

COMMITTEE FOR ECONOMIC DEVELOPMENT
2002 ANNUAL REPORT

The Best of
Business Thinking

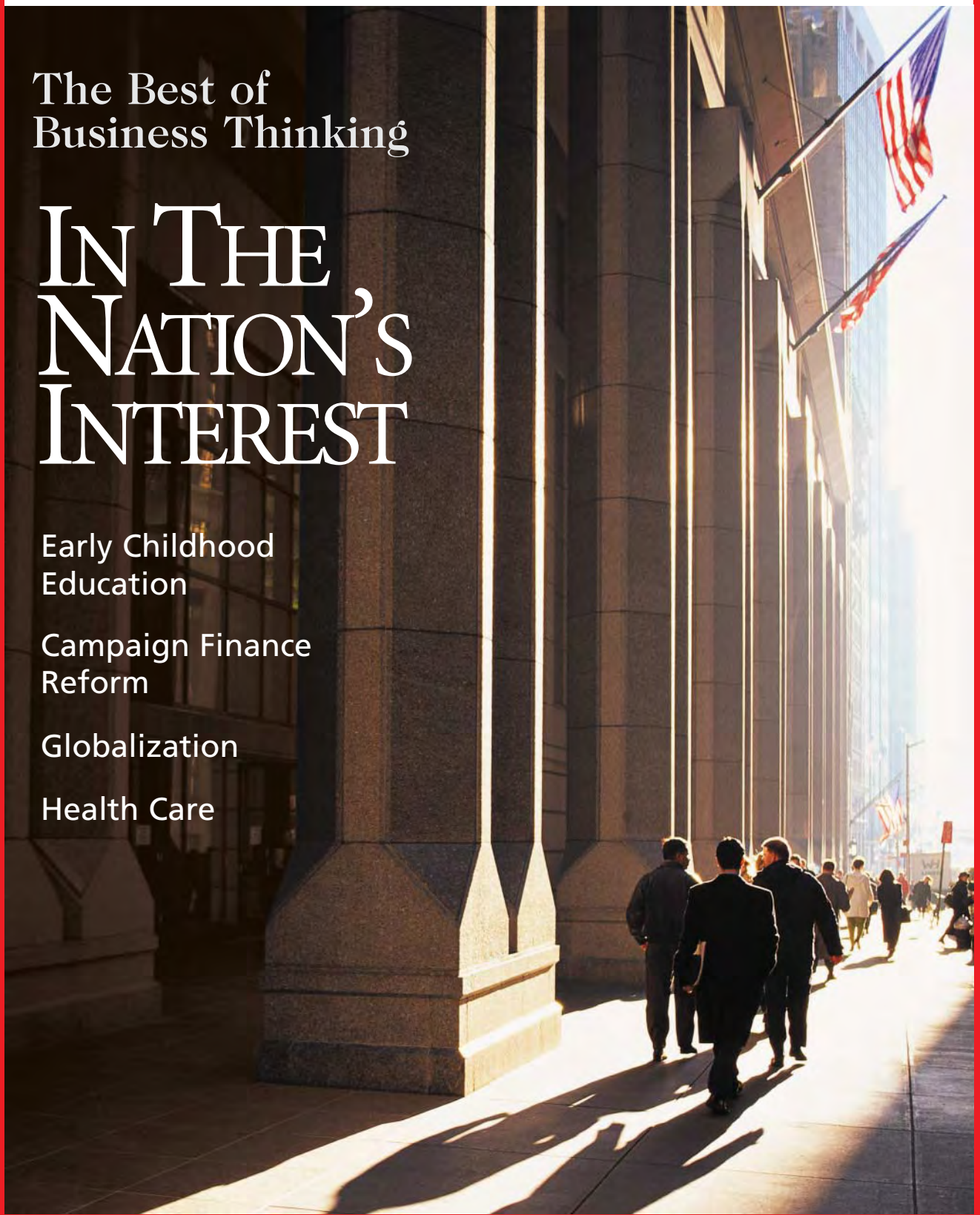
IN THE NATION'S INTEREST

Early Childhood
Education

Campaign Finance
Reform

Globalization

Health Care



IN THE NATION'S INTEREST

In 2002, the Committee for Economic Development celebrated its 60th anniversary. For six decades, CED and its Trustees have been actively engaged in public policy deliberations that have — quite literally — shaped the modern world.

