting Engineers Council of Arizona
Consulting Engineers Council of Colorado
Consulting Engineers Council of Florida
Consulting Engineers Council of Georgia
Consulting Engineers Council of Idaho
Consulting Engineers Council of Illinois
Consulting Engineers Council of Indiana
Consulting Engineers Council of Kansas
Consulting Engineers Council of Kentucky
Consulting Engineers Council of Louisiana
Consulting Engineers Council of Maryland
Consulting Engineers Council of Metro Washington D.C.
Consulting Engineers Council of Michigan
Consulting Engineers Council of Mississippi
Consulting Engineers Council of Missouri
Consulting Engineers Council of Montana
Consulting Engineers Council of Nebraska
Consulting Engineers Council of Nevada
Consulting Engineers Council of New Hampshire
Consulting Engineers Council of New Jersey
Consulting Engineers Council of New Mexico
Consulting Engineers Council of New York
Consulting Engineers Council of North Carolina
Consulting Engineers Council of North Dakota
Consulting Engineers Council of Ohio
Consulting Engineers Council of Oklahoma
Consulting Engineers Council of Pennsylvania
Consulting Engineers Council of South Carolina
Consulting Engineers Council of South Dakota
Consulting Engineers Council of Tennessee
Consulting Engineers Council of Texas
Consulting Engineers Council of Utah
Consulting Engineers Council of Virginia
Consulting Engineers Council of Washington
Consulting Engineers Council of Wyoming
Consumer Bankers Association
Consumer Electronics Association
Contractors Association of Eastern Pennsylvania
Contractors Association of West Virginia
Conveyor Equipment Manufacturers Association
Copper & Brass Servicenter Association
Cordia Companies
Core-Mark International Inc.
Council of Growing Companies
CyVeillance
Davis Chamber of Commerce (Utah)
Dayton Area Chamber of Commerce (Ohio)
Delaware Contractors Association
Delaware Petroleum Council
Delaware Restaurant Association
Delaware Retail Council
Delaware State Chamber of Commerce
Detroit Chamber of Commerce (Michigan)
Direct Marketing Association
Direct Selling Association
Distilled Spirits Council of the United States
Distribution & LTL Carriers Association
Doctor's Company (The)
Door & Hardware Institute
Dot Foods, Inc.
East Central Ohio Food Dealers Association
Eastern Contractors Association, Inc.
Edison Electric Institute
Electrical-Electronic Materials Distributors Association
Electronic Industries Alliance
Electronic Retailing Association
Electronics Representatives Association
EMERSON
Empire State Petroleum Association (New York)
Employers' Association
Envelope Manufacturers Association
Environmental Industry Association
Equipment Leasing Association
Equipment Manufacturers Institute
Exxon-Mobil
Fabricators & Manufacturers Association International
Farm Equipment Wholesalers Association
Fertilizer Institute
Financial Services Roundtable (The)
Florida Farm Bureau Federation
Florida Petroleum Council
Florida Petroleum Marketers & Convenience Store Association, Inc.
Florida Restaurant Association
Florida Retail Federation
Florida Transportation Builders Association
Florida United Businesses Association
Fluid Power Distributors Association
Food Industry Alliance of New York State
Food Industry Association Executives
Food Marketing Institute
Foodservice Equipment Distributors Association
Fort Scott Area Chamber of Commerce (Kansas)
Frank Russell Company
Front Royal/Warren Chamber of Commerce (Virginia)
Futures Industry Association
Gas Appliance Manufacturers Association
Gases and Welding Distributors Association
General Building Contractors Association
General Contractors Association of Fox Valley (Illinois)
General Contractors Association of Hawaii
General Merchandise Distributors Council
Genesee County Chamber of Commerce (New York)
Georgia Association of Convenience Stores
Georgia Association of RV Parks and Campgrounds
Georgia Food Industry Association
Georgia Highway Contractors Association
Georgia Mining Association
Georgia Oilmen's Association
Georgia Petroleum Council
Georgia Restaurant Association
Georgia Retail Association
Glass Packaging Institute
Goodland Chamber of Commerce (Kansas)
Graham Chamber of Commerce (Texas)
Grain & Feed Association of Illinois
Grand Rapids Area Chamber of Commerce (Michigan)
Grassroots Impact-Women Business Owners
Great Southwestern Illinois Association of Plumbing, Heating & Cooling Contractors
Greater Boca Raton Chamber of Commerce (Florida)
Greater Elkhart Chamber of Commerce (Indiana)
Greater Lexington Chamber of Commerce (Kentucky)
Greater New Braunfels Chamber of Commerce (Texas)
Greater North Dakota Association
Greater Omaha Chamber of Commerce (Nebraska)
Greater Peoria Contractors & Suppliers Association, Inc.
Greater Pittsburgh Chamber of Commerce (Pennsylvania)
Greater Syracuse Chamber of Commerce (New York)
Greece Chamber of Commerce (New York)
Green Bay Packaging
Grocery Manufacturers of America
Guinness UDV
Halliburton Energy Services Group
Hardwood Plywood & Veneer Association
Harrisburg Regional Chamber of Commerce (Pennsylvania)
Hawaii Food Industry Association
Health Products Association
Heating, Airconditioning & Refrigeration Distributors International
Heavy Constructors Association of the Greater Kansas City Area
Heber Valley Chamber of Commerce (Utah)
Henry County Chamber of Commerce (Georgia)
Home Builders Association of Connecticut
Home Builders Association of Greater Cincinnati
Home Builders Association of Iowa City
Home Interiors & Gifts
Hosiery Association
Hospitality Association of South Carolina
Hydraulic Institute Inc.
Idaho Cattle Association
Idaho Retailers Association
Illinois Association of Convenience Stores
Illinois Beef Association
Illinois Fertilizer & Chemical Association
Illinois Food Retailers Association
Illinois Petroleum Council
Illinois Petroleum Marketers Association
Illinois Propane Gas Association
Illinois Restaurant Association
Illinois Retail Merchants Association
Independent Bakers Association
Independent Bankers Association of Texas
Independent Community Bankers of America
Independent Insurance Agents of America
Independent Lubricant Manufacturers Association
Independent Sealing Distributors
Indiana Chamber of Commerce
Indiana Constructors, Inc.
Indiana Grocery and Convenience Store Association
Indiana Manufacturers Association
Indiana Petroleum Council
Indiana Petroleum Marketers Association
Indiana Retail Council
Industrial Distribution Association
Industrial Fasteners Institute
Industrial Packaging Alliance of North America
Information Technology Association of America
Information Technology Industry Council
Infrastructure Solutions, Inc.
Institute of Shortening and Edible Oils
International Association of Plastics Distributors
International Association of Refrigerated Warehouses
International Association of Used Equipment Dealers
International Cast Polymer Association
International Council of Shopping Centers
International Dairy Foods Association
International Foodservice Distributors Association
International Franchise Association
International Housewares Association
International Mass Retail Association
International Paper
International Sanitary Supply Association
International Sign Association
International Tire and Rubber Association
International Truck Parts Association
Ionia County Chamber of Commerce (Michigan)
Iowa Grocery Industry Association
Iowa Motor Truck Association
Iowa Petroleum Council
Iowa Propane Gas Association
Iowa Retail Federation
IPC-Association Connecting Electronics Industries
Irrigation Association
Irvine Chamber of Commerce (California)
Jewelry Industry Distributors Association
Kalamazoo County Chamber of Commerce (Michigan)
Kalispell Area Chamber of Commerce (Montana)
Kankakee River Valley Chamber of Commerce (Illinois)
Kansas Building Industry Association
Kansas Contractors Association
Kansas Petroleum Council
Kansas Restaurant & Hospitality Association
Kansas Taxpayers Network
Kentucky Association of Convenience Stores
Kentucky Association of Highway Contractors
Kentucky Chamber of Commerce
Kentucky Grocers Association
Kentucky Petroleum Council
Kentucky Petroleum Marketers Association
Kentucky Restaurant Association
Kentucky Retail Federation, Inc.
Kitchen Cabinet Manufacturers Association
Koch Industries
Lakewood Chamber of Commerce (Washington)
Land Improvement Contractors of America
Lansing Regional Chamber of Commerce (Michigan)
Las Vegas Chamber of Commerce (Nevada)
Latin American Management Association
Latin Chamber of Commerce of the USA
Lawn & Garden Marketing and Distribution Association
Leggett & Platt, Inc.
Lockheed Martin Corporation

We can help the economy now. We must help the economy now. It's as simple as that.

The sluggish economy hurts everyone. And almost everyone agrees that something has to be done to get it moving again. The debate is over the best way to go about it.

> Over the next five years, simply eliminating the double taxation of dividends will:
>
> - Create 500,000 jobs a year for the next five years.
> - Boost wages.
> - Increase the value of investors' stocks.
> - Energize the whole economy by putting money back in investors' hands.

The members of The Business Roundtable are responsible for the employment of more than 10 million Americans and for generating \$3.7 trillion in revenues. We take our responsibility seriously and support public policy initiatives that promote economic progress, regardless of where they come from in the political spectrum.

That's why we recently commissioned an independent macroeconomic study to evaluate the President's economic growth plan. The study concludes that his plan will quickly and significantly energize the economy and put it on a path to long-term growth. It would create an average of 1.8 million new jobs this year and next, improve Gross Domestic Product by 2.4% by the end of 2004 and add \$1.6 trillion of new income to the economy over the next ten years.

Our nation cannot afford delays. Let's stop debating and start doing. Now.

BRT THE BUSINESS ROUNDTABLE
An association of CEOs committed to economic growth

For more information, visit us at www.brt.org • 1615 L Street N.W., Suite 1100, Washington, D.C. 20036

DRAFT MESSAGE TO YOUR MEMBERS/EMPLOYEES:

Our organization is a member of the Tax Relief Coalition and is working through them to advance the President's economic growth and jobs creation initiative. TRC is made up of over 1,000 organizations like ours which collectively represent 1.8 million businesses.

The first stage of the legislative process involves the House Ways & Means Committee, which will begin holding hearings on the package in early March, and will likely vote on it in committee the week of March 17th. It is vital that the members of this committee hear from businesses in their districts in support of this legislation before the Committee takes action on the package.

NOTE to National Organizations – Please include the following paragraph in your message to your members:

> Attached is a list of Members of the Ways & Means Committee, alphabetical by state. Please write to all Members in districts where you have a place of business.

NOTE to Regional, State, and Local Organizations – Please include the following paragraph in your message to your members:

> Following is a list of Members of the Ways & Means Committee who represent states/districts within the scope of our membership. Please write to those where you have a place of business in their district.
>
> [List appropriate Ways & Means Committee Members here – from attached list]

IMPORTANT: It is best to email or FAX your messages. All regular mail to the Congress is subject to long delays due to security screening. When sending a message by email, please be sure to include your company name, full address and zip code. FAXes should be sent on your company letterhead.

In your message, urge the Member of Congress to support prompt action on the President's full proposal. Point out that:

- The President's plan is very well-conceived. It contains the right balance of individual and small business incentives. Since more than 85% of small businesses pay personal income taxes, accelerating the scheduled reductions in individual income tax rates will help small business as well as individuals. In fact, almost 80% of the benefit from the reduction in the top income tax rate goes to small business.

-more-

- Increasing the expensing allowance for small business from $25,000 to $75,000 will further encourage them to invest more money in their businesses, creating jobs and putting more disposable income in the economy.

- Eliminating double taxation of dividends will have a positive impact on the economy and the stock market. It will free up capital for investment.

- Eliminating double taxation of dividends is also fundamentally fair. Over half of all Americans now own stock -- a large percentage of them retirees -- and should not be required to pay taxes on dividend income which the government has already taxed once.

Ask that they let you know where they stand on the President's proposal.

Please share copies of your message(s) and any replies which you receive with this office.

Thank you.

Edison Electric Institute
Grassroots/Stakeholder
Program

EEI has embarked on an extensive grassroots program to promote the elimination of the double taxation of corporate dividends. This includes the participation of a large number of EEI members.

A web site with zip code matching technology has been created and is currently operating. Sample letters and talking points have been included to ease communication between constituents and their members of Congress.

Several companies have established their own branded website activities using EEI provided materials and zip code matching technology.

An 800# has also been established to involve employees, shareholders, and retirees without access to computers. This system has zip code matching technology providing participants with the address and phone number to reach their representatives on Capitol Hill.

EEI has also reached out to other dividend dependent groups and companies to offer a prepackaged web site, and other services and assistance. This includes the energy, telecommunications, and securities sectors.

Other membership-based organizations have been contacted with the goal of reaching additional potential supporters such as senior citizens.

One of the next steps in EEI's advocacy efforts on behalf of this important initiative are two regional meetings for member company grassroots staff scheduled for mid-March in New York and Chicago. At these meetings we will provide additional tools and techniques for enhancing existing grassroots activities, distribute the latest information and advocacy materials on the issue, and outline the next steps in the campaign.

As of February 26, nineteen EEI member companies have responded to EEI's request for Information about their advocacy activities on behalf of the elimination of the double taxation on dividends. It is important to note that a number of companies have not yet responded, and therefore the information provided below represents a preliminary status report, not a final tally. We will collect additional information on an ongoing basis and will provide periodic updates.

153,500 – Employees
1,648,243 – Shareholders
50,314 – Retirees
1,510 - Other

TOTAL 1,853,567 – Contacts

February 26, 2003

Come Show Your Support for Ending the Double Tax on Dividends at Our

"AX THE DOUBLE TAX!"

PRESS CONFERENCE

Date:	Wednesday, March 5
Time:	11:30AM until 12:15PM
Location:	U.S. Capitol Room S-211 (LBJ Room)

Sponsored by The Seniors Coalition
9001 Braddock Road, Suite 200
Springfield, Virginia 22151
Toll Free: 1 (800) 325-9891
www.senior.org

For more information, or to RSVP, please contact Jonathan Taylor at (703) 426-4472 or jntaylor@senior.org

News Center

Today's News Releases

February 27, 2003
Fidelity Investments® Waives Or Eliminates Front-End Sales Charges On 10 Equity Funds
Full Story

News Releases

From the past 30 days

February 14, 2003
President Bush and Administration Officials Tout Economic Proposals Across The Country
Full Story

February 11, 2003
Fidelity® Strengthens Trade Processing Capabilities For Fee-Based Advisors And Brokers
Full Story

February 6, 2003
Fidelity Investments® Launches Fidelity Real Estate Income Fund
Full Story

February 5, 2003
Fidelity® Study Reveals Key Trends, Drivers And Issues Facing HR/Benefits Outsourcers At Large Companies
Full Story

January 31, 2003
Fidelity® Investments Supports President Bush's Initiatives To Expand & Simplify Savings Opportunities
Full Story

Jon J. Skillman Named President, Fidelity® Charitable Gift Fund
Full Story

January 30, 2003
Fidelity Investments® And MBNA Launch College Rewards Card With Two Percent Back On Purchases
Full Story

Fidelity Personal Investments December, Fourth Quarter And
End-Of-Year 2002 Business Highlights
Full Story

January 29, 2003
Practice Management Plays Vital Role In Advisory Firm Success, According To New Guidebook Distributed By Fidelity
Full Story

What's New

Fidelity supports Bush administration initiatives to provide tax relief for investors and stimulate the economy.
Read more about:

- Bush Administration push for tax relief.
- Fidelity on dividend tax cut.
- Fidelity on tax advantage savings.

New Study Cites Growth in HR/Benefits Outsourcing Trend.
A new Fidelity study, "HR and Benefits: The Next Outsourcing Wave," reveals key reasons why more large companies are outsourcing employee benefit programs. Link to news release or study.

FOR IMMEDIATE RELEASE

CONTACT: Fidelity Investments
(617)563-5800

President Bush and Administration Officials Tout Economic Proposals Across The Country

Fidelity supports initiatives to eliminate the double taxation of dividends

President Bush and key members of his administration have begun to visit 20 cities throughout the country over the next several weeks to tout the President's economic stimulus proposals, which are designed to help boost the economy and benefit taxpayers long-term. The President and administration officials expect to visit cities in several states including, New York City, Detroit, Philadelphia, Atlanta, and Chicago.

President Bush has proposed the following measures to help stimulate the economy:

Proposal:	**Key Points:**
Ending the double taxation of corporate earnings	Generally, benefits shareholders of corporations who generate earnings that have already been taxed via (1) elimination of tax on dividend income, or (2) adjustment in cost basis for reinvested earnings..
Acceleration of individual income tax rate reductions	Tax reductions passed in 2001 will be made effective immediately. Includes reduction in top rate to 35%, marriage penalty relief, increase in child tax credit, and implementation of a new, lower 10% tax bracket.
Increasing deductions for capital investments by small businesses	Small business owners who purchase equipment to grow and expand will receive an increase in the expensing limits from $25,000 to $75,000.
Creating personal re-employment accounts	Many workers who have lost their jobs and receive unemployment benefits will qualify for new, more flexible Personal Re-employment Accounts, which provide a bonus if they find work quickly.

The heart of the economic stimulus is the proposal to tax corporate earnings only once. According to the White House, the proposal would allow taxpayers to exclude dividend payments from their taxable income and return about $20 billion this year to the economy. Approximately 35 million American households receive dividend income that is now taxed twice. These investors will directly benefit under the President's plan.

Fidelity has issued a press release in support of the President's proposals. Please visit our News Center at www.fidelity.com/goto/newscenter for more information.

For more details on the President's plan, visit the White House at www.whitehouse.gov.

Fidelity Distributors Corporation, 82 Devonshire Street, Boston, MA 02109
#340276

FOR IMMEDIATE RELEASE

**CONTACT: Fidelity Investments
(617)563-5800**

Fidelity Public Statement on Dividend Tax Relief

Fidelity applauds the Bush administration's efforts to free individual American savers from the burden of paying taxes on the dividends they receive. These dividends come from company earnings that have already been taxed. Eliminating this double tax could encourage companies to pay higher dividends to their shareholders. This is a welcome initiative, long overdue.

Many details will need to be worked out. But eliminating the taxation of dividends received by individuals would clearly remove a burdensome and unfair tax. It could also support long-term economic growth, and enhance corporate accountability to shareholders.

At Fidelity, we believe that investing in solid, dividend-paying companies is part of a sound long-term savings plan, just as the regular payment of cash dividends is a traditional way to measure the health of a company, and the integrity of its financial controls. Removing the dividend tax also could lead to a more effective allocation of capital, because companies will be equally motivated to reinvest earnings or return them to investors.

The president's proposal highlights the key role that individual American savers and investors can play in further stimulating our nation's economic recovery. We look forward to working with the Administration and Congress to ensure passage of a bill that will serve the interests of all American savers and investors.

We also support additional legislation to encourage Americans to save for retirement and for a child's education. For example, we believe this is an ideal time to move ahead on proposals to increase contribution limits to Individual Retirement Accounts and employer-sponsored retirement plans, and to make withdrawals from Section 529 college savings plans permanently tax-free.

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Fidelity Distributors Corporation

#338194

Fidelity Investments

FOR IMMEDIATE RELEASE **CONTACT: Fidelity Investments**
(617)563-5800

Fidelity® Investments Supports President Bush's Initiatives To Expand & Simplify Savings Opportunities

BOSTON, January 31, 2003 – Fidelity Investments® today applauded President Bush's initiatives to expand and simplify savings for millions of Americans. Fidelity's statement:

"Fidelity commends President Bush for seeking to create more incentives to help Americans planning for their retirement, saving for their children's education, or paying for their family's health care needs through new tax advantaged savings vehicles.

"The fundamental concept of creating expanded savings vehicles that raise current contribution caps, provide tax free earnings, remove current income limits, and simplify choices will encourage Americans to save more.

"Fidelity looks forward to working with the President and Congress -- as we have with prior enhancement efforts to IRAs, 401(k)s and 529 plans -- to pass legislation that will help create new savings opportunities for Americans."

Fidelity Investments is one of the world's largest providers of financial services, with custodied assets of $1.4 trillion, including managed assets of $773.8 billion as of December 31, 2002. Fidelity offers investment management, retirement planning, brokerage, human resources and benefits outsourcing services to 18 million individuals and institutions as well as through 5,500 financial intermediaries. The firm is the largest mutual fund company in the United States, the No. 1 provider of workplace retirement savings plans, one of the largest mutual fund supermarkets and a leading online brokerage firm. For more information about Fidelity Investments, visit www.fidelity.com.

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Fidelity Distributors Corporation, 82 Devonshire Street, Boston, MA 02109

#339336

Fidelity Investments

Ralston, Susan B. tiffany is handling 508648

From: Rove, Karl C.
Sent: Monday, March 03, 2003 7:18 AM
To: Ralston, Susan B.
Subject: FW: Service for Dr. E.V. Hill

-----Original Message-----
From: Carolyn Grant [mailto:cgrant@trademarkproperties.com]
Sent: Friday, February 28, 2003 2:41 PM
To: Rove, Karl C.
Subject: Service for Dr. E.V. Hill

Please see the attached letter we forwarded to Ms. Tiffany Watkins concerning the upcoming memorial service for Dr. E. V. Hill. Should you have further questions, please feel free to contact me at (919) 306-1789.

