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Roger concurs w/ JPP's comments

Some w/ Lancaster

(Smith/Dooley)
March 10, 1989
8:00 p.m.

REMARKS: ELECTRONIC INDUSTRIES ASSOCIATION
MARCH 15, 1989

Members of the Electronic Industries Association, honored guests, ladies and gentlemen, friends.

You know, twelve years ago John Ralston resigned as head coach of football's Denver Broncos. "I left because of illness and fatigue," he explained. "The fans were sick and tired of me."

Tonight, accordingly, I promise not to speak overtime! Instead, I want to thank you for that introduction, and for the warmth of your reception.

Let me first congratulate this year's EIA Medal of Honor recipient, Sidney Topol (TOE-pull). And I want also to say a word about this organization, the oldest and largest exploring the new horizons of America's technological future.

Today, nearly two million Americans work in the electronics industry. You are leading America's newest industrial revolution. And you're helping us outwork and outperform any competitor in the world.

And we know that Americans know no bounds. People like you who dare to risk and defy the odds -- not to mention the heart of private enterprise, just as private enterprise is central to America.

[BRIDGE] -> to p. 3 ☆

You know, Barbara is from New York, and I often kid her about the definition of a New Yorker: "Someone who meets his neighbors by seeing them in Florida."

Well, tonight we meet as neighbors, and as fellow businessmen. Our goal is a fairer, more just, and richer life: Not merely in our time, but for generations to come.

A richer life can mean many things.

It means education and opportunity. It means a Nation of responsive citizens -- not only willing but eager to share. And it means the economic development which makes that sharing possible. For prosperity depends on growth, and growth depends on freedom.

My friends, the freedom to dare, risk, and defy the odds forms the heart of private enterprise, just as private enterprise is central to America.

Freedom allows us to raise our horizons. Freedom can give our children a better land than we, ourselves, inherited. But to preserve it, we must protect it. I have proposed four objectives to do just that: first, reduce the deficit; second, invest in America's future; third, find solutions to an urgent set of priorities; and, last but not least, no new taxes.

move to p.4

Reducing the deficit will free our children from interest debt which haunts their future. Investing in that future will free them to serve the general interests of America. Focusing on selective priorities will free government to marshal its resources. And no new taxes is as All-American as dumping tea into Boston Harbor.

move to p. 4

These objectives will build on the progress of the last eight years. They will reaffirm our strengths, defuse ticking time-bombs, and re-orient us as a Nation. Above all, they form a new approach which looks to tomorrow, not today.

Yes, America faces immediate problems -- ocean dumping, the homeless, illiteracy. And, yes, I pledge to you: We will address them now -- not somewhere down the line. But as we do, let us move beyond the immediate. For, today, America is prosperous and at peace. Some might say that, today, for the first time since the mid-1960s, we face no crises, foreign or domestic -- challenges, yes, but not calamities -- no Viet Nam or rampant unemployment, no energy shortages, no double-digit inflation.

We have peace. We have prosperity. We worked hard to achieve these goals, and we'll work just as hard to maintain them. But for the first time in decades, we have something else; the precious

I think that right now

~~We must recognize that~~ we stand at the edge of a special moment in our history. ~~A moment which may afford America a most precious gift: the~~ gift of time. Time not for complacency or ~~not~~ to sit back and reflect upon what has been, but to reflect upon what might be. Time to take stock; time to think, calmly,

prudently; time to avoid mistakes, and ensure this nation's destiny. Will we use that time? Will we seize our moment? We will, and we must.

Our new approach says that government, like business, cannot mortgage the future to engage in self-indulgence. It says that government can do much, but not everything -- that we must identify what's necessary to keep us Number One. It says that the decisions we make, and the direction we choose, will determine the kind of America in which our children and their children live.

~~As President, I am committed to this new approach. That is why,~~ last month, I proposed a budget ~~to cut the Federal deficit,~~ we simply must reduce the federal deficit, to help ~~ensure~~ our financial future, and, ~~thus, enhance business'~~ ability to plan, expand, and build. And I proposed to cut that deficit not by increasing America's taxes, but by enlarging the American Pie and keeping spending under control.

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from p. 3

My friends, next year alone, thanks to economic growth, Federal tax revenues will rise by more than $80 billion -- yes, more than $80 billion, with no new taxes. Our budget seeks to use that money to slash the Federal deficit by more than $75 billion. That will reduce the deficit to $91 billion, nearly $4 billion below the target mandated by Graham-Rudman-Hollings.

As you know, we have begun the budget process. The Administration has acted; now, it is up to the Congress to

respond. And I'm confident that it will, ~~for no one has termed our budget "Dead on arrival."~~ Our task is to keep the momentum going, and growing. Only then can we create the investment so crucial to America: to increase new jobs; to unlock new markets; and, yes, to unleash new technologies.

Again, a new approach -- in policy and attitude. For we Americans are restless, never satisfied: We look to next week, next year, not to the year 2000. We care that our baseball team wins the pennant; we care less that its farm system is bursting at the seams. Casey Stengel once said, "If you can't imitate him, don't copy him." Well, as Americans, we don't have to imitate anyone, nor apologize for our ambition. We are go-getters, and our genius has enriched mankind.

~~Government's role -- its challenge -- is to utilize that genius. For government must look beyond today. By meeting challenges, it can prevent them from becoming crises.~~ Last year, a large survey of CEOs revealed that while American business leaders are inherently optmistic, they believe -- in this poll, by nine to one -- that we are too short-term oriented. Our budget speaks to the long-term, and to a stable business climate. It says "Yes" to America's standard of living, and to her future standing in the world.

~~My friends,~~ America's future will need our courage, creativity, and, most of all, investments. And let me remind you

that while I'm referring to economic investments, they can benefit America socially, culturally, racially, morally. Each investment can define us as a people. Each can enhance that moment which comes only once in a thousand years--the beginning of a new millennium.

For instance, there is the investment that will result from cutting the maximum tax rate on capital gains. Our budget supports reducing it to 15 per cent on investments held for a year or more.

Keep in mind that the economies of the Pacific Rim -- the "four" dragons" of Hong Kong, Singapore, Taiwan, and South Korea -- exempt capital gains from taxes; and our second-biggest trading partner, Japan, didn't tax them at all during her meteoric rise.

Well, we can learn from our competitors, and also from our past. History is clear: Restoring the capital gains differential will lift revenues, help savings, and free American businesses, without distorting world markets.

Since December 1982, we've created 19 million new jobs in this country -- five times the number created in Japan. We want to do still better. Accordingly, our budget recommends a permanent extension of the Research and Experimentation tax credit; we need to keep America in the forefront of technological

innovation. Our proposal will increase domestic research by multinationals, and end the uncertainty of expiring temporary rules.

These steps invest in America's future. They will encourage progress, stability, and public confidence. And so will investments, for instance, in education, in the environment, in our most precious resource, our kids, and in space.

As a Texan, I know, first-hand, the role of space exploration. I know of your industries' involvement, and your role in its success. Our budget allocates $2.4 billion for the Space Program. It supports a flight rate of nine Space Shuttle flights by 1990. It funds Space Station Freedom, planned for operation by the mid-1990s. I also want to elevate the status of the President's Science Advisor to that of the National Security Advisor.

shuttle is supposed to take off on Monday!

Like America, space embodies freedom; we must help both reach unexplored frontiers. Toward that end, let us invest in the Superconducting Super Collider, which celebrates the fusion of science, technology, and education. Let us expand free trade -- free, but fair trade -- which will leverage America's technological prowess in such areas as microcomputers, automative electronics, and electronic tubes, ~~and high-definition TV. And let us assist the National Science Foundation.~~ I intend to double the budget of the Nath. Science Foundation by 1993, and to develop engineering and scientific

I know that many in this group are working right now to develop the uniquely American HDTV system.

research centers which link university, government, and industry labs.

Investments, all, in research and development: Not some river-boat gamble in a distant future, but a steadfast way to ensure the future.

And, remember: That future will depend, above all, on America's children. By investing in them, we can shape America's dreams of the Twenty-First Century.

Our budget proposes a new child care initiative which focuses on choice ~~increases options~~ for working parents -- a church can help, or grandparents, or a professional nursery.

Our budget mobilizes resources to teach our children that drugs are wrong. And we have created the YES Program -- or Youth Entering Service -- to involve our kids in their communities. We want to help them understand that a successful life must include serving others.

But most of all, investment means education. For if excellence breeds achievement, then excellence must be rewarded -- in grade school, in high school, and at our colleges and universities.

Consider that between global competition and advancing technology, the demand for skilled technical professionals will grow 40 per cent in the coming decade. Yet, the NSF predicts a shortage of 400,000 scientists 11 years from now. Today, the number of students who graduate from high school with the skills to succeed in science- and math-based study is too small to meet industry's need. Our trading partners produce more engineers per capita than we do. And these nations' secondary-school students outperform ours in international math and science tests of ability.

That is why I want Congress to create a $500-million program to reward America's "merit schools" -- the schools which improve the most. I intend to create special Presidential awards in every State. And I urge expanded use of magnet schools -- giving parents and teachers the freedom of choice.

I propose a program to spur "alternative certification" -- allowing talented Americans from every field, especially science and mathematics, to teach in America's classrooms. And through a program of National Science Scholars, I want to give America's youth a special incentive to excel in math and science.

We must invest, as well, in minority students; our budget proposes $60 million over four years in endowment matching grants for historically black colleges and universities. Many of these

students -- black and white -- will one day choose careers based in new technology. We must ensure they are prepared.

My friends, our children can make the Twenty-first Century a new American Century. So let us help them, guide them, as free men and women. And let us understand that we are one community--proud, united, and unafraid of the future.

I found that out in Texas, after Barbara and I packed our belongings, moved halfway across the country, and ~~founded an oil company with 250 workers.~~ built a business.

It was there that I learned about the people, problems, and priorities of industry. I made right decisions, and wrong ones. And I learned how our fate is not divisible: That in order to build a company, just like heading ~~to head~~ a family, we must give of, not merely to, ourselves.

The business of America isn't only business.

The business of business is America.

Albert Einstein said, "Everything that is really great and inspiring is created by individuals who labor in freedom."

For more than 200 years, Americans have invested their labor, their talent, their compassion, and their vision to preserve freedom, ~~seize the moment~~, and sustain our way of life. Let's seize upon the opportunities and challenges facing us today, and step w/courage and assurance into this new and special moment in history.

I ask you: With America's tomorrow at stake, can we do any less, ~~today~~?

Thank you for inviting me. Thank you so very much. God bless you all, and God bless the United States of America.

REMARKS: ELECTRONIC INDUSTRIES ASSOCATION
J.W. MARRIOTT HOTEL
MARCH 15, 1989

CHAIRMAN LITTLE, PRESIDENT MCCLOSKEY, MEMBERS OF THE ELECTRONIC INDUSTRIES ASSOCIATION, HONORED GUESTS, LADIES AND GENTLEMEN.

THANK YOU FOR THAT GENEROUS INTRODUCTION, AND FOR THE WARMTH OF YOUR RECEPTION.

BISHOP FULTON SHEEN ONCE SAID, "THE PROUD MAN COUNTS HIS NEWSPAPER CLIPPINGS -- THE HUMBLE MAN COUNTS HIS BLESSINGS."

WELL, I AM PROUD INDEED TO ADDRESS THIS ANNUAL DINNER. BUT LET ME CONFESS: TONIGHT, FLANKED BY COLLEAGUES AND OLD FRIENDS, I AM MORE GRATEFUL FOR MY BLESSINGS.

LET ME FIRST CONGRATULATE THIS YEAR'S EIA MEDAL OF HONOR RECIPIENT, SIDNEY TOPOL (TOE-PULL). AND I WANT ALSO TO SAY A WORD ABOUT THIS ORGANIZATION, THE OLDEST AND LARGEST EXPLORING THE NEW HORIZONS OF AMERICA'S TECHNOLOGICAL FUTURE.

TODAY, NEARLY TWO MILLION AMERICANS WORK IN THE ELECTRONICS INDUSTRY.

YOU ARE LEADING AMERICA'S NEWEST INDUSTRIAL REVOLUTION. AND YOU'RE HELPING US OUTWORK AND OUTPERFORM ANY COMPETITOR IN THE WORLD.

TONIGHT WE MEET AS NEIGHBORS, AND AS FELLOW BUSINESSMEN. OUR GOAL IS A FAIRER, MORE PRODUCTIVE, AND ENNOBLING LIFE, NOT MERELY IN OUR TIME, BUT FOR GENERATIONS TO COME.

A MORE ENNOBLING LIFE CAN MEAN MANY THINGS. IT MEANS EDUCATION AND OPPORTUNITY.

IT MEANS A NATION OF RESPONSIVE CITIZENS -- NOT ONLY WILLING BUT EAGER TO SHARE. AND IT MEANS THE ECONOMIC DEVELOPMENT WHICH MAKES THAT SHARING POSSIBLE. FOR PROSPERITY DEPENDS ON GROWTH, AND GROWTH DEPENDS ON FREEDOM.

MY FRIENDS, THE FREEDOM TO DARE, TO RISK, AND DEFY THE ODDS FORMS THE HEART OF FREE ENTERPRISE, JUST AS FREE ENTERPRISE IS CENTRAL TO THE AMERICAN DREAM.

FREEDOM CAN GIVE OUR CHILDREN A BETTER LAND THAN WE OURSELVES INHERITED.

BUT TO PRESERVE IT, WE MUST PROTECT IT. THAT IS WHY I HAVE PROPOSED FOUR OBJECTIVES TO BUILD A BETTER AMERICA: FIRST, REDUCE THE DEFICIT; SECOND, INVEST IN AMERICA'S FUTURE; THIRD, ADDRESS THE PROBLEMS OF THE PRESENT -- THE PROBLEMS THAT CANNOT WAIT; AND, LAST BUT NOT LEAST, NO NEW TAXES.

YES, AMERICA FACES IMMEDIATE PROBLEMS -- PROBLEMS LIKE OCEAN DUMPING, THE HOMELESS, ILLITERACY. AND YES, I PLEDGE TO YOU: WE WILL ADDRESS THEM NOW -- NOT SOMEWHERE DOWN THE LINE.

BUT AS WE DO, LET US MOVE BEYOND THE IMMEDIATE. FOR, TODAY, AMERICA IS PROSPEROUS AND AT PEACE. TO BE SURE, THERE ARE ENORMOUS CHALLENGES -- AND MANY OPPORTUNITIES PRESENTED BY CHANGES THAT ARE FAVORABLE TO DEMOCRACY, TO LIBERTY, TO FREE MARKETS -- FAVORABLE TO THE PRINCIPLES THIS COUNTRY HAS ALWAYS STOOD FOR.

THEREFORE, LET US RECOGNIZE THAT WE STAND AT A SPECIAL MOMENT IN OUR HISTORY. IT IS A MOMENT ... NOT FOR COMPLACENCY ... NOT TO SIT BACK AND REFLECT UPON WHAT HAS BEEN ... BUT TO REFLECT UPON WHAT MIGHT BE.

IT IS AN OPPORTUNITY TO LOOK INTO THE FUTURE AND PLAN FOR IT SO THAT AMERICA'S PLACE, AND THE WELL-BEING OF HER PEOPLE, ARE ENSURED FOR GENERATIONS TO COME. OUR NATION HAS ALWAYS HAD A SPECIAL FAITH IN THE FUTURE, AND THE WISDOM TO INVEST IN IT, WHETHER THROUGH THE FOUNDING OF GREAT UNIVERSITIES, OR TYING TOGETHER THE CONTINENT BY RAIL, OR BUILDING THE INTERSTATE HIGHWAY SYSTEM. WE MUST REMEMBER THAT AMERICAN TRADITION AS WE INVEST FOR THE FUTURE OF OUR <u>OWN</u> CHILDREN.

MY FOUR OBJECTIVES WILL ALLOW AMERICA TO HONOR THAT HERITAGE, AND SEIZE HER MOMENT. TOGETHER, THEY WILL SOLIDIFY ECONOMIC FREEDOM. TOGETHER, THEY WILL EXPAND THAT FREEDOM. BUT ABOVE ALL, THEY WILL EMPOWER MORE PEOPLE, MORE FULLY, TO PARTAKE OF THE AMERICAN DREAM.

REDUCING THE DEFICIT WILL FREE OUR CHILDREN FROM INTEREST DEBT WHICH HAUNTS THEIR FUTURE. INVESTING IN THAT FUTURE WILL PREPARE US AS A PEOPLE FOR A NEW CENTURY AND ITS CHALLENGES. FOCUSING ON URGENT PRIORITIES WILL FREE GOVERNMENT TO MARSHAL ITS RESOURCES.

AND NO NEW TAXES REFLECTS THAT INNATELY AMERICAN QUALITY -- GOOD OLD-FASHIONED COMMON SENSE.

THESE FOUR OBJECTIVES WILL BUILD ON THE PROGRESS OF THE LAST EIGHT YEARS -- THEY <u>WILL</u> BUILD A BETTER AMERICA. THEY WILL REAFFIRM OUR STRENGTHS, DEFUSE TICKING TIME-BOMBS, AND RE-ORIENT US AS A NATION. ABOVE ALL, THEY FORM A NEW APPROACH WHICH LOOKS TO TOMORROW, NOT TODAY.

AS PRESIDENT, I AM COMMITTED TO THIS NEW APPROACH.

THAT IS WHY, LAST MONTH, I PROPOSED AN AGENDA TO CUT THE FEDERAL DEFICIT, HELP ENSURE OUR FINANCIAL FUTURE, AND, THUS, ENHANCE BUSINESS' ABILITY TO PLAN, EXPAND, AND BUILD. AND I PROPOSED TO CUT THAT DEFICIT NOT BY INCREASING AMERICA'S TAXES, BUT BY CONTROLLING SPENDING AND CONTINUING ECONOMIC GROWTH, SO THAT AS MORE PEOPLE ARE WORKING, REVENUES WILL RISE AS TAX <u>RATES</u> REMAIN THE SAME.

MY FRIENDS, NEXT YEAR ALONE, THANKS TO ECONOMIC GROWTH, FEDERAL TAX REVENUES WILL RISE BY MORE THAN $80 BILLION -- YES, MORE THAN $80 BILLION, EVEN WITH NO NEW TAXES.

MY PLAN WILL USE THAT NEW REVENUE TO SLASH THE FEDERAL DEFICIT BY MORE THAN 40 PERCENT, BRINGING THE DEFICIT BELOW THE TARGET MANDATED BY GRAMM-RUDMAN-HOLLINGS.

AS YOU KNOW, WE HAVE BEGUN THE BUDGET PROCESS.

THE ADMINISTRATION HAS ACTED; NOW, WE ARE WORKING WITH CONGRESS TO GET ACTION. OUR TASK IS TO KEEP THE ECONOMY GOING, AND GROWING. ONLY THEN CAN WE CREATE THE INVESTMENT SO CRUCIAL TO AMERICA: TO INCREASE NEW JOBS; TO UNLOCK NEW MARKETS; AND, YES, TO UNLEASH NEW TECHNOLOGIES.

IN A SENSE, THIS IS TYPICALLY AMERICAN. FOR WE ARE RESTLESS, NEVER SATISFIED: WE LOOK TO NEXT WEEK, NEXT YEAR, NOT TO THE YEAR 2000.

GOVERNMENT'S ROLE -- ITS CHALLENGE -- IS TO HARNESS THAT AMBITION BY LOOKING BEYOND TODAY. LAST YEAR, A LARGE SURVEY OF CEOS REVEALED THAT WHILE AMERICAN BUSINESS LEADERS ARE INHERENTLY OPTIMISTIC, THEY BELIEVE -- IN THIS POLL, BY NINE TO ONE -- THAT WE ARE TOO SHORT-TERM ORIENTED. MY PLAN SPEAKS TO THE LONG-TERM, AND TO A STABLE BUSINESS CLIMATE. IT SAYS THAT TO REMAIN COMPETITIVE, WE MUST LOOK BEYOND THE NEXT QUARTERLY STATEMENT. IT SAYS "YES" TO AMERICA'S STANDARD OF LIVING, AND TO HER FUTURE STANDING IN THE WORLD.