CED's founding mission was to prepare the U.S. economy for a smooth transition from a wartime to a peacetime environment without experiencing a major depression or recession. To that end, CED's leaders established some 3,000 field groups across the country to help plan for a return to a peacetime economy.

In 1945, CED's critical work on international trade, foreign investment, and domestic employment influenced the Bretton Woods Agreement, which established the International Monetary Fund and the World Bank. Three years later, CED's report on

"An American Program of European Economic Cooperation" outlined a strategy for European Recovery that eventually became the Marshall Plan. CED's first Chairman, **Paul Hoffman**, later led the agency that administered the Marshall Plan.

CED's Trustees continue to bring the best of business thinking to bear on critical public policy issues that are in the nation's interest. CED's work promotes policies that guarantee a vibrant U.S. economy, sound domestic policies and strong democratic institutions, an educated American work force, a reformed public

education system from the early childhood years through postsecondary education, and enhanced global trade and competitiveness.

That approach — of working to advance the nation's interest rather than a given partisan, ideological, or industry interest — is what characterizes CED's work and distinguishes it from other organizations whose principal policy interests are often reflected in lobbying. This approach also helps ensure the integrity

and objectivity of CED's work — a fact that only enhances its overall effectiveness and credibility.

Throughout our rich history, CED has received many accolades, and this praise continues today. U.S. Senator **John McCain** has called CED "a visionary organization not afraid to tackle tough problems." **Hugh B. Price**, President and CEO of the National Urban League,

“In today’s challenging times, CED has an important role to play. Our leadership is committed to having impact on the issues that affect the daily lives of Americans. Together, we are dedicated to ensuring our work remains focused, impartial and of the highest quality.”

ROY J. BOSTOCK

Chairman of CED
Chairman Emeritus, Bcom³ Group, Inc.

describes CED as “the social conscience of the business community”, and Princeton University economics professor **Alan Blinder** comments that “[a]dvice from CED is simply the wisest and most enlightened advice the business community has to offer.”

This past year CED was honored to welcome to New York City members of its counterpart network, the International Network of Private Business Organizations. The counterpart members continue to share research and plan joint projects on issues such as older workers, globalization and trade, and democratic institutions.

2002 CED's 60th Anniversary

CED was founded in 1942 by a group of visionary business leaders. CED's founding mission was to help the nation make an orderly transition from war to peaceful prosperity. In the face of widespread fears that the end of World War II would bring a new depression, the business leaders who formed CED established 3,000 field groups throughout the country to plan for a return to a peacetime economy.

CED began using its research to formulate recommendations on a wide variety of policy issues. CED's early work led to the establishment of the International Monetary Fund, the World Bank, and the President's Council of Economic Advisers.



Today, CED is an important forum for business

leaders and educators to engage actively in the policy process by combining practical experience with top quality research. Throughout its rich 60-year history, CED has had a major impact on public policy — both domestically and internationally.

CED Celebrates Six Decades of the Best of Business Thinking

While CED continues to evolve as new policy issues arise, a major anniversary allows us to take a look back over our history. CED continues to strive to live up to Senator John McCain's statement that "for 60 years the Committee for Economic Development has been working to make

America stronger." A stronger America is our goal as we approach today's major public policy issues. The quality of our Trustees — the Chairs, CEOs, Presidents, and senior executives of major corporations, as well as university Presidents — speaks for itself. CED enables this diverse group of leaders to "speak with one voice" on education, campaign finance reform, the federal budget, globalization, older workers, and other pivotal issues in our society.