Thanks,

Carolyn Grant

Global Peace Initiative

Host Committee

Bob Clement
(D-Tennessee)

Matt Salmon
(R-Arizona)

Ron Shows
(D-Mississippi)

Carolyn Grant
(R-North Carolina)

Joe Turnham
(D-Alabama)

Tom Reiser
(R-Texas)

Bill Luther
(D-Minnesota)

Janet Robert
(D-Minnesota)

Chellie Pingree
(D-Maine)

Myrth York
(D-Rhode Island)

Calder Clay
(R-Georgia)

Geoff Davis
(R-Kentucky)

John Lawrence
(R-Texas)

Rick Carne
(D-Ohio)

Henry Cuellar
(D-Texas)

George Ryan
(R-Illinois)

Susan Terrell
(R-Louisiana)

February 27, 2003

Ms. Tiffany Watkins
The White House
Washington, DC
VIA FACSIMILE 202-456-2130

Dear Ms.Watkins

Thank you for Carl Rove's and your assistance in helping us facilitate the President's attendance at the upcoming National Memorial service for Dr. E.V. Hill. I am sure you are aware of Dr. Hill's strong support of the Republican Party as an advisor to Presidents Regan and Nixon and many Republican candidates across America. Many national leaders, including President George Bush Sr., spoke at his church and all have had great respect for Dr. Hill. Governor Mike Huckabee, R-Arkansas, directly attributes his to last reelection to Dr. Hill's involvement in his campaign. A friend of conservative Christian ministries, Dr. Hill was the only African-American leader that served as an advisor and board member for Dr. Billy Graham.

Depending on the President's schedule, we are planning this memorial service in Washington on March 5th or 6th. Along with Dr. K.A. Paul, we expect many nationally known religious leaders such as, Adrian Rogers, Coach Bill McCarthy, T.D. Jakes, John Haggee, Dr. James Dobson, Charles Blake, Gary Smalley, D. James Kennedy and many others to be in attendance. The fact is that almost every Christian leader looked up to him as their spiritual leader would love to come if invited. Additionally, respected business leaders and Republican supporters including, John Gregory (Ernst Young Entrepreneur of the Year), Joe Gregory, Carl Linder, Scott Beck, Bunker Hunt, J.B.Hunt, Jim Leinenger, Jim Lindsey, among others, will be on hand to honor Dr. Hill. Some of his good friends like Jack Kemp, and Bob Dole are already informed and will do their best to attend. Matt Salmon, Bill Simon, John Thune, Governor Mike Huckabee, J.C. Watts and other members of the Senate and the House have already confirmed their attendance. We have spoken to Ron Kaufman and he is checking the schedule of President "41". Because of his great respect for Dr. Hill, Ron feels like the President would like to attend if his schedule permits.

This is a great opportunity for the republican leadership to honor a man who closely worked with Martin Luther King. No African American in the past 4 decades has done more for this nation, and especially for the Republican Party. That's why Presidents Nixon, Ford, Reagan and George Bush, Sr. considered him a spiritual advisor. We would very much appreciate your confirming the date best for the President on Friday, so that we can complete our invitations to leaders. Naturally, this event will show the Republican leadership support for the nearly 35 million African Americans. It is important for us to honor this wonderful man who did so much to help move forward conservative values in the African-American community while being a vocal

24210 E. Lake Houston Parkway, Suite 302
Houston, Texas 77336
202.667.8100 phone
202.667.8185 fax

#382 Aparajitha Colony
Ameerpet, Hyderabad 16, A.P. India
91.40.340.3268 phone
91.40.341.3301 fax

ally of the Republican Party.

You can contact us at the numbers listed below. We look forward to hearing from you as soon as possible.

Sincerely,

David McQuade
818-752-0200

Carolyn Grant
919-306-1789

CC:
Tom Delay House Majority Leader
Bill Frist, Senate Majority Leader
Senator Brownback
Rod Paige, Education Secretary

David N. McQuade
Hollywood Capital Partners, Inc.
3625 Wrightwood Drive
Studio City CA 91604

Withdrawal Marker
The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Memorandum	Meeting with AARP on Medicare - To: Karl Rove - From: Doug Badger	2	03/01/2003	P5;

This marker identifies the original location of the withdrawn item listed above. For a complete list of items withdrawn from this folder, see the Withdrawal/Redaction Sheet at the front of the folder.

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Records Management, White House Office of

SERIES:
Subject Files - FG006-27 (Office of Senior Advisor - Karl Rove)

FOLDER TITLE:
508648 [2]

FRC ID:
9707

OA Num.:
10731

NARA Num.:
10789

FOIA IDs and Segments:
2015-0037-F

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

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b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
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b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Records Not Subject to FOIA

Court Sealed - The document is withheld under a court seal and is not subject to the Freedom of Information Act.

This Document was withdrawn on 2/9/2016 by erl

508648

February 21, 2003

MEMORANDUM TO: KARL ROVE
SENIOR ADVISOR TO THE PRESIDENT

FROM: LEZLEE WESTINE
DEPUTY ASSISTANT TO THE PRESIDENT
DIRECTOR OF PUBLIC LIAISON

RE: **OPL SUMMARY FOR FEBRUARY 10-21**

PRESIDENTIAL EVENTS

- 02/10/03 Faith-Based Roundtable in Nashville, Tennessee (25 participants)
- 02/10/03 National Religious Broadcasters in Nashville, Tennessee (300 participants)
- 02/10/03 Reverend Pat Robertson
- 02/11/03 American Trucking Association (150 participants)
- 02/12/03 Small Investor Roundtable. Topic: Economy (80 participants)

BRIEFINGS

- 02/10/03 National Association of Women Business Owners. Topic: Growth Package (150 participants)
- 02/12/03 Jewish Federation of Greater Atlanta. Topics: Economy, Global Communications (75 participants)
- 02/13/03 Small Business. Topic: Contract Bundling (170 participants)

OUTREACH MEETINGS

- 02/11/03 Tax Relief Coalition Steering Committee (25 participants)
- 02/11/03 Waterston-Holzer Lincoln Performance at the Library of Congress in Honor of Abraham Lincoln's 194th birthday (300 participants)

- 02/11/03 Robert Royal, President of the Faith and Reason Institute
- 02/11/03 Small Business Administration Meeting
- 02/12/03 Women's Caucus Congressional Luncheon
- 02/12/03 Highway Funding with Mitch Daniels (15 participants)
- 02/12/03 Weyrich weekly meeting with Mitch Daniels (125 participants)
- 02/12/03 Norquist weekly meeting with Mitch Daniels (125 participants)
- 02/12/03 Nathan Diament, Director of Public Policy for Union of Orthodox Jewish Congregations of America
- 02/12/03 Kannon Shanmugam, Associate Lawyer at Kirkland & Ellis. Topic: Judges
- 02/12/03 Eagle Publishing Reception. Topic: Welcome the 108th Congress (200 participants)
- 02/13/03 Paul Berdi, President of Democracy and Religion Institute
- 02/13/03 Judicial Coalition weekly meeting. Topic: Estrada (20 participants)
- 02/13/03 Kerri Houston, American Conservative Union
- 02/13/03 Chairman Dana Gioia Swearing in Ceremony with Judge Gonzales
- 02/13/03 Public Strategies. Topic: Entertainment (4 participants)
- 02/14/03 Frank Cannon, Capital City Partners/Americans for Community and Faith-Based Initiatives
- 02/14/03 Dan McCardle and Tevi Troy. Topic: IRS, Impact on American Churches
- 02/14/03 Ken Weinstein, President of Hudson Institute
- 02/18/03 Secretary Martinez lunch. Topic: Housing, Catholics, Hispanic Outreach
- 02/19/03 Mitch Glazer, Recording Industry Association of America. Topic: Patriotism Outreach
- 02/20/03 Jeff Wallin, President of American Academy of Liberal Education

- 02/20/03 Presidential Classroom (200 participants)
- 02/20/03 Concordia College (15 participants)
- 02/20/03 Duane Parde, Executive Director of American Legislative Exchange Council
- 02/20/03 Ray Flynn Radio Show Interview. Topic: Estrada
- 02/20/03 Andrew McLemore, African Museum Commission
- 02/21/03 Ron Douglas and Pat Douglas, The Winner in You, Inc. Topic: African American Outreach
- 02/21/03 David Reardon, Director of Elliot Institute. Topics: Pro Life Survey, Culture of Life Issues
- 02/21/03 Joseph Stong, Institute for Psychological Sciences. Topic: Culture of Life Issues, Cloning, Partial Birth Abortions

OUTREACH CONFERENCE CALLS

- 02/10/03 Social Conservative weekly call with Peter Cleary. Topic: Prayer in School
- 02/12/03 Head Start call
- 02/12/03 Jay Lefkowitz, Chuck Colson, Bill Bennett. Topic: AIDS Opinion Piece
- 02/13/03 Catholic weekly call with Michael Novak of the American Enterprise Institute and George Frederick, Jewett Scholar in Religion, Philosophy, and Public Policy. Topic: Iraq
- 02/13/03 Joint OPL/DOJ call. Topic: Estrada
- 02/14/03 Heritage Foundation call with Ed Meese and Judge Gonzales. Topic: Estrada (50 participants)
- 02/14/03 Dr. James Dobson, President and Founder of Focus on the Family. Topic: Estrada (20 participants)
- 02/14/03 Homeland Security call. Topic: Citizen Preparedness
- 02/18/03 Education weekly call

- 02/20/03 Catholic weekly call with Jay Lefkowitz. Topic:AIDS
- 02/20/03 Joint OPL/DHS, Office of Public Affairs call. Topic: Citizen Preparedness Announcement
- 02/20/03 Head Start call
- 02/20/03 Women-21.com/Women's Entrepreneurship Summit call
- 02/21/03 National Religious Broadcasters call with Judge Gonzales. Topic: Estrada

EMAIL DISTRIBUTIONS*

- The Week Ahead
  - 300 DC Leaders
- President's Message for Eid al-Adha
  - 800 Arab and Muslim Leaders
- White House Global Messengers
  - 1,200 Iraq Update
- Jobs and Economic Growth Fact of the Day
  - 300 DC Leaders
  - 800 Economic Leaders
- Strategies for Securing Cyberspace and Protection of Infrastructure
  - 1300 High Tech Leaders
- National Medal of Technology 2003
  - 1,300 High Tech Leaders
- Remarks by President Bush to Small Investors
  - 800 Economic Leaders
- USA Freedom Corps Annual Report
  - 800 Jewish Leaders
- NFI News: HHS Approves Alabama Medicaid Home and Community Based Waiver
  - 900 Disability Leaders
- President Bush's Jobs and Growth Plan: Updated Talking Points
  - 800 Economic Leaders

- Executive Memorandum Creating the Interagency Working Group on Assistive Technology Mobility Devices
  - 900 Disability Leaders
  - 600 African American Leaders

- Commerce Department Announces Plan for Modernization of Technology Agencies
  - 1,300 High Tech Leaders

- Remarks by President to Small Investors
  - 1000 African American Leaders

- Remarks by the President in Forum with Small Business Owners
  - 500 African American Small Business Owners

- Memorandum for the Secretary of State and Sectary of Defense
  - 500 African American Leaders

- Message to the Congress of the United States
  - 600 African American leaders

- Statement by the Press Secretary
  - 500 African American Leaders

- Homeland Security Readiness
  - 600 African American Leaders

- Meeting with Rwandan President Paul Kagame
  - 600 African American Leaders

*These numbers reflect OPL's direct actions only – this information is then distributed widely amongst the various communities

PRESIDENTIAL VIDEOS/PROCLAMATIONS/MESSAGES/ PHOTOS/ TOURS

- Tour: Sony Entertainment Guests, West Wing
- Tour: Department on the Interior, West Wing
- Tour: Housing and Urban Development, West Wing
- Tour: Gospel Music Association
- Tour: Tratta Family Tour
- Message: 125th Anniversary of the Allentown Band
- Message: Excellence in Science, Technology, and Mathematics Education Week
- Message: The New York Pops 20th Birthday Gala
- Message: FOSE 2003

- Message: NYPD Emerald Society 50th Annual Dinner
- Message: 76th Annual Variety International Convention
- Message: Exceptional Children's Foundation
- Message: 2003 National Convention of th American Defenders of Battan and Corregidor
- Message: Clearance Request for Department of Treasury—Transition of Four Law Enforcement Agencies to the Department of Homeland Security and Department of Justice

508648

WHITE HOUSE LIAISON MEETING
AGENDA

1:00-1:15 **White House Liaisons arrive at the Eisenhower Executive Office Building**
Greeters present at the 17th and Penn entrance to direct Liaisons to the Indian Treaty Room.

1:00-1:15 **Informal Reception**

1:15-1:45 - **Dina Powell**, Assistant to the President for Presidential Personnel

- **Matt Schlapp**, Special Assistant to the President and Deputy Director of Political Affairs

- **Brian Montgomery**, Deputy Assistant to the President and Cabinet Secretary

- Discussion and Questions

1:45-2:15 **Karl Rove**, Senior Advisor to the President

2:15-2:40 **Secretary Andrew Card, Jr.**, Chief of Staff

3:00-3:30 **Group Photo**

Withdrawal Marker
The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Email	FW: Nick Lemman - To: Susan Ralston - From: Karl Rove	1	03/02/2003	PRM;

This marker identifies the original location of the withdrawn item listed above. For a complete list of items withdrawn from this folder, see the Withdrawal/Redaction Sheet at the front of the folder.

COLLECTION:
Records Management, White House Office of
SERIES:
Subject Files - FG006-27 (Office of Senior Advisor - Karl Rove)
FOLDER TITLE:
508648 [2]
FRC ID:
9707
OA Num.:
10731
NARA Num.:
10789

FOIA IDs and Segments:
2015-0037-F

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

A. Closed by Executive Order 13526 governing access to national security information.
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b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Records Not Subject to FOIA

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This Document was withdrawn on 2/9/2016 by erl

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FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Memorandum	Jobs and Growth Plan Update - To: Steve Friedman - From: Adam Goldman	4	02/28/2003	P5;

This marker identifies the original location of the withdrawn item listed above. For a complete list of items withdrawn from this folder, see the Withdrawal/Redaction Sheet at the front of the folder.

COLLECTION:
Records Management, White House Office of
SERIES:
Subject Files - FG006-27 (Office of Senior Advisor - Karl Rove)
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AF&PA®

AMERICAN FOREST & PAPER ASSOCIATION
Office of the President

February 14, 2003

Dear Member of Congress:

I am writing to urge your support for the President's economic growth plan. The American Forest & Paper Association (AF&PA) believes that the President's plan will lift the nation out of its current economic doldrums and put it on a path of long-term economic growth. The engine for this prosperous future is the elimination of double taxation of corporate dividends.

Our nation's system of taxing dividend income twice -- once to the corporation and once to the individual -- is fundamentally flawed and is essentially taxing jobs out of the United States. Elimination of the double taxation will make U.S. businesses more competitive and will encourage new investment in America's future. A recent PricewaterhouseCoopers study shows that the U.S. has the highest effective tax rate on dividend income among forest products industry trading partners. The range is zero (Brazil and Finland) to 43.8 percent (United States). The effective tax rate on corporate forestry operations is the highest of all nations studied -- 55 percent. This rate is 25 percentage points higher than the average of the other competing countries. For paper manufacturing, the rate is 62 percent -- 18 percentage points higher than the average of our international competitors. One of the biggest reasons for this disparity is the double taxation of dividends in the U.S. These higher U.S. taxes are embedded in our products that are sold both domestically and in export markets, thus making U.S. produced goods less attractive than those produced in lower tax countries.

The Administration's economic growth plan is expected to increase the number of U.S. jobs beyond the current forecast by an average of 1.8 million per year for the next two years and an average of 1.2 million per year for the next five years. The dividend component will have the single most positive effect on growth, accounting for an average of 500,000 jobs per year for the next five years. This is critical for the forest products industry. Since 1997, 88 U.S. paper mills have closed. In the last two years alone, 40 mills have permanently shut their doors, idling 104 machines and about 6 million tons of productive capacity. As a result, the industry has lost more than 43,500 jobs, or 19 percent of our workforce, in the last 5 years.

Congress has an opportunity to make a meaningful change to the competitiveness of U.S. forest products companies by passing the President's plan to reduce the cost of capital. Lower capital costs lead to higher levels of U.S. investment, greater productivity increases and higher wages for Americas manufacturing employees.

Speedy passage of the President's plan will help stem the tide of job loss and mill closures in the forest products industry and encourage U.S. investment.

I urge you to support the President's economic recovery plan.

With kindest personal regards, I remain,

Sincerely yours,

W. Henson Moore
President and Chief Executive Officer

1111 Nineteenth Street, NW, Suite 800 • Washington, DC 20036 • 202 463-2700 Fax: 202 463-2040
America's Forest & Paper People®—Improving Tomorrow's Environment Today®

February 26, 2003

The Honorable Charles Grassley
Chairman

The Honorable Max Baucus
Ranking Member

Committee on Finance
US Senate
Washington, DC 20510

The Honorable William Thomas
Chairman

The Honorable Charles Rangel
Ranking Member

Committee on Ways and Means
US House of Representatives
Washington, DC 20515

Dear Chairmen and Ranking Members:

With the 108th Congress underway, I am writing to urge the Ways and Means, and Finance Committees to make fundamental, broad-based tax reform a priority issue in this Congress. The President initiated this process late last year by unveiling a positive plan that takes several important, constructive steps toward much-needed economic growth. I urge the Committees to give the President's proposals your immediate consideration, and to undertake several other important initiatives that, along with the President's plan, will work to restore vitality, growth and innovation in our nation's economy, while simplifying the tax code.

As you may know, Oracle Corporation is the world's largest enterprise software company, providing software and support to the world's largest and most successful organizations, including the federal government. It is an understatement to say that for almost two years, we have faced a challenging economic environment, particularly in the technology sector. While our recent fiscal quarter suggests that the economy is starting to stabilize, the potential for sustained, long-term growth is uncertain. We strongly believe that several components of the current tax code, if left unaddressed, will be impediments to long-term growth.

For these reasons, we hope that when the 108th Congress adjourns, we will have seen action on the following key reform initiatives:

<u>Economic growth package</u>. We agree with the President that Congress can and should take action as soon as possible on key reforms to the tax code that will work to further stabilize our economy and take a first step toward long-term economic growth. We also applaud the House and Senate leadership for targeting completion of this plan in the spring. We urge both Committees to consider including the following legislation as part of an economic growth package:

Double taxation of dividends reform. The current tax treatment of dividends is an example of the impediments in the tax code that work against effective business planning. Removal of the double taxation of dividends would lower capital costs in the short run, and in the long run enable US corporations to make decisions regarding equity financing on sound economic and business factors, rather than perverse incentives in the tax code. Oracle stands ready to assist both Committees on technical issues related to the drafting of this proposal to ensure efficient administration and compliance, and equitable application of the treatment of dividends for all US-based companies.

Homeland Investment Act. Oracle strongly supports a short-term change in the tax code that would provide a temporary reduction in the effective tax rate applied to the repatriated earnings of foreign subsidiaries of US companies. As R. Glenn Hubbard, the Chairman of the President's Council of Economic Advisors, noted in his recent testimony before the Joint Economic Committee, one of the risks to sustained growth is a delay in the investment recovery, particularly due to weak profit growth or near term economic uncertainties. The Homeland Investment Act, recently introduced in the House of Representatives, would help spur investment recovery by bringing in an estimated $135 billion of new capital into the US economy in the first year alone. Although temporary, this measure underscores the need for permanent changes in the tax code that work to reduce complexity and promote US competitiveness and capital investment.

Elimination of Withholding Taxes on Employee Stock Purchase Plans. Oracle strongly supports legislation that would permanently exempt the exercise of statutory stock options from employment taxes and federal income tax withholding. The imposition of employment taxes on statutory stock options would be contrary to the long-held interpretation by taxpayers that such taxes do not apply under the tax code. Statutory stock option programs do not involve the payment of wages and it is only such "wages" to which employment taxes legally apply. Imposition of employment taxes on ESPPs and ISOs would make these programs more costly for both employers and employees, and would impose a disincentive to their use. As you well know, both Committees approved this proposal last year as part of pension reform legislation.

<u>Permanent R&D credit</u>. With the current temporary research and development (R&D) credit set to expire in June 2004, we urge the Committees to use this opportunity to make this credit permanent, and applaud the President for including a permanent credit as part of his Fiscal Year (FY) 2004 budget submission. A large part of U.S. economic growth

and productivity increases over the past 20 years are due, in large part, to the business investment incentives provided by the credit. However, the lack of permanency of the R&D credit limits its effectiveness. The temporary nature of the credit is unattractive to business leaders seeking long-term certainty with respect to capital investments. Moreover, the unreliability of the credit's availability exacerbates the already substantial uncertainty surrounding the expected returns to prospective R&D projects.

International tax reform. Last year's World Trade Organization (WTO) ruling against the US extraterritorial exclusion provisions (ETI) will require Congress to make significant reforms in the tax code. We commend the leadership of both Committees for establishing a working group last year to consider not just the changes in the tax law needed to comply with the WTO ruling, but to reform the tax code to remove existing and potential roadblocks to sustained international competitiveness by US multinational firms. We wish to comment on two key reform proposals that have been raised in response to the WTO ruling:

> *Subpart F reform.* Oracle commends Chairman Thomas for addressing important issues related to Subpart F rules last year in his American Competitiveness Act, including the repeal of the Subpart F base company sales and services provisions. We also commend the President for including in his FY 2004 budget a recommendation for Subpart F reform. We believe such reform legislation should exempt additionally from Subpart F software rents and royalties received from unrelated parties. This modest but necessary change would reduce the current tax code incentive for US software firms to base software development and other activities offshore.
>
> *Increased deductions to address the impact of ETI repeal.* One method to reduce the adverse impact of ETI repeal on US companies is to increase deductions related to US business activity that benefited from ETI. For example, US developed or manufactured products that are exported are eligible for benefits under the current ETI. An increased deduction for US incurred R&D would help offset a portion of the loss of ETI. Similarly, tax deductions for payroll or capital expenditures could be increased in computing US taxable income.

Corporate rate reform. While additional deductions and Subpart F reform may provide US based exporters some degree of relief from the loss of ETI, we urge the Committees to consider broad based reforms that simplify and reduce the effective tax burden on US corporations. Corporate rate reform would not only address the loss of ETI, but also, more significantly, reduce abuses due to the complexity of the existing code, and restore overall US competitiveness in the international marketplace.