FOR INSTANCE, LET ME ADDRESS THE INVESTMENT THAT WILL RESULT FROM CUTTING THE MAXIMUM RATE ON CAPITAL GAINS. MY PLAN SUPPORTS REDUCING IT TO 15 PER CENT ON LONG-HELD ASSETS. MOREOVER, IT EFFECTIVELY ELIMINATES THE CAPITAL GAINS TAX ON PEOPLE MAKING LESS THAN $20,000 A YEAR.

IN 1978, THIS ORGANIZATION, FOLLOWING THE LEADERSHIP OF CONGRESSMAN BILL STEIGER, WORKED TO REDUCE THE CAPITAL GAINS TAX. WELL, TODAY, WE MUST FIGHT THAT BATTLE AGAIN.

RESTORING THE CAPITAL GAINS DIFFERENTIAL WILL LIFT REVENUES, HELP SAVINGS, AND FREE AMERICAN BUSINESSES, WITHOUT DISTORTING WORLD MARKETS.

CONSIDER, ON THE ONE HAND, THOSE COMPETITORS WHO TAX CAPITAL GAINS PUNITIVELY. BY PUNISHING RISK-TAKERS, THEY STIFLE OPPORTUNITY. LESS OPPORTUNITY MEANS LESS CAPITAL TO INVEST. LESS CAPITAL, IN TURN, MAKES COUNTRIES LESS COMPETITIVE. IT'S A VICIOUS CYCLE, A CATCH-22, AND ABOVE ALL, AN ECONOMIC DEAD-END.

ON THE OTHER HAND, KEEP IN MIND THAT SOME OF THE MOST SUCCESSFUL ECONOMIES OF THE PACIFIC RIM -- HONG KONG, SINGAPORE, AND THE REPUBLIC OF KOREA -- EXEMPT CAPITAL GAINS FROM TAXES; AND OUR SECOND-BIGGEST TRADING PARTNER, JAPAN, SCARCELY TAXED THEM DURING HER METEORIC RISE.

AS BUSINESSMEN, YOU KNOW THIS ECONOMIC HISTORY. YOU KNOW ITS LESSONS ARE CLEAR. AND, LIKE ME, YOU HEAR A LOT ABOUT COMPETITIVENESS THESE DAYS.

WELL, NOTHING CAN MAKE AMERICA MORE COMPETITIVE THAN RESTORING THE CAPITAL GAINS DIFFERENTIAL. AMERICA'S ENTREPRENEURS SHOULD NOT HAVE TO RUN AN UPHILL RACE AGAINST THE REST OF THE WORLD.

TONIGHT, I CHALLENGE THE CONGRESS TO JOIN WITH ME AND LEVEL THAT PLAYING FIELD. I ASK IT TO EXPAND THE MARKETPLACE AND ASSIST DEVELOPMENT. I URGE IT TO INCREASE COMPETITIVENESS AND LINK REWARD AND RISK. HOW? BY LOWERING THE TAX RATE ON CAPITAL GAINS.

MY FRIENDS, THE TREASURY ESTIMATES THAT THIS CUT WILL ADD $4.8 BILLION TO THE REVENUE SIDE OF THE LEDGER IN FISCAL YEAR 1990. LET US USE IT TO EXPAND ECONOMIC FREEDOM, AND HELP PEOPLE HELP THEMSELVES. AND LET US BUILD UPON THE OVER 19 AND 1/2 MILLION NEW JOBS CREATED IN THIS COUNTRY SINCE NOVEMBER 1982 -- FIVE TIMES THE NUMBER CREATED IN JAPAN.

ACCORDINGLY, MY PLAN TO BUILD A BETTER AMERICA RECOMMENDS A PERMANENT EXTENSION OF THE RESEARCH AND EXPERIMENTATION TAX CREDIT.

IT WILL INCREASE DOMESTIC RESEARCH BY MULTINATIONALS, AND END THE UNCERTAINTY OF EXPIRING TEMPORARY RULES. AND BY ADOPTING FEDERAL ENTERPRISE ZONES, IT WILL HELP THOSE UNTOUCHED BY THE ECONOMIC RECOVERY.

ENTERPRISE ZONES ARE A PIONEERING INITIATIVE TO CREATE A NUMBER OF FEDERALLY-TARGETED ZONES -- OR AREAS -- IN ECONOMICALLY-DISTRESSED COMMUNITIES. BY PROVIDING TAX BREAKS AND RELIEF FROM REGULATION, THESE ZONES FOSTER A CLIMATE WHERE BUSINESSES ARE FOUNDED, AND EXISTING BUSINESSES EXPANDED.

ENTERPRISE ZONES, LIKE LOWERING THE TAX ON CAPITAL GAINS, WILL INVEST IN AMERICA'S FUTURE. AND SO WILL OTHER INVESTMENTS: INVESTMENTS, FOR INSTANCE, IN EDUCATION, IN THE ENVIRONMENT, IN OUR CHILDREN, AND IN SPACE.

AS A TEXAN, I KNOW, FIRST-HAND, THE ROLE OF SPACE EXPLORATION. I KNOW OF YOUR INDUSTRIES' INVOLVEMENT, AND YOUR ROLE IN ITS SUCCESS. MY PLAN ALLOCATES AN INCREASE OF $2.4 BILLION FOR THE SPACE PROGRAM. THIS IS AS MUCH AN INVESTMENT IN OUR TECHNOLOGICAL FUTURE AS IT IS A REAFFIRMATION OF OUR NATIONAL CHARACTER.

IT SUPPORTS AFFORDABLE ACCESS TO SPACE THROUGH THE NATIONAL AERO-SPACE PLANE PROGRAM AND NINE SPACE SHUTTLE FLIGHTS BY 1990. IT FUNDS SPACE STATION FREEDOM, PLANNED FOR OPERATION IN THE MID-1990S. I ALSO WILL ELEVATE THE STATUS OF THE PRESIDENT'S SCIENCE ADVISOR.

ALL THE UNEXPLORED FRONTIERS ARE NOT IN SPACE; MANY ARE FOUND CLOSER TO HOME AS WE SEEK TO PUSH BACK THE FRONTIERS OF HUMAN KNOWLEDGE. TOWARD THAT END, LET US INVEST IN THE SUPERCONDUCTING SUPER COLLIDER -- A BOLD NEW EXPERIMENT, FUSING SCIENCE, TECHNOLOGY, AND EDUCATION.

LET US EXPAND THE WORK WHICH WILL LEVERAGE AMERICA'S TECHNOLOGICAL PROWESS IN SUCH AREAS AS MICRO-COMPUTERS, AUTOMATIVE ELECTRONICS, BIO-PROCESSING, AND HIGH-DEFINITION TV. AND BECAUSE SCIENCE IS CRITICAL, AS I HAVE SAID, I INTEND TO DOUBLE THE NATIONAL SCIENCE FOUNDATION BUDGET.

THESE INVESTMENTS ARE NOT SOME RIVER-BOAT GAMBLE IN A DISTANT FUTURE, BUT A STEADFAST WAY TO ENSURE THE FUTURE.

23

AND, YET, MY FRIENDS, REMEMBER: THAT FUTURE WILL DEPEND, ABOVE ALL, ON OUR MOST PRECIOUS RESOURCE, AMERICA'S CHILDREN.

WE MUST MAKE SURE THAT OUR CHILDREN ARE EDUCATED -- THE VERY DEFINITION OF LONG-TERM INVESTMENT IN AMERICA'S FUTURE. THAT IS WHY I WANT CONGRESS TO CREATE A $500 MILLION PROGRAM TO REWARD AMERICA'S "MERIT SCHOOLS." I INTEND TO CREATE SPECIAL PRESIDENTIAL AWARDS IN EVERY STATE. AND I URGE EXPANDED USE OF MAGNET SCHOOLS -- GIVING PARENTS AND STUDENTS THE FREEDOM OF CHOICE.

24

I PROPOSE A PROGRAM TO SPUR "ALTERNATIVE CERTIFICATION" -- ALLOWING TALENTED AMERICANS FROM EVERY FIELD, ESPECIALLY SCIENCE AND MATHEMATICS, TO TEACH IN AMERICA'S CLASSROOMS. AND THROUGH A NEW PROGRAM OF NATIONAL SCIENCE SCHOLARS, I WANT TO GIVE AMERICA'S YOUTH A SPECIAL INCENTIVE TO EXCEL IN MATH AND SCIENCE.

TO BUILD A BETTER AMERICA, MY PROGRAM ALSO MOBILIZES RESOURCES TO TEACH OUR CHILDREN THE TRUTH ABOUT THE DANGERS OF DRUGS.

25

AND WE HAVE PROPOSED THE YES PROGRAM -- OR YOUTH ENTERING SERVICE -- TO INVOLVE OUR KIDS IN THEIR COMMUNITIES.

MY FRIENDS, OUR CHILDREN CAN MAKE THE TWENTY-FIRST CENTURY A NEW AMERICAN CENTURY. SO LET US HELP THEM, GUIDE THEM. AND LET US UNDERSTAND THAT WE ARE ONE COMMUNITY -- PROUD, UNITED, AND UNAFRAID OF THE FUTURE.

A QUOTE IS ATTRIBUTED TO ALBERT EINSTEIN, SAYING, "EVERYTHING THAT IS REALLY GREAT AND INSPIRING IS CREATED BY INDIVIDUALS WHO LABOR IN FREEDOM."

26

FOR MORE THAN 200 YEARS, AMERICANS HAVE INVESTED THEIR LABOR, THEIR TALENT, THEIR COMPASSION, AND THEIR VISION TO PRESERVE FREEDOM, TO SEIZE THE MOMENT, AND SUSTAIN OUR WAY OF LIFE. I ASK YOU: WITH AMERICA'S TOMORROW AT STAKE, CAN WE DO ANY LESS TODAY?

GOD BLESS YOU ALL, AND GOD BLESS THE UNITED STATES OF AMERICA.

# # #

(Smith/Dooley)
March 10, 1989
8:00 p.m.

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MARCH 15, 1989

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Reducing the deficit will free our children from interest debt which haunts their future. Investing in that future will free them to serve the general interests of America. Focusing on selective priorities will free government to marshal its resources. And no new taxes is as All-American as dumping tea into Boston Harbor.

These objectives will build on the progress of the last eight years. They will reaffirm our strengths, defuse ticking time-bombs, and re-orient us as a Nation. Above all, they form a new approach which looks to tomorrow, not today.

Yes, America faces immediate problems -- ocean dumping, the homeless, illiteracy. And, yes, I pledge to you: We will address them now -- not somewhere down the line. But as we do, let us move beyond the immediate. For, today, America is prosperous and at peace. Some might say that, today, for the first time since the mid-1960s, we face no crises, foreign or domestic -- challenges, yes, but not calamities -- no Viet Nam or rampant unemployment, no energy shortages, no double-digit inflation.

We must recognize that we stand at a special moment in our history. A moment which may afford America a most precious gift: the gift of time . . . not for complacency . . . not to sit back and reflect upon what has been . . . but to reflect upon what might be. Time to take stock; time to think, calmly,

prudently; time to avoid mistakes, and ensure this nation's destiny. Will we use that time? Will we seize our moment? We will, and we must.

Our new approach says that government, like business, cannot mortgage the future to engage in self-indulgence. It says that government can do much, but not everything -- that we must identify what's necessary to keep us Number One. It says that the decisions we make, and the direction we choose, will determine the kind of America in which our children and their children live.

As President, I am committed to this new approach. That is why, last month, I proposed a budget to cut the Federal deficit, help ensure our financial future, and, thus, enhance business' ability to plan, expand, and build. And I proposed to cut that deficit not by increasing America's taxes, but by enlarging the American Pie and keeping spending under control.

Building a Better America 2/9/89 p. 1

My friends, next year alone, thanks to economic growth, Federal tax revenues will rise by more than $80 billion -- yes, more than $80 billion, with no new taxes. Our budget seeks to use that money to slash the Federal deficit by more than $75 billion. That will reduce the deficit to $91 billion, nearly $4 billion below the target mandated ~~by Graham-Rudman-Hollings~~ of $100 billion.

BBA p. 23

Using Gramm-Rudman-Hollings accounting the deficit will be

OMB Comments

As you know, we have begun the budget process. The Administration has acted; now, it is up to the Congress to

82 - Topol = Chairman
WH - State Dining Rm.

83 - 4 spaces away - dinner

respond. And I'm confident that it will, for no one has termed our budget "Dead on arrival." Our task is to keep the momentum going, and growing. Only then can we create the investment so crucial to America: to increase new jobs; to unlock new markets; and, yes, to unleash new technologies.

Again, a new approach -- in policy and attitude. For we Americans are restless, never satisfied: We look to next week, next year, not to the year 2000. We care that our baseball team wins the pennant; we care less that its farm system is bursting at the seams. Casey Stengel once said, "If you can't imitate him, don't copy him." Well, as Americans, we don't have to imitate anyone, nor apologize for our ambition. We are go-getters, and our genius has enriched mankind.

Government's role--its challenge--is to utilize that genius. For government must look beyond today. By meeting challenges, it can prevent them from becoming crises. Last year, a large survey of CEOs revealed that while American business leaders are inherently optmistic, they believe -- in this poll, by nine to one -- that we are too short-term oriented. Our budget speaks to the long-term, and to a stable business climate. It says "Yes" to America's standard of living, and to her future standing in the world.

My friends, America's future will need our courage, creativity, and, most of all, investments. And let me remind you

that while I'm referring to economic investments, they can benefit America socially, culturally, racially, morally. Each investment can define us as a people. Each can enhance that moment which comes only once in a thousand years--the beginning of a new millennium.

For instance, there is the investment that will result from cutting the maximum tax rate on capital gains. Our budget supports reducing it to 15 per cent on investments held for a year or more.

Keep in mind that the economies of the Pacific Rim -- the "four" dragons" of Hong Kong, Singapore, Taiwan, and South Korea -- exempt capital gains from taxes; and our second-biggest trading partner, Japan, didn't tax them at all during her meteoric rise.

Well, we can learn from our competitors, and also from our past. History is clear: Restoring the capital gains differential will lift revenues, help savings, and free American businesses, without distorting world markets.

Since ~~December~~ November 1982, we've created ~~19~~ over 19 1/2 million new jobs in this country -- five times the number created in Japan. We want to do still better. Accordingly, our budget recommends a permanent extension of the Research and Experimentation tax credit; we need to keep America in the forefront of technological

innovation. Our proposal will increase domestic research by multinationals, and end the uncertainty of expiring temporary rules.

These steps invest in America's future. They will encourage progress, stability, and public confidence. And so will investments, for instance, in education, in the environment, in our most precious resource, our kids, and in space.

As a Texan, I know, first-hand, the role of space exploration. I know of your industries' involvement, and your role in its success. Our budget allocates $2.4 billion for the Space Program. It supports a flight rate of nine Space Shuttle flights by 1990. It funds Space Station Freedom, planned for operation by the mid-1990s. I also want to elevate the status of the President's Science Advisor to that of the National Security Advisor.

Like America, space embodies freedom; we must help both reach unexplored frontiers. Toward that end, let us invest in the Superconducting Super Collider, which celebrates the fusion of science, technology, and education. Let us expand free trade -- free, but <u>fair</u> trade -- which will leverage America's technological prowess in such areas as microcomputers, automative electronics, electronic tubes, and high-definition TV. And let us assist the National Science Foundation. I intend to double its budget by 1993, and to develop engineering and scientific

research centers which link university, government, and industry labs.

Investments, all, in research and development: Not some river-boat gamble in a distant future, but a steadfast way to ensure the future.

And, remember: That future will depend, above all, on America's children. By investing in them, we can shape America's dreams of the Twenty-First Century.

Our budget proposes a new child care initiative which increases options for working parents -- a church can help, or grandparents, or professional nursery.

Our budget mobilizes resources to teach our children that drugs are wrong. And we have created the YES Program -- or Youth Entering Service -- to involve our kids in their communities. We want to help them understand that a successful life must include serving others.

But most of all, investment means education. For if excellence breeds achievement, then excellence must be rewarded -- in grade school, in high school, and at our colleges and universities.

Consider that between global competition and advancing technology, the demand for skilled technical professionals will grow 40 per cent in the coming decade. Yet, the NSF predicts a shortage of 400,000 scientists 11 years from now. Today, the number of students who graduate from high school with the skills to succeed in science- and math-based study is too small to meet industry's need. Our trading partners produce more engineers per capita than we do. And these nations' secondary-school students outperform ours in international math and science tests of ability.

That is why I want Congress to create a $500-million program to reward America's "merit schools" -- the schools which improve the most. I intend to create special Presidential awards in every State. And I urge expanded use of magnet schools -- giving parents and ~~teachers~~ students the freedom of choice.

I propose a program to spur "alternative certification" -- allowing talented Americans from every field, especially science and mathematics, to teach in America's classrooms. And through a program of National Science Scholars, I want to give America's youth a special incentive to excel in math and science.

We must invest, as well, in minority students; our budget proposes $60 million over four years in endowment matching grants for historically black colleges and universities. Many of these

students -- black and white -- will one day choose careers based in new technology. We must ensure they are prepared.

My friends, our children can make the Twenty-first Century a new American Century. So let us help them, guide them, as free men and women. And let us understand that we are one community--proud, united, and unafraid of the future.

looking forward

I found that out in Texas, after Barbara and I packed our belongings, moved halfway across the country, and founded an oil company ~~with 250 workers~~.

It was there that I learned about the people, problems, and priorities of industry. I made right decisions, and wrong ones. And I learned how our fate is not divisible: That to build a company, like to head a family, we must give of, not merely to, ourselves.

The business of America isn't only business.

The business of business is America.

Albert Einstein said, "Everything that is really great and inspiring is created by individuals who labor in freedom."

For more than 200 years, Americans have invested their labor, their talent, their compassion, and their vision to preserve freedom, seize the moment, and sustain our way of life.

I ask you: With America's tomorrow at stake, can we do any less today?

Thank you for inviting me. Thank you so very much. God bless you all, and God bless the United States of America.

DEPARTMENT OF TREASURY
FACSIMILE COVER SHEET
15TH & PENNSYLVANIA AVE., N.W.
WASHINGTON D.C. 20220

DEPARTMENT OF THE TREASURY
1989 MAR 15 PM 3:56
TREASURY TELECOMMUNICATIONS CENTER

FAX MESSAGE NUMBER 1251 DATE March 15, 1989

NUMBER OF PAGES TO FOLLOW: one (1)

TO: Peggy Dooley, White House Speechwriter

ADDRESSEE'S FAX NUMBER: 456-7739

ADDRESSEE'S CONFIRMATION NUMBER 456-7750

FROM: John G. Wilkins, Office of Tax Policy, Department of the Treasury

SENDER'S FAX NUMBERS: (202) 566-8068 (202) 633-0898 (202) 633-0987

SENDER'S CONFIRMATION NUMBER: (202) 566-8114

COMMENTS/SPECIAL INSTRUCTIONS:

#1257

DEPARTMENT OF THE TREASURY
WASHINGTON

March 15, 1989

MEMORANDUM

To: The Files

From: John G. Wilkins
Senior Advisor to the
Assistant Secretary for Tax Policy

Subject: Taiwan Capital Gains Taxes

Our further examination into the capital gains tax situation in Taiwan confirms that there is a capital gains tax on the books that generally taxes financial and other assets at ordinary income rates.

On a year-by-year basis, the government has elected to provide an annual exemption from this tax for most assets. An important exception to this annual exemption is gains from the sale of shares of corporations unlisted on an exchange.

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Remarks of Famous People

by Jacob M. Braude

PRENTICE-HALL, INC.
Englewood Cliffs, N.J.

learns his duties; for where the rights of men are equal, every man must finally see the necessity of protecting the rights of others as the most effectual security of his own.