CED 2002 Achievement Awards: Honoring Those Who Serve in The Nation's Interest

At CED's 2002 60th Anniversary Dinner in New York City on May 15, CED was

proud to honor the achievements of four Trustees and associates. Every year, CED presents an award to a company that embodies the ideals and values for which CED stands. CED's 2002 *Corporate Citizenship Award* was presented to Guardsmark, Inc. of Memphis, Tennessee, and its Chairman and President **Ira A. Lipman**. Previous recipients of the CED Corporate Citizenship Award include Automatic Data Processing, Inc.; The Chase Manhattan Bank; First Chicago NBD Corporation; Merck & Co., Inc.; Nortel Networks; and Pfizer.

CED's *Excellence in Public Policy Award* was presented to CED Trustee **Frank C. Carlucci**, former Secretary of Defense and Chairman of The Carlyle Group. Previous recipients include the four members of Congress who championed campaign finance reform — Representatives Christopher Shays and Martin Meehan, and Senators Russell Feingold and



2002 CED Annual Meeting

(back row — left to right) Incoming CED Chairman **Roy J. Bostock**, outgoing CED Chairman **Frank P. Doyle**, **Frank C. Carlucci**, former Secretary of Defense and Chairman of The Carlyle Group, **Ira A. Lipman**, Chairman and President of Guardsmark, Inc. of Memphis, **Charles E.M. Kolb**, CED President.

(front row — left to right) **Yotaro Kobayashi**, Chairman, Fuji Xerox Co., Ltd., and Chairman of CED's Japanese counterpart organization Keizai Doyukai, **George Soros**, President and Chairman, Soros Fund Management, LLC, **Edmund B. Fitzgerald**, Managing Director, Woodmont Associates.

John McCain — and CED Trustee and former Secretary of Commerce Peter G. Peterson.

CED's first *International Leadership Award* was presented to **Yotaro Kobayashi**, Chairman, Fuji Xerox Co., Ltd.; and Chairman of CED's Japanese counterpart organization Keizai Doyukai.

CED's first *Trustee Leadership Award* was presented to former CED Chairman **Edmund B. Fitzgerald**, Managing Director of Woodmont Associates and former Chairman of Nortel Networks.



Theodore Sorenson (center), former speechwriter and special counsel to President Kennedy, congratulates CED Corporate Citizenship honoree **Ira A. Lipman** (right), Chairman of the Board and President of Guardsmark, Inc. CED President **Charles Kolb** (left) prepares to present the award.



The MetLife-CED September 2002 Roundtable, which brought together students, parents, and teachers to discuss “The MetLife Survey of the American Teacher,” was held at Hope High School in Providence, Rhode Island. **Susan Lusi**, Chief of Staff, Providence Public Schools, provided the keynote address.

Research: Prosperity Through Discovery.

America’s Basic Research addresses several key concerns, including Congress’ procedures for allocating funds for basic research, the central role of the research university and the individual scientific investigator, the critical importance of peer review, the need to sustain the pipeline of high-quality scientists and engineers for the long-term, and

The Boston forum was held at Jeremiah Burke High School in Dorchester and included more than 50 representatives of the business community, educators, students, and policy-makers. Boston Mayor **Thomas Menino**, the keynote speaker, told participants that one of the problems is that “the media doesn’t report the good things that are happening at our schools.” Mayor Menino also said that he believes communities need to know about the progress Boston is making in improving their public schools. He noted that one of the key ways to continue to build on their success is to forge partnerships with the business community.