In 1990, eight nations of the European Union (EU) had higher average corporate tax rates than the US. In 2001, only two EU nations had higher rates. An International Monetary Fund study of OECD countries concluded what is intuitively obvious: Countries with high corporate tax rates relative to other countries witness significant outflows of capital over time, and declines in corporate tax revenue. Sustained economic growth cannot occur absent sustained US competitiveness globally. That alone requires a serious look at corporate rate reform. Corporate rate reform would also assist both Congress and the Treasury Department achieve mutual goals to simplify the current code, reduce the incidence and use of tax shelters, and effectively administer new initiatives, such as the dividend exclusion. Rather than create complex, new corporate deductions and credits intended to reduce the overall tax burden, we urge the Committees to consider a reform effort that will lead to a more transparent, simplified, lower corporate tax rate.

With the announcement of his economic growth plan, the President sent a strong signal to Congress that today's tax code is a serious obstacle to tomorrow's prosperity. The President's plan is an important first step toward the kind of tax laws that will fuel investment, spur long-term growth, incentivize innovation, and sustain US competitiveness. Oracle stands ready to work with you, the members of your Committees, and your staff on these and other tax reform and economic growth proposals.

Should you or your staff have any questions or require additional information, do not hesitate to contact our Senior Vice President for Corporate Taxation, Deborah Lange (650.506.4107) or our Director of Congressional and Legislative Affairs, Robert Hoffman (202.721.4814).

Thank you for your attention to and consideration of our recommendations.

Sincerely yours,

Jeffrey O. Henley

Jeffrey O. Henley
Chief Financial Officer and Executive Vice President
Oracle Corporation

Dear General Motors Stockholder:

I want to bring to your attention an important development in Congress that may impact how much of your dividend income you actually get to keep.

Under today's laws, your dividends are treated as personal income that is subject to Federal income tax. In addition to the tax you pay, GM also pays Federal income tax on these dividends. President Bush has proposed a broad-based economic stimulus plan to Congress that, among other things, would stop this "double taxation" of dividends. Under the President's plan, you would not be taxed on dividends received from General Motors, to the extent they are paid out of income on which General Motors has already paid taxes. The result is more money for you.

We think this is a proposal that makes good economic sense, and is good for our stockholders and General Motors. We've shared our enthusiasm for it with members of Congress, and we urge you to do the same promptly. Please consider contacting your Senators and Representative to voice your support for the President's plan to eliminate the "double taxation" of your dividends.

GM

Rick Wagoner

Rick Wagoner
President and Chief Executive Officer

GM-0303-DIV

Logansport/Cass County Chamber of Commerce (Indiana)
Los Angeles Fastener Association
Louisiana Oil Marketers & Convenience Store Association
Louisiana Restaurant Association
Louisiana Retailers Association
Machinery Dealers National Association
Maine Merchants Association
Maine Oil Dealers Association
Maine Petroleum Association
Maine Restaurant Association
Manufactured Housing Association for Regulatory Reform
Manufactured Housing Association of Oklahoma
Manufactured Housing Institute
Manufacturers' Agents National Association
Manufacturers Association of Mid-Eastern Pennsylvania
Manufacturer's Association of Northwest Pennsylvania
Manufacturers' Association of South Central Pennsylvania
Manufacturing Jewelers & Suppliers of America, Inc.
Marina Operators Association of America
Marine Industries Association of Southern Florida
Mary Kay Inc.
Maryland Highway Contractors Association
Maryland Highway Users Federation
Maryland Petroleum Council
Maryland Retailers Association
Mashantucket Pequot Tribal Nation
Massachusetts Electrical Contractors Association
Massachusetts Petroleum Council
Massachusetts Restaurant Association
Master Builders Association of Western Pennsylvania
Master Builders of Iowa
Material Handling Equipment Distributors Association
Medical Device Manufacturers Association
Melaleuca Inc.
Mercersburg Area Chamber of Commerce (Pennsylvania)
Merrill Lynch & Company Inc.
Metal Treating Institute
Metals Service Center Institute
Metropolitan Evansville Chamber of Commerce (Indiana)
Michigan Chamber of Commerce
Michigan Grocers Association
Michigan Manufacturers Association
Michigan Restaurant Association
Michigan Retailers Association
Michigan Road Builders Association
Mid-America Grocers Association
Mid-America Lumbermens Association
Mid-Atlantic Petroleum Distributors Association
Mid-States Meat Association
Midwest Dairy Foods Association, Inc.
Midwest Equipment Dealers Association
Minnesota Grocers Association
Minnesota Petroleum Council
Minnesota Retailers Association
Mississippi Association of Convenience Stores
Mississippi Malt Beverage Association
Mississippi Restaurant Association
Missouri Association of RV Parks & Campgrounds
Missouri Forest Products Association
Missouri Grocers Association
Missouri Oil Council
Missouri Petroleum Marketers & Convenience Store Association
Missouri Restaurant Association
Missouri Retailers Association
Monroe Chamber of Commerce (Louisiana)
Montana Agricultural Business Association
Montana Chamber of Commerce
Montana Contractors Association
Montana Equipment Dealers Association
Montana Food Distributors Association
Montana Motor Carriers Association
Montana Petroleum Marketers Association
Montana Restaurant Association
Montana Retail Association
Montana Taxpayers Association
Montana Tire Dealers Association
Mortgage Bankers Association
Motor & Equipment Manufacturers Association
Motor Transport Association of Connecticut
Mount Vernon Chamber of Commerce (New York)
Muncie-Delaware County Chamber of Commerce (Indiana)
Music Distributors Association
Naperville Area Chamber of Commerce (Illinois)
National Apartment Association
National Association of Broadcasters
National Association of Chain Drug Stores
National Association of Chemical Distributors
National Association of Convenience Stores
National Association of Electrical Distributors
National Association of Floor Covering Distributors
National Association of Independent Insurers
National Association of Manufacturers
National Association of Mutual Insurance Companies
National Association of Printing Ink Manufacturers
National Association of Real Estate Investment Trusts
National Association of Realtors
National Association of RV Parks & Campgrounds
National Association of Sign Supply Distributors
National Association of Sporting Goods Wholesalers
National Association of Texaco and Shell Marketers
National Association of Truck Stop Operators
National Association of Water Companies
National Association of Wheat Growers
National Association of Wholesaler-Distributors
National Automobile Dealers Association
National Beer Wholesalers Association
National Candle Association
National Cattlemen's Beef Association
National Chicken Council
National Concrete Masonry Association
National Confectioners Association
National Corn Growers Association
National Council of Chain Restaurants
National Electrical Contractors Association
National Electrical Manufacturers Association
National Electrical Manufacturers Representatives Association
National Fastener Distributors Association
National Federation of Independent Business
National Federation of Republican Assemblies
National Fire Sprinkler Association
National Fisheries Institute
National Food Processors Association
National Frozen & Refrigerated Foods Association
National Glass Association
National Grocers Association
National Hardwood Lumber Association
National Independent Automobile Dealers Association
National Industrial Sand Association
National Insulation Association
National Lumber & Building Material Dealers Association
National Lumber Dealers Association
National Marine Distributors Association
National Marine Manufacturers Association
National Paper Trade Association
National Paperbox Association
National Pork Producers Council
National Precast Concrete Association
National Restaurant Association
National Retail Federation
National Roofing Contractors Association
National Sash & Door Jobbers Association
National School Supply & Equipment Association
National Small Business United
National Soft Drink Association
National Spa & Pool Institute
National Sporting Goods Association
National Stone, Sand & Gravel Association

National Taxpayers Union
National Telephone Cooperative Association
National Tooling & Machining Association
National Truck Equipment Association
National Utility Contractors Association
National Wheel & Rim Association
Natural Gas Supply Association
NEA-The Association of Union Constructors
Nebraska Building Chapter of the Associated General Contractors
Nebraska Cattlemen's Association
Nebraska Chamber of Commerce
Nebraska Grocery Industry Association
Nebraska Petroleum Marketers & Convenience Store Association
Nebraska Restaurant Association
Nebraska Retail Federation
Nevada Cattlemen's Association
Nevada Petroleum Marketers and Convenience Stores Association
Nevada Restaurant Association
New Castle County Chamber of Commerce (Delaware)
New England Convenience Store Association
New Hampshire Grocers Association
New Hampshire Lodging & Restaurant Association
New Jersey Business & Industry Association
New Jersey Food Council
New Jersey Petroleum Council
New Jersey Restaurant Association
New Jersey Retail Merchants Association
New Mexico Building Branch of the Associated General Contractors
New Mexico Restaurant Association
New York Association of Convenience Stores
New York State Automotive Aftermarket Association
New York State Petroleum Council
New York State Restaurant Association
Newport Harbor Area Chamber of Commerce (California)
Newspaper Association of America
Noble Drilling Corporation
Non-Ferrous Founders' Society
Nortel Networks
North American Building Material Distribution Association
North American Equipment Dealers Association
North American Graphic Arts Suppliers Association
North American Horticultural Supply Association
North American Insulation Manufacturers Association
North American Meat Processors Association
North American Wholesale Lumber Association
North Carolina Association of Convenience Stores
North Carolina Manufacturers Association
North Carolina Petroleum Council
North Carolina Restaurant Association
North Carolina Retail Merchants Association
North Dakota Grocers Association
North Dakota Petroleum Council
North Dakota Petroleum Marketers Association
North Dakota Retail Association
Northern Illinois Building Contractors Association
Northern Kentucky Chamber of Commerce
Northern Rhode Island Chamber of Commerce
Northern Virginia Technology Council
NPES-The Association for Suppliers of Printing,
Publishing and Converting Technologies
Nuclear Energy Institute
Oakland Chamber of Commerce (California)
O'Fallon Chamber of Commerce (Illinois)
Office Products Wholesalers Association
Ohio Aggregates & Industrial Minerals Association
Ohio Association of Convenience Stores
Ohio Bakers Association
Ohio Chamber of Commerce
Ohio Contractors Association
Ohio Council of Retail Merchants
Ohio Grocers Association
Ohio Jewelers Association
Ohio Petroleum Council
Ohio Petroleum Marketers Association
Ohio Real Estate Investors Inc.
Ohio Restaurant Association

Okefenokee Chamber of Commerce (Georgia)
Oklahoma Grocers Association
Oklahoma Municipal Contractors Chapter of the
Associated General Contractors
Oklahoma Petroleum Marketers Association
Oklahoma Association of Convenience Stores
Oklahoma Restaurant Association
Oklahoma Retail Merchants Association
Oklahoma State Chamber of Commerce
Oklahoma Travel Industry Association
Orange Chamber of Commerce (California)
Oregon Farm Bureau
Oregon Neighborhood Store Association
Oregon Restaurant Association
Oregon State Pharmacists Association
Oregon Trucking Associations, Inc.
Otsego County Chamber of Commerce (New York)
Outdoor Amusement Business Association
Outdoor Power Equipment & Engine Service Association
Overland Park Chamber of Commerce (Kansas)
Packaging Machinery Manufacturers Institute
Painting & Decorating Contractors of America
Pennsylvania Chamber of Business and Industry
Pennsylvania Convenience Store Council
Pennsylvania Food Merchants Association
Pennsylvania Manufacturers' Association
Pennsylvania Restaurant Association
Pennsylvania Retailers Association
PepsiCo, Inc.
Pet Industry Distributors Association
Petroleum Equipment Institute
Petroleum Marketers and Convenience Store Association of Kansas
Petroleum Marketers and Convenience Stores of Iowa
Petroleum Marketers Association of America
Petroleum Marketers Association of Wisconsin/
Wisconsin Association of Convenience Stores
Philadelphia Builders Chapter of the Associated General Contractors
Pickerington Area Chamber of Commerce (Ohio)
Plattsburgh-North Country Chamber of Commerce
Plumbing Manufacturers Institute
Plumbing-Heating-Cooling Contractors-National Association
Portland Cement Association
Post Card & Souvenir Distributors Association
Power Transmission Distributors Association
Powers Restaurants Inc.
Praxair
Printing and Imaging Association of New York State
Printing Industries of America
Professional Lawn Care Association of America
Professional Services Council
Q-Markets, Inc.
RaceTrac Petroleum, Inc.
Real Estate Investors Association of Cincinnati
Real Estate Roundtable (The)
Recreation Vehicle Dealers Association
Recreational Vehicle Aftermarket Association
Remanufacturing Institute (The)
Rental Industry Association
Republican Jewish Coalition
Restaurant & Hospitality Association of Indiana
Restaurant Association of Maryland
Restaurant Association of Metro Washington, Inc.
Retail Council of New York State
Retail Merchants of Hawaii
Retailers Association of Massachusetts
Rhode Island Food Dealers Association
Rhode Island Hospitality & Tourism Association
Rhode Island Retail Federation
Richmond Chamber of Commerce (California)
Richmond Chamber of Commerce (Kentucky)
River City Republican Association (Kentucky)
Rocky Mountain Food Dealers Association
Roundy's Inc.
Rubber Manufacturers Association
Safety Equipment Distributors Association
Salt Institute

San Diego Employers Association, Inc.
San Ramon Chamber of Commerce (California)
SBC Communications
Schiffli Lace and Embroidery Manufacturers' Association, Inc.
Secondary Materials and Recycled Textiles Association
Securities Industry Association
Security Hardware Distributors Association
Service Specialists Association
Service Station Dealers of America and Allied Trades
Sherman Oaks Chamber of Commerce (California)
Skowhegan Chamber of Commerce (Maine)
Small Business Association of Michigan
Small Business Survival Committee
Snack Food Association
Society of American Florists
Society of Glass and Ceramic Decorators
Society of Independent Gas Marketers of America
South Carolina Association of Convenience Stores
South Carolina Manufacturers Alliance
South Carolina Merchants Association
South Carolina Petroleum Council
South Carolina Petroleum Marketers Association
South Carolina Timber Products Association
South Dakota Automobile Dealers Association
South Dakota Cattlemen's Association
South Dakota Chamber of Commerce and Industry
South Dakota Petroleum and Propane Marketers Association
Association of Convenience Stores
South Dakota Retailers Association
South Dakota Trucking Association
Southern California Business Association and
Los Angeles County Hotel/Motel Group
Southern Company
Southern Forest Products Association
Spartan Stores, Inc.
Specialty Equipment Market Association
St. Cloud Greater Osceola Chamber of Commerce (Florida)
St. Mary's Area Chamber of Commerce (Ohio)
St. Petersburg Area Chamber of Commerce (Florida)
Steel Manufacturers Association
Storage Tek, Inc.
Synthetic Organic Chemical Manufacturers Association
Syracuse & Wawasee Chamber of Commerce (Indiana)
Taxicab, Limousine & Paratransit Association
Team Builder International
Telfabs, Inc.
Tennessee Association of RV Parks & Campgrounds
Tennessee Grocers Association
Tennessee Oil Marketers Association
Tennessee Petroleum Council
Tennessee Restaurant Association
Texas & Southwestern Cattle Raisers Association
Texas Association of Builders
Texas Association of Business & Chambers of Commerce
Texas Building Branch of the Associated General Contractors
Texas Food Industry Association
Texas Good Roads Transportation Association
Texas Manufactured Housing Association
Texas Petroleum Marketers and Convenience Store Association
Texas Propane Gas Association
Texas Restaurant Association
Texas Retailers Association
Texas Society of Certified Public Accountants
Textile Care Allied Trades Association
Textile Rental Services Association
Timken Company (The)
Tire Industry Association
Titusville Area Chamber of Commerce (Pennsylvania)
Tooling & Manufacturing Association
Toy Industry Association
Trade Associates, Inc.
Truck Renting and Leasing Association
Tulsa Hispanic Chamber
Tuolumne County Chamber of Commerce (California)
Twin West Chamber of Commerce (Minnesota)
U.S. Oil & Gas Association
Unified Western Grocers
Union Pacific Corporation
United Fresh Fruit & Vegetable Association
United Seniors Association
United States Telecom Association
United Telecom Council
USX Corporation
Utah Food Industry Association
Utah Restaurant Association
Utah Retail Merchants Association
Utah Taxpayers Association
Utility and Transportation Contractors
Association of New Jersey
Valve Manufacturers Association of America
Verizon
Vermont Lodging & Restaurant Association
Vinyl Institute
Virginia Food Dealers Association
Virginia Hospitality and Travel Association
Virginia Manufacturers Association
Virginia Petroleum Council
Virginia Petroleum Marketers & Convenience
Store Association
Virginia Retail Merchants Association
Virginia Road and Transportation Builders Association
Washington Automotive Wholesalers Association
Washington Aviation Group
Washington Cattlemen's Association
Washington Credit Union League (The)
Washington Restaurant Association
Washington Retail Association
Washington State Funeral Directors Association
Waste Equipment Technology Association
Water and Sewer Distributors of America
Water Quality Association
Wealth Preservation Planners
Wellsville Area Chamber of Commerce (New York)
West Branch Manufacturers' Association
West Jordan Chamber of Commerce (Utah)
West Virginia Oil Marketers and Grocers Association
West Virginia State Chamber of Commerce
Western Association of Fastener Distributors
Western Connecticut Industrial Council, Inc.
Western Kentucky Construction Association
Western Petroleum Marketers Association
Western Retail Implement & Hardware Association
Western Suppliers Association
Weston Area Chamber of Commerce (Florida)
White Rose Food
Wholesale Beer & Wine Association of Ohio
Wholesale Beer Distributors of Texas
Wholesale Florist & Florist Supplier Association
Wichita Independent Business Association (Kansas)
Willmar Area Chamber of Commerce (Minnesota)
Wine & Spirits Distributors of Florida
Wine & Spirits Wholesalers of America, Inc.
Wisconsin Grocers Association
Wisconsin Manufacturers & Commerce
Wisconsin Merchants Federation
Wisconsin Motor Carriers Association
Wisconsin Petroleum Council
Wisconsin Restaurant Association
Wisconsin Transportation Builders Association
WMDA Service Station and Automotive Repair Association
Wood Machinery Manufacturers of America
Woodworking Machinery Industry Association
Worthington Area Chamber of Commerce (Minnesota)
Wyoming Contractors Association
Wyoming Retail Merchants Association
Wyoming Stock Growers Association
York County Chamber of Commerce (Pennsylvania)

Mr. President, We Stand With You.

"The tax relief is for everyone who pays income taxes - and it will help our economy immediately"

State of the Union speech, 2003

We believe the President's Economic Growth and Jobs proposal will have an immediate economic impact, and will also provide for long-term growth and stability. Why?

The President's Plan will:

- Increase Gross Domestic Product by 2.4 percent by the end of next year.
- Create an average of 1.2 million jobs per year for the next five years.
- Help small businesses and individuals by accelerating personal income tax reductions.
- Increase the small business expensing allowance.
- End double taxation of dividends to provide tax fairness for 35 million American households, including many retirees, who pay taxes.

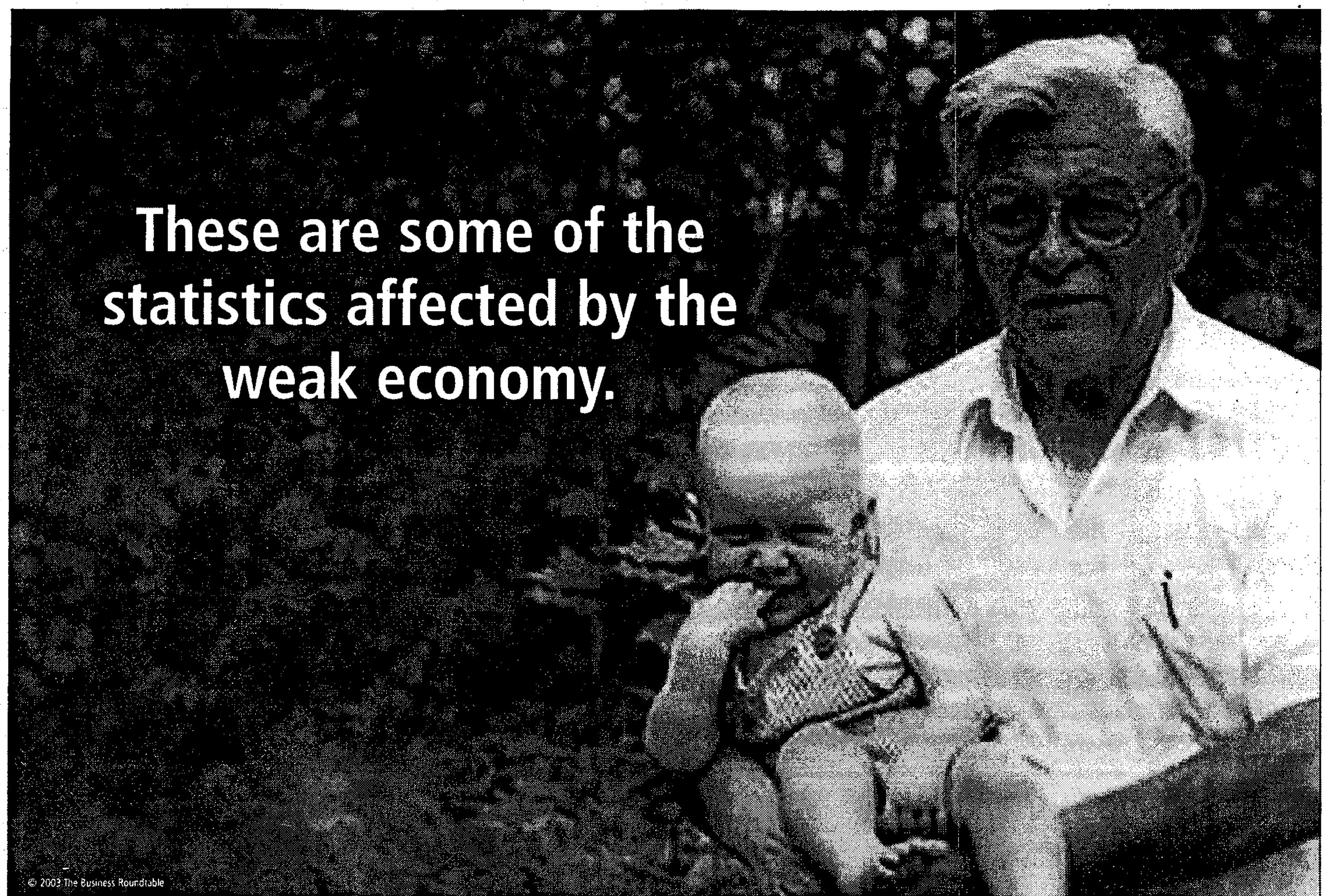
Thank you Mr. President for proposing this bold and sensible plan. We stand with you 100 percent.