—Thomas Paine

Humility

279. Humility, like darkness, reveals the heavenly lights.

—Henry David Thoreau

280. Humility is like underwear—essential, but indecent if it shows.

—Helen Nielsen

281. The proud man counts his newspaper clippings—the humble man his blessings.

—Bishop Fulton J. Sheen

Humor

282. Humor is emotional chaos remembered in tranquility.

—James Thurber

283. There is no reason why a joke should not be appreciated more than once. Imagine how little good music there would be if, for example, a conductor refused to play Beethoven's Fifth Symphony on the ground that his audience might have heard it before.

—Alan Patrick Herbert

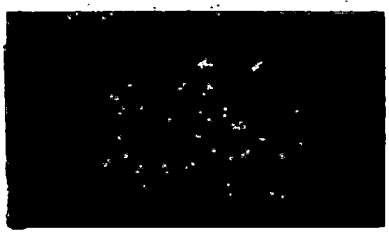
Husband—Wife

284. The woman who cannot evolve a good lie in defense of the man she loves is unworthy of the name of wife.

—Elbert Hubbard

285. Every man who is high up loves to think that he has done it all himself; and the wife smiles, and lets it go at that.

—James Matthew Barrie

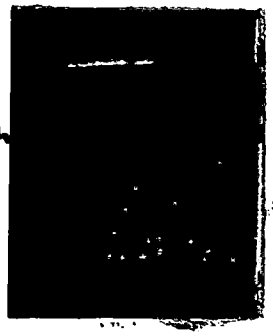


From the desk of

George Bush

1. Fine

2. Made 2 suggestions so as to shorten a little



3/15/89

THE PRESIDENT HAS SEEN

(Smith)
March 14, 1989
noon

REMARKS: ELECTRONIC INDUSTRIES ASSOCIATION
J.W. MARRIOTT HOTEL
MARCH 15, 1989

Chairman Little, President McCloskey, members of the Electronic Industries Association, honored guests, ladies and gentlemen.

Thank you for that generous introduction, and for the warmth of your reception.

Bishop Fulton Sheen once said, "The proud man counts his newspaper clippings -- the humble man counts his blessings." Well, I am proud indeed to address this bi-annual dinner. But let me confess: tonight, flanked by colleagues and old friends, I am more grateful for my blessings.

Let me first congratulate this year's EIA Medal of Honor recipient, ~~my friend~~ Sidney Topol (TOE-pull). And I want also to say a word about this organization, the oldest and largest exploring the new horizons of America's technological future.

Today, nearly two million Americans work in the electronics industry. You are leading America's newest industrial revolution. And you're helping us outwork and outperform any competitor in the world.

Tonight we meet as neighbors, and as fellow businessmen. Our goal is a fairer, more productive, and ennobling life, not merely in our time, but for generations to come.

A more ennobling life can mean many things. It means education and opportunity. It means a nation of responsive citizens -- not only willing but eager to share. And it means the economic development which makes that sharing possible. For prosperity depends on growth, and growth depends on freedom.

My friends, the freedom to dare, to risk, and defy the odds forms the heart of free enterprise, just as free enterprise is central to the American Dream.

Freedom can give our children a better land than we ourselves inherited. But to preserve it, we must protect it. That is why I have proposed four objectives to build a better America: first, reduce the deficit; second, invest in America's future; third, address the problems of the present -- the problems that cannot wait; and, last but not least, no new taxes.

Yes, America faces immediate problems -- problems like ocean dumping, the homeless, illiteracy. And yes, I pledge to you: we will address them now -- not somewhere down the line. But as we do, let us move beyond the immediate. For, today, America is prosperous and at peace. ~~Indeed, some might say that for the first time in decades we face no major crises, foreign or~~

~~domestic~~. To be sure, there are enormous challenges -- and many opportunities presented by changes that are favorable to democracy, to liberty, to free markets -- favorable to the principles this country has always stood for.

Therefore, let us recognize that we stand at a special moment in our history. It is a moment ... not for complacency ... not to sit back and reflect upon what has been ... but to reflect upon what might be. ~~It is an opportunity to assess the many changes occurring both at home and abroad; to look into the future and plan for it so that America's place, and the well-being of her people, are ensured for generations to come. Our nation has always had a special faith in the future, and the hopes and dreams that might be realized. Throughout our history, our ancestors had the~~ wisdom to invest in ~~that future~~, whether ~~it was~~ the founding of great universities, or tying together the continent by rail, or building the Interstate highway system. ~~We must remember that American tradition as we plan our investments~~ for the future of our own children.

My four objectives will allow America to honor that heritage, and seize her moment. Together, they will solidify economic freedom. Together, they will expand that freedom. But above all, they will empower more people, more fully, to partake of the American Dream.

Reducing the deficit will free our children from interest debt which haunts their future. Investing in that future will prepare us as a people for a new century and its challenges. Focusing on urgent priorities will free government to marshal its resources. And no new taxes reflects that innately American quality -- good old-fashioned common sense.

These four objectives will build on the progress of the last eight years -- they will build a better America. They will reaffirm our strengths, defuse ticking time-bombs, and re-orient us as a nation. Above all, they form a new approach which looks to tomorrow, not today.

As President, I am committed to this new approach. That is why, last month, I proposed an agenda to cut the Federal deficit, help ensure our financial future, and, thus, enhance business' ability to plan, expand, and build. And I proposed to cut that deficit not by increasing America's taxes, but by controlling spending and ~~enlarging the American Pie.~~)

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My

Suggestion: continuing economic growth, so that as more people are working, revenues will rise as tax rates remain the same. OK

(cleared through Rikert)

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John Wilkins
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As you know, we have begun the budget process. The Administration has acted; now, ~~it is up to the~~ we are working with Congress to get action. ~~respond~~. Our task is to keep the ~~momentum~~ economy going, and growing. Only then can we create the investment so crucial to America: to increase new jobs; to unlock new markets; and, yes, to unleash new technologies.

check

In a sense, this is typically American. For we are restless, never satisfied: We look to next week, next year, not to the year 2000.

Government's role -- its challenge -- is to harness that ambition by looking beyond today. Last year, a large survey of CEOs revealed that while American business leaders are inherently optimistic, they believe -- in this poll, by nine to one -- that we are too short-term oriented. My plan speaks to the long-term, and to a stable business climate. It says that to remain competitive, we must look beyond the next quarterly statement. It says "Yes" to America's standard of living, and to her future standing in the world.

For instance, let me address the investment that will result from cutting the maximum rate on capital gains. My plan supports reducing it to 15 per cent on long-held assets. Moreover, it effectively eliminates the capital gains tax on people making less than $20,000 a year.

In 1978, this organization, following the leadership of Congressman Bill Steiger, worked to reduce the capital gains tax. Well, today, we must fight that battle again. ~~My friends, a destructively high tax is like playing the World Series with an eight-man team.~~ ~~But~~ Restoring the capital gains differential will lift revenues, help savings, and free American businesses, without distorting world markets. ~~Treasury estimates my proposals will result in more revenue in 1990 alone.~~

Consider, on the one hand, those competitors who tax capital gains punitively. By punishing risk-takers, they stifle opportunity. Less opportunity means less capital to invest. Less capital, in turn, makes countries less competitive. It's a vicious cycle, a Catch-22, and above all, an economic dead-end.

On the other hand, keep in mind that the economies of the Pacific Rim -- the ~~"four~~ three dragons" of Hong Kong, Singapore, ~~Taiwan~~, and the Republic of Korea -- exempt capital gains from taxes; and our second-biggest trading partner, Japan, scarcely taxed them during her meteoric rise.

taxes (like ordinary income what exemptions?

John Wilkes 566-2318

As businessmen, you know this economic history. You know its lessons are clear. And, like me, you hear a lot about competitiveness these days. Well, nothing can make America more competitive than restoring the capital gains differential. America's entrepreneurs should not have to run an uphill race against the rest of the world.

Tonight, I challenge the Congress to join with me and level that playing field. I ask it to expand the marketplace and assist development. I urge it to increase competitiveness and link reward and risk. How? By lowering the tax rate on capital gains.

My friends, the Treasury estimates that this cut will add $4.8 billion to the revenue side of the ledger in Fiscal Year 1990. Let us use it to expand economic freedom, and help people help themselves. And let us build upon the over 19 and 1/2 million new jobs created in this country since December 1982 -- five times the number created in Japan.

Accordingly, my plan to build a better America recommends a permanent extension of the Research and Experimentation tax credit. It will increase domestic research by multinationals, and end the uncertainty of expiring temporary rules. And by adopting Federal Enterprise Zones, it will help those untouched by the economic recovery.

Enterprise Zones are a pioneering initiative to create a number of Federally-targeted zones -- or areas -- in economically-distressed communities. By providing tax breaks and relief from regulation, these zones foster a climate where businesses are founded, and existing businesses expanded.

Enterprise Zones, like lowering the tax on capital gains, will invest in America's future. And so will other investments: investments, for instance, in education, in the environment, in our children, and in space.

As a Texan, I know, first-hand, the role of space exploration. I know of your industries' involvement, and your role in its success. My plan allocates an increase of $2.4 billion for the Space Program. This is as much an investment in our technological future as it is a reaffirmation of our national character. It supports affordable access to space through the National Aero-Space Plane program and nine Space Shuttle flights by 1990. It funds Space Station Freedom, planned for operation in the mid-1990s. I also ~~want to~~ will elevate the status of the President's Science Advisor.

All the unexplored frontiers are not in space; many are found closer to home as we seek to push back the frontiers of human knowledge. Toward that end, let us invest in the Superconducting Super Collider -- a bold new experiment, fusing science, technology, and education. Let us expand the work which will leverage America's technological prowess in such areas as micro-computers, automative electronics, bio-processing, and high-definition TV. And because science is critical, as I have said, I intend to double the National Science Foundation budget.

These investments are not some river-boat gamble in a distant future, but a steadfast way to ensure the future. And, yet, my friends, remember: that future will depend, above all, on our most precious resource, America's children.

We must make sure that our children are educated -- the very definition of long-term investment in America's future. That is why I want Congress to create a $500 million program to reward America's "merit schools." I intend to create special Presidential awards in every state. And I urge expanded use of magnet schools -- giving parents and students the freedom of choice. I propose a program to spur "alternative certification" -- allowing talented Americans from every field, especially science and mathematics, to teach in America's classrooms. And through a new program of National Science Scholars, I want to give America's youth a special incentive to excel in math and science.

To build a better America, my program also mobilizes resources to teach our children the truth about the dangers of drugs. And we have proposed the YES Program -- or Youth Entering Service -- to involve our kids in their communities.

My friends, our children can make the twenty-first century a new American Century. So let us help them, guide them. And let us understand that we are one community -- proud, united, and unafraid of the future.

I found that out in Texas, after Barbara and I packed our belongings, moved halfway across the country, and founded an oil company with 250 workers.

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Albert Einstein said, "Everything that is really great and inspiring is created by individuals who labor in freedom."

For more than 200 years, Americans have invested their labor, their talent, their compassion, and their vision to preserve freedom, to seize the moment, and sustain our way of life. I ask you: With America's tomorrow at stake, can we do any less today?

God bless you all, and God bless the United States of America.

(Smith/Dooley)
March 14, 1989
8:45 a.m.

REMARKS: ELECTRONIC INDUSTRIES ASSOCIATION
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MARCH 15, 1989

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Today, nearly two million Americans work in the electronics industry. You are leading America's newest industrial revolution. And you're helping us outwork and outperform any competitor in the world.

As you may know, Barbara is from New York, and I often kid her about the definition of a New Yorker: "Someone who sees his neighbors by meeting them in Florida."

Well, tonight we meet as neighbors, and as fellow businessmen. Our goal is a fairer, more productive, and ennobling life: Not merely in our time, but for generations to come.

A more ennobling life can mean many things.

It means education and opportunity. It means a nation of responsive citizens -- not only willing but eager to share. And it means the economic development which makes that sharing possible. For prosperity depends on growth, and growth depends on freedom.

My friends, the freedom to dare, to risk, and defy the odds forms the heart of free enterprise, just as free enterprise is central to the American dream.

Freedom can give our children a better land than we, ourselves, inherited. But to preserve it, we must protect it. That is why I have proposed four objectives to build a better America: first, reduce the deficit; second, invest in America's

future; third, address the problems of the present -- the problems that cannot wait; and, last but not least, no new taxes.

Yes, America faces immediate problems -- problems like ocean dumping, the homeless, illiteracy. And, yes, I pledge to you: We will address them now -- not somewhere down the line. But as we do, let us move beyond the immediate. For, today, America is prosperous and at peace. Indeed, some might say that for the first time since the mid-1960s, we face no crises, foreign or domestic -- challenges, yes, but not calamities -- no Viet Nam or rampant unemployment, no energy shortages, no double-digit inflation.

Therefore, let us recognize that we stand at a special moment in our history. A moment which may afford America a most precious gift: the gift of time . . . not for complacency . . . not to sit back and reflect upon what has been . . . but to reflect upon what might be. Time to take stock; time to think, calmly, prudently; time to avoid mistakes, and ensure this nation's destiny.

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Our new approach says that government can do much, but not everything. It demands that we identify what's necessary to keep us Number One. It says that the decisions we make, and the direction we choose, will determine the kind of America in which our children and their children live.

As President, I am committed to this new approach. That is why, last month, I proposed an agenda to cut the Federal deficit, help ensure our financial future, and, thus, enhance business' ability to plan, expand, and build. And I proposed to cut that deficit not by increasing America's taxes, but by controlling spending and enlarging the American Pie.

My friends, next year alone, thanks to economic growth, Federal tax revenues will rise by more than $80 billion -- yes, more than $80 billion, even with no new taxes.

My plan will use that new revenue to slash the Federal deficit by more than 40 per cent, bringing the deficit below the target mandated by Gramm-Rudman-Hollings.

As you know, we have begun the budget process. The Administration has acted; now, it is up to the Congress to respond. Our task is to keep the momentum going, and growing. Only then can we create the investment so crucial to America: to increase new jobs; to unlock new markets; and, yes, to unleash new technologies.

In a sense, this is typically American. For we are restless, never satisfied: We look to next week, next year, not to the year 2000. Casey Stengel once said, "If you can't imitate him, don't copy him." Well, as Americans, we don't have to imitate anyone, nor apologize for our ambition. We are go-getters; we excel in the short-term; and our genius has enriched mankind.

Government's role -- its challenge -- is to harness that genius by looking beyond today. Last year, a large survey of CEOs revealed that while American business leaders are inherently optimistic, they believe -- in this poll, by nine to one -- that

we are too short-term oriented. My plan speaks to the long-term, and to a stable business climate. It says that to remain competitive, we must look beyond the next quarterly statement. It says "Yes" to America's standard of living, and to her future standing in the world.

That's what I mean by "investing in the future." And let me remind you that while I'm referring to economic investments, they can benefit America socially, culturally, racially, morally. Each investment can define us as a people. Each can enhance that moment which comes only once in a thousand years -- the beginning of a new millennium.

For instance, let me address the investment that will result from cutting the maximum rate rate on capital gains. My plan supports reducing it to 15 per cent on long-held assets. Moreover, it effectively eliminates the capital gains tax on people making less than $20,000 a year.

In 1978, this organization, following the leadership of Congressman Bill Steiger, worked to reduce the capital gains tax. Well, today, we must fight that battle again. For a destructively high tax is like playing the World Series with an eight-man team. But restoring the capital gains differential will lift revenues, help savings, and free American businesses, without distorting world markets.

Consider, on the one hand, those competitors who smother capital gains. By punishing risk-takers, they stifle opportunity. Less opportunity means less capital to invest. Less capital, in turn, makes countries less competitive. It's a vicious cycle, a Catch-22, and above all, an economic dead-end.

On the other hand, keep in mind that the economies of the Pacific Rim -- the "four" dragons" of Hong Kong, Singapore, Taiwan, and the Republic of South Korea -- exempt capital gains from taxes; and our second-biggest trading partner, Japan, scarcely taxed them during her meteoric rise.

As businessmen, you know this economic history. You know its lessons are clear. And, like me, you hear a lot about competitiveness these days. Well, nothing can make America more competitive than restoring the capital gains differential.

My friends, how can Congress sit around talking about competitiveness when it imposes a stiff tax on the rewards of investment and risk-taking? And how can it talk about a level playing field when its actions make America's entrepreneurs run an uphill race against the rest of the world?

Tonight, I challenge the Congress to join with me and level that field. I ask it to expand the marketplace and assist development. I urge it to increase competitiveness and link reward and risk. How? By lowering the tax on capital gains.

Let us expand economic freedom, and help people help themselves. And let us build upon the over 19 and 1/2 million new jobs created in this country since December 1982 -- five times the number created in Japan. We want to do still better.

Accordingly, my plan to build a better America recommends a permanent extension of the Research and Experimentation tax credit; we need to keep America in the forefront of technological innovation. My plan will increase domestic research by multinationals, and end the uncertainty of expiring temporary rules. And by adopting Federal Enterprise Zones, it will help those untouched by the economic recovery.

Enterprise Zones are a pioneering initiative to create a number of Federally-targeted zones -- or areas -- in economically-distressed communities. By providing tax breaks and relief from regulation, these zones foster a climate where businesses are founded, and existing businesses expanded. These businesses will create many jobs in the targeted communities, especially for disadvantaged workers.

Already, 37 States have developed Enterprise Zone programs. It's time we put them to work at the Federal level. Local communities will benefit. But, more importantly, those who need a helping hand -- the unemployed, the dispossessed -- will gain new hope and opportunity: Not across town, but in their own back yards.

Enterprise Zones, like lowering the tax on capital gains, will invest in America's future. They will encourage progress, stability, and public confidence. And so will other investments: investments, for instance, in education, in the environment, in our children, and in space.

As a Texan, I know, first-hand, the role of space exploration. I know of your industries' involvement, and your role in its success. My plan allocates $2.4 billion for the Space Program. It supports affordable access to space through the National Aero-Space Plane program and nine Space Shuttle flights by 1990. It funds Space Station Freedom, planned for operation in the mid-1990s. I also want to elevate the status of the President's Science Advisor.

Like America, space embodies freedom -- the freedom which seeks unexplored frontiers. Toward that end, let us invest in the Superconducting Super Collider -- a bold new experiment, fusing science, technology, and education. Let us expand free trade -- free, but <u>fair</u> trade -- which will leverage America's technological prowess in such areas as microcomputers, automative electronics, bio-processing, and superconductivity. And because science is critical, as I have said, I intend to double the National Science Foundation budget. In particular, I want to develop engineering and scientific research centers which link university, government, and industry labs.

Investments, all, in research and development: Not some river-boat gamble in a distant future, but a steadfast way to ensure the future. And, yet, my friends, remember: That future will depend, above all, on our most precious resource, America's children. By investing in them, we can shape America's dreams of the twenty-first century.

To build a better America, my program mobilizes resources to teach our children that drugs are wrong. And we have proposed the YES Program -- or Youth Entering Service -- to involve our kids in their communities. We want to help them understand that a successful life must include serving others.

But most of all, we want to make sure that our children are educated -- the very definition of long-term investment in America's future. For if excellence breeds achievement, then excellence must be rewarded -- in grade school, in high school, and at our colleges and universities.

That is why I want Congress to create a $500-million program to reward America's "merit schools" -- the schools which improve the most. I intend to create special Presidential awards in every State. And I urge expanded use of magnet schools -- giving parents and students the freedom of choice.

I propose a program to spur "alternative certification" -- allowing talented Americans from every field, especially science

and mathematics, to teach in America's classrooms. And through a program of National Science Scholars, I want to give America's youth a special incentive to excel in math and science. Many of these students will one day choose careers based in new technology. We must ensure they are prepared.

My friends, our children can make the twenty-first century a new American Century. So let us help them, guide them, as free men and women. Let us build the better America that they, like we, deserve. And let us understand that we are one community -- proud, united, and unafraid of the future.

I found that out in Texas, after Barbara and I packed our belongings, moved halfway across the country, and founded an oil company with 250 workers.