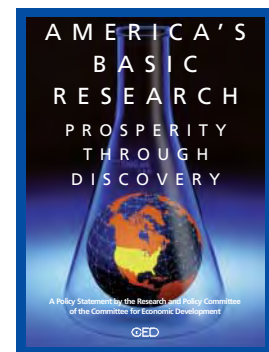
EDUCATION

Basic Research/Math and Science

CED has long been a strong supporter of basic research aimed at advancing science and engineering knowledge rather than developing a specific product or process. CED recommends policy reforms to ensure that tomorrow’s basic research can be as productive and effective as possible. In 2002, CED continued to advocate the recommendations in the 1998 CED report, *America’s Basic*

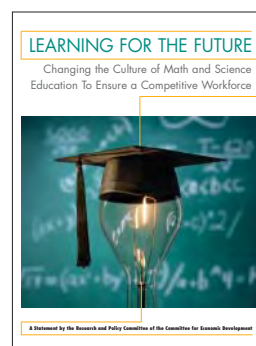
the implications of an increasingly global research enterprise.

Closely related to CED’s basic research goals are recommendations involving math and science education in America. Looking ahead to the 2003 release of CED’s math and science education report, the Subcommittee



on the Supply of U.S. Scientists and Engineers held a series of meetings on the issue. The math and science report, entitled: *Learning for the Future: Changing the Culture of Math and Science Education to Ensure a Competitive Workforce* will present CED recommendations designed to improve the “culture” that surrounds technical education in the U.S., including:

increasing student interest in careers in math and science, demonstrating the wonder of discovery while helping students to master rigorous content, and acknowledging the professionalism of teachers.



DEMOCRATIC INSTITUTIONS

Judicial Selection 2002

The American court system is a pillar of our democratic society. Safeguarding the independence of our judiciary is vital to preserving respect for the rule of law and the legal system. Selecting qualified and objective judges to preside over the courts is essential to ensuring the integrity of the judicial system.

Unfortunately, because 39 states currently elect at least some of their judges through popular elections, many state and local judges are exposed to questions concerning improper influence. Judicial elections require candidates for the bench to campaign for office like a politician. These candidates usually feel compelled to seek the support of a political party and special interest groups. Moreover, judicial candidates also must often seek financial contributions from lawyers and other interests that may eventually have business before their courts. This situation creates the appearance that financial contributors and interest groups influence the judges and their rulings.

On August 9, 2002, CED released *Justice for Hire: Improving Judicial Selection*, a comprehensive study of the issue. **Alfred R. Carlton**, President of the American Bar Association, provided opening remarks at the release luncheon, and Texas Supreme Court Chief Justice **Thomas R. Phillips** served as the keynote speaker. Both speakers stressed the need for reforming the judicial

selection process. **Derek Bok**, President Emeritus of Harvard University and the co-chair of CED's Subcommittee on Judicial Selection, also spoke at the release and said that "independent and impartial exercise of judicial authority is an essential aspect of a free society." CED Trustee **Roderick M. Hills**, Chairman of Hill Enterprises, Ltd. and also the co-chair of the Subcommittee on Judicial Selection, added: "a fair and impartial judiciary is the cornerstone of our democracy."

CED recommends abolishing judicial elections because they threaten the impartiality of our courts.



Alfred P. Carlton, President of the American Bar Association, speaks at the release of CED's report, *Justice for Hire: Improving Judicial Selection*.



Keynote speaker Texas Supreme Court Justice **Thomas R. Phillips** addresses the audience at the release of CED's *Justice for Hire: Improving Judicial Selection* report. Joining Chief Justice Phillips are (left to right) **Charles Kolb**, CED President, **Derek Bok**, President Emeritus of Harvard University and Chair of Common Cause, and **Roderick M. Hills**, Chairman of Hill Enterprises, Ltd.

As Dr. Bok pointed out when *Justice for Hire* was released: “[I]nstead of safeguarding judges from political pressures, most election systems invite such influence.” CED asserts that a commission-based appointive system is the preferable method for selecting judges. Appointive systems are better suited to protecting the integrity of judges and ensuring that qualified candidates are chosen for the bench, both of which are vital to ensuring the fair administration of justice. As Mr. Hills stated, “[J]ustice should not be a function of who serves as judge, but of the merits of the case.”