We are The Tax Relief Coalition: more than 1,000 members representing 1.8 million businesses. We have committed our energy and resources to helping the administration pass this plan. We strongly urge Congress to act quickly. Our nation's economy is at stake.

The Tax Relief Coalition

7-Eleven, Inc.
Adirondack Regional Chamber of Commerce (New York)
Advanced Medical Technology Association
Advocare International LLC
Aerospace Industries Association
Agricultural Retailers Association
Air Conditioning Contractors of America
Air Transport Association
Airborne Express Corporation
Air Conditioning & Refrigeration Institute
Aircraft Electronics Association
Aaelus Enterprises
Alabama Coal Association
Alabama Grocers Association
Alabama Oilmen's Association/Alabama Association of Convenience Stores
Alabama Petroleum Council
Alabama Restaurant Association
Alabama Retailers Association
Alabama Textile Manufacturers Association
Alaska CHARR Restaurant Association
Alaska State Chamber of Commerce
Alliance of Automobile Manufacturers
Altria Corporate Services Inc.
Aluminum Association (The)
America's Chamber of Commerce (Nevada)
American Apparel and Footwear Association
American Architectural Manufacturers Association
American Association of Advertising Agencies
American Association of Small Property Owners
American Automotive Leasing Association
American Bankers Association
American Boiler Manufacturers Association
American Brush Manufacturers Association
American Business Conference
American Chemistry Council
American Conservative Union
American Consulting Engineers Council
American Family Business Institute
American Forest & Paper Association
American Franchisee Association
American Frozen Food Institute
American Furniture Manufacturers Association
American Gas Association
American Gear Manufacturers Association
American Hardware Manufacturers Association
American Highway Users Alliance
American Hotel & Lodging Association
American Institute of Architects-Illinois Chapter
American Insurance Association
American International Automobile Dealers Association
American Iron and Steel Institute
American Land Rights Association
American Lighting Association
American Loggers Council
American Machine Tool Distributors Association
American Moving & Storage Association
American Nursery and Landscape Association
American Petroleum Institute
American Rental Association
American Road & Transportation Builders Association
American Shareholders Association
American Society of Travel Agents
American Staffing Association
American Subcontractors Association
American Supply Association
American Textile Manufacturers Institute
American Trans Air
American Tort Reform System
American Trucking Associations
American Water Works Company, Inc.
American Wholesale Marketers Association
Americans for Tax Reform
America's Community Bankers
AMT-The Association for Manufacturing Technology
Amvac Corporation
Anderson Area Chamber of Commerce (South Carolina)
Apartment Association/California Southern Cities
Appliance Parts Distributors Association
Arcadia Chamber of Commerce (California)
Arizona Builders' Alliance
Arizona Cattle Growers Association
Arizona Food Marketing Alliance
Arizona Petroleum Marketers Association
Arizona Restaurant Association
Arizona Retailers Association
Arizona Small Business Association
Arkansas Automobile Dealers Association
Arkansas Grocers & Retail Merchants Association
Arkansas Home Builders Association
Arkansas Hospitality Association
Arkansas Petroleum Council
Arkansas State Chamber of Commerce/Associated Industries of Arkansas
Asphalt Roofing Manufacturers Association
Associated Beer Distributors of Illinois
Associated Builders & Contractors
Associated Builders & Contractors Cornhusker Chapter (Nebraska)
Associated Builders & Contractors of Alabama
Associated Builders & Contractors of Alaska
Associated Builders & Contractors of Arkansas
Associated Builders & Contractors of Central California
Associated Builders & Contractors of Central Florida
Associated Builders & Contractors of Central Michigan
Associated Builders & Contractors of Central Ohio
Associated Builders & Contractors of Central Pennsylvania
Associated Builders & Contractors of Central Texas
Associated Builders & Contractors of Connecticut
Associated Builders & Contractors of Cumberland (Maryland)
Associated Builders & Contractors of Delaware
Associated Builders & Contractors of Downeast/Maine
Associated Builders & Contractors of East Tennessee
Associated Builders & Contractors of Georgia
Associated Builders & Contractors of Golden Gate (California)
Associated Builders & Contractors of Greater Houston
Associated Builders & Contractors of Greater Illinois
Associated Builders & Contractors of Guam
Associated Builders & Contractors of Hawaii
Associated Builders & Contractors of Indiana
Associated Builders & Contractors of Inland Pacific (Washington)
Associated Builders & Contractors of Iowa
Associated Builders & Contractors of Kentuckiana
Associated Builders & Contractors of Keystone (Pennsylvania)
Associated Builders & Contractors of Los Angeles/Ventura
Associated Builders & Contractors of Massachusetts
Associated Builders & Contractors of Metro Washington, D.C.
Associated Builders & Contractors of Mid Tennessee
Associated Builders & Contractors of Minnesota
Associated Builders & Contractors of Mississippi
Associated Builders & Contractors of New Hampshire/Vermont
Associated Builders & Contractors of New Jersey
Associated Builders & Contractors of New Orleans/Bayou
Associated Builders & Contractors of North Alabama
Associated Builders & Contractors of North Florida
Associated Builders & Contractors of North Texas
Associated Builders & Contractors of Northern Illinois
Associated Builders & Contractors of Northern Michigan
Associated Builders & Contractors of Northern New Jersey
Associated Builders & Contractors of Northern Ohio
Associated Builders & Contractors of Oklahoma
Associated Builders & Contractors of Pelican (Louisiana)
Associated Builders & Contractors of Rhode Island
Associated Builders & Contractors of Rocky Mountain (Colorado)
Associated Builders & Contractors of San Diego
Associated Builders & Contractors of Sierra Nevada (Nevada)
Associated Builders & Contractors of South Texas
Associated Builders & Contractors of Southeast Pennsylvania
Associated Builders & Contractors of Southeast Texas
Associated Builders & Contractors of Southeastern Michigan
Associated Builders & Contractors of Southern California
Associated Builders & Contractors of the Baltimore Metro Area
Associated Builders & Contractors of the Carolinas
Associated Builders & Contractors of the Chesapeake (Maryland)
Associated Builders & Contractors of the Coastal Bend (Texas)
Associated Builders & Contractors of the Eastern Shore (Maryland)
Associated Builders & Contractors of the Empire State (New York)
Associated Builders & Contractors of the Florida East Coast
Associated Builders & Contractors of the Florida First Coast
Associated Builders & Contractors of the Florida Gulf Coast
Associated Builders & Contractors of the Heart of America (Kansas)
Associated Builders & Contractors of the Lehigh Valley (Pennsylvania)
Associated Builders & Contractors of the Mid Gulf Coast (Alabama)
Associated Builders & Contractors of the Ohio Valley
Associated Builders & Contractors of the Pacific Northwest (Oregon)
Associated Builders & Contractors of the Rio Grande (New Mexico)
Associated Builders & Contractors of the Saginaw Valley (Michigan)
Associated Builders & Contractors of the Texas Mid-Coast
Associated Builders & Contractors of Utah
Associated Builders & Contractors of Virginia
Associated Builders & Contractors of West Tennessee
Associated Builders & Contractors of West Virginia
Associated Builders & Contractors of Western Colorado
Associated Builders & Contractors of Western Michigan
Associated Builders & Contractors of Western Pennsylvania
Associated Builders & Contractors of Western Washington
Associated Builders & Contractors of Wisconsin
Associated Constructors of Maine
Associated Contractors of New Mexico
Associated Equipment Distributors
Associated General Contractors
Associated General Contractors Builders of Southern Illinois
Associated General Contractors Building Chapter of South Dakota
Associated General Contractors of Alabama
Associated General Contractors of Alaska
Associated General Contractors of Arizona
Associated General Contractors of Arkansas
Associated General Contractors of Austin (Texas)
Associated General Contractors of California
Associated General Contractors of Central Florida
Associated General Contractors of Central Texas
Associated General Contractors of Colorado
Associated General Contractors of Columbia (Oregon)
Associated General Contractors of Connecticut
Associated General Contractors of East Tennessee
Associated General Contractors of El Paso (Texas)
Associated General Contractors of Florida-East Coast
Associated General Contractors of Georgia
Associated General Contractors of Greater Detroit
Associated General Contractors of Greater Florida
Associated General Contractors of Greater Milwaukee (Wisconsin)
Associated General Contractors of Houston
Associated General Contractors of Idaho
Associated General Contractors of Illinois
Associated General Contractors of Indiana
Associated General Contractors of Inland Northwest (Washington)
Associated General Contractors of Iowa
Associated General Contractors of Jefferson County (Texas)
Associated General Contractors of Kansas
Associated General Contractors of Kansas City
Associated General Contractors of Kentucky
Associated General Contractors of Las Vegas
Associated General Contractors of Louisiana
Associated General Contractors of Maryland
Associated General Contractors of Massachusetts
Associated General Contractors of Metropolitan Washington D.C.
Associated General Contractors of Michigan
Associated General Contractors of Minnesota
Associated General Contractors of Mississippi
Associated General Contractors of Missouri
Associated General Contractors of Nebraska
Associated General Contractors of Nevada
Associated General Contractors of New Hampshire
Associated General Contractors of New Jersey
Associated General Contractors of New York State
Associated General Contractors of North Dakota
Associated General Contractors of Northwest Florida
Associated General Contractors of Ohio
Associated General Contractors of Oklahoma-Building Chapter
Associated General Contractors of Pennsylvania
Associated General Contractors of Puerto Rico
Associated General Contractors of Rhode Island
Associated General Contractors of San Antonio (Texas)
Associated General Contractors of San Diego (California)
Associated General Contractors of Shreveport, Louisiana
Associated General Contractors of South Dakota
Associated General Contractors of South Florida
Associated General Contractors of South Texas
Associated General Contractors of St. Louis
Associated General Contractors of Tennessee
Associated General Contractors of Texas
Associated General Contractors of the Carolinas
Associated General Contractors of the Mississippi Valley
Associated General Contractors of the Rio Grande Valley
Associated General Contractors of the Texas Panhandle
Associated General Contractors of Utah
Associated General Contractors of Vermont
Associated General Contractors of Virginia
Associated General Contractors of Washington
Associated General Contractors of West Texas
Associated General Contractors of Wisconsin
Associated General Contractors QUOIN Chapter (Texas)
Associated Industries of Florida
Associated Industries of Kentucky
Associated Pennsylvania Constructors
Associated Petroleum Industries of Michigan
Associated Petroleum Industries of Pennsylvania
Association for High Technology Distribution
Association for Hose & Accessories Distribution (The)
Association of American Railroads
Association of Equipment Manufacturers
Association of Home Appliance Manufacturers
Association of International Automobile Manufacturers
Association of Oklahoma General Contractors
Association of Sales & Marketing Companies
Association of the Wall and Ceilings Industry-International
Association of Washington Business
Association of Woodworking & Furnishings Suppliers
Automotive Aftermarket Industry Association
Automotive Parts Association of the Carolinas
Automotive Parts Rebuilders Association
Automotive Warehouse Distributors Association
Autoweb
Aviation Distributors & Manufacturers Association
Aviation Suppliers Association
Barbour Griffith & Rogers, Inc.
Bath Brunswick Region Chamber of Commerce (Maine)
Battery Council International
Battle Creek Area Chamber of Commerce (Michigan)
Bay County Chamber of Commerce (Florida)
Bearing Specialists Association
Beauty & Barber Supply Institute
Beer Industry of Florida Inc.
Beer Institute
BellSouth Corporation
Belton Industries, Inc.
Bicycle Products Suppliers Association
Biotechnology Industry Organization
Boca Raton Chamber of Commerce (Florida)
Boise Metro Chamber of Commerce (Idaho)
Bond Market Association (The)
Bowling Centers Association of Wisconsin
Bozeman Area Chamber of Commerce (Montana)
BP
Breckenridge Chamber of Commerce (Texas)
Brick Industry Association
Bristol-Myers Squibb Company
Brown-Forman Corporation
Builders Association of Greater Chicago
Builders Exchange of Rochester, NY Inc.
Building Contractors Association of Fort Wayne (Indiana)
Building Contractors Association of New Jersey
Building Owners and Managers Association
Building Service Contractors Association International
Burbank Chamber of Commerce (California)
Business & Institutional Furniture Manufacturer's Association International
Business Council of Alabama
Business Roundtable (The)
California Beer and Beverage Distributors
California Cattlemen's Association
California Chamber of Commerce
California Farm Bureau Federation
California Forestry Association
California Grocers Association
California Independent Grocers & Convenience Stores
California Retailers Association
Campground Owners of New York, Inc.
Can Manufacturers Institute
CapitolWatch
Carpet and Rug Institute
Case New Holland Inc.
Catoosa Chamber of Commerce (Oklahoma)
Central Illinois Builders of AGC
CH2M HILL
Chamber Alliance of New York State
Chamber of Commerce of Orange County (New York)
Chamber of Commerce of Southern New Jersey
Chamber of Commerce of the U.S.
Chester County Chamber of Commerce (Pennsylvania)
ChevronTexaco
Chicagoland Chamber of Commerce (Illinois)
Chocolate Manufacturers Association
Citigroup
Citizens Against Government Waste
Citizens for a Sound Economy
Citizens for Limited Taxation
Clark County Chamber of Commerce (Nevada)
Cleaning Equipment Trade Association
Clovis Chamber of Commerce (California)
Colorado Cattlemen's Association
Colorado Contractors Association
Colorado Restaurant Association
Colorado Retail Council
Colorado Wyoming Petroleum Marketers Association
Composites Fabricators Association
Connecticut Petroleum Council
Connecticut Restaurant Association
Connecticut Retail Merchants Association
Connecticut Road Builders Association
Conoco-Phillips
Construction Employers Association
Construction Industry Association of Rochester, NY Inc.
Construction Industry Council of Westchester and Hudson Valley, Inc.
Construction Industry Round Table
Construction Industry Services Association, Inc.
Construction Management Association of America
Constructors Association of Western Pennsylvania
Consulting Engineers & Land Surveyors of California
Consulting Engineers Council of Alabama
Consulting Engineers Council of Arizona
Consulting Engineers Council of Colorado
Consulting Engineers Council of Florida
Consulting Engineers Council of Georgia
Consulting Engineers Council of Idaho
Consulting Engineers Council of Illinois
Consulting Engineers Council of Indiana
Consulting Engineers Council of Kansas
Consulting Engineers Council of Kentucky
Consulting Engineers Council of Louisiana
Consulting Engineers Council of Maryland
Consulting Engineers Council of Metro Washington D.C.
Consulting Engineers Council of Michigan
Consulting Engineers Council of Mississippi
Consulting Engineers Council of Missouri
Consulting Engineers Council of Montana
Consulting Engineers Council of Nebraska
Consulting Engineers Council of Nevada
Consulting Engineers Council of New Hampshire
Consulting Engineers Council of New Jersey
Consulting Engineers Council of New Mexico
Consulting Engineers Council of New York
Consulting Engineers Council of North Carolina
Consulting Engineers Council of North Dakota
Consulting Engineers Council of Ohio
Consulting Engineers Council of Oklahoma
Consulting Engineers Council of Pennsylvania
Consulting Engineers Council of South Carolina
Consulting Engineers Council of South Dakota
Consulting Engineers Council of Tennessee
Consulting Engineers Council of Texas
Consulting Engineers Council of Utah
Consulting Engineers Council of Virginia
Consulting Engineers Council of Washington
Consulting Engineers Council of Wyoming
Consumer Bankers Association
Consumer Electronics Association
Contractors Association of Eastern Pennsylvania
Contractors Association of West Virginia
Conveyor Equipment Manufacturers Association
Copper & Brass Servicenter Association
Cordia Companies
Core-Mark International Inc.
Council of Growing Companies
Cyveillance
Davis Chamber of Commerce (Utah)
Dayton Area Chamber of Commerce (Ohio)
Delaware Contractors Association
Delaware Petroleum Council
Delaware Restaurant Association
Delaware Retail Council
Delaware State Chamber of Commerce
Detroit Chamber of Commerce (Michigan)
Direct Marketing Association
Direct Selling Association
Distilled Spirits Council of the United States
Distribution & LTL Carriers Association
Doctor's Company (The)
Door & Hardware Institute
Dot Foods, Inc.
East Central Ohio Food Dealers Association
Eastern Contractors Association, Inc.
Edison Electric Institute
Electrical-Electronic Materials Distributors Association
Electronic Industries Alliance
Electronic Retailing Association
Electronics Representatives Association
EMERSON
Empire State Petroleum Association (New York)
Employers' Association
Envelope Manufacturers Association
Environmental Industry Association
Equipment Leasing Association
Equipment Manufacturers Institute
Exxon-Mobil
Fabricators & Manufacturers Association International
Farm Equipment Wholesalers Association
Fertilizer Institute
Financial Services Roundtable (The)
Florida Farm Bureau Federation
Florida Petroleum Council
Florida Petroleum Marketers & Convenience Store Association, Inc.
Florida Restaurant Association
Florida Retail Federation
Florida Transportation Builders Association
Florida United Businesses Association
Fluid Power Distributors Association
Food Industry Alliance of New York State
Food Industry Association Executives
Food Marketing Institute
Foodservice Equipment Distributors Association
Fort Scott Area Chamber of Commerce (Kansas)
Frank Russell Company
Front Royal/Warren Chamber of Commerce (Virginia)
Futures Industry Association
Gas Appliance Manufacturers Association
Gases and Welding Distributors Association
General Building Contractors Association
General Contractors Association of Fox Valley (Illinois)
General Contractors Association of Hawaii
General Merchandise Distributors Council
Genesee County Chamber of Commerce (New York)
Georgia Association of Convenience Stores
Georgia Association of RV Parks and Campgrounds
Georgia Food Industry Association
Georgia Highway Contractors Association
Georgia Mining Association
Georgia Oilmen's Association
Georgia Petroleum Council
Georgia Restaurant Association
Georgia Retail Association
Glass Packaging Institute
Goodland Chamber of Commerce (Kansas)
Graham Chamber of Commerce (Texas)
Grain & Feed Association of Illinois
Grand Rapids Area Chamber of Commerce (Michigan)
Grassroots Impact/Women Business Owners
Great Southwestern Illinois Association of Plumbing, Heating & Cooling Contractors
Greater Boca Raton Chamber of Commerce (Florida)
Greater Elkhart Chamber of Commerce (Indiana)
Greater Lexington Chamber of Commerce (Kentucky)
Greater New Braunfels Chamber of Commerce (Texas)
Greater North Dakota Association
Greater Omaha Chamber of Commerce (Nebraska)
Greater Peoria Contractors & Suppliers Association, Inc.
Greater Pittsburgh Chamber of Commerce (Pennsylvania)
Greater Syracuse Chamber of Commerce (New York)
Greece Chamber of Commerce (New York)
Green Bay Packaging
Grocery Manufacturers of America
Guinness UDV
Halliburton Energy Services Group
Hardwood Plywood & Veneer Association
Harrisburg Regional Chamber of Commerce (Pennsylvania)
Hawaii Food Industry Association
Hearth Products Association
Heating, Airconditioning & Refrigeration Distributors International
Heavy Constructors Association of the Greater Kansas City Area
Heber Valley Chamber of Commerce (Utah)
Henry County Chamber of Commerce (Georgia)
Home Builders Association of Connecticut
Home Builders Association of Greater Cincinnati
Home Builders Association of Iowa City
Home Interiors & Gifts
Hosiery Association
Hospitality Association of South Carolina
Hydraulic Institute Inc.
Idaho Cattle Association
Idaho Retailers Association
Illinois Association of Convenience Stores
Illinois Beef Association
Illinois Fertilizer & Chemical Association
Illinois Food Retailers Association
Illinois Petroleum Council
Illinois Petroleum Marketers Association
Illinois Propane Gas Association
Illinois Restaurant Association
Illinois Retail Merchants Association
Independent Bakers Association
Independent Bankers Association of Texas
Independent Community Bankers of America
Independent Insurance Agents of America
Independent Lubricant Manufacturers Association
Independent Sealing Distributors
Indiana Chamber of Commerce
Indiana Constructors, Inc.
Indiana Grocery and Convenience Store Association
Indiana Manufacturers Association
Indiana Petroleum Council
Indiana Petroleum Marketers Association
Indiana Retail Council
Industrial Distribution Association
Industrial Fasteners Institute
Industrial Packaging Alliance of North America
Information Technology Association of America
Information Technology Industry Council
Infrastructure Solutions, Inc.
Institute of Shortening and Edible Oils
International Association of Plastics Distributors
International Association of Refrigerated Warehouses
International Association of Used Equipment Dealers
International Cast Polymer Association
International Council of Shopping Centers
International Dairy Foods Association
International Foodservice Distributors Association
International Franchise Association
International Housewares Association
International Mass Retail Association
International Paper
International Sanitary Supply Association
International Sign Association
International Tire and Rubber Association
International Truck Parts Association
Ionia County Chamber of Commerce (Michigan)
Iowa Grocery Industry Association
Iowa Motor Truck Association
Iowa Petroleum Council
Iowa Propane Gas Association
Iowa Retail Federation
IPC-Association Connecting Electronics Industries
Irrigation Association
Irvine Chamber of Commerce (California)
Jewelry Industry Distributors Association
Kalamazoo County Chamber of Commerce (Michigan)
Kalispell Area Chamber of Commerce (Montana)
Kankakee River Valley Chamber of Commerce (Illinois)
Kansas Building Industry Association
Kansas Contractors Association
Kansas Petroleum Council
Kansas Restaurant & Hospitality Association
Kansas Taxpayers Network
Kentucky Association of Convenience Stores
Kentucky Association of Highway Contractors
Kentucky Chamber of Commerce
Kentucky Grocers Association
Kentucky Petroleum Council
Kentucky Petroleum Marketers Association
Kentucky Restaurant Association
Kentucky Retail Federation, Inc.
Kitchen Cabinet Manufacturers Association
Koch Industries
Lakewood Chamber of Commerce (Washington)
Land Improvement Contractors of America
Lansing Regional Chamber of Commerce (Michigan)
Las Vegas Chamber of Commerce (Nevada)
Latin American Management Association
Latin Chamber of Commerce of the USA
Lawn & Garden Marketing and Distribution Association
Leggett & Platt, Inc.
Lockheed Martin Corporation


Energizing the economy isn't an economic issue.
It's personal.