It was there that I learned about the people, problems, and priorities of industry. I made right decisions, and wrong ones. And I learned how our fate is not divisible: That to build a company, like to head a family, we must give of, not merely to, ourselves.

The business of America isn't only business.

The business of business is America.

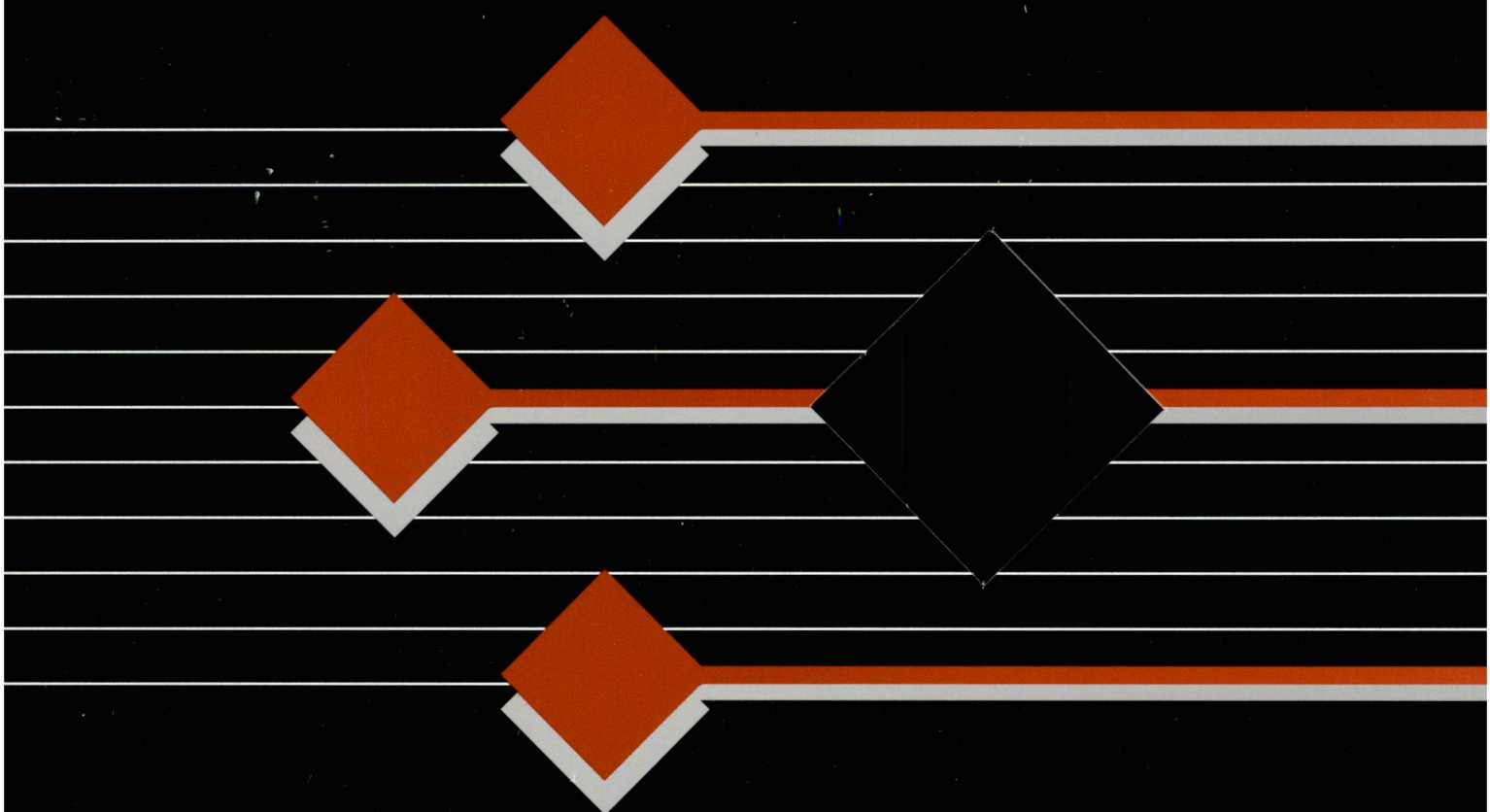
Albert Einstein said, "Everything that is really great and inspiring is created by individuals who labor in freedom."

For more than 200 years, Americans have invested their labor, their talent, their compassion, and their vision to preserve freedom, to seize the moment, and sustain our way of life.

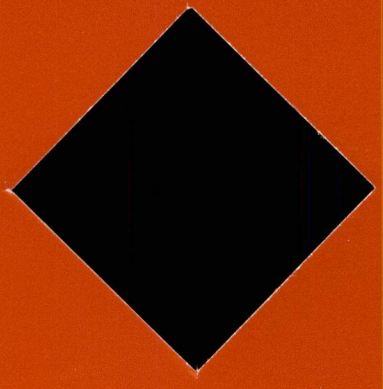
I ask you: With America's tomorrow at stake, can we do any less today?

Thank you for inviting me. Thank you so very much. God bless you all, and God bless the United States of America.

ELECTRONIC INDUSTRIES ASSOCIATION



1988 Annual Report



ELECTRONIC INDUSTRIES ASSOCIATION

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Executive Report to the Industry

"Change, challenge and success for our industry and the Association."

Change, challenge and success were all part of the Electronic Industries Association's 1988 and the dynamic industry it represents.

As EIA completes 64 years of service to the electronics manufacturing community, it continues to be the premiere trade organization representing the industry, protecting its interests and aiding in the shaping of its future.

For our industry, 1988 represented a very good year. U.S. factory sales of electronics grew nearly nine percent to a record breaking $242 billion. Electronics exports were up significantly for 1988, thus reducing the negative trade balance by nearly 33 percent.

We at EIA are proud of the role we played in our industry's success. Our work in the legislative, regulatory, public affairs and technical standards arenas is highlighted on the following pages of this annual report.

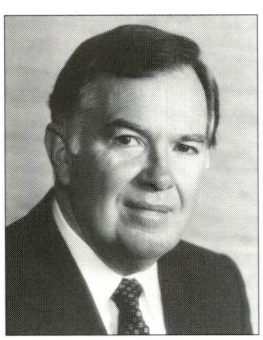
EIA's specific efforts in policy areas such as international trade, tax, national security as well as human resources and space policy have done much to create an environment conducive to increased growth, and profitability. We were honored when the Republican National Committee invited EIA to testify at its platform hearings, during their convention in New Orleans. We were particularly proud when they accepted a number of key EIA positions and incorporated them into their platform for 1988.

This year a major milestone in the Association's history was passed when construction started on EIA's new modern 11 story, 150 thousand square foot office building. Construction of the new EIA headquarters reflects the industry's strong commitment to and sincere belief in its primary trade organization.

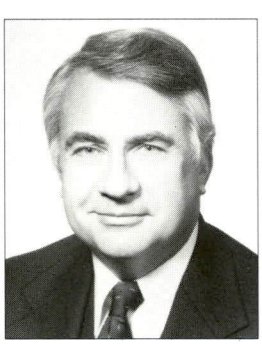
Another major milestone for EIA was the successful merger of its Information and Telecommunications Technology Group (ITG) with the U.S. Suppliers Association (USTSA), to form the Telecommunications Industry Association (TIA). TIA, a separate but affiliated association, now acts as EIA's telecommunications sector and works in concert with other EIA industry Groups and Divisions in furthering overall electronic industry goals and objectives. The merger resulted in a stronger EIA and more effective representation on behalf of the telecommunications industry.

Industry participation in Association sponsored shows, meetings, seminars and workshops continued to grow at a rapid pace. Certainly one of the highlights in this area was when President Reagan addressed the 1988 EIA Government/Industry Dinner. The occasion marked the first time a President addressed a major EIA meeting in person and thus confirmed the importance of this industry to our nation's economy. As the Reagan Administration comes to a close, we at EIA can look back with pride on the accomplishments of our Association, in cooperation with government, which resulted in a stronger electronics industry and national economy. We now prepare for the future. To that end we are working with the Bush Transition Office in an effort to establish a dialogue that will enable our industry to continue the progress which has been made on the cooperative public and private sector front.

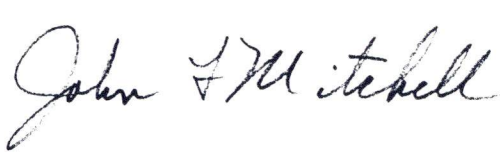
We look forward to a New Year, a new Administration and a new era. And as we look forward, we are optimistic that, as in 1988, we shall see change, challenge, and success for our industry and the Association.



John F. Mitchell
1988 Chairman,
Board of Governors



Peter F. McCloskey
President,
Electronic Industries Association



On the preceding page is an artist's rendering of the new EIA headquarters, the James Monroe Building, in Washington D.C. It is expected to be completed and ready for occupancy by late 1989.

Components Group

"The 1988 experience has provided a clear focus to the road ahead."

The Components Group, the largest segment of EIA in terms of member companies, is comprised of the Parts, Electronic Display and Tube, Microwave Tube, Distributor Products, and the Solid State Products Divisions.

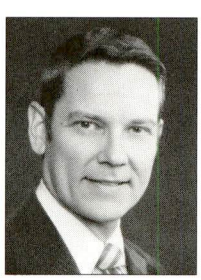
The year's activities started off with the Fourth Annual Surface Mount and Reflow Technology Conference and Exhibition (SMART IV) being termed an unqualified success as 656 persons attended the event. The conference, which opened with Chairman Dick Rosen, AVX Corporation, stating, "I offer you the challenge that our surface mount and reflow technology is an opportunity for us to keep more of the electronics in the hands of U.S. manufacturers," was similar in format with the previously successful arrangement of triple concurrent sessions divided into components, electronic interconnections, and equipment. Exhibitors occupied the maximum fifty spaces of the two-year old exhibition.

Also at the beginning of the year, the Electronic Display and Tube Division was notified that the U.S. International Trade Commission (ITC) had decided that penalty duties must be assessed on imports of color television picture tubes from Japan, South Korea, Canada and Singapore. For several years, the Division had petitioned the ITC and the Commerce Department that imports were injuring the domestic industry and its workers.

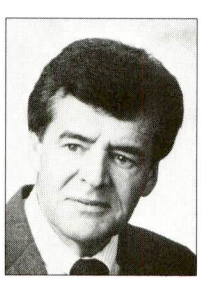
CROSSTALK '88, the national electronic conference designed to provide an open, informal forum between distributors and manufacturers, was held in February in San Diego. The theme of the meeting, "Partnering for the 90's", was predominant in the panel discussions, presentations by industry authorities, and workshops during the two and one-half day conference.

In addition to regularly scheduled Eastern, Midwestern and Western Region credit meetings, the Fourth National Credit Committee meeting was held in February in Ft. Lauderdale. The two-day seminar, which was open to all electronic manufacturers' credit management personnel interested in improving their ability to deal with credit problems, addressed "The Tax Reform Act of 1986", "The Pros and Cons of Buying Groups and The Effect on Credit", in addition to a half-day, hands-on workshop on analyzing credit reports and making credit decisions.

The Distributor Products Division, in addition to conducting CROSSTALK '88 and regional management, advertising and sales educational meetings, sponsored the Electronic Distribution Show and Conference with the National Electronic Distributors Association and the Electronic Representatives Association. The conference is not only a major showcase for electronic products sold through industrial distribution but is also a prime opportunity for dialogue among distributors, suppliers, and representatives.

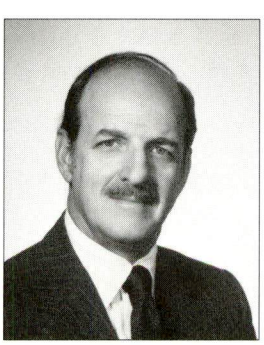


Roger Cornett
Cooper Industries — Belden Wire and Cable
Chairman, Components Group
Chairman, Parts Division

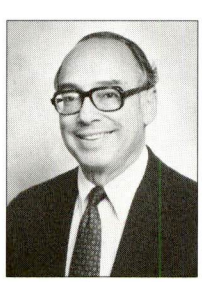


John L. Hutson
Sola Electric, A Unit of General Signal
Chairman, Distributor Products Division

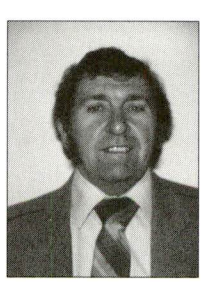
James E. Kyle
O-I Neg TV Products, Inc.
Chairman, Electronic Display and Tube Division



Herbert J. Rowe
Senior Vice President, Components Group



Owen E. Pallakoff
Teledyne MEC
Chairman, Microwave Tube Division



Thomas W. Jones
Siliconix, Inc.
Chairman, Solid State Products Division

The Microwave Tube Division experienced an active year of meeting, planning, lobbying, and writing in support of its objectives for the industry. With the ten member companies representing 95% of the power tube manufacturers in the U.S., the Division speaks with one voice concerning the importance of their industry to the security of the country. They are greatly concerned with the dearth of government sponsored R&D to enable the development of improved weapons systems. Other objectives include a revision of DoD procurement practices to provide a more effective system for controlling costs and improving performance, and more specific procedures for tracking tube reliability throughout its service life. The goals for 1989 have been determined and the tasks assigned. The 1988 experience has provided a clear focus to the road ahead.

The Parts Division continued co-sponsorship of the 38th Electronic Components Conference, the premier forum on the latest developments in design, fabrication, and use of electronic materials, devices, components and systems, as well as sponsoring the Quartz Devices Conference and Exhibition in Kansas City which celebrated its 10th Anniversary. For the fifth straight year, proceeds from the QDC&E were earmarked to support extensive university/industry directed piezoelectric resonator, oscillator and filter research and experimental programs.

EIA's Solid State Products Division (SSPD) has made significant progress this year in the areas of semiconductor standardization through its JEDEC Subdivision, and Data Interchange standardization through its Electronic Data Interchange Format (EDIF) Subdivision.

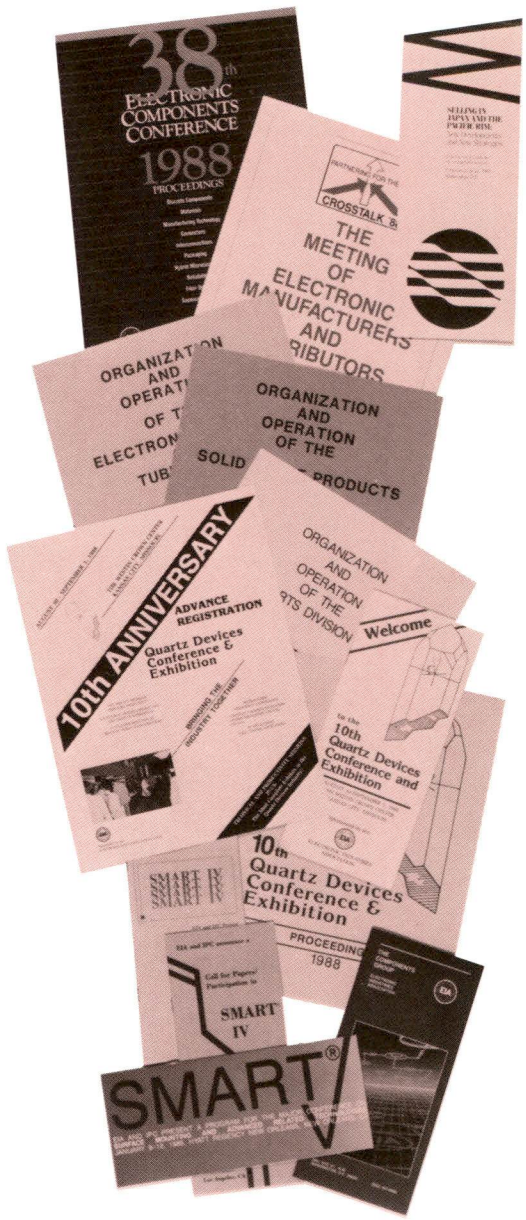
Among JEDEC's notable accomplishments are the creation of three significant documents that will play a major role in allowing the purchase of commercial products for military use. These documents are: a specification for plastic packaged semiconductor product; a standard for Statistical Process Control (SPC); and a standard for measuring outgoing quality in parts per million (PPM).

EDIF has started a new Monograph Series that will consist of tutorial descriptions of how to use EDIF in specific applications. The first volume, "Introduction to EDIF", was published in September, 1988.

EDIF and JEDEC are also involved in the general effort in EIA to resolve the role Design Automation will play in our future.

The Components Group embarked on an extensive membership campaign, the fruits of which should appear in the first quarter of 1989.

As a result of the change in EIA membership eligibility requirements, the Distributor Products Division, the Electronic Display and Tube Division, the Parts Division and the Solid State Products Division changed their eligibility requirements. All of these divisions will accept into division membership U.S. companies which manufacture or have affiliated companies manufacture for them, products within their division scope provided division dues are paid in accordance with the EIA By-Laws. The Microwave Tube Division decided to leave its requirements as previously approved. Associate membership is now available in all of the divisions of the Group.



The Components Group's various seminars and exhibition programs are well attended by industry executives.

The Quartz Devices Conference and Exhibition celebrates its 10th anniversary.

Consumer Electronics Group

1988 proved to be a year of challenge and opportunity for CEG. The challenge came in the form of issues facing the consumer electronics industry. Consumer, legislative and technological issues were to be resolved, and CEG maintained its leadership role in resolving these issues.

Balancing the challenges, however, were many-faceted opportunities. CEG was in the unique position to promote a burgeoning industry whose growth had temporarily slowed, and we took advantage of this opportunity by stressing the positive contributions made by our industry to the consumer and to the U.S. economy.

At all times, CEG strives to represent the diverse interests of major marketers in the $40 billion-plus U.S. consumer electronics market.

Through CES — the semi-annual focal point of the industry — and a host of other activities, CEG contributed to the long-range growth and vitality of one of America's most exciting and diverse industries.

Government and Legal Affairs

During 1988, CEG's Government and Legal Affairs Department won several legislative, regulatory and judicial battles.

Working with the Home Recording Rights Coalition, CEG blocked legislation which would have restricted sales of digital audio tape recorders (DAT). Bolstered by a government study faulting an anti-taping chip proposal, CEG created a legal defense fund to assist its members in any DAT-related lawsuit.

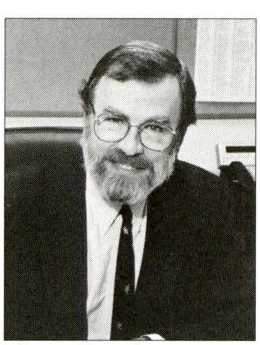
CEG also joined its members in successfully opposing legislation restricting dealer terminations. In a key decision on dealer termination, the U.S. Supreme Court agreed with the industry's position as stated in the CEG *amicus* brief.

Although the industry lost a key gray market case at the Supreme Court, CEG did support legislation restricting gray market imports. CEG also successfully opposed a bill which would expand manufacturers' reporting requirements to the Consumer Product Safety Commission (CPSC).

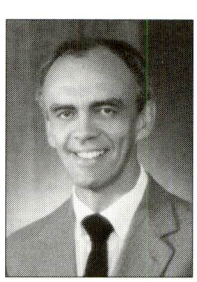
The CPSC, FCC and Food and Drug Administration granted CEG modifying legislation on warranties, gray market, VDTs, dealer termination and parts distribution.

Engineering

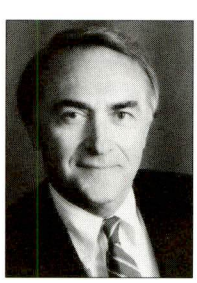
Home Automation. The CEG Consumer Electronics Bus (CEBus) Committee has taken standards development of a unified hand control system via the power line, twisted (telephone) pairs, coaxial cable, and infrared to a demonstration of products from different manufacturers which will be held during the 1989 Winter Consumer Electronics Show in January. The committee is a national effort that enjoys the strong support of companies both large and small, CEG members and non-members.



