

BUSH v. KERRY

What the 2004 Election Means for U.S. Technology Policy



Major Technology Issue *CONTRASTS*

<u>Issue</u>	<u>Senator KERRY</u>	<u>President BUSH</u>
Stock Options	Supports Mandatory Expensing (and boasts of standing up to the "special interest computer lobby" on this issue on his web site)	Opposes Mandatory Expensing (though supports SEC and FASB's independence)
Litigation Relief	Opposes Class Action & Tort Reform	Supports Class Action & Tort Reform
Global Trade	Questioning Free Trade (wants to close alleged "tax loopholes" to protect workers from "Benedict Arnold CEOs")	Promoting Free Trade (wants to also improve retraining programs to help workers dislocated by trade)
Taxation	<ul style="list-style-type: none"> ▪ Called Bush extension of R&D tax credit "unfair and unsound" even though he had always supported it (9/24/04) ▪ Opposed Cap Gains Relief 15 times (though now claims to favor targeted relief) 	<ul style="list-style-type: none"> ▪ Pushing to make R&D tax credit permanent, extending it in process ▪ Seeks ban on Internet access taxes ▪ Accelerated depreciation in '02 ▪ Tripled SME expensing in '03
International Taxation	Wants to tax overseas profits immediately when earned	Says overseas profits should not be taxed until taken, to make US firms more competitive abroad
Immigration	Unclear: Against H1Bs in '98, For H1Bs in '00, presently silent	Supports continued US access to best & brightest

Contrasts in Philosophy & Leadership

	Senator KERRY	President BUSH
Overall Philosophy	<p><i>More activist government role.</i></p> <p>“Emphasizes <u>use of federal funds</u> to speed development of energy, biotechnology and Internet technology.” <i>(National Journal 8.28.04)</i></p>	<p><i>Private sector leadership best.</i></p> <p>“Emphasizes the <u>free market’s</u> power to spur innovation and his preference for deregulation, but pushes some federal projects.” <i>(National Journal 8.28.04)</i></p>
Demonstrated Interest in Technology Issues & Leadership	<p>“A high-stakes effort by the Senate Commerce Committee to reshape U.S. technology policy over the last decade has included <i>few contributions from its best-known member</i>... Sen. John F. Kerry, a committee member since 1986, has <i>seldom taken a direct role in shaping the major legislative decisions on technology during the 1990s</i>, according to former Federal Communications Commission officials, telecommunications executives and congressional staffers.” <i>(LA Times 3.27.04)</i></p>	<p>The President clearly believes that innovation and entrepreneurship are the keys to America’s future success, and this vision has led to a strong policy record and four years of strong accomplishments. This is why the <i>vast majority of tech industry leaders support the President.</i></p>

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Where They Stand on High Tech Priorities

STOCK OPTION ACCOUNTING

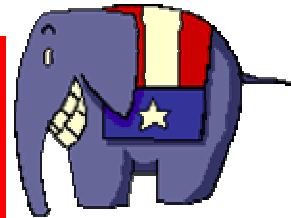


BOASTS OF “STANDING UP TO SPECIAL INTEREST” COMPUTER LOBBY

“He has also resisted calls to block rules that would require the expensing of stock options, a top priority of donors in the high-tech community.”

SOURCE:

http://www.johnkerry.com/pressroom/releases/pr_2004_0203.html



SUPPORTS TECH BUSINESSES IN DEBATE

“On Monday, President Bush himself said stock options shouldn't be treated as a corporate expense -- taking issue with Federal Reserve Chairman Alan Greenspan and some lawmakers. Mr. Bush went on to say that options should be handled precisely the way they currently are in annual reports.”