The sluggish economy hurts everyone. And almost everyone agrees that something has to be done to get it moving again. The debate is over the best way to go about it.

The economy needs help now. And help is at hand.

Over the next five years, simply eliminating the double taxation of dividends will:

- Create 500,000 jobs a year for the next five years.
- Boost wages.
  Increase the value of investors' stocks.
- Energize the whole economy by putting money back in investors' hands.

The members of The Business Roundtable are responsible for the employment of more than 10 million Americans and for generating $3.7 trillion in revenues. We take our responsibility seriously and support public policy initiatives that promote economic progress, regardless of where they come from in the political spectrum.

That's why we recently commissioned an independent macroeconomic study to evaluate the President's economic growth plan. The study concludes that his plan will quickly and significantly energize the economy and put it on a path to long-term growth. It would create an average of 1.8 million new jobs this year and next, improve Gross Domestic Product by 2.4% by the end of 2004 and add $1.6 trillion of new income to the economy over the next ten years.

Our nation cannot afford delays. Let's stop debating and start doing. Now.

BRT THE BUSINESS ROUNDTABLE
An association of CEOs committed to economic growth

For more information, visit us at www.brt.org • 1615 L Street N.W., Suite 1100, Washington, D.C. 20036

DRAFT MESSAGE TO YOUR MEMBERS/EMPLOYEES:

Our organization is a member of the Tax Relief Coalition and is working through them to advance the President's economic growth and jobs creation initiative. TRC is made up of over 1,000 organizations like ours which collectively represent 1.8 million businesses.

The first stage of the legislative process involves the House Ways & Means Committee, which will begin holding hearings on the package in early March, and will likely vote on it in committee the week of March 17th. It is vital that the members of this committee hear from businesses in their districts in support of this legislation before the Committee takes action on the package.

NOTE to National Organizations – Please include the following paragraph in your message to your members:

> Attached is a list of Members of the Ways & Means Committee, alphabetical by state. Please write to all Members in districts where you have a place of business.

NOTE to Regional, State, and Local Organizations – Please include the following paragraph in your message to your members:

> Following is a list of Members of the Ways & Means Committee who represent states/districts within the scope of our membership. Please write to those where you have a place of business in their district.
>
> [List appropriate Ways & Means Committee Members here – from attached list]

IMPORTANT: It is best to email or FAX your messages. All regular mail to the Congress is subject to long delays due to security screening. When sending a message by email, please be sure to include your company name, full address and zip code. FAXes should be sent on your company letterhead.

In your message, urge the Member of Congress to support prompt action on the President's full proposal. Point out that:

- The President's plan is very well-conceived. It contains the right balance of individual and small business incentives. Since more than 85% of small businesses pay personal income taxes, accelerating the scheduled reductions in individual income tax rates will help small business as well as individuals. In fact, almost 80% of the benefit from the reduction in the top income tax rate goes to small business.

-more-

- Increasing the expensing allowance for small business from $25,000 to $75,000 will further encourage them to invest more money in their businesses, creating jobs and putting more disposable income in the economy.

- Eliminating double taxation of dividends will have a positive impact on the economy and the stock market. It will free up capital for investment.

- Eliminating double taxation of dividends is also fundamentally fair. Over half of all Americans now own stock -- a large percentage of them retirees -- and should not be required to pay taxes on dividend income which the government has already taxed once.

Ask that they let you know where they stand on the President's proposal.

Please share copies of your message(s) and any replies which you receive with this office.

Thank you.

Edison Electric Institute Grassroots/Stakeholder Program

EEI has embarked on an extensive grassroots program to promote the elimination of the double taxation of corporate dividends. This includes the participation of a large number of EEI members.

A web site with zip code matching technology has been created and is currently operating. Sample letters and talking points have been included to ease communication between constituents and their members of Congress.

Several companies have established their own branded website activities using EEI provided materials and zip code matching technology.

An 800# has also been established to involve employees, shareholders, and retirees without access to computers. This system has zip code matching technology providing participants with the address and phone number to reach their representatives on Capitol Hill.

EEI has also reached out to other dividend dependent groups and companies to offer a prepackaged web site, and other services and assistance. This includes the energy, telecommunications, and securities sectors.

Other membership-based organizations have been contacted with the goal of reaching additional potential supporters such as senior citizens.

One of the next steps in EEI's advocacy efforts on behalf of this important initiative are two regional meetings for member company grassroots staff scheduled for mid-March in New York and Chicago. At these meetings we will provide additional tools and techniques for enhancing existing grassroots activities, distribute the latest information and advocacy materials on the issue, and outline the next steps in the campaign.

As of February 26, nineteen EEI member companies have responded to EEI's request for Information about their advocacy activities on behalf of the elimination of the double taxation on dividends. It is important to note that a number of companies have not yet responded, and therefore the information provided below represents a preliminary status report, not a final tally. We will collect additional information on an ongoing basis and will provide periodic updates.

153,500 – Employees
1,648,243 – Shareholders
50,314 – Retirees
1,510 - Other

TOTAL 1,853,567 – Contacts

February 26, 2003

Come Show Your Support for Ending the Double Tax on Dividends at Our

"AX THE DOUBLE TAX!"
PRESS CONFERENCE

Date:	**Wednesday, March 5**
Time:	**11:30AM until 12:15PM**
Location:	**U.S. Capitol Room S-211 (LBJ Room)**

Sponsored by The Seniors Coalition
9001 Braddock Road, Suite 200
Springfield, Virginia 22151
Toll Free: 1 (800) 325-9891
www.senior.org

For more information, or to RSVP, please contact Jonathan Taylor at (703) 426-4472 or jntaylor@senior.org

News Center

Today's News Releases

February 27, 2003
Fidelity Investments® Waives Or Eliminates Front-End Sales Charges On 10 Equity Funds
Full Story

News Releases

From the past 30 days

February 14, 2003
President Bush and Administration Officials Tout Economic Proposals Across The Country
Full Story

February 11, 2003
Fidelity® Strengthens Trade Processing Capabilities For Fee-Based Advisors And Brokers
Full Story

February 6, 2003
Fidelity Investments® Launches Fidelity Real Estate Income Fund
Full Story

February 5, 2003
Fidelity® Study Reveals Key Trends, Drivers And Issues Facing HR/Benefits Outsourcers At Large Companies
Full Story

January 31, 2003
Fidelity® Investments Supports President Bush's Initiatives To Expand & Simplify Savings Opportunities
Full Story

Jon J. Skillman Named President, Fidelity® Charitable Gift Fund
Full Story

January 30, 2003
Fidelity Investments® And MBNA Launch College Rewards Card With Two Percent Back On Purchases
Full Story

Fidelity Personal Investments December, Fourth Quarter And
End-Of-Year 2002 Business Highlights
Full Story

January 29, 2003
Practice Management Plays Vital Role In Advisory Firm Success, According To New Guidebook Distributed By Fidelity
Full Story

What's New

Fidelity supports Bush administration initiatives to provide tax relief for investors and stimulate the economy.
Read more about:

- Bush Administration push for tax relief.
- Fidelity on dividend tax cut.
- Fidelity on tax advantage savings.

New Study Cites Growth in HR/Benefits Outsourcing Trend.
A new Fidelity study, "HR and Benefits: The Next Outsourcing Wave," reveals key reasons why more large companies are outsourcing employee benefit programs. Link to news release or study.

FOR IMMEDIATE RELEASE

CONTACT: Fidelity Investments
(617)563-5800

President Bush and Administration Officials Tout Economic Proposals Across The Country

Fidelity supports initiatives to eliminate the double taxation of dividends

President Bush and key members of his administration have begun to visit 20 cities throughout the country over the next several weeks to tout the President's economic stimulus proposals, which are designed to help boost the economy and benefit taxpayers long-term. The President and administration officials expect to visit cities in several states including, New York City, Detroit, Philadelphia, Atlanta, and Chicago.

President Bush has proposed the following measures to help stimulate the economy:

Proposal:	**Key Points:**
Ending the double taxation of corporate earnings	Generally, benefits shareholders of corporations who generate earnings that have already been taxed via (1) elimination of tax on dividend income, or (2) adjustment in cost basis for reinvested earnings..
Acceleration of individual income tax rate reductions	Tax reductions passed in 2001 will be made effective immediately. Includes reduction in top rate to 35%, marriage penalty relief, increase in child tax credit, and implementation of a new, lower 10% tax bracket.
Increasing deductions for capital investments by small businesses	Small business owners who purchase equipment to grow and expand will receive an increase in the expensing limits from $25,000 to $75,000.
Creating personal re-employment accounts	Many workers who have lost their jobs and receive unemployment benefits will qualify for new, more flexible Personal Re-employment Accounts, which provide a bonus if they find work quickly.

The heart of the economic stimulus is the proposal to tax corporate earnings only once. According to the White House, the proposal would allow taxpayers to exclude dividend payments from their taxable income and return about $20 billion this year to the economy. Approximately 35 million American households receive dividend income that is now taxed twice. These investors will directly benefit under the President's plan.

Fidelity has issued a press release in support of the President's proposals. Please visit our News Center at www.fidelity.com/goto/newscenter for more information.

For more details on the President's plan, visit the White House at www.whitehouse.gov.

Fidelity Distributors Corporation, 82 Devonshire Street, Boston, MA 02109
#340276

FOR IMMEDIATE RELEASE **CONTACT: Fidelity Investments (617)563-5800**

Fidelity Public Statement on Dividend Tax Relief

Fidelity applauds the Bush administration's efforts to free individual American savers from the burden of paying taxes on the dividends they receive. These dividends come from company earnings that have already been taxed. Eliminating this double tax could encourage companies to pay higher dividends to their shareholders. This is a welcome initiative, long overdue.

Many details will need to be worked out. But eliminating the taxation of dividends received by individuals would clearly remove a burdensome and unfair tax. It could also support long-term economic growth, and enhance corporate accountability to shareholders.

At Fidelity, we believe that investing in solid, dividend-paying companies is part of a sound long-term savings plan, just as the regular payment of cash dividends is a traditional way to measure the health of a company, and the integrity of its financial controls. Removing the dividend tax also could lead to a more effective allocation of capital, because companies will be equally motivated to reinvest earnings or return them to investors.

The president's proposal highlights the key role that individual American savers and investors can play in further stimulating our nation's economic recovery. We look forward to working with the Administration and Congress to ensure passage of a bill that will serve the interests of all American savers and investors.

We also support additional legislation to encourage Americans to save for retirement and for a child's education. For example, we believe this is an ideal time to move ahead on proposals to increase contribution limits to Individual Retirement Accounts and employer-sponsored retirement plans, and to make withdrawals from Section 529 college savings plans permanently tax-free.

###

Fidelity Distributors Corporation

#338194

Fidelity Investments

FOR IMMEDIATE RELEASE

CONTACT: Fidelity Investments
(617)563-5800

Fidelity® Investments Supports President Bush's Initiatives
To Expand & Simplify Savings Opportunities

BOSTON, January 31, 2003 – Fidelity Investments® today applauded President Bush's initiatives to expand and simplify savings for millions of Americans. Fidelity's statement:

"Fidelity commends President Bush for seeking to create more incentives to help Americans planning for their retirement, saving for their children's education, or paying for their family's health care needs through new tax advantaged savings vehicles.

"The fundamental concept of creating expanded savings vehicles that raise current contribution caps, provide tax free earnings, remove current income limits, and simplify choices will encourage Americans to save more.

"Fidelity looks forward to working with the President and Congress -- as we have with prior enhancement efforts to IRAs, 401(k)s and 529 plans -- to pass legislation that will help create new savings opportunities for Americans."

Fidelity Investments is one of the world's largest providers of financial services, with custodied assets of $1.4 trillion, including managed assets of $773.8 billion as of December 31, 2002. Fidelity offers investment management, retirement planning, brokerage, human resources and benefits outsourcing services to 18 million individuals and institutions as well as through 5,500 financial intermediaries. The firm is the largest mutual fund company in the United States, the No. 1 provider of workplace retirement savings plans, one of the largest mutual fund supermarkets and a leading online brokerage firm. For more information about Fidelity Investments, visit www.fidelity.com.

###

Fidelity Distributors Corporation, 82 Devonshire Street, Boston, MA 02109

#339336

Fidelity Investments

508648

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Suite 350K
Washington, D.C. 20006
telephone 202.775.4430
facsimile 202.775.0836

MEMORANDUM

TO:	Ms. Susan Ralston Executive Assistant to the Honorable Karl Rove
FROM:	Tom Loeffler Tom
DATE:	February 25, 2003
RE:	Karl Rove meeting with Stephen P. Zelnak, Jr. and Tom Loeffler Monday, March 3, 2003

This memorandum serves as an official meeting request for Monday, March 3, at any time conducive to Mr. Rove's schedule, for a meeting with Steve Zelnak and myself. Mr. Zelnak is the President, CEO and Chairman of Martin Marietta Materials—the nation's second largest producer of construction aggregates. We would like to discuss the construction industry with a particular emphasis on transportation issues.

Enclosed herewith is Mr. Zelnak's curricula vita for your reference.

Thank you for all of your assistance. If you need further information, please do not hesitate to contact Katherine Smelko or me at 202/775-7724.

Martin Marietta Materials

Stephen P. Zelnak, Jr.
President, Chief Executive Officer and Chairman of the Board

Stephen P. (Steve) Zelnak, Jr. has served as President and CEO of Martin Marietta Materials since 1993. In 1997, the Board of Directors elected Mr. Zelnak Chairman of the Board.

Mr. Zelnak joined Martin Marietta Corporation in 1981 and has been responsible for the Aggregates operations since 1982. He served as president of the Materials group from 1992 until the formation of Martin Marietta Materials in 1993.

Mr. Zelnak received a bachelor's degree from Georgia Institute of Technology and master's degrees in Administrative Science and Business Administration from the University of Alabama system.

Active in a number of civic, education and business groups, Mr. Zelnak recently served as chairman of the North Carolina Citizens for Business and Industry, and is the immediate past Chairman of the North Carolina Community College Foundation. He serves on the Advisory Board of the College of Management at NC State University and the President's Advisory Board at Georgia Tech.

THE WHITE HOUSE

WASHINGTON

Date: 2/28/03

To: ~~Adam Goldman~~, Barry ~~Jackson~~

From: **Strategic Initiatives**

X FYI

___ Appropriate Action

___ Direct Response

___ Prepare Response For My Signature

___ Per Our Conversation

___ Let's Discuss

___ Per Your Request

___ Please Return

___ Deadline

___ Other

Comments: Per my email re: mtg on Wed, 3/12 @ 11am

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1801 K Street, N.W.
Suite 350K
Washington, D.C. 20006
telephone 202.775.4430
facsimile 202.775.0836

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Executive Assistant to the Honorable Karl Rove

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508648

THE WHITE HOUSE

WASHINGTON

Date: 2/28/03

To: Tiffany Watkins

From: ~~Strategic Initiatives~~ Susan Ralston

✓ FYI

___ Appropriate Action

___ Direct Response

___ Prepare Response For My Signature

___ Per Our Conversation

___ Let's Discuss

___ Per Your Request

___ Please Return

___ Deadline

___ Other

Comments: ______________________________

Tiffany Watkins
Rove 180

Global Peace Initiative

24210 E. Lake Houston Parkway, Suite 30
Houston, Texas 7733
202.667.8100 phon
020.667.8185 fa

Fax

To:	Karl Rove	**From:**	Carolyn Grant
Fax:	202-456-0191	**Pages:**	3
Phone:		**Date:**	02/28/03
Re:	Memorial Service for Dr. E.V. Hill	**CC:**	

☐ **Urgent** ☐ **For Review** ☐ **Please Comment** ☐ **Please Reply** ☐ **Please Recycle**

● **Comments:**

Global Peace Initiative

February 27, 2003

Ms. Tiffany Watkins
The White House
Washington, DC
VIA FACSIMILE 202-456-2130

Dear Ms.Watkins

Thank you for Carl Rove's and your assistance in helping us facilitate the President's attendance at the upcoming National Memorial service for Dr. E.V. Hill. I am sure you are aware of Dr. Hill's strong support of the Republican Party as an advisor to Presidents Regan and Nixon and many Republican candidates across America. Many national leaders, including President George Bush Sr., spoke at his church and all have had great respect for Dr. Hill. Governor Mike Huckabee, R-Arkansas, directly attributes his to last reelection to Dr. Hill's involvement in his campaign. A friend of conservative Christian ministries, Dr. Hill was the only African-American leader that served as an advisor and board member for Dr. Billy Graham.

Depending on the President's schedule, we are planning this memorial service in Washington on March 5th or 6th. Along with Dr. K.A. Paul, we expect many nationally known religious leaders such as, Adrian Rogers, Coach Bill McCarthy, T.D. Jakes, John Haggee, Dr. James Dobson, Charles Blake, Gary Smalley, D. James Kennedy and many others to be in attendance. The fact is that almost every Christian leader looked up to him as their spiritual leader would love to come if invited. Additionally, respected business leaders and Republican supporters including, John Gregory (Ernst Young Entrepreneur of the Year), Joe Gregory, Carl Linder, Scott Beck, Bunker Hunt, J.B.Hunt, Jim Leinenger, Jim Lindsey, among others, will be on hand to honor Dr. Hill. Some of his good friends like Jack Kemp, and Bob Dole are already informed and will do their best to attend. Matt Salmon, Bill Simon, John Thune, Governor Mike Huckabee, J.C. Watts and other members of the Senate and the House have already confirmed their attendance. We have spoken to Ron Kaufman and he is checking the schedule of President "41". Because of his great respect for Dr. Hill, Ron feels like the President would like to attend if his schedule permits.

This is a great opportunity for the republican leadership to honor a man who closely worked with Martin Luther King. No African American in the past 4 decades has done more for this nation, and especially for the Republican Party. That's why Presidents Nixon, Ford, Reagan and George Bush, Sr. considered him a spiritual advisor. We would very much appreciate your confirming the date best for the President on Friday, so

24210 E. Lake Houston Parkway, Suite 302
Houston, Texas 77336
202.667.8100 phone
202.667.8185 fax

#382 Aparajitha Colony
Ameerpet, Hyderabad 16, A.P. India
91.40.340.3288 phone
91.40.341.3301 fax

that we can complete our invitations to leaders. Naturally, this event will show the Republican leadership support for the nearly 35 million African Americans. It is important for us to honor this wonderful man who did so much to help move forward conservative values in the African-American community while being a vocal ally of the Republican Party.

You can contact us at the numbers listed below. We look forward to hearing from you as soon as possible.

Sincerely,

David McQuade

Carolyn Grant

David McQuade
818-752-0200

Carolyn Grant
919-306-1789

CC:
Tom Delay House Majority Leader
Bill Frist, Senate Majority Leader
Senator Brownback
Rod Paige, Education Secretary

David N. McQuade
Hollywood Capital Partners, Inc.
3625 Wrightwood Drive
Studio City CA 91604

508648

Ralston, Susan B.

From: Mark McKinnon [mmckinnon@pstrategies.com]
Sent: Sunday, January 12, 2003 1:18 PM
To: Ralston, Susan B.
Subject: FW: Letterman

Susan. Here is David Letterman's address...
--
Mark McKinnon
Partner
Public Strategies, Inc.
512-474-8848
202-354-8200
www.pstrategies.com

From: Katherine McLane <kmclane@pstrategies.com>
Date: Fri, 10 Jan 2003 14:02:40 -0600
To: Mark McKinnon <mmckinnon@pstrategies.com>
Subject: Re: Letterman

Send to attention of his assistant:

Laurie Diamond
The Late Show
1697 Broadway
New York NY 10019
(212) 975 5300

on 1/8/03 6:08 PM, Mark McKinnon at mmckinnon@pstrategies.com wrote:

> please get a mailing address for David Letterman. A good one.

Ralston, Susan B.

From: Westine, Lezlee J.
Sent: Tuesday, January 07, 2003 3:07 PM
To: Ralston, Susan B.
Subject: Re: Letterman

Nice, short, low-key note seems appropriate. Submit?

yes

Susan B. Ralston
01/06/2003 04:20:55 PM

Record Type: Record

To: Lezlee J. Westine/WHO/EOP@EOP
cc:
Subject: Letterman

Your recommendation?
--------------------- Forwarded by Susan B. Ralston/WHO/EOP on 01/06/2003 04:17 PM ---------------------------

Karl Rove <KR@georgewbush.com>
01/06/2003 04:08:03 PM

Record Type: Record

To: Susan B. Ralston/WHO/EOP@EOP
cc:
Subject: Fw: letterman

Share with Lezlee and see what she thinks.