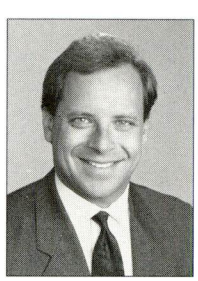
Thomas P. Friel
Group Vice President, Consumer Electronics Group



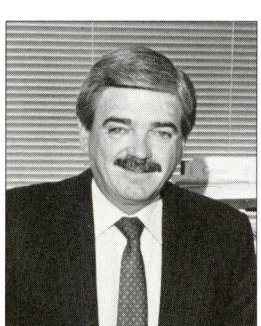
Jack Pluckhan
Quasar Company
Chairman, Consumer Electronics Group



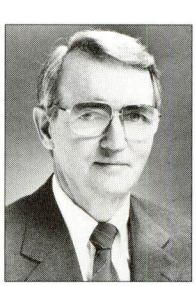
Donald Palmquist
Yamaha Electronics Corporation, Inc.
Chairman, Audio Division



Keith Schaefer
NEC Home Electronics (U.S.A.) Inc.
Chairman, Home Information Equipment Division



Dennis S. Corcoran
Vice President, Consumer Electronics Show



Donald F. Johnstone
Philips Consumer Electronics Company
Chairman, Video Division

"Stressing the positive contributions made by our industry to the consumer and to the U.S. economy."

Advanced Television (ATV). CEG Engineering is participating on its own behalf in the FCC ATV Advisory Committee and is acting as a resource via the expertise of CEG member companies.

EIA MULTIPORT. The TV receiver manufacturers, working in conjunction with the cable television equipment manufacturers and system operators, are in the process of upgrading EIA Interim Standard No. 15 (the EIA MULTIPORT) prior to issuing it as a full EIA/ANSI Standard. The new version of the standard will incorporate an optional Y/C input (S-VHS) and will also facilitate communications from the hand-held remote control to the CATV decoder. This last feature will enhance the offering of pay-per-view (PPV) services over CATV systems, while at the same time, minimizing customer confusion.

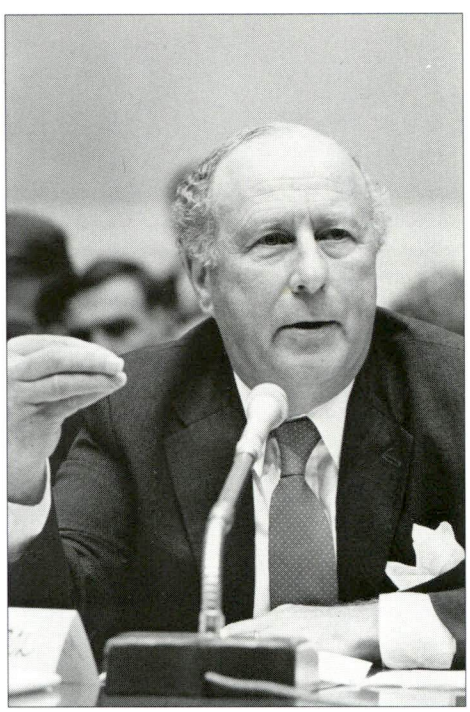
Improved AM Broadcast Service. EIA, manufacturers, broadcasters and the Federal Communications Commission are cooperating to improve the quality of the AM broadcast service based in part on two standards jointly developed by the CEG and broadcasters.

Communications

High definition television. Digital audio. Stereo broadcasting. Home automation. Industry and Consumer Electronics Show promotion, statistics and milestones. These were only a few of the concerns addressed by the CEG Communications Department in 1988.

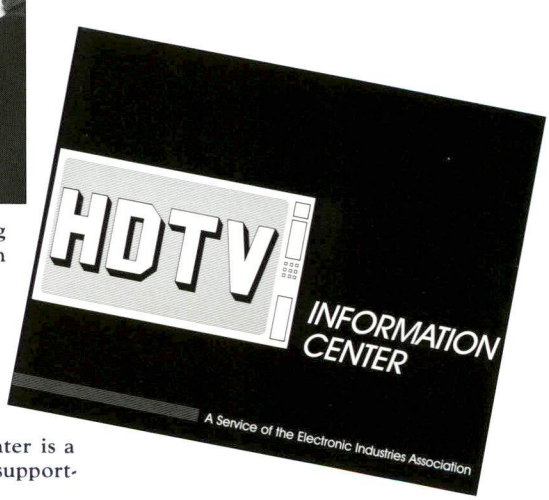
The communications program included the CEG Annual and Quarterly Reviews, the Media Spokesperson Tour, a Gallup study on consumer electronics ownership and usage, newspaper supplements and the sponsorship of programming on PBS. In addition, we continued to promote our award-winning industry film "Parade," produced the first-ever CES Promotional Opportunities Kit, and continued the Executive News Summary mailings.

The reach of the CEG Communications Program extended to the 150 million Americans in 75 metropolitan areas who viewed or read interviews with industry spokesperson Jack Wayman; the millions of PBS viewers who enjoyed performances live from Wolftrap, the National Park of the Performing Arts: and the thousands of representatives of the print and broadcast media who cover the two Consumer Electronics Shows annually.



Chairman of EIA's Advanced Television Committee, Sidney Topol (Scientific-Atlanta, Inc.), testifies before House Energy and Commerce Subcommittee on Telecommunication on the future of high definition television.

EIA's Advanced Television Committee enjoys wide industry participation and is making steady progress on a number of key issues related to the development of high definition television standards.



The HDTV Information Center is a major project of EIA and is supported through CEG.

Product Services

CEG's Product Services Department recognizes the need for on-going technical training and maintenance of a high level of technical expertise in the consumer electronics industry. In 1988, the department sponsored more than 44 workshops in 37 U.S. cities, with special emphasis on CD, VCR, digital, and microprocessor training. Another resident VCR school was opened in Long Beach, CA, complementing EIA's widely accepted programs located in Tampa, Chicago, and Dallas.

Building on the success of its resident VCR training schools, 11 five-day "hands-on" seminars aimed at technicians currently employed in the service industry were sponsored in 1988.

This year Product Services completed three videotapes in an on-going series of training tapes: Professional Car Audio Installation, Positive Consumer Relations, and Troubleshooting with Modern Test Equipment-Part II.

CEG's Product Services staff and members continued to support both the International and U.S. Skill Olympics competitions involving the assembly and servicing of hi-fi stereo, TV, VCR and other electronic products which create a pool of well-trained employable electronics technicians — a definite value for the consumer electronics service industry. CEG also sponsored the individual who won the bronze medal in electronics service competition during the international contest in Sydney, Australia, the second consecutive bronze medal earned by an American.

Consumer Affairs

In 1988 CEG's Consumer Affairs Department distributed more than 250,000 consumer education pamphlets to individual consumers, educators, consumer organizations and government agencies. These pamphlets are intended to improve the consumers' purchasing abilities in the marketplace.

Added to the expanding library of 17 pamphlets this year are three on accessory products: *Care and Maintenance Products, How to Choose and Use Accessories,* and *How to Install, Connect and Expand.* Before the end of 1988 there will be at least two pamphlets published in Spanish (*Care and Maintenance* and *How to Choose VCRs, Camcorders and Tape)* and an updated version of *Compact Discs and Players.* With the co-sponsorship of the Federal Trade Commission, a fourth pamphlet on *Service Contracts and Service* will be added to the Federal Consumer Information Center.

Other Consumer Affairs activities in 1988 included the Consumer Complaint Assistance Program which handles hard-core unresolved complaints with CEG acting as a catalyst, mediator, or arbitrator. The Consumer Electronics Roundtable, composed of five manufacturer representatives and nine from various consumer disciplines (consumer protection agency, educator, senior citizens, service industry, consumers and the Federal Consumer Information Center) provided a forum for the exchange of views and initiated studies and education projects. Another activity was the popular consumer column "Ask Sally," which was sent monthly to some 4,000 suburban newspapers, plus the speeches and seminars such as one on small business and the consumer at the University of Massachusetts.

CEG Group Vice President Tom Friel announces results of a major Gallup study on consumer electronics ownership and usage during a press conference.

Consumer Electronics Shows (CES)

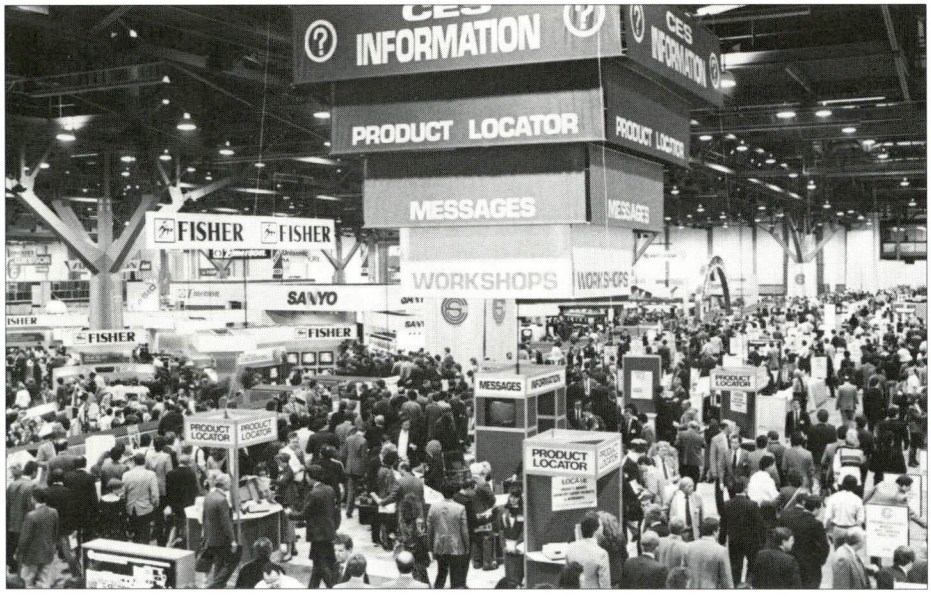
The Consumer Electronics Shows maintain their prominence as semi-annual industry gathering places. They focus not just the industry's attention but also that of consumers world-wide on dynamic new technologies, products and programs. They rank high among the largest annually-held trade shows in the world, presenting an unparalleled array of audio, video and home information products to tens of thousands of retail buyers, distributors and representatives as well as nearly two thousand press attendees per show.

The 1988 Winter CES featured 1,380 exhibitors in 759,699 square feet with 103,540 attendees. Home office, "edutainment," mobile electronics, telephones and audio and video hardware and software expanded their display space. David R. Gergen, former editor of *U.S. News & World Report*, delivered the keynote address.

Due in large measure to declining industry profitability and thus budget constraints, the Summer CES experienced a slight drop off with 98,651 attendees, 1,249 exhibitors and 730,520 square feet of exhibit space. However, the show upheld its traditional standards for delivering the vast majority of consumer electronics buyers to our show. The expanding specialty audio exhibits were consolidated in the McCormick Center Hotel after an extensive search for adequate quarters.

Home office products, telephones and "edutainment" products again posted significant increases in exhibition space.

The Hon. James C. Miller III, Director, Office of Management and Budget, delivered the keynote address.



Jack Wayman, retired EIA senior vice president and CEG traveling media spokesman, receives EIA's Distinguished Service Award from Association Chairman John Mitchell (Motorola, Inc.) (R) and EIA President Peter F. McCloskey (L).

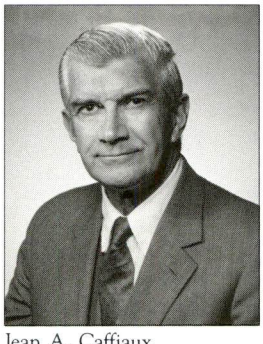
The Winter and Summer Consumer Electronics Shows are the premiere events and the definitive market place for the dynamic consumer electronics industry.

Government Division

"In summary, EIA's Government Division is a proven, effective industry-government interface furthering national security."

Market Planning

John D. Rittenhouse
GE Aerospace
Chairman, Government Division



Jean A. Caffiaux
Senior Vice President, Government Division

During the year, the Government Division and its members directed considerable resources to address the negative business environment arising from allegations of misconduct in defense contracting.

The resultant government restrictions on the release of information to defense contractors via consultants and other channels have been partially offest by many Division programs such as the annual Ten-Year Forecast of Defense Markets, and other meetings of Division groups with senior defense representatives.

Successful programs were initiated, including cosponsorship of a Financial Impact Study which quantified the adverse impact on the defense industrial base, technology and national security, if the current legislative and regulatory disincentives continue over the next four to five years. The Study was widely presented to Congressional and Defense Department leaders. A second major activity involved an educational effort with the industry workforce on the relationship of the defense budget and R&D funding to current and future employment. An innovative PR activity was the third leg of this effort to restore public confidence in the defense industry. In addition to press briefings, a number of timely articles were written and distributed to thousands of suburban newspapers.

Several new initiatives were authorized by the Board, including Health Care Cost Containment, Anti-Defense/Anti-Nuclear Local Initiatives, Business Ethics, and Eligibility of Foreign-Owned U.S. Corporations.

This increased activity was carried on with no diminution of Division efforts in the other highly regarded areas described in this report.

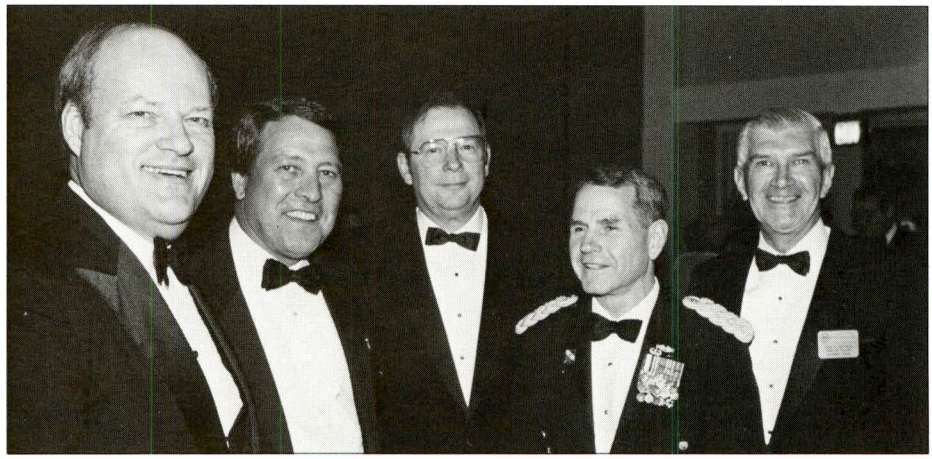
Opportunities for direct industry dialogue with Congressional and Defense leaders continued, highlighted by the Annual Government-Industry Executive Roundtable, which this year featured discussion with the four Joint Logistics Commanders, and Congressmen Mavroules and McCurdy. Division statements on government acquisition related topics were presented at five congressional hearings.

Active member company support of Board and other Division activities remained at a generally high level. Efforts were undertaken to bolster several committees in need of additional participation.

Cooperation with other Associations on issues of mutual concern has provided effective leverage for certain Division efforts.

Government Division members participated in, and benefited from, major conferences, publications, diskettes, and direct telephone queries. As members of the Requirements Committee, these business strategists and market researchers planned together how best to meet the needs of Division member companies. They optimized the opportunity for industry to meet with government counterparts and exchange ideas in non-competitive fora. Almost 1,000 industry and government persons attended conferences sponsored by the Requirements Committee.

The Annual Spring Conference, featuring the higher ranking personnel in the Office of the Secretary of Defense and the Armed Services, explored the issues of "Prioritizing RDT&E Investment in a Constrained Budget Environment."



VIP's attend EIA Annual Government/Industry Dinner. The Honorable James C. Miller III, director, Office of Management & Budget; Ronald Barnhart, Honeywell, vice chairman, Government Division; John Rittenhouse, GE Aerospace, chairman, Government Division; General Arthur E. Brown, Jr., vice chief of staff, U.S. Army; Jean A. Caffiaux, senior vice president, Government Division.

A special conference was presented on "Embedded Processing — Challenges for the 21st Century," which brought together the recognized leaders in that technological arena.

The Fall Conference, the "24th Annual Ten-Year Forecast of the Defense Electronics Market," included missions and programs analysis, a perspective of global defense markets, member company "Panel of Presidents" looking at strategic direction-making in a declining DoD marketing environment and three market segment studies: Battlefield Electronics, Air Defense Initiatives and Recompetition.

Planning was initiated for a Federal Information Systems study, to gauge the telecommunications requirements of the government agencies in areas other than mission-critical computer resources. Also in planning for next year, in cooperation with the Air Force Logistics Command, is an Advanced Planning Briefing to Industry "High Tech is Big Business in AFLC."

The value of the Government Market Planning Information Service (GMPI) increases. Time-sensitive documents, distributed every two weeks, help keep the business planner abreast of DoD policy shifts, key testimony, budget data, and professional information. Annually, over 8,000 pages are sent to aid each subscriber determine business strategy and tactics.

The R-1 and P-1 data on diskettes continues to be a valuable electronic tool to assist market researchers in their analysis of the RDT&E and Procurement line items of the DoD budget. The data is continually refined to provide users EIA hardware category assignments, mission area assignments, and historical data.

The professional development role continued to help raise the level of expertise of the members, including "Market Research — Its Function and Purpose in the Corporation."

Two new subcommittees were established: The International Subcommittee, looking outward to a global defense requirement, and the Federal Information Systems (FIS) Subcommittee, which will adapt the current defense-oriented studies technique and move to analyze potential markets in the U.S. civil agencies.

EIA's Government Division produces articles for local news outlets nationwide.

Regulatory and Legislative

The Government Procurement Relations Council (GPRC) and Legislative Affairs Council (LAC) Defense Issues Committee provided support to Government Division members on a diverse array of issues affecting the way the Defense industry does business. Congress and the DoD procurement policy changes set the agenda for government relations activities of the Council and the Defense Issues Committee.

A Small Business Act reform measure became the vehicle for change to government requirements for contractor utilization of small disadvantaged businesses (SDB's). Despite EIA efforts, a new penalty provision permits the assessment of liquidated damages on contractors failing to make "good faith efforts" to achieve SDB contracting goals.

Other more positive, legislative changes were monitored and encouraged. Allowability of foreign selling costs under DoD programs was reinstated for the first time in nearly a decade.

Similar positive treatment was achieved which required DoD to cease encouragement of mandatory uncompensated overtime by bidding service contractors. EIA will be represented in the Congressionally-mandated advisory committee established to assist DoD in developing new regulations.

EIA testimony was presented at five congressional hearings on such issues as procurement fraud, reauthorization of OFPP, profit reporting, R&D, and export licensing.

Public Relations/ Industry Image

Through a combination of media briefings and writing and distribution of articles, the PR Committee continued its efforts to achieve balance in news reports of defense industry matters. Six articles were prepared covering various aspects of defense contracting, each of which was distributed to 4,000 suburban newspapers, and a one-minute radio editorial was distributed to 5,000 local radio stations. This effort was targeted at smaller papers nationwide to supplement the press briefings and interviews with major publications. Results of this program are encouraging.

The Committee also addressed nationwide efforts of anti-defense, anti-nuclear groups which are counter to U.S. national security objectives, and has established a dialogue with the Defense Department and others in this regard.

Steps were also taken to facilitate intra-company contact between those having responsibility for PR, legislative and procurement matters.

Congressman Dante Fascell, chairman of the House Foreign Affairs Committee, (L) with David Danjczek, Litton, chairman of the Division's Export/Import Committee (R) following Mr. Danjczek's testimony on behalf of EIA.

The Export/Import Committee acted on a wide range of international defense matters, including offsets, foreign selling costs, licensing procedures, MOU's, Foreign Availability, and NATO matters. Testimony was presented by the Committee Chairman on the need for reform of the State Department's Office of Munitions Control (OMC) at a hearing of the House Foreign Affairs Committee. Crux of testimony was lack of adequate staffing and equipment to handle ever increasing licensing load at OMC. Congressional and regulatory outcome of foreign selling costs and offsets was reasonably favorable and efforts continue to get greater government recognition of foreign availability in considering license applications.