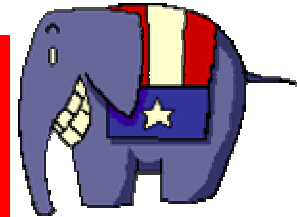
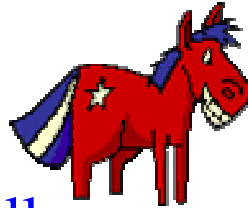
SOURCE: WSJ, 4/10/02

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Where They Stand on High Tech Priorities

FSC/ETI REPLACEMENT

JOBS Act



- 9/30/03 Kerry *co-sponsors* bill
- 10/1/03 Kerry *votes for* bill (by proxy),
joining rest of Democrats
- 10/15/03 Kerry *withdraws name* as
cosponsor of the bill
- Mar./04- Kerry *misses 16 votes* on
May/04 amendments, cloture and
passage
- 10/11/04 Kerry *misses vote to pass*,
and criticizes the President

JOBS Act

**“I urge Congress to take
up and pass FSC/ETI
legislation that reforms
the tax code.”**

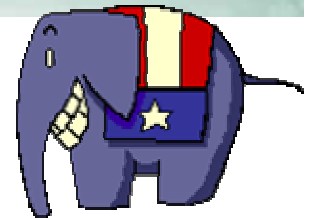
-- President Bush, 3/1/04

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Where They Stand on High Tech Priorities



PERMANENT R&D TAX CREDIT



- Supported extension of R&D credit before attacking the President for extending it.
- *KERRY CAMPAIGN STATEMENT SEPT 2004:* “But Americans should also know that President Bush has again tied middle-class tax relief to **unfair and unsound policies**. President Bush has again made the **wrong decision** by spending \$13 billion on corporate tax breaks...”
 - Of this \$13 billion, \$7.6 billion was the R&D credit
 - \$1.2 billion was for alternative fuels
 - Kerry still claims to support at least \$11 billion of the \$13 billion he attacked as “wrong”
- Campaigned to make credit permanent in 2000
- Sought permanency in all submitted budgets
- Extended credit for another year as he pushes for permanence
- Remains committed to permanent credit

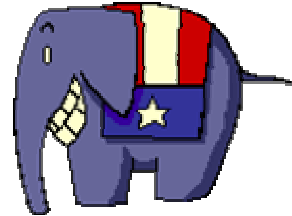
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Where They Stand on High Tech Priorities

IMMIGRATION REFORM



- Voted against H1B increases in 1998 (S.1723)
- Voted for H1B increases in 2000 (S. 2045)
- Presently unclear

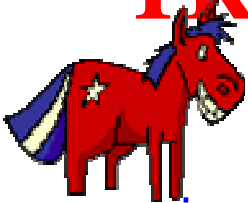


- Supports *continued ability of U.S. firms & universities to access the best and brightest* students, workers and leaders around the world.

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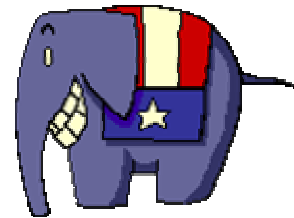
Where They Stand on High Tech Priorities

TRADE / WORLDWIDE SOURCING



"We will repeal every single benefit, every single loophole, every single reward for any **Benedict Arnold CEO** or corporation that take American jobs overseas and stick you with the bill." – Senator Kerry, 2/10/04 and throughout the primaries.

"You know, I called a couple of times to **overzealous speechwriters** and said 'Look, that's not what I'm saying.' Benedict Arnold does not refer to somebody who in the normal course of business is going to go overseas and take jobs overseas. That happens. **I support that.** I understand that." – Sen. Kerry, 5/6/04, to the WSJ Editorial Board



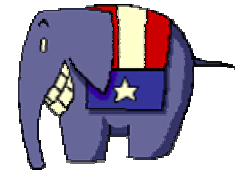
"We care about outsourcing in America. We want people working here. But the **wrong policy would have been**, let's go through **economic isolationist** policy, let's wall us off from the world. Instead, the right policy was to stimulate growth at home." – Pres. Bush 5/4/04

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Where They Stand on High Tech Priorities

TRADE / OPENING MARKETS

“The Democratic candidate is **openly exploiting popular unease** with trade...