Sent from my BlackBerry Wireless Handheld (www.BlackBerry.net)

-----Original Message-----
From: Mark McKinnon <mmckinnon@pstrategies.com>
To: Karl Rove <KR@georgewbush.com>
Sent: Mon Jan 06 13:41:46 2003
Subject: FW: letterman

Karl. Might be appropriate very quiet note from the Boss. Couldn't hurt...

mck
--
Mark McKinnon
Partner
Public Strategies, Inc.
512-474-8848
202-354-8200
www.pstrategies.com

From: Tucker_A._Eskew@who.eop.gov
Date: Mon, 06 Jan 2003 08:04:39 -0500
To: Mark McKinnon <mmckinnon@pstrategies.com>
Subject: letterman

Mac: Happy New year.

A friend and fellow Letterman fan passed on this story...Mighty patriotic of ol' Dave.

Since you work the entertainment beat for the boss, does it make sense to prompt a thank-you from him to Letterman? Goodwill- builder, not for publicity...Or should we let sleeping dogs lie?

==
Road to Kandahar: Letterman's Trip Planned by U.S.O.
by Jason Gay
New York Observer

David Letterman's stealthy, whirlwind Christmas visit to U.S. troops in Afghanistan was a surprise even to people close to the Late Show host. Accompanied by Paul Schaffer and stage manager Biff Henderson, Mr. Letterman left New York on Monday, Dec. 23, and traveled to Kandahar, where he spent Christmas Eve and Christmas Day with members of the armed forces.

For a high-profile guy, Mr. Letterman's Afghanistan trip was a well-kept secret. Only a handful of staffers knew he was going. It's not certain if CBS president Leslie Moonves knew-he was away on vacation Dec. 27 and unreachable-but it's clear that Mr. Letterman didn't want to kick up a lot of fuss about his plan, which he briefly discussed on the air during a Dec. 26 Late Show taped just hours after he, Mr. Schaffer and Mr. Henderson returned to New York.

"This was a very personal affair for Dave," said U.S.O. director of entertainment Mitch Marovitz, who helped orchestrate Mr. Letterman's visit and accompanied the Late Show trio to the U.S. base in Kandahar. "He just wanted to go out and say thank you. He certainly didn't want anyone to have the slightest inkling or feeling that he was doing this for publicity. This was personal."

Mr. Letterman was clearly moved by the experience. "These people over there truly are America's best," he said when he talked about the trip on the Late Show. With Mr. Henderson, a Vietnam veteran, seated beside him, he showed off a handful of snapshots he took himself and joked that the troops were unimpressed by his show-business background.

"Hey, TV boy, where do you think you're sleeping tonight?" Mr. Letterman said in a mocking voice as he displayed a photo of an Army tent in the desert. He also showed a photo of himself sharing a cigar with the troops. "If my cardiologist is watching," Mr. Letterman said, "that's not a cigar."

Mr. Letterman's trip was arranged on very short notice-barely two weeks. In December, his agents at C.A.A. contacted the U.S.O. about a possible visit to troops overseas, said Mr. Marovitz. The Pentagon was thrilled about the idea, Mr. Marovitz continued, and a Christmas visit was scheduled, since it coincided with a break in Mr. Letterman's Late Show schedule.

Mr. Marovitz said that Mr. Letterman flew himself, Mr. Henderson and Mr. Schaffer to Oman on Dec. 23 via private jet. From Oman, the Late Show group hopped a ride aboard a fat-bellied C-130 military transport plane and arrived in Afghanistan on Christmas Eve night. Once they were there, Mr. Letterman spent a lot of time talking to soldiers and obliging photograph and autograph requests. A number of soldiers brought him Top 10 lists, some with jokes not suitable for broadcast.

"He was a regular guy-easy to approach, easy to talk to," Mr. Marovitz said. "He had no trouble coming up to the soldiers, and the soldiers felt totally at ease coming up to him."

Later that night, the Late Show bunch met with more than 2,000 troops inside an old hangar on the base. On a makeshift wooden stage, Mr. Schaffer-who brought his own keyboard along-played a couple of Christmas carols, including "Silent Night," as the soldiers sang along.

Then Mr. Letterman spoke. According to Mr. Marovitz, the Late Show host's speech was more a heartfelt thank-you than a Bob Hope-style one-liner fest. In his brief remarks, he expressed his gratitude to the men and women in the armed forces, and thanked them for their hospitality. Then he, Mr. Schaffer and Mr. Henderson signed autographs for everyone in the crowd.

Mr. Letterman also brought gifts: 5,000 T-shirts with "LATE SHOW AFGHANISTAN" printed on them. And, though it might pain his cardiologist even further to hear, he delivered something else for the troops: cigars.

"He brought them over," Mr. Marovitz said.

On Christmas morning, Mr. Letterman and his Late Show cohorts spent some more time with the troops in Afghanistan before heading back to Oman, where they had a dinner with military personnel there. (Mr. Letterman had also been scheduled to visit a base in Bagram, but a runway closure forced the group to cancel). After their Oman stopover, Mr. Letterman, Mr. Schaffer and Mr. Henderson flew back to New York, where they arrived in time to tape two shows in the Ed Sullivan Theater on Dec. 26.

Though Mr. Letterman has a history with the armed forces-he has featured troops in his shows and is known to enjoy having the enthusiastic servicemen and -women in his audience-this was his first official troop visit through the U.S.O., Mr. Marovitz said. And since Sept. 11, Mr. Letterman has shown a particular passion on issues related to the War on Terror, from his poignant Sept. 17, 2001, broadcast to his continued bookings of journalists, authors and other non-showbiz guests to discuss the current unrest.

Mr. Marovitz, whom Mr. Letterman thanked by name during his Dec. 26 broadcast, said it was obvious that the Afghanistan visit was important to the Late Show host. "We all recognized how he is a pretty private person, and how much this whole event must have meant to him," he said.

Tonight on the Late Show with David Letterman, Dave does the hot-guest/cold-guest thing with Nia Vardalos and Barry Sonnenfeld. It's a repeat. Don't worry: the hot/cold thing still applies. [WCBS, 2, 11:35 p.m.]

DELETED0.TXT (177 B)

jasongay.gif (2 KB)

- DELETED0.TXT

- jasongay.gif

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The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Handwritten Note	[Notes]	1	N.D.	P5;

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Records Management, White House Office of
SERIES:
Subject Files - FG006-27 (Office of Senior Advisor - Karl Rove)
FOLDER TITLE:
508648 [2]
FRC ID:
9707
OA Num.:
10731
NARA Num.:
10789

FOIA IDs and Segments:

2015-0037-F

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

A. Closed by Executive Order 13526 governing access to national security information.
B. Closed by statute or by the agency which originated the document.
C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Records Not Subject to FOIA

Court Sealed - The document is withheld under a court seal and is not subject to the Freedom of Information Act.

This Document was withdrawn on 2/9/2016 by erl

F: Slater/Moore
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Following are relevant excerpts from articles on Slater and Moore published in newspapers and sources other than TV/radio transcripts within the past several days.

The Atlanta Journal and Constitution

March 2, 2003 Sunday Home Edition

HEADLINE: OUR OPINION: Girl's death may dim view of tort reform

(Relevant Excerpt)
"…The misnamed tort reform movement, actually a scheme to curb justice for injured plaintiffs, was never anything more than another sop to Big Business, which has taken advantage of Republican dominance to gain every possible benefit --- from deregulation that allows it to rip off consumers and investors to tax breaks that allow it to rip off the U.S. Treasury. Among other things, "tort reform" would allow insurers to make up for lost investment income by cheating plaintiffs who were harmed by medical errors.

Karl Rove, the Machiavelli of the Bush White House, claims credit for talking the president into adding tort reform to his platform during his 1994 Texas gubernatorial campaign. In an interview for a new book, "Bush's Brain," Rove told Wayne **Slater** and Jim **Moore:** "The two issues, education and juvenile justice, were on his agenda list. . . . Later, we added tort reform. I sort of talked him into that one."

At the time, Rove was also a consultant to tobacco giant Philip Morris, which was pushing for . . . guess what?

Despite (or because of) the obvious connections to Big Business, the tort reform movement picked up steam last year, fueled by news accounts of surgeons refusing to operate or obstetricians quitting altogether because they couldn't afford to pay soaring premiums for medical malpractice insurance. The docs are right about this much: Malpractice insurance rates are going through the roof…"

Fort Worth Star-Telegram

February 25, 2003, Tuesday

HEADLINE: Bush aide Karl Rove gains clout with wins

AUSTIN, Texas _ He's the most powerful man you never elected. A brilliant tactician who will stop at nothing to win. A boy genius. Bush's brain.

This is the portrait emerging of Karl Rove, President Bush's chief strategist, architect of the modern Texas Republican Party and a leading practitioner of the dark political arts.

Two new books, not coincidentally called "Boy Genius" and "Bush's Brain," along with the March issue of Texas Monthly, chronicle Rove's remarkable career in Texas and his unparalleled influence in Washington.

Average voters may not immediately recognize his name, but Rove's list of past and present clients is hard to ignore: Texas Gov. Rick Perry, Republican Sens. Kay Bailey Hutchison and John Cornyn, former Sen. Phil Gramm and most of the Texas Supreme Court, including its chief justice.

Taken together, the new body of literature about Rove suggests that a political consultant has never had so much influence on a president, never so little mercy for his enemies and never such relentless energy and focus in pursuing victory.

"Bush is the product. Rove is the marketer," write veteran Texas journalists Jim **Moore** and Wayne **Slater** in "Bush's Brain." "Karl Rove thinks it, and George W. Bush does it."

In "Boy Genius," Rove is called the Michael Jordan of political kingmakers. "No political consultant," authors Lou Dubose and Jan Reid write, "has ever played the high-stakes game of electoral politics like Rove does."

Whether it's the president's decision on steel tariffs, control of the Senate or the marketing of the war on Iraq, Rove is omnipresent, a driving force in crafting Bush's "compassionate conservative" message and in plotting his runs for governor and president -- years before they got on the political radar screen.

Born Christmas Day in 1950, Rove grew up in Utah, where he developed an early obsession for politics and the Republican Party. By all accounts, including his own, he was a nerd's nerd, pocket protector and all.

Rove is a protege of late GOP strategist Lee Atwater, who knew a thing or two about hardball politics. Atwater helped manage Rove's successful campaign to lead the national College Republicans in 1973 and went on to counsel George Bush the elder in the White House.

Later comparing himself to Atwater, Rove, whose only known vice is inhaling electoral statistics, said he lacked Atwater's people skills: "I'm more of a nerd. Lee was a nerd in high school, but then he learned to play the guitar and talk to girls, and I never did."

One of Rove's early jobs was to teach "dirty tricks" to university students, the books note. The allegation was investigated by the head of the Republican National Committee at the time -- Bush the father -- and Rove was officially cleared of any wrongdoing, if not suspicion.

It was in those days that Rove got to know George the son. One of his jobs was to deliver a set of car keys to him when he was in town visiting his parents.

Rove later parlayed his Bush connections into a political consulting business in the Lone Star State, where he "remade Texas by methodically and ruthlessly eliminating the Democratic Party from the top down," reads a passage from "Boy Genius."

In Bush's Brain, the authors patch together new and old circumstantial evidence to suggest Rove bugged his own office in 1986 and then insinuated that Gov. Mark White did it. His client, Bill Clements, later won.

The authors also conclude that Rove colluded in the late 1980s with an Austin-based FBI agent in a scheme to tar then-Agriculture Commissioner Jim Hightower in advance of the 1990 election. Rove denies involvement in either story, and without definitive proof, it's hard to tell which version is right.

What is not in dispute is that two of Hightower's aides landed in prison on corruption charges, the agriculture commissioner's colorful political career was finished and Rove had plucked a handsome West Texan from obscurity in a fading Democratic Party and put him on the fast track to GOP stardom.

Now governor, Rick Perry recalled the role Rove played 12 years ago.

"He did everything," Perry said. "He says: 'Here's who to hire. Here's who not to hire. Here's how to run the campaign.' He showed me a plan and pointed to it. Lots of numbers. He points to it. He says, 'You'll stay pretty much underground until this point.' "

"Boy Genius" is entertaining and well-written but it breaks little new ground. "Bush's Brain" is much darker, calling Rove a "co-president" whose broad reach into the White House could raise constitutional questions. With all the secrecy that has descended upon Washington and the White House, that claim seems hard to either verify or dispute.

If there's a common thread here, it's Rove's uncanny ability to orchestrate, as he did with his "front porch" campaign, inspired by the 1896 presidential race, which brought money and people to Bush for the 2000 race and allowed the green Texas governor to honor his promise to stay home during the 1999 legislative session.

And in 1985, Rove had penned a revealing memo about how to position Republican Clements for his successful rematch with Democratic Gov. Mark White, according to "Bush's Brain."

"Emphasizing your appointments of women and minorities will not win you the support of feminists and the leaders of the minority community, but it will bolster your support among Republican primary voters and urban independents," he wrote. Likewise, stressing a teacher pay raise was not to win teachers, a key Democratic constituency, but to get the votes of suburbanites who were up for grabs, Rove said.

Years later, in the 2000 presidential race, Bush's frequent photo-ops with black and Hispanic children was often derided by opponents as a cynical ploy to reassure swing voters, not to signal any policy shift.

It's hard to argue with Rove's success. Two decades after he opened for business in Texas, the state had gone from total Democratic domination to one without a single Democrat in any statewide office. And Rove had either run or played a major role in nearly every statewide GOP campaign.

Along that road littered with Rove victories are the charred remains of those who crossed him. Among them is Tom Pauken, the former Republican Party chairman, a combative conservative who openly opposed Rove and Bush on taxes and the selection of state convention officers in the mid-1990s.

Pauken says Rove leaned on GOP donors to cut off his party funding, and then worked to defeat him in the 1998 attorney general's race. Rove's client, John Cornyn, won and now sits in the Senate, a few blocks down Pennsylvania Avenue from Rove's prime West Wing office.

"I'm not mad at him," Pauken says in "Boy Genius." "I beat him. He beat me. That's life: I'm in political exile, and Karl's running the country."

The Hotline

February 25, 2003 Tuesday

HEADLINE: DOES ROVE REGRET TALKING TO THE "BUSH'S BRAIN" GUYS YET?

Washington Post's Milbank reports, WH senior adviser Karl Rove took credit for Bush's "support for limiting jury awards" during his '94 gov. campaign in an interview found in the new book, "Bush's Brain." Rove noted Bush's "interests in 'compassionate conservatism' and 'faith-based institutions'" and then said: "Later, we added tort reform. I sort of talked him into that one." Rove was "then a consultant to Philip Morris, an advocate for tort reform." And his "claim of responsibility for the tort reform issue is somewhat at odds with a deposition he gave during the tobacco lawsuit. Asked whether he discussed overhauling civil liability law with then-Gov. Bush, he replied: 'I can't say that I did. But I can't say that I didn't. I do not recall. I know that tort reform was a significant part of his legislative agenda but it was not my area." Write the authors, Wayne **Slater** and Jim **Moore:** "Rove wanted that issue elevated because he knew that its most ardent advocates in Texas could provide millions of dollars in campaign contributions needed to unseat [ex-TX Gov. Ann] Richards" (2/25).

A Hotline source reminds us that Rove has addressed his role on tort reform in the past. In an interview with Robert Draper for the 1/00 issue of GQ, Rove was quoted as saying: "Of the four issues he ran on in '94 (education, welfare, juvenile justice, tort reform), I can honestly say I played a role in only one of them. I'm a huge tort-reform advocate" (sources, 2/25).

The Washington Post

February 25, 2003, Tuesday, Final Edition

HEADLINE: The Political Mind Behind Tort Reform

For those who argue that President Bush's support for limiting jury awards has nothing to do with politics, a complication has emerged: His top political adviser, Karl Rove, has taken credit for the issue.

In an interview for a book published this week, Rove claimed responsibility for talking Bush into the subject of "tort reform" when he was packaging Bush for the 1994 Texas gubernatorial race.

"The two issues, education and juvenile justice, were on his agenda list," Rove told Wayne **Slater** and Jim **Moore** in an interview for their book, "Bush's Brain." Rove, noting Bush's interests in "compassionate conservatism" and "faith-based institutions," said: "Later, we added tort reform. I sort of talked him into that one."

Though Bush has said a civil liability revamp, specifically his plan to limit medical malpractice awards, "is not a Republican issue, it's not a Democrat issue," Rove's claim of paternity suggests otherwise. As Slater and Moore write, Rove was then a consultant to Philip Morris, an advocate for tort reform.

As part of his work for the tobacco company, Rove in 1996 provided advice on a "push poll" to see how best to damage then-Texas Attorney General Dan Morales, who was threatening to sue the tobacco industry. Rove presented a copy of the findings to Bush's office.

Rove's claim of responsibility for the tort reform issue is somewhat at odds with a deposition he gave during the tobacco lawsuit. Asked whether he discussed overhauling civil liability law with then-Gov. Bush, he replied: "I can't say that I did. But I can't say that I didn't. I do not recall. I know that tort reform was a significant part of his legislative agenda but it was not my area."

Slater and Moore write that while tort reform is standard Republican fare, "Rove wanted that issue elevated because he knew that its most ardent advocates in Texas could provide millions of dollars in campaign contributions needed to unseat [former Texas governor Ann] Richards."

At the national level, Bush's support for overhauling civil liability law has won him friends among insurers and doctors. According to the Center for Responsive Politics, health care professionals and insurers have given two-thirds of their $ 71 million in contributions to Republicans in the past two years.

The Dallas Morning News

February 23, 2003, Sunday SECOND EDITION

HEADLINE: The man behind The Man;
Rove molded Bush into the leader of a state, a country

Editor's note: Political consultant Karl Rove is the chief political adviser to President Bush and one of the most complex and influential figures in the Bush White House.

As a young political operative in Texas, Mr. Rove helped direct the Republican takeover of state government and the political rise of Mr. Bush from a fledgling candidate for governor to president of the United States.

In a new book, Bush's Brain: How Karl Rove Made George W. Bush Presidential, authors Wayne **Slater** of The Dallas Morning News and Austin journalist James **Moore** chronicle the relationship between Mr. Rove and Mr. Bush, one of the most successful political partnerships in American history.

Here is an excerpt:The White House meeting went late so President George W. Bush invited a couple of aides to join him for dinner in the dining room.

Afterwards, he brought out cigars and the three of them - media chief Mark McKinnon, political adviser Karl Rove, and the president - sat around the table under the soft curl of cigar smoke and talked.

It was just months since Bush was inaugurated, and the chandelier in the State Dining Room cast a golden light over the crystal and the remaining plates of the chocolate tumbleweed and poached pear dessert.

Andrew Jackson had been in this room. And Woodrow Wilson. And Truman. And the Roosevelts, especially Teddy. During the Civil War, Abraham Lincoln had carried the agonizing weight of the job into this very room. Nobody knew this better than Rove, a conspicuous student of history. This was a room rich in power and precedent…."

Fort Worth Star Telegram

February 23, 2003, Sunday FINAL EDITION

HEADLINE: Bush aide gains clout with wins

AUSTIN--He's the most powerful man you never elected. A brilliant tactician who will stop at nothing to win. A boy genius. Bush's brain.

This is the portrait emerging of Karl Rove, President Bush's chief strategist, architect of the modern Texas Republican Party and a leading practitioner of the dark political arts.

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The National Journal

February 22, 2003

The Book on Bush

L ooking for the book on our president? Here's the story on two that might not make the White House reading list. The Houston Chronicle reports that two new books describing the influence of senior adviser Karl Rove on President Bush are not likely to go over well in the White House, where upstaging the president "is considered tantamount to treason." Bush's Brain: How Karl Rove Made George W. Bush Presidential and Boy Genius: Karl Rove, the Brains Behind the Remarkable Political Triumph of George W. Bush suggest that Bush might not be where he is today were it not for Rove's many talents.

According to Wayne **Slater** and James **Moore,** authors of Bush's Brain, "In the fullness of his accomplishments, Karl Rove has raised a new and disturbing question for American voters and their Republic: Who really runs this country?" Moore and Slater view Rove as critical to shaping national policy, including Bush's decision to ratchet up his confrontation with Iraq's Saddam Hussein before last fall's elections. (Houston Chronicle, 2/16)

Austin American Statesman

February 21, 2003, Friday

HEADLINE: The brain behind the Oval Office
Journalists' book gives detailed but circumstantial accounts of Bush adviser Karl Rove's strong influence

Surely Wayne **Slater** and James **Moore** did not set out to write an indictment of the George W. Bush presidency. But that is the unexpected result of the second, and more substantial, of the recent books about Bush's longtime political partner, Karl Rove.

"He has created a politics of pretense," the Austin-based reporters write of the senior adviser to the president as their 347-page "Bush's Brain: How Karl Rove Made George W. Bush Presidential" draws to its scathing close.

"Neither Rove nor the Bush administration give the electorate credit for being sophisticated enough to call them to account. If they were concerned about being caught, Rove would reduce the president's exposure to claims of hypocrisy and broken campaign pledges. Instead, Bush signs his education bill, the 'Leave No Child Behind Act' with a smiling Ted Kennedy over his shoulder. This is the TV moment the electorate remembers, a president appearing to create bipartisan coalitions and endeavoring to 'change the tone' in Washington while helping our children."

They also fault Democratic leaders for failing to articulate arguments on any number of fronts: "No politician emerged to discuss what the potential war against Iraq was really about. Nor was anyone speaking of the careful dismantling of environmental regulations or proposed reductions in education funding while military spending spiked into double digit percentage increases . . . The president was confident. The public believed. And the Democrats cowered."