Committee meetings provided opportunity for members to exchange views with Defense and State Department representatives, and plans were initiated to publish a revised edition of the highly regarded *Practical Guide on Export Licensing.*

The Committee held its popular sixth International Award/Reception for industry and U.S. and foreign government guests, highlighted by presentation of the award to Rose Biancaniello of OMC for her "professionalism and objectivity in matters associated with electronic exports in support of national policy."

IR&D/B&P Independent Research and Development and Bid and Proposal

Division representatives worked within the multi-association IR&D/B&P Committee and, at the request of DoD, provided recommendations on how to make more effective the DoD administration of IR&D/B&P. As a result, DoD is implementing the recommended two-year cycle reporting and on-site reviews which can result in substantial savings in engineering resources and money. Congress dropped the IR&D/B&P ceiling but requires DoD to submit a report identifying long range objectives and recommendations for funding. The multi-association committee worked closely with the Defense Policy Advisory Committee on Trade (DPACT) which urged DoD not to redefine nor reduce its support of IR&D/B&P, and to improve its administration of the IR&D/B&P program.

Industry contacts with senior OSD and service officials and congressional elements to preserve the integrity of the IR&D/B&P levels resulted in published Secretary of Defense Carlucci support for increased funding.

Efforts are planned to brief new administration officials, members of the Congress and the transition team on the nature of the IR&D/B&P program.

Quality

The Quality Committee participated in the new OSD policy of Total Quality Management and encouraged uniform DoD policy on non-conforming material. Accordingly, the Air Force "GET SPEC" and the DLAR 8200.10 will be cancelled in favor of a single tri-service document. The committee developed a position on the elimination of fixed AQL's and LTPD's in military specifications. Comments relating to the Army's proposed contractual clause to implement Total Quality Management were submitted.

Computer Resources

The Computer Resources Committee (G34) efforts resulted in the release of the Software Development DoD-STD-2168 Rev. A, and efforts will continue for simplification. This year saw a concerted combined Reliability effort to revise MIL-STD-785 to include Software Reliability. The committee continued in the mainstream of DoD activity related to the DoD Management of Mission-Critical Computer Resources, the DoD Software Technology Initiative and the JLC Computer Software Management.

Materials Procurement

During the year, two of the most pressing procurement issues addressed were Materials Resource Planning (MRP) and Subcontracting Goals with Small Disadvantaged Business (SDB). While it appears that the legislative outcome of the MRP issue was favorable, the regulatory implementation is uncertain. Matters are worse in the SDB matter where strong congressional pressure from the Black and Hispanic caucuses makes it difficult for a constructive industry-government resolution. Substantial industry effort by EIA, in cooperation with others, continues. During the year the Materials Procurement Committee sponsored two special sessions with electronic distributors to help clarify responsibility for quality issues, and addressed other topics, including paperless procurement, supplier rating systems and sub-contract management.

Acquisition Streamlining

The Technical Council and G Panel Engineering Committees continued to spearhead efforts with the Defense Department in furthering Acquisition Streamlining with several significant achievements, including the issuance of the Federal

Acquisition Regulation (FAR) to incorporate Acquisition Streamlining policies which will drive contracting officers to include appropriate contract requirements. Additionally, a CODSIA effort resulted in identifying 50 significant DoD documents which contain counterproductive requirements and identified 78 existing quality documents and recommended that most of these could be replaced by one tri-service non-contractual guide for top quality management. Since the beginning of the Acquisition Streamlining initiative, 12 programs have realized average savings of over $240 million.

Manufacturing Operations and Technology

The Manufacturing Operations and Technology Committee (MOTC) developed an active interface with the Institute of Manufacturing Automation Research (IMAR), a project which ties together several university engineering schools in a joint effort to improve manufacturing efficiency and competitiveness of industry operations. EIA members are providing support to encourage meaningful research projects, train engineers in manufacturing operations, and to facilitate the transition of new technology from the laboratory to the factory floor. During the year, the MOTC visited Arizona State University and its Computer Integrated Manufacturing System Research Center and a visit to the manufacturing facilities of Texas Instruments and tour of the Boeing Electronics assembly plant.

Electronic Component Applications

The component devices groups, both passive and active, have continued to focus on issues related to soldering and solderability and device susceptibility to solder heat. The DoD-STD-2000 series has created a set of new problems and issues; e.g., excessive "how-to" contents, the lack of "tailorability", excessive cost to comply, the impracticality of several solder processes to comply with the requirements of all three military departments and still another for industrial applications. These issues have led to an effort by the joint DoD/industry team to merge the requirements into one document from which contractors will select appropriate requirements applicable to the specific program.

Data and Configuration Management

The Data and Configuration Management committee (G-33) has continued its efforts in DM/CM training in-house and at the college level. Twelve colleges have introduced data management and configuration management courses and negotiations continue with another dozen schools. As a result of a review of the recently revised DoD Directive 5010.19 "Configuration Management", a recommendation was made to incorporate a series of changes that will allow cancellation of the DoD Instruction 5010.21 and MIL-STD-1456 as unnecessary, the consolidation of several CM Plan Data Item Descriptions, and create an umbrella standard for CM without adding to the number of military standards. G-33 continues to work closely with DoD to simplify the proposed DoD Standard for Acquisition of a Data Package and has continued efforts to develop guidelines for the transition from current Data and CM practices to the automated environment.

G-33/G-34 sponsored a workshop panel to assist in the further definitization and refinement of the CALS Strategic Plan.

Contract Services/ Contracting Out

The Service Contracts Committee, in personal and written contacts with Congress, advanced the positive reasons for contracting-out and helped dispel their fears of antagonizing constituents who may be affected. The Committee also urged cognizant Senate members to consider a different disposition of savings realized from contracting-out than that proposed in pending legislation. It was recommended that 50 percent of the savings remain with the contracting command or agency as an incentive for conducting the comparisons and making the awards.

The Committee commented on the issue of uncompensated overtime, expressing the view that it is unfair to both the employees affected and the companies which bid the work at the prevailing rate. Committee meetings concentrated on efforts in the Executive Branch to push privatization, and on the results of the Office of Federal Procurement Policy "A-76" position reviews and studies decreed by the President's recent Executive Order.

EIA's Government Division is a proven, effective industry-government interface furthering national security.

David Demarest, Bush Transition Office communications director (C) speaks to EIA Senior Vice President Jean Caffiaux and Government Division, Public Relations Committee Chairman Hugh Burnes, Lockheed, (R) before briefing the Committee.

Industrial Electronics Group

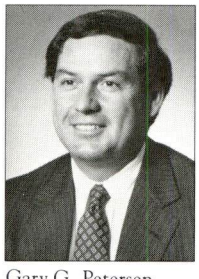
"Through innovation and development of new technologies the IEG continues to grow."

The Industrial Electronics Group has broadened its scope by adding the Assistive Devices Division. The group already incorporated the Closed Circuit Television Manufacturers Association (CCTMA), the Industrial Automation Division and the Power Sources Division.

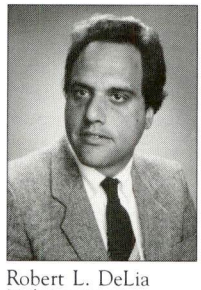
The Assistive Devices Division (ADD) celebrates its first year of existence, a year that has seen strong growth in membership, and progress on a number of divisional objectives. The division has embarked on a major project to increase public awareness of assistive devices, and their potential for improving the lives of persons with disabilities. ADD is exploring strategies for providing low cost financing to consumers of assistive devices. In the upcoming year, ADD plans to strengthen ties with other EIA divisions and councils to pursue common objectives. ADD is presently collaborating with the Engineering Department, the Human Resources Council, and interests within the Consumer Electronics Group to develop guidelines for human factors design of consumer products so that they are accessible to a broad market of consumers, including persons with various functional limitations.

The CCTMA arranged for a closed circuit television pavilion at the International Security Conferences East and West. By doing this, all of the principal closed circuit television equipment manufacturers who are members of the CCTMA were located in the same area. This enabled prospective customers to visit all of the suppliers without having to spend time going through areas which featured other types of products. The members found this very beneficial to their sales effort and plan to continue it in future shows. In addition, educational seminars were conducted at both of these shows, providing information to users and installers of the equipment. Support by experts from the member companies made these events extremely successful.

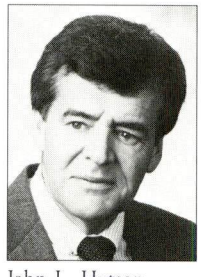
New requirements for the testing of closed circuit television equipment used in bank and mercantile installations were announced by the Underwriters Laboratories. Through close cooperation with the U.L., modifications and explanations were supplied which will enable member companies to continue active participation in this marketplace. The CCTMA Engineering Committee is preparing several new standards which will provide for easier utilization of various manufacturers' equipment.



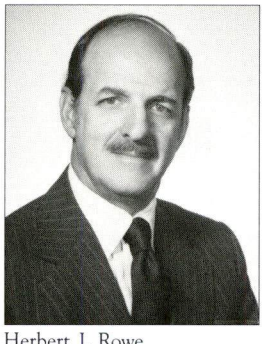
Gary G. Petersen
Weltek International
Chairman, Industrial Electronics Group
Chairman, Automated Equipment Division



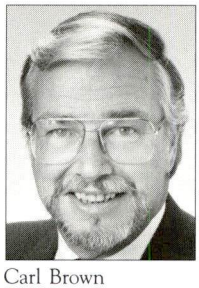
Robert L. DeLia
Math Associates, Inc.
Chairman, Closed Circuit Television Manufacturers Association



John L. Hutson
Sola Electric, a unit of General Signal
Chairman, Power Sources Division



Herbert J. Rowe
Senior Vice President, Industrial Electronics Group



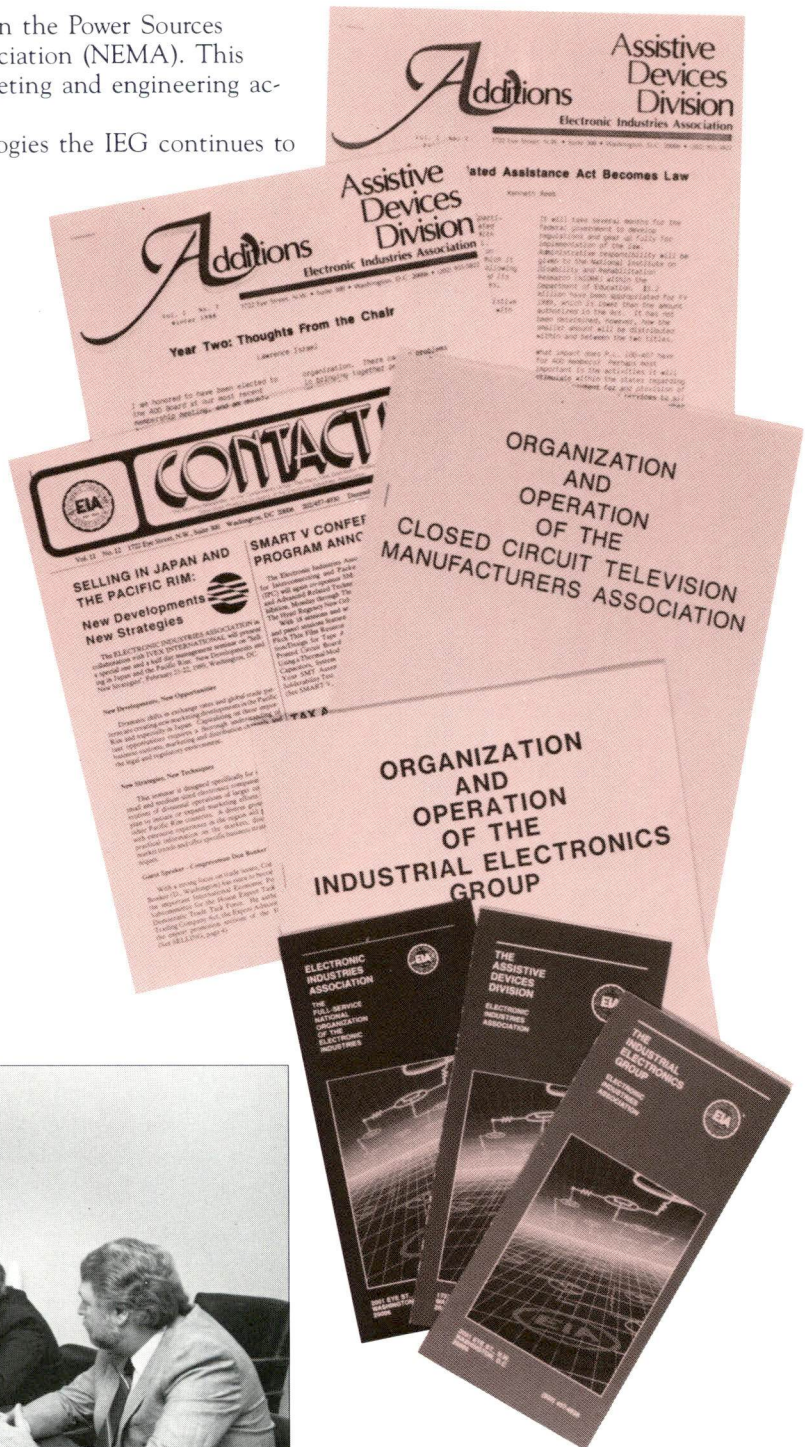
Carl Brown
IBM Corporation
Chairman, Assistive Devices Division

The Industrial Automation Division (IAD) has focused on developing an industry-wide statistical program. Through participation on the Joint Trade Association Committee on Industrial Automation Statistics, this program has received wide acceptance. A Market Analysis Committee has been formed to develop, in cooperation with the U.S. Bureau of the Census, a macro-economic model on capital expenditures in the industrial automation industry.

The Power Sources Division continues to participate in the Power Sources Council with the National Electronic Manufacturers Association (NEMA). This joint effort enables companies to fully participate in marketing and engineering activities whether they belong to either EIA or NEMA.

Through innovation and development of new technologies the IEG continues to grow.

The EIA/CCTMA Pavillion during the ISC-East Show, September, 1988 in New York City.



A strategic planning session between industry executives, Jack Driscoll and Ken O'Connell of Murata Erie North America and EIA executives, Herb Rowe and Pete Walsh.

Telecommunications Sector

"Representing the telecommunications industry in association with the Electronic Industries Association"

Since April, 1988, the telecommunications interests of EIA have been represented by the Telecommunications Industry Association ("TIA"). TIA was formed by the merger of the U.S. Telecommunications Suppliers Association and the Information and Telecommunications Technologies Group of the Electronic Industries Association. TIA, through a separate association, represents the telecommunications supplier industry and acts as the telecommunication sector of EIA. Currently, TIA has nearly 600 members.

At its organizational meeting, John Boyd of AT&T was elected Chairman of TIA and Allen R. (Mike) Frischkorn, the President of USTSA, was elected President of TIA. At TIA's annual Board of Directors meeting in August, 1988, Allen Dawson of Seicor succeeded John Boyd as Chairman.

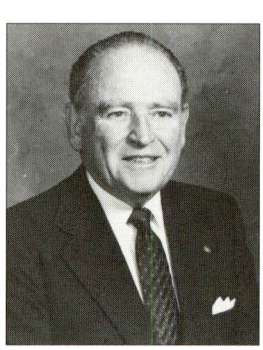
The purpose of the merger of USTSA and the EIA/ITG was to provide a single voice for the U.S. telecommunications industry. Another purpose was to create a full service trade association to provide a complete array of services to member companies.

Following the merger, the first order of business for the association was to restructure itself to meet the needs of the telecommunications industry. At the annual Board of Directors meeting a new organizational structure was adopted, new by-laws were approved and a new dues schedule was implemented. The new organization includes a two-tier structure of standing committees and product sector divisions. The standing committees are the International Committee, the Public Policy and Government Relations Committee, the Marketing/Trade Shows Committee, the Technical Committee, and the Membership Scope and Development Committee. The product sector divisions are the Network Equipment Division, the Mobile Communications Division, the Fiber Optic Division, and the User Premises Equipment Division. A separate division, Roadrunners International, provides services to individuals working in the telecommunications industry.

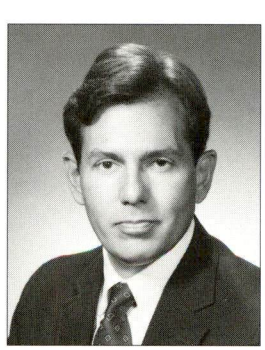
TIA Standing Committees

International Committee. The TIA International Committee focuses on ways to increase the sales of U.S. telecommunications products overseas. During 1988 the committee pressed for adoption of legislation to open up foreign markets to U.S. telecommunication products. This effort proved successful as Congress passed and the President signed the Omnibus Trade and Competitiveness Act of 1988. The legislation contains provisions empowering the President to negotiate greater overseas market access for U.S. telecommunications equipment manufacturers. The committee is working with the Office of the U.S. Trade Representative to implement those provisions. The committee also sponsors trade missions and hosts foreign buying delegations as part of its effort to increase the overseas sales of U.S. telecommunications suppliers. A number of foreign delegations were hosted at TIA's SUPERCOMM Trade Show in Atlanta. In November, a conference was held in Bali, Indonesia, to showcase the capabilities of U.S. telecommunications suppliers to representatives of a number of ASEAN countries. Also in November, an Honorary and Friendly Membership agreement was signed with the Communications Industry Association of Japan to enhance cooperation between the U.S. industry and its Japanese counterpart.

Public Policy and Government Relations Committee. The TIA Public Policy and Government Relations Committee operates under the direction of the TIA Board of Directors to establish public policy positions and strategies that represent



Allen W. Dawson
Seicor Corporation
Chairman, Telecommunications Industry Association



Allen R. (Mike) Frischkorn
President, Telecommunications Industry Association

the consensus of the membership. During 1988, the committee focused considerable effort on organizational issues. It established a number of issue sub-groups to address the various categories of issues of concern to the membership. Legislatively, it has been active on the industry structure and competition issue, international trade issues and regulatory issues. During 1989, the industry structure and competition issue is expected to occupy a considerable amount of the committee's time.

Technical Committee. The TIA Technical Committee tracks standards activities, establishes positions on technical issues, and coordinates with and monitors the activities of the T-1 committee, FO-TR Committees and domestic and international standards setting organizations. The Technical Committee will play a major role in coordinating TIA standard activities. During the coming year, a major focus of the committee will be raising the profile of TIA in the international telecommunications standard setting process. The Technical Committee has also established an HDTV subcommittee to monitor developments in that new technology and to assess its implications for TIA members.

Marketing/Trade Shows Committee. The Marketing/Trade Shows Committee assists member companies in identifying and developing markets of interest, develops data on market size, growth rate and trends, promotes and develops industry trade shows and conducts seminars on how to use trade shows effectively. The largest U.S. telecommunications trade show, SUPERCOMM, is co-sponsored by TIA and the U.S. Telephone Association ("USTA"). In May of this year the show was held in Atlanta and attracted nearly 15,000 attendees. In October of this year TIA co-sponsored Network '90's in San Francisco, California, with USTA, and Pacific Telesis. In late October, TIA sponsored the U.S. Pavillion at Expo Comm China '88 in Beijing, China. TIA will also sponsor the U.S. Pavillion at ITU's Telecom '91 Trade Show to be held in Geneva, Switzerland, in October, 1991. Additional trade shows are also under consideration.

Membership Scope and Development Committee. TIA's Membership Scope and Development Committee is responsible for reviewing annually the membership of TIA to evaluate whether changes might be necessary in the classes of membership or the structure of the association. Periodically, the committee will survey the membership to assess whether association programs and activities are meeting members' needs and to determine what new activities or directions might be appropriate. A survey of the membership is anticipated in 1989. The committee is also responsible for developing programs to increase the membership of the association. It is expected to be quite active during the coming year as TIA continues to develop its agenda.

TELECOMMUNICATIONS
TIA
INDUSTRY ASSOCIATION

Opening the door to better business development on both sides of the Pacific, TIA President Allen R. Frischkorn winds up the historic cooperative agreement ceremony by presenting CIAJ Chairman Katsushige Mita with an honorary TIA membership certificate.