CED has also sought to preserve the independence of the judiciary as an active member in the Justice at Stake campaign. Justice at Stake is a non-partisan national partnership of 39 organizations working together for fair and impartial courts. Judicial selection is a major aspect of this campaign.

The impact of CED’s efforts can be seen in the passage of sweeping reform legislation in North Carolina. The new North Carolina law made elections for the highest state courts non-partisan and instituted a voluntary public financing system for qualified judicial candidates.

Since its release, *Justice for Hire* has received extensive coverage in press outlets such as C-SPAN, National Public Radio,

CNN.com, *The Christian Science Monitor*, *The Austin-American Statesman*, and *The Des Moines Register*.

With generous support from the **Open Society Institute**, CED will continue its efforts in states such as Illinois, New York and Texas, among others, to build support among the business community and other sectors to reform judicial selection.

DEMOCRATIC INSTITUTIONS

Campaign Finance Reform

On March 27, 2002, President Bush signed into law sweeping and unprecedented campaign finance reform legislation.

CED played a crucial role in this legislative effort through its landmark policy statement, *Investing in the People’s Business: A Business Proposal for Campaign Finance Reform*. Many of the report’s recommendations closely match the final legislation, including



Columbia University President and CED Trustee **George Rupp** lauds financier **Jerome Kohlberg** for his work on campaign finance reform at the CED dinner marking President Bush’s signing of the sweeping 2002 campaign finance reform legislation into law. Kohlberg’s wife, Nancy, is at center.

DEMOCRATIC INSTITUTIONS

provisions to eliminate soft money, ensure stricter issue ad scrutiny, and raise the individual hard-money limit. At the request of several members of Congress, CED held a news conference on Capitol Hill before the House vote to highlight business community support for campaign finance reform. Just before the Senate vote, CED (along with **Campaign for America**) circulated a letter signed by 100 business leaders urging an immediate vote on the legislation. There is significant court action scheduled for 2003 on the McCain-Feingold Act, including review by the U.S. Supreme Court.

On April 23, 2002, CED hosted a dinner in Washington to celebrate

passage of the landmark reform legislation and to honor financier **Jerome Kohlberg**, former Senior Partner of Kohlberg Kravis Roberts & Co. As the founder of Campaign for America, Mr. Kohlberg led the way in demonstrating that business leaders supported campaign finance reform. Mr. Kohlberg was a key early ally and a close partner with CED.

Three of the four lead sponsors of the campaign finance reform bill, Senator John



CED staff hold up the "Colossal Gram" sent from **Warren Buffett**, CEO of Berkshire Hathaway, to **Jerome Kohlberg** for CED President **Charles Kolb** to read.



CED campaign finance dinner honoree **Jerome Kohlberg** (center) is joined (from left to right) by Congressman **Martin Meehan** (D-MA), Senator **John McCain** (R-AZ), **Carl Levin** (D-MI), and Congressman **Christopher Shays** (R-CT).

McCain (R-AZ), and Congressmen Christopher Shays (R-CT) and Martin Meehan (D-MA), attended the dinner to honor Mr. Kohlberg.