The authors attribute that trifecta to Rove, the one-time nerd they cast as a political Dr. Evil. Dubbing him "co-president of the United States," they argue that he and Bush function as parts of a whole -- brilliant, ruthless strategist guiding ambitious, connected son. Their book fills in the outline drawn by Lou Dubose, Jan Reid and Carl Cannon in "Boy Genius: Karl Rove, the Brains Behind the Remarkable Political Triumph of George W. Bush" which came out in January and drew a similar portrait of Rove as the mastermind who engineered the defeat of Texas' last class of Democratic office holders.

Slater, Austin bureau chief for the Dallas Morning News, and **Moore,** a Democratic campiagn worker and former Austin bureau chief for KHOU-TV, dig up detailed, albeit circumstantial, evidence of Rove's machinations. They tell how Rove allegedly bugged his own office, then cried scandal to distract attention from an upcoming debate between his client, former Republican Gov. Bill Clements, and Democratic incumbent Mark White in the campaign's final days. Clements won the election.

In another instance, the authors use exhibits not entered at an eventual trial as well as state and federal records, to make a convincing case that Rove worked with an Austin FBI agent named Greg Rampton to bring down Jim Hightower, former Texas Agriculture Commissioner and a rising star on the national Democratic stage. The bureau's investigation ruined Hightower politically and sent two of his lieutenants to prison.

The authors can't prove such suspicions any more than their contention that Rove almost single-handedly limits the information Bush gets. And that is a problem with both Rove books. They do what the authors accuse Rove of doing, alleging guilt by innuendo and association, while they risk minimizing the key role of players such Vice President Dick Cheney and Paul Wolfowitz, deputy secretary of defense and an ardent and influential hawk.

Rove took Slater and Moore's effort at examining his tactics seriously enough to sit down for a 4 1/2 hour interview and for follow-up telephone conversations. He obtained an early manuscript and asked for changes. The authors corrected factual errors, but **Slater** said they made no major revisions and did not alter the book's central assertion, one he said Rove objected to strongly, that Rove holds enormous sway with the president.

That assertion -- and the uncomfortable analysis the authors offer-- should force questions about having a win-at-all-costs political operative shaping White House policy as our nation moves toward war over the world's protests.

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hold

CENTER FOR THE STUDY OF THE PRESIDENCY

Feb 27 '03

TO KARL ROVE

FROM Dick McCormack

TO MY great Regret
I will be abroad on
Business on March 4
and hope we can
reschedule our meeting
after I return.

Attached is the final
draft of the Economic
Vulnerability paper, cleared
line by line by a former
chairman of the CEA.

1020 NINETEENTH STREET, NW ☆ SUITE 250 ☆ WASHINGTON, DC 20036 ☆ 202-872-9800 ☆ FAX 202-872-9811 ☆ CENTER@THEPRESIDENCY.ORG

LOOKING FORWARD: SOME VULNERABLE POINTS IN THE GLOBAL ECONOMY

RICHARD T. McCORMACK*

Presentation to the Rotary Club of Washington D.C.
Feb. 26, 2003

--INTRODUCTION--

Like Warren Buffett, I am a tremendous believer in the long term future and prospects for our immensely creative and flexible U.S. economy. There are, however, some matters that do concern me as I look at the U.S. and global scene. Today, I am going to spend a little time talking about some of these vulnerabilities, partly because I believe that many of these situations can be improved or corrected if we pay a little more attention to them.

I travel a great deal every year talking with political and financial on five continents. I do this because in today's global economy, what happens in one part of the globe often has major consequences, sometimes quite unexpected, in other parts of the globe. For example, a ruble crises in Moscow five years ago triggered a melt down of derivative positions on Wall Street that posed a threat to the U.S. financial system itself. That is just one example of the global interconnectedness of everything.

--HOW THE STOCK MARKET BUBBLE GREW AND BURST--

As you know, the bursting of the U.S. stock market bubble erased somewhere between 7 and 8 trillion dollars. When you add to this the immense sums that were lost in overseas equity markets during the same period, the magnitude of liquidity destruction was simply enormous.

The question is what caused all this?

Many of you are students of history will remember the famous cartoon by Thomas Nast about the corrupt Tweed Ring in New York in the late 19th century. The title of the cartoon was: "Who stole the People's money". It featured a group of well fed men standing in a circle, each man pointing his finger at the next person in the circle.

A similar cartoon could be drawn about the great asset bubble and bust of the late 1990's. The former head of the securities and exchange commission points to Congress for failure to heed his warnings. Congress points to some dishonest people on Wall Street for having misled investors. Wall Street analysts point to the Federal Reserve for printing too much money. The Federal Reserve points to the irrationally exuberant investors and greedy corporate leaders. The greedy corporate leaders point to their auditors. The auditors point to complexities in the derivative system and the rules which allowed them to operate the way they did. And so on around the circle of blame.

The fact of the matter is the blame is widely shared. There was massive systems failure here. And a massive loss of wealth when the bubble burst. The FED has come in for special criticism because it is the ultimate regulator of the health of the nation's financial system, and the body which controls the amount of liquidity made available to that system.

It is true that the equity bubble was fuelled in part by accommodative monetary policies in the latter part of the 1990s. Indeed the world was awash in liquidity during most of the bubble years. Attractive investment opportunities grew harder and harder to find. Traditional value analysts of stocks were increasingly discredited, as market momentum confounded one after another of their bearish predictions. Available cash continued to flow into already overpriced stocks, and also into over-investment in capacity for the production of goods and services. Telecoms were a prominent example.

People running U.S. monetary policies were obviously highly competent and experienced individuals. A question now often raised is why monetary authorities did not heed the warnings that appeared regularly in the *Economist Magazine* and other respected publications, and reduce the availability of liquidity, or at least, increase margin requirements.

We also know from recently released minutes of the deliberations at the Federal Reserve, that many of the Governors, including Larry Lindsey and Chairman Greenspan himself, were greatly concerned about the potential for a catastrophic asset inflation bubble as happened in Japan during the late 1980s.

These troubled deliberations inside the FED began in 1996, shortly before Chairman Greenspan made his famous "Irrational Exuberance" comment at the American Enterprise Institute.

*Former Ambassador McCormack served as UnderSecretary of State for Economic Affairs and G-7 Sherpa 1989-91
He is currently Counselor at the Center for the Study of the Presidency.

Experienced financial leaders, such as former New York Federal Reserve official, Henry Kaufmann, faulted U.S. monetary authorities for failure to take preemptive action to abort the developing asset inflation. They questioned why Chairman Greenspan did not use his bully pulpit to repeat his warnings about irrational exuberance, instead of cheerleading the investment boom.

Friends of Chairman Greenspan reply that low consumer price inflation in the U.S. during this period would have made it difficult for him to justify to Congress the sustained increases in interest rates and squeezing of liquidity that would have been necessary to deflate the bubble. Some critics would doubtless have accused him of gratuitously damaging capital markets. Yet this was the very policy advocated by the I.M.F., the *Economist Magazine* and others.

There were several other developments that took place in the latter part of the 1990s that made it difficult to dampen the U.S. economy and financial markets with a tight money policy. In the latter part of 1997, the Asian financial crisis unfolded with a vengeance. With the strong encouragement of the U.S. Treasury Department, monetary authorities poured high powered liquidity into U.S. financial markets in the last quarter of 1997 to cushion the blow from Asia.

The following year, the Russian ruble and banking crisis triggered a series of world wide repercussions that eventually undermined the highly leveraged derivative investments of a number of New York hedge funds, including the respected Long Term Capital Management firm. Creditors were also sucked into the vortex. Once again, the FED injected masses of liquidity into the broad market.

Finally, stating worries about the potential impact of the Year 2000 computer glitch, the U.S. Central Bank preemptively injected large amounts of liquidity into financial institutions in the fourth quarter of 1999.

Chairman Greenspan later said that market warnings unaccompanied by large and sustained curbs on available liquidity would have had no more impact on raging bull markets than his original "irrational exuberance" speech.

In 2000 the FED applied the brakes and the enormous bubble eventually burst amidst widespread recriminations. There is some talk now about the possible desirability of term-limits for future incumbents of the nation's second most powerful job.

--THE BUBBLE'S CONSEQUENCES AND AFTERSHOCKS--

The loss of purchasing power that accompanied the erasure of stock values, plus the excess capacity that easy money made possible, contributed to an imbalance between supply and demand in some key markets. Profits further weakened and the new concern became deflation and recession.

To help stimulate demand and off-set the massive loss of wealth from the collapse of the stock market, the Federal Reserve reversed itself in 2001 and progressively lowered interest rates, in part to stimulate the housing market and the borrowing power and net wealth of homeowners and consumers.

Some question now whether a new bubble, a housing and real estate bubble, is being created.

There is no easy answer to that question. While the upward trend in most U.S. real estate markets is sharp, conditions do vary regionally and in different sectors of the real estate market. At the lower end, there is clearly a demand for housing on the part of people seeking starter homes, including young immigrant families. At the upper end of the commercial real estate market, there is already a softening in places like New York City. The question is what will happen to the vast middle of the market and when?

It is important to remember that while interest rates are at historically low levels, rising insurance rates and local taxes are steadily adding to the cost of real estate ownership. It is also important to remember that current low interest rates will not last indefinitely, and rising commodity and producer prices and other indicators suggest possible future inflationary pressures in sectors of the U.S. economy.

In London, where housing costs have risen 25% in a single year, history suggests a possible repeat of the housing bubble that was created and burst during the tenure of former Chancellor Nigel Lawson. This bubble, before collapse, triggered inflation and required draconian monetary retrenchment. This in turn contributed to the sour political climate that ended Margaret Thatcher's historic prime ministership, helped leave the Conservative Party in shambles from which it has not yet recovered ten years later.

Much obviously depends upon the health of the U.S. economy. Massive fiscal and monetary stimulus has been applied in the past two years, a need anticipated by President Bush's economic advisors as he came into office. And while growth was nearly flat in the last quarter of 2002, there are signs, such as increases in orders for machine and tool companies, which in the past have heralded a pick-up in capital investment. However, it is clear that many capital investment decisions are being delayed due to residual overcapacity in some sectors, and uncertainties from oil markets, terrorism, and a likely conflict with Iraq.

--FUTURE PROSPECT--

Should Saddam Hussein suddenly disarm or depart and other geo political threats recede, prospects for a slow and steady growth in the American economy seem quite positive in my view, albeit nowhere near the boom conditions of the 1990s.

A gradually weakening dollar, although a potential source of sectoral inflation and higher U.S. capital costs, should also encourage more investment and production in manufacturing in the United States.

Should the conflict and follow up with Iraq prove longer and more expensive than anticipated, and should sabotage impact oil shipping and production facilities beyond those damaged in Iraq itself, U.S. and global economic recovery is likely to be delayed for another year or so, depending on the severity and duration of the war, terrorist operations, and oil market disruptions.

In 1990, the first Bush Administration delayed release of oil from the stockpile until the very eve of the Gulf war. This decision, plus the firing of the Kuwaiti oil fields and the embargo against Iraq's oil, led to an increase in oil prices and inflation in the United States and elsewhere. This, in turn, encouraged the Federal Reserve to maintain tight monetary policies for longer than otherwise would have been the case. Ultimately, this resulted in President Bush having to campaign for re-election in a recession in 1992. This scenario easily could be repeated in 2004.

Now, let me touch briefly on other vulnerabilities in the global economy.

--JAPAN'S MALAISE--

In the case of Japan, fiscal efforts to prime the pump and delay painful restructuring of the economy have contributed to a massive public debt. The OECD estimates that this debt equals 140% of the gross national product, the largest by far of any member of the industrialized world. Other well informed observers believe that Japan's actual public debt and contingent liabilities are far higher than even the OECD estimates. Japan may not be more than a few years away from having a public debt larger than the total net savings of the Japanese people. Japan is able to service a debt of this magnitude only because interest rates, in a deflating economy, are about 1% in nominal terms. But what happens to all those 1% bonds when the inevitable day comes that interest rates rise to support the greater risk that this huge debt entails? Who will want to buy these bonds should perceived risk and inflation mount? And what will happen to the banks and insurance companies which hold many of these 1% bonds as collateral and capital? Indeed, the Governor of the Bank of Japan recently worried aloud about the exposure of his own institution's balance sheet, should inflation undermine the value of the BOJ's vast and growing bond holdings?

Dealing with Japan's multiple structural, financial, and economic problems must inevitably involve some short-term increase in bankruptcies and unemployment, as part of a fundamental transition. Many so-called zombie companies, kept alive by constant transfusions of loans from banks, will eventually have to be closed. The alternative is ever more bad debt piling up in the banks. But much of Japan's political class is resistant to policies involving short-term pain, so the debt build-up continues and continues.

Recently however, former Finance Vice Minister Ito published in the Financial Times, a credible plan for addressing some of Japan's financial and structural problems. It contained the following elements:

1. Since Japan's central bank has failed to grow the money supply sufficiently with lower interest rates alone--the money supply grew by only 2% during the past 12 months--Ito urges unconventional measures to inject money into the economy. In current circumstances, broad deflation can only be cured by a monetary expansion.

2. Japan must gradually control excesses in deficit financing to avoid a fatal debt build up, and eventual crisis in debt servicing. Ito also believes that the tax system and public spending patterns must be reconfigured to encourage greater aggregate demand.

3. The non-performing loan problem must be progressively solved, so that Japan's capital can be put to higher and more productive uses than supporting zombie companies. The banking system needs reform, injection of public money, nationalization in some cases, and outright closure of some weaker banks.

If a program along these lines does not happen within a relatively short time, the debt build-up in Japan will sooner or later trigger a crisis that may shake the nation to its roots, destroy an immense amount of wealth, require a massive use of the printing press at the Central Bank that will be highly inflationary, and force Japan to face its problems with a vastly reduced capital and savings base. Prolonged oil prices increases, a war in Korea, or a double dip in the U.S. recession would of course put immense new pressure on the Japanese economy and finances. Fortunately, a highly competent man, Mr. Fukui, has just been named head of the Bank of Japan. I do not envy this man; he is inheriting a mess.

--THE ARGENTINA EXAMPLE--

Argentina is a good example of a country which delayed facing its problems until it was too late. Today Argentina's economy is 20% smaller than it was four years ago. The banking system and a large part of the country's savings were lost. Capital flight added to the disaster. The crisis itself forced desperate last minute measures which further undermined the country's economy. Today, the political class is largely discredited. Demagoguery forms an important part of the public discourse. A key problem in Japan, as in Argentina, is that the abler parts of political class seem unable to unify behind national leadership to shape and implement a meaningful reform program.

Beyond Japan, there are other problems which contribute to the overall sense of unease in the global economy.

--BRAZIL'S HIGH WIRE ACT --

Brazil's large debt is mainly funded by short term loans at nominal interest rates of 25.5% which are vulnerable to inflation indexed increases. The great danger of a large long-term debt funded by short-term borrowing is that there is no margin for error. The moment markets lose confidence in your policies, or in the broader context in which your country operates, risk premiums on borrowings can explode. Brazil today faces the common danger of an oil price induced inflation, and the urgent need for pension and tax reforms, both of which are controversial. The new Brazilian President is doing his utmost to achieve these reforms and has made an excellent beginning. He knows that failure to achieve these fiscal reforms could easily force a renegotiation of Brazil's public debt within 18 months. Recently, neighboring Uruguay and Paraguay were driven to renegotiate their own large debt, victims of regional contagion and past policy weakness.

There are similar problems in other Latin American nations. Except for Chile it is hard to find a bright spot in South America. Much of the missionary work done in the 1980s to encourage the adoption of market based economic reforms has been undermined by policy failure, a few corrupt and discredited privatizations, and similar mistakes. But as the embattled President of Bolivia recently stated: "The hangover facing our region is not due to the reforms we have made, but to the reforms which we have not yet made."

We have a very large stake in the outcome of the intensifying struggle playing out between the demagogues and the sound economists in many parts of Latin America.

--THE EURO DELIMMA --

In Europe, Germany's key economy is weakening, and major reforms in labor markets and other aspects of the German economy are urgently needed. Politics impedes this, and meaningful reforms may not happen until Germany's two large parties join in a broad coalition to force through needed legislation. There are other serious problems elsewhere within the Euro zone, worsened now by its strengthening currency and global economic weakness. And now we have an Enron type debacle impacting one of Holland's largest corporate giants.

--THE CHINA QUESTION--

China's intense national ambition rapidly to become the dominant Asian power, plus low wages and an undervalued currency have unleashed trends that threaten to turn that country into an engine of deflation in sectors of manufacturing. Over supply of goods is causing profit problems for competitors both within China and abroad. Many state owned factories, burdened with antiquated facilities and heavy benefit programs for their workers, are in business only because banks are required to provide "loans" to subsidize their operations and prevent unemployment. This is contributing to a bad loan problem that may rival that of Japan in its size and potential implications for the future.

Indeed, mismanagement of banking and finance has been the traditional Achilles heel of the Asian development model, and China is not likely to prove a long-term exception to this rule. But in the meantime, China's exports are expanding at a frantic pace--as much as 30% per year. These export industries now contribute more than 40% of China's entire two tiered national economy. This trend in export growth rates can not continue indefinitely without major consequences for China and for the global trading system as a whole.

--THE U.S. TRADE DEFICIT--

This brings us full circle to the United States, where we have a net debt from accumulated trade deficits now exceeding two trillion dollars, debt that must be serviced with interest and profit remittances. This year the trade deficit will increase by another $400-500 billion. (China alone adds $100 billion to this total.) This unsustainable trend has already helped drive the dollar down by 13% on a trade-weighted basis this past year.

Predicting short-term currency trends in today's volatile conditions is difficult, partly because the dollar's competitors, the yen and the euro, are based on economies that are themselves deeply troubled. Nevertheless, the massive, growing, U.S. debt and soft financial markets, leave the dollar extremely vulnerable. Should the dollar continue to fall, the U.S. market will be less available to overseas exporters, regardless of our trade and tariff policies.

Past U.S. trade policy concentrated on opening U.S. and global markets. We are now engaged in a new round of sweeping tariff reductions. But if we do not succeed in creating opportunities for the U.S. to reduce its trade deficit--which continues at record levels even during a recession--the dollar may continue to fall, and this will have consequences, including inflationary pressures, and a rise in the cost of capital to the United States.

Global ill will toward, or misunderstanding of, U.S. foreign policies could trigger a defacto overseas boycott of U.S. goods and services far beyond Macdonald's currently flagging sales in the Arab world. This could have long term implications for Boeing and other big-ticket U.S. exporters which now contribute importantly to our balance of payments.

When floating exchange rates were adopted after the collapse of the Bretton Woods system, it was expected that this system would trigger automatic adjustments in balance of payments.

Reality proved more complicated than that, as some mercantilist countries endeavor to influence currency directions with interventions, dirty floats, fixed arrangements, large-scale capital transfers, etc. Competitive currency devaluations thus replaced tariffs and other non-tariff barriers in some parts of the world as an important regulator of the terms of trade.

Over the long term, floating exchange rates have proven their value to most countries which adopted them. But in the short term, currency interventions of various kinds have greatly complicated international trade, and contributed to the large sustained U.S. trade deficit.

China is a special case now because it retains an exchange rate firmly linked to the dollar that is highly advantageous to China's export industries. The problem comes when China's huge trade surplus with the U.S. helps push the dollar down against the Euro, the yen, and other floating currencies. This greatly disadvantages other trading partners of the U.S., and if it continues at this pace in the years ahead, it will tend to concentrate ever more of global manufacturing in one country, namely China.

The problem with overproduction in whole sectors of manufacturing in China is that tradable goods prices are set at the margin. Small imbalances between supply and demand, whether computer chips or petroleum, have disproportionately large impact on prices in the world market, and on the competition in places without weak currencies subsidies, or other market distorting practices.

China's economic development is a good thing, not a bad thing. But some of China's policies to jump-start a once moribund state run economy can be dangerous to China and others if continued too long.

At Davos, recent efforts were made to persuade China to allow its currency to appreciate, following quiet appeals from the U.S. Secretary of the Treasury and others. These appeals were utterly rejected. If this situation continues, it is likely to result in efforts by some of China's competitors to weaken their own currencies. This can lead to an ugly race to the bottom, and instabilities in the global economy.

If internal problems do not brake China's pace, there may be pressure at some point from abroad to slow down the expansion of China's export juggernaut to allow time and space for competing economies, including those in the Western Hemisphere to grow and adjust. This is what happened in the mid 1980s to blunt Japan's massive export drive, which also was fueled in part by state capitalism, an undervalued currency, multiple non-tariff barriers, and an intense national ambition to achieve U.S. standards.

-- --CONCLUSIONS: THE WAR AND BEYOND--

As we consider the economic developments of the past century, and longer, the trends are overwhelmingly positive. Technology, science, democracy, education, and productivity have improved the quality of life for billions of people on this planet. Ancient illnesses have been fought and defeated. Drudgery in daily life and work has been dramatically reduced. These trends will certainly continue and intensify in our present century.

But there have also been bumps in the road of progress. Debt problems, demagogues, wars, inflation, and over investment in capacity, have taken their toll in blighted lives, recessions, and a major depression during the past century. We understand now, better than we used to, how to cope with fundamental economic problems. But while we can learn from the past, it is important to recognize that each major economic accident impacting national and regional economies has been unique. Attempting to build precise models based on past situations has thus far not been very successful in predicting the next economic crisis. In this sense, notwithstanding all the advanced mathematics and powerful computers, economics is still a young science, still learning, still attempting to build paradigms that will allow us all to peer into the future with more confidence to avoid costly debacles. In the meantime we have to look beyond our computers to assess deeper vulnerabilities.

This is not going to be easy. Human nature, with all of its complexity and vulnerabilities, still operates on the basis of emotions, values, drives and ambitions the impact of which is difficult to quantify. Statistics will continue to be flawed by false data fed into powerful computers. Confidence will suddenly collapse from time to time, triggering runs on banks and countries. Leaders will not always be totally candid with their followers and their creditors. Politics itself is an unpredictable factor. People also make honest mistakes.