Toasting the signed Memo of Understanding (MOU) merging the U.S. Telecommunications Suppliers Association (USTSA) and the Electronic Industries Association's Information and Telecommunications Technologies Group (EIA/ITG) to form the Telecommunications Industry Association (TIA) are: (L to R) EIA President Peter F. McCloskey, EIA Chairman John F. Mitchell (Motorola, Inc.), USTSA Chairman John Boyd (AT&T), USTSA President Mike Frischkorn.

Product Sector Divisions

GTE's Freeman Robinson (GTE) (C), and TIA VP Peter Bennett (L), testify on H.R. 2213, the Telephone Hearing Aid Compatibility Act of 1988, before the Telecommunications Subcommittee of the House Energy and Commerce Committee.

Fiber Optics Division. The Fiber Optics Division mission is to (1) promote the growth of the U.S. fiber optics industry through TIA, (2) within TIA, be the "expert" on fiber optic technology issues, and, (3) lead in establishing national and international technical standards for fiber optics.

The member companies of the Division have formed two new issue related committees which will be coming to grips with major concerns of the industry. The committee on *High Definition Television* will be working to provide an accurate and definitive assessment of fibers' contribution toward bringing this new viewing experience to the American public. The new committee on *Fiber to the Home* will be taking a broad look at the industry to put together a comprehensive plan which will eliminate the barriers and accelerate the use of fiber in the local loop. As new issues surface from these two initial projects, other committees will be formed to address the particulars.

The two division engineering committees are working closely together and achieving record standards production. The Optical Communications committee, FO-2, has defined nineteen system test procedures for their working groups and balloting at the industry level is underway on several standards. The components committee, FO-6, continues its work on test procedures, as it nears the mark of 100 published FOTP's, and is growing more proficient monthly in drafting and revising procurement specifications.

In 1989, the Division plans to host another DOD-ANSI Symposium on Fiber Optics Standards, building on the success of a previous seminar held in December, 1987. The engineering committees plan to incorporate fiber optic sensors into their 1989 plans as a means of better identifying and defining the use of this new measurement medium in the industry.

Mobile Communications Division. The Mobile Communications Division has had another active year, during which its section's made over a dozen formal filings in FCC rulemaking proceedings. The major thrust continues to be the long-term objective to secure adequate spectrum to accommodate the dynamic growth of the two-way radio, cellular and cordless telephone industries. Membership increases in both the policy and technical committees have broadened the range of industry participation and the commensurate contributions to committee deliberations.

All three sections have active technical standards programs, and a new subcommittee, TR-45.3, has been formed to accelerate the development of standards for a new generation digital cellular telephone system. An excellent symposium on this subject was conducted by the Cellular and Common Carrier Radio Section in August, 1988, and a sequel is being planned for 1989.

Technical standards, cooperatively developed with EIA, are a major part of the TIA program.

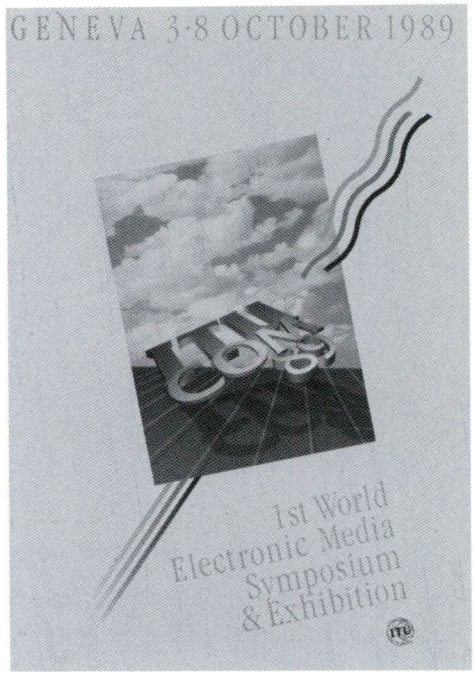
Pru Wehle and Director Wang of PRC launched an informative discussion of telecommunications progress between their respective countries.

Network Equipment Division. The Network Equipment Division begins 1989 with new officers and a new commitment to become involved in issues of importance to its members. The development of technologies such as High Definition Television, Open Network Architecture, and a Mobile Satellite System will offer the division new opportunities to address both policy and technical issues. The division's technical committees continue to work on several microwave and satellite related standards, consistent with a divisional objective to develop and maintain a government/industry forum on a broad range of state-of-the-art technologies. The formal appointment of division representatives to each of TIA's program committees is expected to increase member interest in such areas as international trade, marketing, and legislative affairs.

User Premises Equipment Division continues to exercise leadership in critical areas within its expertise. One such area is premises wiring for telecommunications. The division submitted important comments in the FCC's inquiry on this subject, and our engineering committees continue to work toward the completion of the first comprehensive voluntary industry standards for residential wiring, and for commercial and industrial wiring. This latter effort has led to the exploration of building architecture for communications wiring, and we are engaged in a unique joint effort with the Canadian Standards Association to devise architectural standards applicable both in the U.S. and Canada. Meanwhile, the engineering committee for data transmission systems and equipment, which has set the standard for data equipment interconnection for over 25 years with its RS-232 interface, is working on several new standards for interfaces needed by the growing data industry. It has also expanded its work to include domestic and international standards for modems and modem protocols.

The telephone terminal equipment engineering committee has completed major revisions of its terminal equipment standards. It will soon complete work on comprehensive test specifications for the evaluation of equipment being registered under Part 68 of the FCC rules. The new TIA document will replace an obsolete FCC publication.

Roadrunners International. Roadrunners International is an industry service organization sponsored and funded by TIA. Its focus is on human interest issues of concern to the industry. Through its newsletter it keeps its members informed of moves, promotions, retirements, new hires, serious illnesses, deaths, etc. Should a member become unemployed, Roadrunners International provides a network to help that member find a new job. Should a member need to hire someone, Roadrunners International can help a company find a new employee. Membership is open to anyone in the telecommunication industry. Currently, Roadrunners International has nearly 4,000 members.



TIA will host the USA Pavilion at ITU-COM '89 in Geneva, Switzerland.

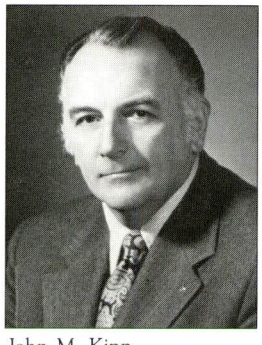
Other Activities

TIA organizes a full program of technical seminars and engineering standards activities for the industry.

Engineering Department

"Continuing to serve the industry to support and maintain its leadership."

John Feehan
Clinton Electronics Corporation
Chairman, Engineering Department



John M. Kinn
Staff Vice President, Engineering Department

The EIA Engineering function continues to expand its work on new technological fronts, publication services, international activities and Government liaison.

Publications. 1988 saw the continuation of increases in both the number of projects started and in the number of documents published. Figure A graphically demonstrates this trend. In addition, a concomitant increase in the number of meetings and or meeting-days has also occurred. This latter increase is to be expected given the basic vitality of the industry and is therefore reflected in the increase in published documents.

The primary thrust of EIA Engineering activities is the production of standards that define the characteristics of electronic products, equipment and systems. To this end, there are a number of activities that are pursued jointly with other organizations. One of these areas is Surface Mount Technology.

We have been a leader in the development of the basic thrusts of the Surface Mount Council, formed at our behest and consisting of members principally from EIA, IPC and the DoD. As part of its activities, the Council publishes an annual Status and Action Plan that outlines where we are and where we would like to be in the future.

For 1989, the Council has set twenty tasks it will work on during the year. All tasks have as their objective the orderly facilitation, coordination, and promotion of Surface Mount Technology — leaving the actual development of needed standards up to the appropriate standards developers.

In addition to the major work going on in our divisions, two new departmental committees have been formed. One, the Soldering Technology Committee, is now looking at all aspects of this problem as it affects our division committees so that a single basic standard may ultimately be achieved for this technology. In addition, a VHDL (VHSIC Hardware Description Language) Standardization Committee has been formed that is addressing the development of specifications for VHDL Models, as well as specifications to permit the validation of those models, and to assess the Quality of the Models.

Design Automation. The VHDL activity just described has resulted in EIA undertaking a major new thrust in Design Automation. At its October 19th meeting, the EIA Board of Governors was briefed concerning a new DoD Directive requiring delivery of VHDL documentation and performance analysis by defense contractors. The requirement has broad implications in both the Defense and commercial markets. The Board authorized the establishment of an Ad Hoc Committee, to be comprised of concerned industry members, to determine the feasibility of an industry cooperative effort, perhaps with DoD participation, to define, procure and validate computer models to meet these requirements.

An integral part of the Design Automation function is the ability to provide economic and accurate data interchange for manufacturing. Within the electronics industry, and especially within the semiconductor sector, this function is being accomplished via the standard developed by the Electronic Design Interchange Format, EDIF as ANSI/EIA-548, published in May 1987. This standard, in combination with the VHDL standard language is fast becoming the design language and interchange format of choice within our industry, both in the commercial, and more especially, in the military market sectors.

Since the military is a major force in the evolution of VHDL, as well as the overall concept of design automation, it is not surprising that a separate entity within the DoD has been formed to address this need. The DoD Office is called CALS (Computer Aided Acquisition Logistics Support). CALS is a DoD and Industry initiative to enable and accelerate the use and integration of digital technical information for weapon systems acquisition, design, manufacture, and support.

EIA has been actively involved with the CALS effort on two fronts. The first, through the Government Division's active participation on their Industry Steering Committee, and second, through the EIA Ad Hoc CALS Evaluation Committee of the Engineering Department which has evaluated the applicability of VHDL, EDIF, IGES, and IPC standards for use in the Design Automation process and produced a report recommending specifically how each should be applied and comprehended within two newly issued DOD standards, MIL-D-28000, and MIL-STD-1840A.

Other DOD initiatives in which EIA Engineering has played a key role is the creation of an OEM funded Pilot Program, under the auspices of the NECQ-System, for auditing of semiconductor manufacturers. This program is designed to shed light on the best mechanisms needed to provide an effective third-party audit of the parts manufacturers on behalf of the OEMs so that both segments of our industry can benefit through minimizing duplication of effort, and the wasting of engineering talent. Initial results have shown a number of areas that need to be addressed and as a result the Pilot Team has revised its approach and entered Phase Two of its Program. The integration of audits of passive component manufacturers is now under consideration by this Program.

As a collateral issue, the Electronic Components Certification Board (ECCB) authorized creation of a Transition Team to develop a plan, in conjunction with the DOD, to provide the means for our industry Quality Assessment System, the NECQ, to be adopted by DOD for their use in the assessment of non-JAN parts. A major proposal has been developed by the ECCB Team in conjunction with the Multi-Association Planning and Implementation Team for Microcircuit Acquisition (P&I Team) and is under consideration by the DOD.

EIA Engineering Meetings provide the forums for voluntary standards activities which are necessary for U.S. competitiveness in the world marketplace.

International Activities

EIA Engineering continues to play a major role within the International Electrotechnical Commission (IEC) and its Quality Assessment System, the IECQ.

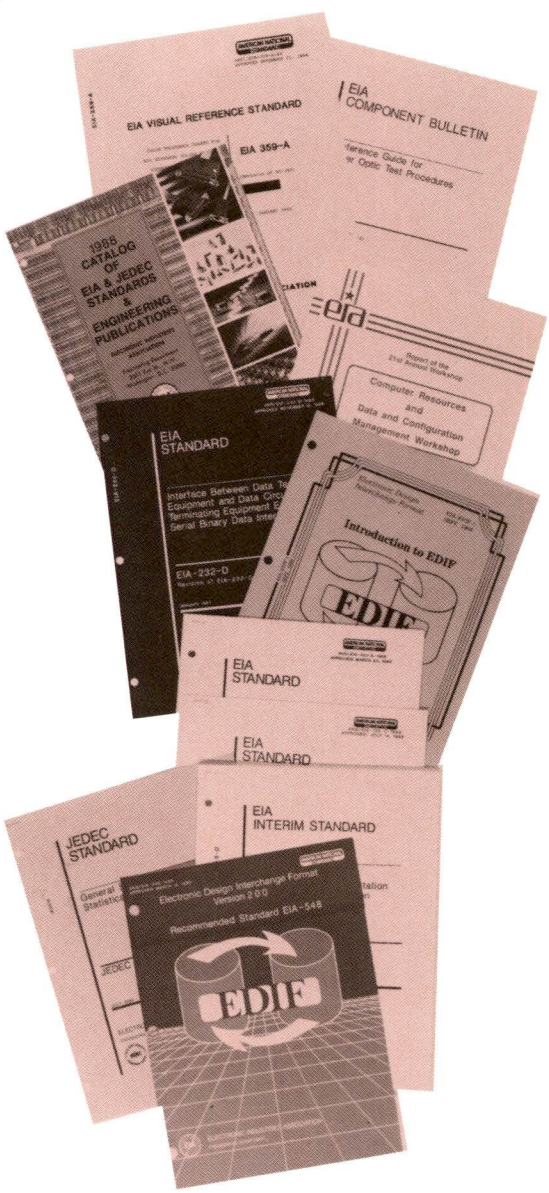
The IECQ-System now has forty U.S. manufacturers who have joined the system, compared to one hundred and twenty worldwide.

EIA's Passive Parts committees, Fiber Optic committees, Semiconductor committee, Telecommunications committees and Consumer committees are active in developing specifications that will be used in the system.

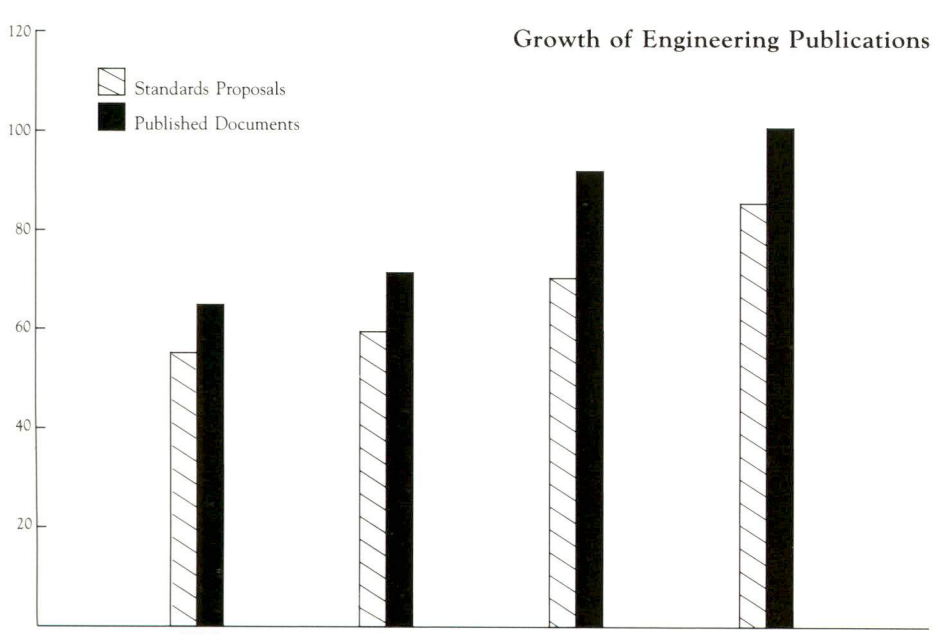
In 1988 EIA signed a formal cooperative agreement with the Chinese Electronic Standardization Institute (CESI). This agreement now provides our engineering committees with the opportunity to interact more effectively with their counterpart in mailnand China. Given major changes taking place in this country, wherein major U.S. manufacturers are entering into joint venture agreements, this cooperative activity should help shape the standards used in that country in a form that is advantageous to the U.S.

In a similar vein, activities under our cooperative agreement with our counterpart in Japan (EIAJ) have flourished in the past year, with four joint working group meetings having taken place. A new Technical Management Committee has been formed to oversee the work of the specific joint working groups, and assess the need for creation of additional joint working groups as we see areas of technology that would benefit by a mutual approach to their standardization.

The work of the EIA Engineering function has expanded markedly over the past few years, mainly as a result of the expansion of new technologies in the marketplace, and the growing recognition that standardization, in many cases, helps expand those markets both nationally and internationally. This vital EIA function will continue to serve the industry to support and maintain its leadership.

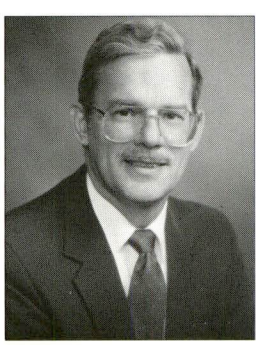


Growth of Engineering Publications



Marketing Services Department

"The authoritative source of statistical and analytical market information on the U.S. electronic industries."



Ronald L. Stier
Cooper Industries-Belden Wire and Cable
Chairman, Marketing Service Department

Clinton S. Lee
Staff Vice President, Marketing Services Department

The EIA Marketing Services Department functions as the authoritative source of statistical and analytical market information on the U.S. electronic industries. The Department serves the EIA membership with market activity reports, special reports and surveys, market analysis, a Marketing Services Research Center, as a government and industry liaison, and through various statistical publications.

Activity in 1988 has centered on introducing and implementing the Automated Reporting and Retrieval System (ARRS). The ARRS provides for electronic reporting of company data and electronic retrieval of composite industry information, as an enhancement to the existing market activity report processing system. The Department has also been enhancing its analytical capabilities, refining projection methodologies, and improving existing statistical programs. Increased awareness of Department programs and services has resulted in greater participation in statistical programs and increased member usage of Research Center facilities.

In 1988, the Department's **AUTOMATED REPORTING AND RETRIEVAL SYSTEM (ARRS)** was installed at EIA, tested, and promoted to potential users. A standing-room-only crowd attended an introductory ARRS seminar at the EIA Spring Conference. An informative slide presentation was followed by a technical demonstration. An EIA Fall Conference seminar featured a panel of pilot test participants and a full-screen computer presentation. The fully operational ARRS will be available to all program participants in early 1989.

MARKET ACTIVITY REPORTS provide hundreds of participating manufacturers with reliable and current composite industry information on the size and growth of their respective industry. These reports are developed from confidential company data reported directly to the Department in accordance with strict security procedures. The *Market Activity Report Handbook,* a detailed program participant guidebook, was released at the EIA Spring Conference. The Department continues to recruit new participants and initiate new reports. Current Market Activity Report efforts focus on more analytical interpretation of the reports and the addition of explanatory graphs.

As commissioned by any EIA group, division, committee, department, council, or panel, Marketing Services Department **SURVEYS AND SPECIAL REPORTS** provide accurate and in-depth coverage of timely issues.

The Marketing Services Department is assisting with the CEG-sponsored Color TV/HDTV Study. This two-fold study assesses the impact of the domestic manufacture and assembly of color television on the U.S. economy, and delves into the potential impact of High Definition Television (HDTV) on the U.S. color TV industry and the economy in general.

A quarterly Survey of Color TV Domestic Production and Imports was developed to provide tube manufacturers with an accurate measure of the domestic color TV picture tube market. The annual Capacitor Industry Wage Rate Survey was completed with responses from twenty-six plant locations. The Department also conducted a special survey on sales of AC-type capacitors from 1981 through 1987.

The Department also released its semi-annual CRT Demand Survey, providing data on the present and future demand for color TV picture tubes, display and monitor CRTs, as well as TV sets and monitors. The annual Five-Year Tube Forecast was published, covering expected sales and R&D for high vacuum, gas & vapor and special purpose tubes, microwave tubes, and electro-optical devices. For the microwave tube industry, the Department published surveys covering both plant capacity utilization and R&D expenditures.

The Department continues to increase its emphasis on **RESEARCH AND ANALYSIS,** providing quarterly forecasts of U.S. factory sales of electronic products by industry sectors as well as semi-annual general economic outlooks. Analytical summaries and graphs are now being added to a number of Department reports and publications. More in-depth interpretation of trends will augment statistics in the future.