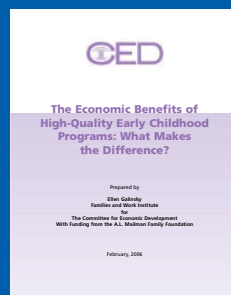
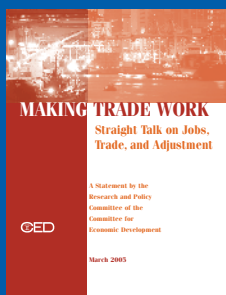
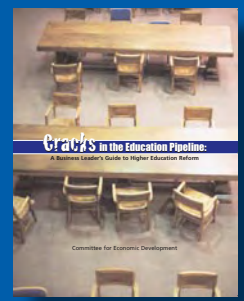
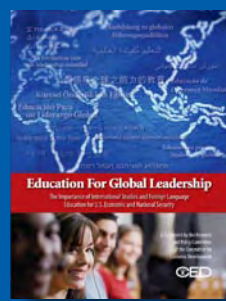
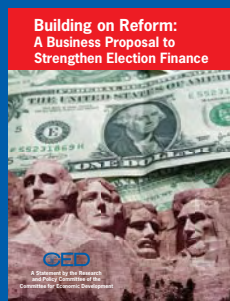
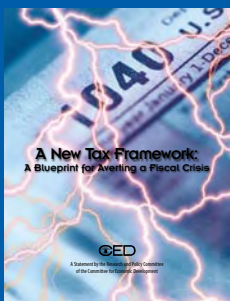
Several other lawmakers also attended the dinner, including Rep. Earl Blumenauer (D-OR), Rep. Nita Lowey (D-NY), and Sen. Carl Levin (D-MI). Former Senator Bob Packwood (R-OR) was also present.

COMMITTEE FOR ECONOMIC DEVELOPMENT

Investing for America's Future

ANNUAL REPORT 2005

CED



*The Best of Business Thinking
In the Nation's Interest*

Campaign Finance Reform

CED Releases New Policy Statement on Campaign Finance Reform and Business Poll, Conducted by Zogby International



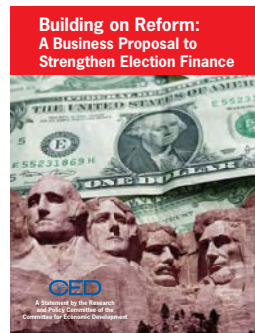
United States Senator **John McCain** delivered the keynote address at a CED policy luncheon for the release of *Building on Reform: A Business Proposal to Strengthen Election Finance* on April 5, 2005. The new report follows on CED's ground-break-

ing 1999 report, *Investing in the People's Business: A Business Report for Campaign Finance Reform*. The Bipartisan Campaign Reform Act (BCRA) became law in 2002, although much work remains. CED continues to be an outspoken voice for additional reforms. The 2005 report calls for additional steps to control the influence of money in politics, including: reforming the Federal Election Commission; tightening regulations on the use of unregulated "soft" money through 527 groups; and improving voluntary funding of presidential campaigns. Senator McCain's remarks focused on the dangers of the 527 loophole and the ineffectiveness of the Federal Elections Commission (FEC) at enforcing the law. He went on to say, "By calling for the regulation of 527s and an overhaul of the FEC, CED is courageously leading the business community in speaking out against the corrupting influence of big money in federal elections, as it did during the fight to pass BCRA."

CED Trustees **George Rupp**, President, International Rescue Committee, and **Edward Kangas**, Retired Chairman and Chief Executive Officer, Deloitte Touche Tohmatsu, Co-Chairs of CED's Subcommittee on Campaign Finance Reform, summarized CED's findings and recommendations for the audience. They see BCRA as a solid first step, to be followed by additional reforms to restore public confidence in the federal election process. CED will continue to work for additional reforms through our Subcommittee on Campaign Finance Reform.

Business Leaders Poll

Also on April 5, 2005, CED released the results of a poll, conducted by Zogby International, examining business attitudes on several campaign finance reform issues.



Questions focused on the role of 527 advocacy groups, FEC reform, and the presidential public funding system. The poll showed that a strong majority (71 %) of the business community believes 527 groups have a corrupting influence on the political process, and over 4 in 5 (83 %) believe that they should have to register with the FEC.

The Zogby Poll and analysis of the findings are available at www.ced.org.

CED's Campaign Finance Reform effort receives support from The Pew Charitable Trusts

CED was pleased to announce in December 2005 that The Pew Charitable Trusts, as part of a series of grants designed to track and monitor implementation of the new federal campaign finance system, awarded \$500,000 to CED for our on-going efforts to educate the business community on this vital issue. These funds will be used to support a nationwide series of CED-hosted forums on campaign finance reform.