Painful old lessons about such dangers as asset inflation will have to be relearned. As each generation dies off with its deeply imbedded memories of booms and busts, the snake oil salesmen will again appear in force, together with their witting and unwitting accomplices in corporate and public life.

In our time, derivatives have added vast new areas of uncertainty. There is somewhere between 80 and 100 trillion dollars worth of those instruments outstanding today. While they do reduce risk to individuals and companies, they also spread that risk, often in highly leveraged form, to other individuals, institutions, and in extreme form to the financial system itself--as we saw with the Long-Term Capital Management hedge fund debacle.

It requires a high degree of technical skill, and unusual dedication and effort for outsiders to penetrate these constantly evolving derivative markets and understand where the ever-shifting vulnerabilities lie. This can not be done by the average investor, who is likely to have no idea what recent gambles a firm's management may have made on derivative markets until the bad news of a massive loss suddenly hits the street.

Today, however, the greatest uncertainty facing the American economy undoubtedly has to do with the unpredictable elements of war and terrorism, and the potential for disruption of energy related production and transportation facilities. The Venezuelan problems have complicated all this.

Recently economists at the IMF have calculated that geo-political uncertainties, including a war in Iraq, could easily cut projected global economic growth in half this year to only 1.5%.

One of the reasons for this heavy impact is the vast disproportion between the costs of mounting terrorist attacks and the damage that they can inflict on advanced, open, and vulnerable economies like ours. This past summer, one of Washington's think tanks assembled a group of economists to assess these relative costs. At that time, it was concluded that the 9/11 attacks on the Twin Towers and the Pentagon, cost Al-Qaeda about $250,000 to mount. The assembled economists calculated that the net cost to the American economy of this attack, direct and indirect, exceeded $800 billion dollars. This included the damage to financial markets, transportation industry, insurance industry, hotel industry, the buildings themselves, and the titanic costs of protecting the country from future attacks. Knowledge that terrorists have targeted civilian aircraft with cheap anti-aircraft missiles, has recently generated proposals to equip these planes with anti-missile systems—at a cost of $10 billion dollars. The war with Iraq, partly aimed at avoiding possible future Iraqi cooperation with terrorists, will certainly cost $100 billion dollars or more before it is over. This does not include the enormous sums our allies are asking to secure their cooperation with the war effort. If there is an oil crisis, this cost will multiply. Each thousand point decline in the Dow Jones costs share holders roughly a trillion dollars. Inflation has the potential to jolt bond and derivative markets.

Unless we shift budget priorities, the U.S. economy does not have a limitless ability to absorb the costs from war and terrorism without returning to a sharper cycle of inflation and recession.

The Federal Reserve can indeed cushion massive unexpected blows to the American economy and financial markets, but only at a high risk of future inflation and subsequent monetary contraction.

We obviously have no choice but to defend ourselves from evil. We have moved vigorously to strike at Al-Qaeda and their Taliban hosts. But we also have an obligation to look beyond the immediate issue to seek means to drain the other swamps that help spawn terrorists and recurrent regional wars. That is partly why the President's vision of a Middle East settlement with a secure Israel and a democratic Palestine was so well received by diplomats. It is vital that the constant mayhem on television throughout the Islamic world from violent events in what was once called "The Holy Land," be replaced by scenes of cooperation among the leaders of the three great faiths involved.

History suggests that we will eventually pass through today's problems and uncertainties. Unlike Japanese economic managers who tend to bury their problems for years and compound their costs the U.S. tends to address its problems brutally and move on. We can also expect that new inventions and technologies will generate whole new areas of economic activity and growth, improving the lives of millions of people.

A key to this happy outcome is wise U.S. leadership and effective diplomacy, plus keeping our economy open, flexible, market orientated, and with a heavy emphasis on quality education. As long as we continue to master these basic requirements, we'll drive over any bumps in the road, and continue to lead the world.

Addendum

Key Lessons from the February 26th Economic Vulnerability Presentation of Richard McCormack

1. It is better to prevent an inflation than to have to control it, once unleashed. This is also true of serious asset inflation, which produces bubbles that tend to trap the least sophisticated parts of the investment community.

2. Conditions which produce asset inflation also tend to produce excess investment in capacity. This ultimately undermines profits and stock values, and can hang over markets for years before a combination of liquidation of excess capacity and new growth allows markets to clear.

3. Easing the wealth destructive consequences of a burst asset bubble by stimulating the housing market can either kill or cure the problem, depending on how long the medicine is applied.

4. Wars with their destruction, waste, and financing methods tend to generate inflation.

5. Balance of payments deficit accumulations, if large scale, can not continue indefinitely without triggering a weakening of the currency of the deficit country, and contributing to sectoral inflationary pressures.

6. Low fixed rate mortgages on housing can generate serious problems for those institutions holding those mortgages in periods of inflation. Future higher interest rates will tend to make it more difficult for potential buyers to qualify for mortgages when people want to sell their houses. Higher local taxes, which are often indexed, and rising insurance costs are adding to the cost of home ownership, and will tend to reduce the pool of people able to afford such housing at existing prices.

7. Delay in addressing an underlying national economic imbalance, as happened in Argentina, can cause the economy to contract severely when problems have to be addressed in the middle of an urgent crisis.

8. Funding a large long term debt with short term borrowings, as now in Brazil, can be dangerous if markets lose confidence in the borrower's ability to service the debt for any reason.

9. Floating exchange rates have proven their value over the long term for most countries which engage in them, but can cause short term competitiveness problems if trading partners engage in competitive devaluations. Countries like China with large pools of savings and labor can rig some sections of global markets for years, but only at a high risk of future financial and banking instabilities.

10. Predicting future financial debacles by using models of past disasters has seldom been successful. This is because those with financial problems are seldom candid, political responses are unpredictable, part of modern finance relies heavily on opaque derivative operations, whose collective impact during a crisis can not be quantified in advance, and because human nature itself is volatile, subject on occasion to credulity, panic, and the other manifestations of "the madness of crowds".

11. Nevertheless, allowing the economy to operate on the basis of market signals is still the imperfect but best available means of running a modern economy. Rapid advances in science and technology will continue to place a tremendous premium on flexibility, quality education, and on the optimum use of capital and labor that a market driven process makes most likely.

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PLEASE FORWARD TO MR. ROVE.

THANK YOU.

JACK KEMP *WEDNESDAY, FEBRUARY 26, 2003* The Washington Times

Enterprise zones of taxation choice

In 1981, Congress enacted the Kemp-Roth 25-percent-across-the-board tax-rate reductions (a k a the Reagan tax cuts), which made a significant improvement to the tax code and helped free the economy from "stagflation" (simultaneously rising inflation and unemployment). The top tax rate was then 70 percent, and the lowest rate was 20 percent.

These tax rate reductions, however, addressed only half of the problem with the tax code because they left the ill-defined tax base — the ill-conceived definition of what constitutes taxable income — largely untouched. Thus, the federal income tax code continued to favor consumption and debt by double- and triple-taxing saving and investment, and it still contained a bewildering array of ad hoc exceptions, deductions, exemptions and preferences — so-called "tax loopholes."

Despite the derogatory label, the major loopholes had been put in the tax code over the years in an attempt to mitigate some of the perverse incentives and economic damage created by the erroneous definition of taxable income.

As well-intentioned as this haphazard weave of special tax provisions may have been, it failed to ameliorate the economic damage of a mis-specified tax base, and it frequently increased economic distortion, making matters worse — on top of which it made the tax code incomprehensibly complicated and manifestly unfair and corrupted the decisionmaking and behavior of businesses and entrepreneurs.

In 1986, Congress attempted to finish the job of tax reform, but it made a fatal mistake. It lowered the tax rates again, bringing the top rate down to 28 percent, but attempted to close the so-called tax loopholes without correcting the fundamental problem with the tax code: the misguided definition of taxable income that gave rise to the tax loopholes in the first place. Ironically, the 1986 tax "reform" actually worsened the tax impediments that discourage work, saving, investing and entrepreneurial risk-taking by taxing capital gains as so-called "ordinary income," which they are not.

Twice subsequently Congress ratcheted the rates back up again, and by 1993 we had the worst of both worlds: Most of the 1986 tax rate reductions were repealed, but nothing was done to improve the definition of taxable income and to remove the impediments to economic growth.

In 1996, the National Commission on Economic Growth and Tax Reform, which I was privileged to chair and on which Treasury Secretary John Snow served, concluded that "the current tax system is indefensible and beyond repair. It is overly complex, burdensome and severely limits economic opportunity for all Americans."

Despite the consensus that the current tax code is fatally flawed and should be ripped out by the roots and replaced with a low-rate tax system that taxes income only once, the American political system seems by design to be incapable of producing the kind of "Big Bang" reform this transformation would entail. The sheer uncertainty of how so drastic a change would affect people makes them hesitant to trade the devil they know, no matter how wicked, for the promise of something better they don't know, no matter how attractive that promise may be.

The result is that economic growth in all 50 states and in all of the U.S. territories is significantly less than it could be, and government revenues are lower. Struggling areas and territories suffer disproportionately from a tax system that discourages saving, investment and risk-taking because these areas are unable to attract the critical capital required to get them to the point of economic takeoff. Moreover, gimmicks such as tax subsidies, tax credits and rebates, corporate welfare, government-backed grants and loans only distort capital markets more and create greater dependency in these struggling economies.

Over the years, individuals and businesses have developed strategies, shelters and havens to cope with the irrationally burdensome federal tax system. In addition, there are myriad special interest groups and organizations who have successfully lobbied Congress for preferential tax provisions, which benefit them at the expense of the rest of American taxpayers, who would resist fundamental tax reform to the very death.

To break through this gridlock, we at Empower America have proposed a nationwide system of federal enterprise zones we call Zones of Choice, in which individuals and businesses would be allowed to choose whether to be taxed under the current tax system or under an alternative, reformed tax system. Establishing such zones of choice in all 50 states and the U.S. territories will demonstrate at the state and local levels the benefits and feasibility of fundamental tax reform in a practical manner that minimizes political obstacles and uncertainty and maximizes the economic benefits of systemic change in our system of taxation.

When Congress takes up the president's tax proposals, there will be spirited debate and probably considerable compromise. One item that could receive widespread bipartisan support is the idea of enterprise zones of choice that could not only help demonstrate the benefits of tax reform but also bring an immediate boost to areas around the nation and in the territories where the economy is struggling. It's a win/win proposal.

Jack Kemp is co-director of Empower America and a nationally syndicated columnist.

The rich are getting richer

. . . so are the poor

WEDNESDAY, JANUARY 29, 2003

JACK KEMP

In a single salvo of withering British irony, Winston Churchill demolished the moral pretensions of socialism: "The inherent vice of capitalism is the unequal sharing of blessings; the inherent virtue of socialism is the equal sharing of miseries." Socialists and socialist-lite liberals so earnestly envious of success and eternally resentful of its rewards missed the humor and took Churchill's observation literally — so literally that finding themselves unable to redistribute prosperity without destroying it, liberals are content to settle for misery so long as they can redistribute it equally.

Despite socialism's repeated failures, its ethos of "equal outcomes for unequal effort" lives on in the bosom of liberals today. The current federal tax system is living testimony to the liberal's political success at playing the politics of envy. Almost 30 percent of all tax revenues are paid by only 1 percent of the population in the top income brackets, the top 5 percent pay 50 percent and almost 35 percent of those filing an income-tax return have zero income-tax liability or actually receive a check from the government in the form of a "negative-income-tax" payment.

The minute President Bush suggested giving an across-the-board tax cut to everyone who pays income taxes, the liberals' socialist impulse caused them to bleat "unfair to the poor; benefits the rich" — by which they meant the president's tax cuts are "unfair" because liberals think they won't increase the share of the tax burden borne by upper-income individuals. Liberals missed the irony again because every time the government reduces the tax penalty against work, saving, investing and entrepreneurial risk-taking by reducing tax rates, the rich end up paying a larger share of the total tax burden.

Of course there is still poverty, and I saw it firsthand as housing secretary for President George Herbert Walker Bush. But wherever poverty exists in America today, it is due to government policies and taxes that punish work, discourage homeownership and restrict access to capital. Free-market economies are working just as Churchill described: The rich are getting richer, and so are the poor.

Low-income Americans are healthier and live longer, eat better, have more leisure and enjoy a higher standard of living than ever before. A recent report by the Federal Reserve Board revealed that the net worth of Americans in the lowest income quintile (the lowest 20 percent) rose 25 percent between 1998 and 2001.

Yet liberal class warriors who practice the politics of envy would have us believe the plight of the poor is worsening because income gains among those in the upper-income tiers have been larger than those at the bottom. (That same Fed study found that the net worth of those with incomes in the top 10 percent rose 69 percent over the same period.)

What the liberals can't bring themselves to accept is the simple fact people with incomes in the top 10 percent are where they are because they generally produce more and thus receive greater rewards. What appears to the socialist mindset as a "disproportionate reward" is really an appropriate reward for disproportionate productivity. That reward differential is a small price to pay by those at the bottom of the economic ladder so they may have jobs, tools and technology with which to raise their own productivity and advance.

The problem with these so-called "distribution studies" is that they deal with abstract statistical aggregations, not real individuals, and they fail to consider the great amount of income mobility that characterizes America. A study by the congressional Joint Economic Committee that corrects this oversight found a remarkable amount of churning as people constantly move up and down in the income distribution. It found that, "The degree of income mobility in American society renders the comparison of quintile income levels over time virtually meaningless."

The study found that 86 percent of tax filers in the bottom quintile had exited this quintile by the end of a decade. According to Internal Revenue Service tax data, the study noted that "an individual who began the 10-year period under study in the bottom quintile had a greater chance of rising to the top by the end of the period than remaining at the bottom."

Ten years ago, historian Harry Jaffa observed that, "Under the spurious banner of 'fairness,' socialistic propaganda — motivated by class hatred and envy of initiative, enterprise and individual success — seems to be enjoying a renaissance in our own midst even as it is being scorned to death in the erstwhile heartlands of communism." Today, this attitude is changing, and capitalism is being democratized as an investment culture develops among workers at all income levels. (More than half of Americans own stocks and bonds, either directly or through their retirement accounts.)

Class-warfare rhetoric is a discordant echo from the past, and if the liberals keep it up, they will become relics of the past themselves.

Jack Kemp is co-director of Empower America and a nationally syndicated columnist.

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JACK KEMP

Why high tax rates lose revenue

Senate Democratic Leader Tom Daschle, South Dakota Democrat, says he thinks "the Bush economic plan is a stimulus for the rich and a sedative for the rest." This flippant statement is exactly what you would expect from the class warriors of the left. When Sen. John McCain, Arizona Republican, opposes President Bush's tax reforms because he says they would mostly benefit the wealthiest Americans and explode the deficit, not only is he wrong, he also gives the left enormous leverage and great political cover.

I would expect this sort of rhetoric from Mr. Daschle, but from Mr. McCain it is an embarrassment to the party of Abraham Lincoln, Ronald Reagan and George Bush. It was Lincoln, after all, who said, "I don't believe in laws to prevent men from getting rich."

What Republicans should be saying today is we want every American to have an opportunity to become rich. Mr. Bush is asking Congress to accelerate the five-year phase-in of the income tax rate reductions enacted in 2001 and to make them fully effective retroactive to Jan. 1, 2003.

He is also proposing ending the double taxation of dividends paid to stockholders by corporations and to increase the investment in plant and equipment that small businesses can write off in the first year. These are all long-term tax reforms that will increase economic growth and create more jobs for people at the bottom of the economic ladder.

Mr. McCain, unfortunately, doesn't seem to understand the president's economic strategy. Not only does he think the president's proposal is unfair, he also told NBC's Chris Matthews recently that he thinks it is not the best way to get the economy moving again because it focuses on removing disincentives to invest rather than stimulating short-term consumption. Mr. McCain makes the same mistake Keynesians always make in believing the government can "stimulate" the economy by giving people more money to spend.

The Bush strategy understands that people cannot consume until they first produce. People can't produce without investment to provide them the tools and wherewithal to be productive, and as I was always taught by my father, a truck driver's wages are higher when he has a truck to drive. What currently holds back investment are high marginal tax rates and other disincentives in the tax code combined with regulatory impediments that Mr. Bush has pledged to remove.

Mr. Bush got it exactly right in his Chicago speech last week: "Government spends a lot of money, but it doesn't build factories, it doesn't invest in companies or do the work that makes the economy go. The role of government is not to manage or control the economy from Washington, D.C., but to remove obstacles standing in the way for faster economic growth. That's our role." And that is exactly what the president's economic growth and jobs package will do — help remove impediments to growth.

Concern over the deficit is also misplaced. The fact is, we had a relatively small budget deficit of $157 billion last year, only $1\frac{1}{2}$ percent of gross domestic product, which everyone agrees was caused by the economic downturn and not by the tax cuts. During the next decade, GDP is expected to total more than $139 trillion, while even the most pessimistic deficit forecasts show deficits of about $1.8 trillion, or only about 1.3 percent of GDP.

Moreover, the static revenue loss estimates that produce these deficit projections, which assume no change in economic performance as a result of the Bush tax reforms, are ludicrous. Preliminary estimates by the Heritage Foundation's Tax Policy Center are that the president's tax-reform package can be expected to raise economic growth by an average of 0.5 percent a year during the next 10 years, which is consistent with the estimates made by the President's Council of Economic Advisers. With economic growth higher by about a half-point a year, the "revenue loss" will be cut at least in half — from $674 billion to no more than $335 billion — and over the long run revenues will actually increase beyond what they would have been in the absence of the tax reforms.

Making the income tax rate reductions completely effective retroactive to Jan. 1, 2003, will complete the job Mr. Bush asked Congress to do in 2001. My hope is that the other tax reforms proposed by the president will mark just the beginning of a process of tax reform that will put our economy on a higher growth path and create more and better jobs for all Americans, especially those struggling to get a leg up on the ladder of opportunity.

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JACK KEMP

Wary of the tax-cut tinkerers

I was really disappointed to read in the Wall Street Journal last week that some officials inside the Bush administration are attempting to convince the president neither to accelerate the 2001 income-tax rate reductions nor to shorten the time that companies must wait to write off investment in new plant and equipment. Both these changes to the president's economic growth and jobs package would unduly weaken it.

Since 13 percent of American workers already pay no income tax whatsoever, there is no conceivable income-tax rate reduction that will directly benefit those in the lowest income tier. Hence, the Democratic Party now takes it as an article of faith that any reduction of income-tax rates is "unfair" since no matter which rates are reduced or by how much, those in the lowest income tiers are unaffected.

The administration should recognize, however, that whether it does or does not include an acceleration of the reduction in the top rate in its growth package, it will still find itself portrayed as Simon Legree and criticized for "favoring the wealthy at the expense of the poor." Therefore, the administration should do what's right for the economy and accelerate all the tax-rate reductions. It would also be possible to give a tax cut to labor by reducing the payroll tax and allowing individuals to place their tax savings into personal retirement accounts and to cut the capital gains rate, as well.

The problem with leading with your fallback position is always that the liberal class warriors and devotees of Rubinomics — those who believe the deficit is the root of all economic evil — will make the same tired arguments and the same untrue accusations against whatever the president suggests, bold or timid. So he might as well propose something bold and effective and make suffering the inevitable nasty criticism worth his while.

What the class warriors ignore is that the increased after-tax return to investment and entrepreneurial risk-taking enjoyed by those who receive reductions in their tax rates will certainly generate more jobs that will directly benefit low-income workers. And the administration weakens its own arguments for accelerating the top income-tax-rate reductions by defending them on the grounds that, in the words of the Wall Street Journal, "It would sharpen appetites for spending among a class of consumers who have seen their incomes hammered by the economic slowdown and stock-market reversals."

This is flawed Keynesian thinking, that "putting money in people's pockets" will stimulate aggregate demand and spur economic growth. As economic theory and empirical evidence demonstrate, however, that reasoning has it exactly backward. People and businesses must first produce before they can consume.

Moreover, consumption at all income levels remained strong and grew throughout the recession and remains robust in the current lagging economic recovery. Today's sluggish economy is the direct result of depressed investment spending. That's why the tax-rate reduction with the biggest bang for the buck when it comes to increasing economic growth and job creation would be to allow companies to write off 100 percent of their investment in plant, equipment, machinery and technology in the first year — even if it's temporary.

As research done by the economic consulting firm Fiscal Associates has shown, 100-percent first-year writeoff of investment (so-called "expensing") can be expected to produce $9 of additional economic output for every dollar it costs in lost revenue. First-year expensing has the virtue of rewarding only investment in new capital and is, therefore, the best way to increase worker productivity and wages.

Some officials within the administration, I fear, have fallen victim once again to the age-old Republican fallacy of negotiating with themselves before sending legislation to Capitol Hill. Conservatives always seem to feel the urge to pre-negotiate legislation because they long for liberal approval for their proposals. But history demonstrates time and time again that going to extreme lengths to weaken legislative proposals before they are submitted to placate liberals doesn't produce Democratic approbation; it merely radiates desperation, creates the impression that conservatives don't have the courage of their convictions and far from placating the liberals, only encourages them on to new heights of rhetorical absurdity.

Those individuals in the administration now beginning to negotiate with themselves appear to have forgotten the fundamental dictum of American politics: "The president proposes; the Congress disposes." The administration would be much better advised to send its best and strongest economic recovery package to the Congress unadulterated and then work with both sides of the aisle to craft the strongest bill possible to get this economy moving forward.

The president will have to overcome exactly the same fallacious arguments against his proposals, whether they are whole and complete or shaved, trimmed and cobbled into a pre-compromised halfhearted effort. My advice: Make economically sound arguments and go for the whole enchilada. That way you're a lot less likely to end up with only rice and beans.

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