“**Instead of building barriers to trade, we must break down those barriers so that good products, American products, are welcomed and sold on every continent.**” – President Bush

Bush “has gone out of his way to display his enthusiasm for trade – and thereby draw a contrast with Mr. Kerry.” – The Economist, Oct. 9, 2004

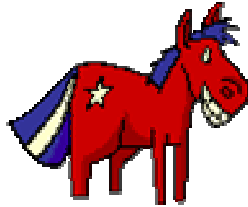
... [Many of his policies] are **clearly designed to placate his protectionist supporters** in the unions.... The man who touts the importance of allies in foreign policy **seems remarkably uninterested in multilateral efforts for freer trade.**”

-- The Economist, Oct. 9, 2004, page 15 of the special briefing on the U.S. election

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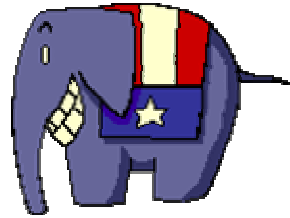
Where They Stand on High Tech Priorities

TRADE / ENFORCEMENT



“The Bush Administration has not cracked down on countries that are avoiding trade laws or manipulating currency.”

“Possibly *the worst thing in the [Democratic] platform is its unilateralist bent in threatening trade sanctions*, a move that would trigger retaliation. -- “*Poor Platform for Trade*,” *Washington Post* editorial, 7/27/04)



- ✓ Brought more than 680 market access & compliance cases on behalf of U.S. business, *twice as many actions as the Clinton Admin.*
 - ✓ Stopped Chinese VAT tax on U.S. semiconductors through WTO action
 - ✓ Forced Chinese retreat on unfair wireless encryption standard
 - ✓ Ended Hynix chip dumping
- ✓ Aggressively fighting global IPR theft

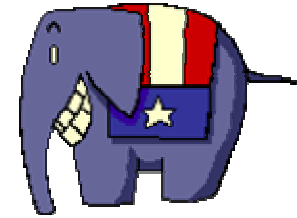
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Where They Stand on High Tech Priorities

LITIGATION REFORM



- *Consistently opposed legal reform, including class action relief*
- Offered amendment that would have increased liability on tech companies for Y2K (failed in the Senate)
- Received over \$6M from trial bar over last 15 years, 2nd among senators
- First Presidential candidate ever putting personal injury lawyer on the ticket



- ✓ Seeking Class Action Reform
- ✓ Pushing hard for Medical Malpractice Reform

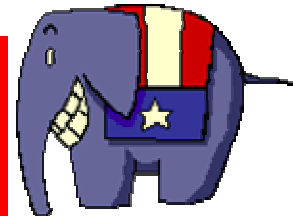
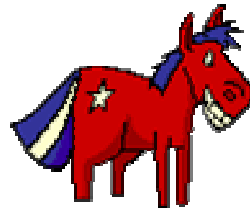
“If we're going to have an innovative society, we've got to have good legal policy.

Frivolous and junk lawsuits make it awfully hard for people to feel comfortable risking capital.” -- Pres. Bush 6/24/04

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Where They Stand on High Tech Priorities

TAXATION



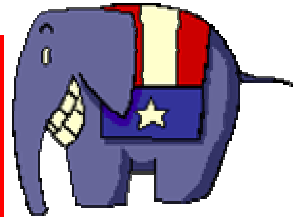
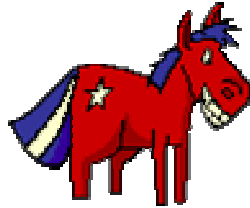
- ***Opposed Capital Gains Tax Relief at least 16 times*** (though now supporting relief for small tech companies held at least 4 years)
- **Wants to tax foreign profits before they are repatriated to the U.S.**

- ✓ **Tripled deduct for business expensing in 2003 bill**
- ✓ **Accelerated depreciation schedules in 2002 bill**
- ✓ **Opposes taxing overseas profits prior to repatriation**
- ✓ **Seeks permanent Internet access tax ban**

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TECHNOLOGY LEADERSHIP



Sen. John F. Kerry, a committee member since 1986, has seldom taken a direct role in shaping the major legislative decisions on technology during the 1990s, according to former FCC officials, telecommunications executives and congressional staffers.” 3/27/04

REAL ACCOMPLISHMENTS

- ✓ Federal R&D up 44%
- ✓ Landmark progress in spectrum policy (*Allocations for 3G and unlicensed, rules for UWB and BPL, proposed Trust Fund*)
- ✓ Major PTO reform & funding
- ✓ Promoting universal broadband by 2007, access up 300%
- ✓ No Child Left Behind Ed Reform