The EIA Index of Electronic Business Activity now features a new easy-to-use format with a separate section of statistics/graphs for each of the industry sectors. The special monthly report provides participating manufacturers with monthly trend indicators for shipments, new orders, and unfilled orders.

The consensus estimates of Consumer Electronics U.S. Sales are released at the Consumer Electronics Shows. In 1988, the product scope was expanded to include home security systems and videogame software, with additional research information on home office equipment.

Projection Methodology Task Forces have been created as industry monitors to review and evaluate the statistical trends reflected in the market activity reports. The Task Forces have centered on clarifying the product scope of reports, reviewing projection methodologies, identifying available research studies to enhance current methodologies, discussing report participation and developing recruitment strategies.

Introduced in 1984 for the purpose of tracking, collecting, and disseminating industry market information, the **MARKETING SERVICES RESEARCH CENTER** exists as an information retrieval and referral service for EIA members and staff. Member utilization of the Research Center continues to increase, due in part to in-person orientation sessions which educate EIA members about the Center's resources. The monthly Research Center newsletter, *UPDATE*, has grown continually in terms of scope, size, and readership. An updated *Resources Guide* was developed, adding all acquisitions since the first edition in 1987.

The Research Center continues to expand its resources, which include access to hundreds of on-line databases such as CorpTech, Dow Jones, NewsNet, and Dialog; the latest U.S. government statistics; technical reports and journals; periodicals; reference books; and market research abstracts. Customized requests are handled by professional information specialists.

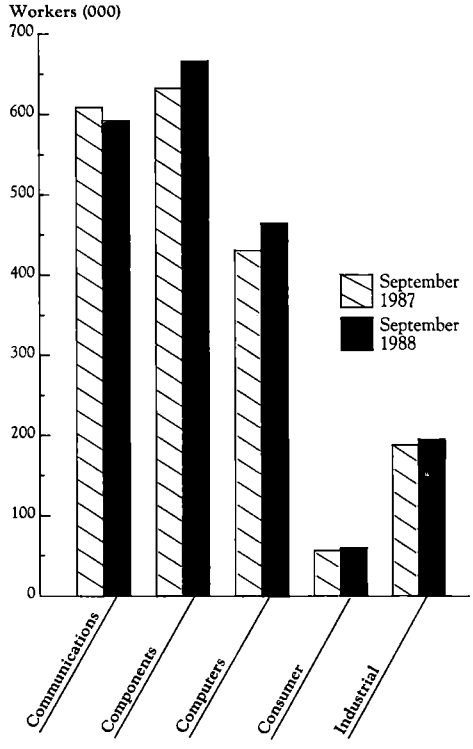
The Department's role as a **GOVERNMENT/INDUSTRY LIAISON** is growing in importance in light of current foreign trade issues and the U.S. adoption of the Harmonized Commodity Classification System, effective January 1, 1989. The Marketing Services Department continues to increase member awareness of government publications and information. In addition, a request was submitted to the International Trade Commission recommending import category breakdowns for the following: camcorders, LCD TVs, telephone sets & answering devices, radar detectors, scanners, cathode ray tubes, tantalum capacitors, quartz crystals & quartz devices, image intensifier tubes, switches, connectors, power supplies, and variable resistors.

A comparison of scopes for EIA and various other electronic industries trade associations was developed, with plans for routine updates. Joint cooperative efforts were initiated between the Department and the Variable Resistive Components Institute (VRCI).

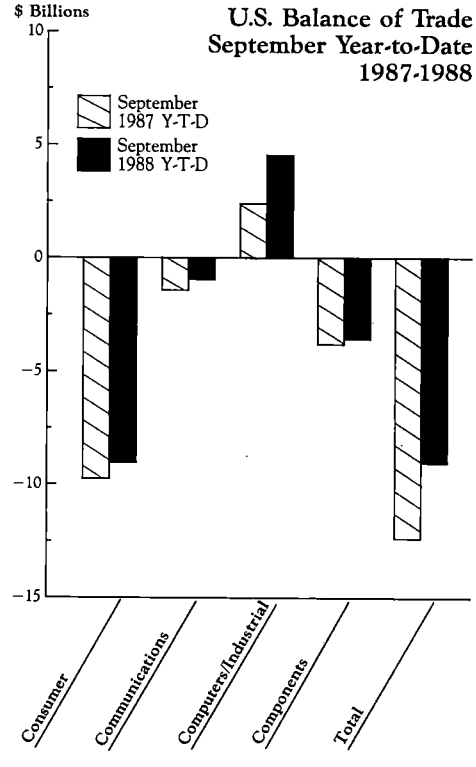
The Marketing Services Department publishes a wide range of **PUBLICATIONS** on the U.S. electronic industries. The authoritative statistical encyclopedia on the U.S. electronic industries, *Electronic Market Data Book*, has been published annually for over thirty-five years with the latest facts, figures, and explanations of trends. The Department continues to publish the monthly statistical guide, *Electronics Foreign Trade*, and an annual compilation of export and import data, *Electronics Foreign Trade Five-Year Summary*.

The bi-monthly Department newsletter, *FOCUS*, continues to report on the latest Department statistics, publications, activities, and plans, while also informing the readership about up-to-date government information. A symbol-based promotional brochure on general Department products and services was also developed and released in 1988, as a basic introductory pamphlet/publications order form.

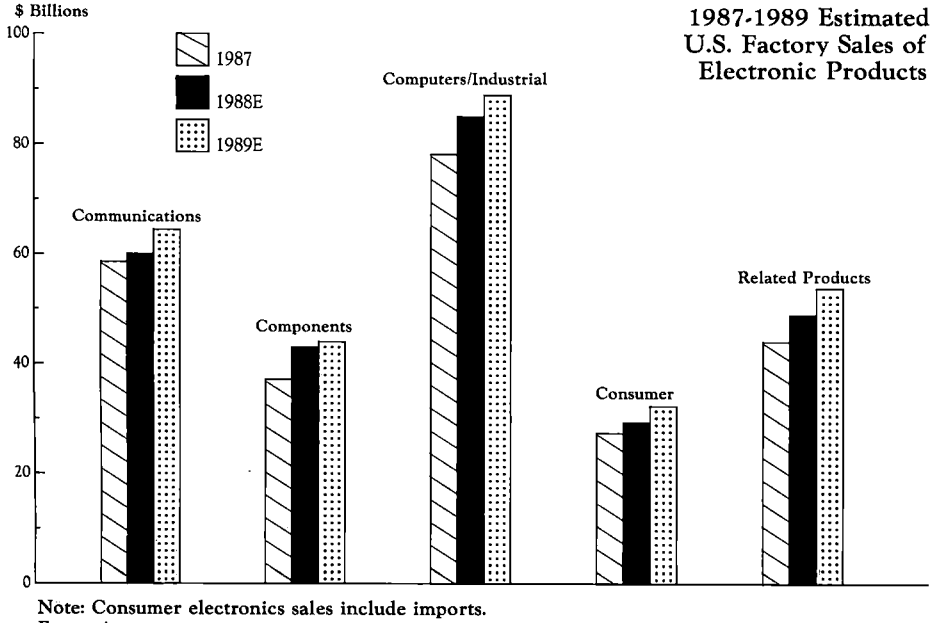
Electronics Employment
(Thousands of Workers)



U.S. Balance of Trade
September Year-to-Date
1987-1988



1987-1989 Estimated U.S. Factory Sales of Electronic Products



Note: Consumer electronics sales include imports.
E = estimate.

Public Affairs

Media liaison, meetings and conventions, publications and special projects, are the key elements of EIA's active Public Affairs Department. As the focal point for queries from the public, media and government, EIA responds to a wide range of questions on various issues and activities concerning the electronics industry and the Association. The Department keeps EIA in the forefront as the authoritative source for industry information.

Another significant area of responsibility for Public Affairs is the Department's liaison with senior staff from the White House, and other Executive Branch departments, and agencies as well as Congressional offices. The Department routinely assists in communicating EIA positions directly to key government decision makers.

Media Liaison

Daily the Public Affairs Department responds to numerous media inquiries concerning the rapidly changing technologies of the electronics industry. The Department issues approximately 100 news releases a year covering major EIA testimony, industry positions, activities, issues, awards and achievements.

In order to ensure the greatest possible coverage of the Association's varied messages, the Department maintains a comprehensive media list containing numerous journalists representing the trade and general press. Publicity for EIA sponsored meetings, seminars, trade shows and publications is also a major responsibility of the Department.

On-site supervision of media activities at EIA meetings plays a key part in the Department's activities. Arranging interviews, providing media with schedules, biographies, photographs and other general information are all part of the Department's varied press room operation. Press information kits are produced and updated regularly for media use as well as the creation of special press kits at the specific request of EIA Groups and Divisions.

Meetings and Conventions

One of the most critical areas of any association is that of the planning and implementation of its meetings, conventions, seminars and conferences. The Public Affairs Department, through its professional full-time meetings manager, arranged more than 100 meetings and other functions.

From site selection, contract negotiations and scheduling to actual on-site management, the Department's staff does everything possible to make sure that EIA meetings are not only informative and productive but enjoyable as well.

The Department is responsible for selection and invitation of high level speakers for the Association's major meetings and enjoys an excellent rapport with the senior level federal officials and members of Congress. This Spring the Department was particularly proud when its efforts resulted in President Reagan appearing before one of the Association's most important events, the Annual Government/Industry Dinner.

Mark V. Rosenker
Vice President, Public Affairs Department

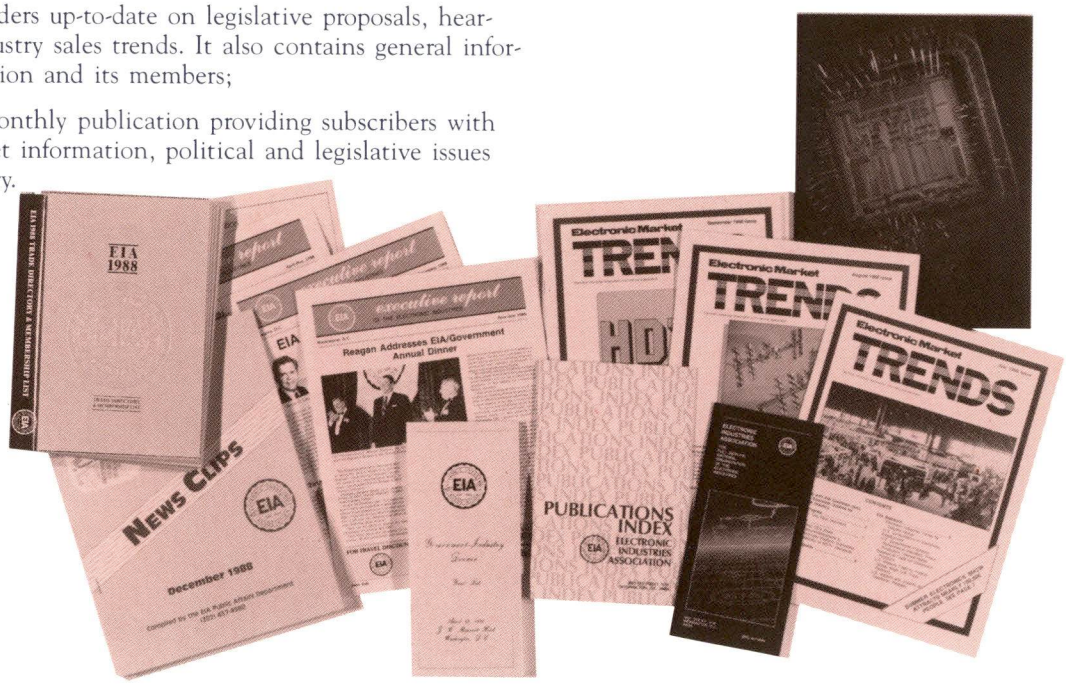
"Keeping EIA in the forefront as the authoritative source for industry information."

This year's Annual Government/Industry Dinner, with President Reagan as guest speaker, had record attendance and was one of the highlights of the Association's meeting and convention schedule.

Publications

Keeping EIA members as well as the general public apprised of the Association's varied activities is an important objective of its publications program. Some of the Department's more popular publications include:

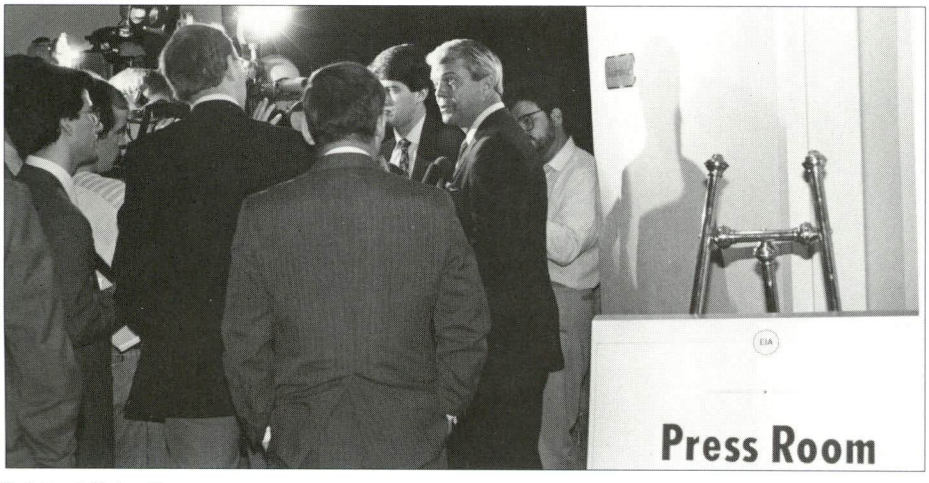
- *The EIA Annual Trade Directory and Membership List* — A directory of member companies, corporate and division locations, phone numbers, trade names and EIA organizational assignments as well as geographical locations and facilities. It also includes a section on electronic product categories;
- *EIA Publications Index* — A comprehensive catalog of all publications of audio visual materials produced by the Association listing their price and availability;
- *EIA Annual Report* — Comprehensive overview of the yearly activities highlighting the Association's objectives and accomplishments;
- *Executive Report* — Keeps its readers up-to-date on legislative proposals, hearings, engineering standards, industry sales trends. It also contains general information concerning the Association and its members;
- *Electronic Market Trends* — A monthly publication providing subscribers with up-to-date statistical data, market information, political and legislative issues involving the electronics industry.



Special Projects

This year being an election year and transition to a new Administration, the Department was tasked as EIA liaison to the Office of the President-Elect. The Department coordinated the industry's position papers as well as EIA briefings to the Transition Office officials and scheduling of Transition Office briefings to Association Groups/Councils. The Department also acted as the Association's liaison to the Presidential Inaugural Committee.

Working with the Consumer Electronics Group, the Department aided in the development and implementation of the Association's new High Definition Television (HDTV) Information Center.



Public Affairs Department assists press in gaining access to the Association's guest speakers and industry leaders. FAA Administrator T. Allan McArtor meets with press before addressing the EIA Annual Spring Conference Luncheon meeting.

Mark Rosenker, EIA vice president, Public Affairs (L) discusses his testimony with Congressman Don Ritter (R-PA) (C) and Republican Platform Committee member Andrew Natsios (R) before testifying at the Republican National Convention.

Administration and Finance Department

The Administration and Finance Department is responsible for coordinating the administrative functions of the Association including: accounting, building operations, computer and communication services, personnel and production. The Department's primary mission is to manage the day to day operations of the nation's premier electronics association.

Accounting

The Accounting Office oversees the day-to-day financial operations of EIA and the Electronic Industries Foundation. The monthly management reports prepared by this office assist the group and division executives in administering their operations.

Building Operations

In March, 1988, EIA sold its headquarters building at 2001 Eye Street, N.W., to 2001 Associates, a limited partnership of which EIA is a 50% limited partner. The partnership purchased the building adjacent to the EIA building and has demolished both buildings. Construction has started on the James Monroe Building, a 151,000 square foot office building. It is expected that the building will be ready for occupancy in late 1989. The offices EIA were relocated to their temporary headquarters at 1722 Eye Street, N.W., during 1988.

Computer and Communication Services

The EIA mail list, with approximately 30,000 names, is the responsibility of this office. This mail list is the life-blood of the Association.

Technical support is also provided from this office to the ever increasing number of computer users within EIA.

Personnel

Coordination of employee benefits and employee administration functions is managed by the personnel office. This office also coordinates EIA recruiting efforts and implements personnel policies.

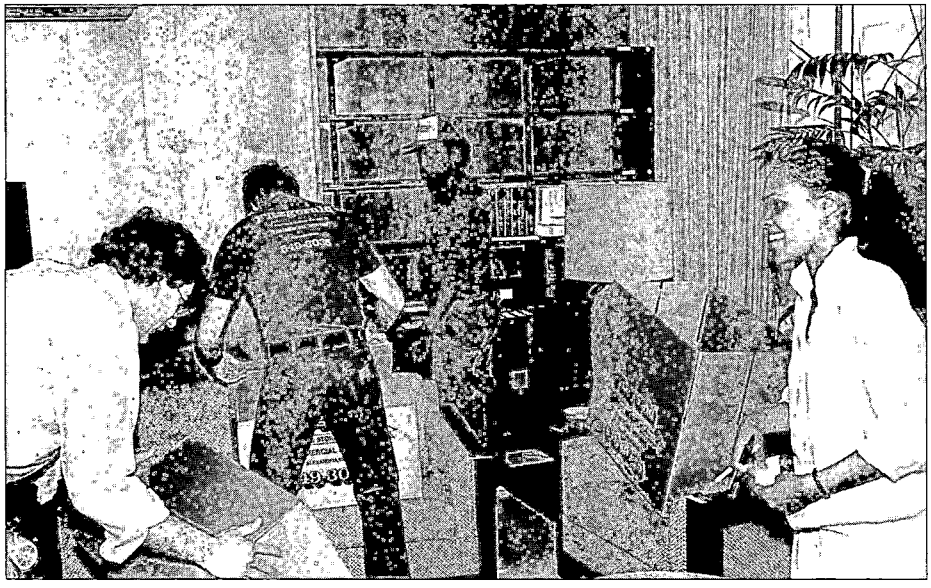
Production

EIA is proud of the work produced in-house in its printing and production facilities. State of the art equipment in this operation enables EIA to efficiently produce professional looking publications, newsletters and letterheads.

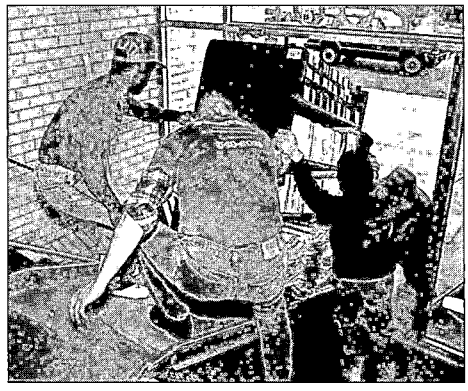
Elizabeth A. Hartnett
Staff Vice President, Administration and Finance Department

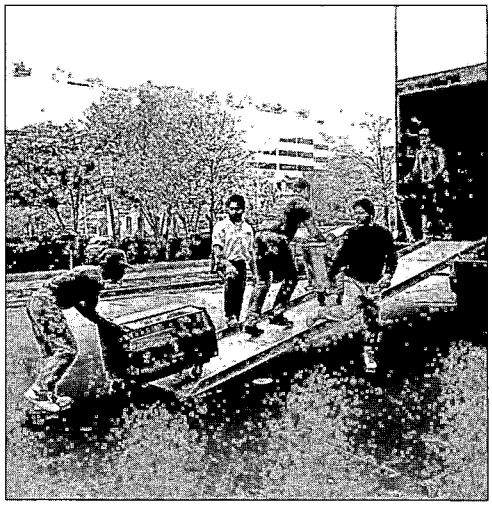
"Managing the day to day operations of the nation's premier electronics association."

With a budget of more than $25 million, the Administration and Finance Department keeps accurate track of the Association's financial activities.

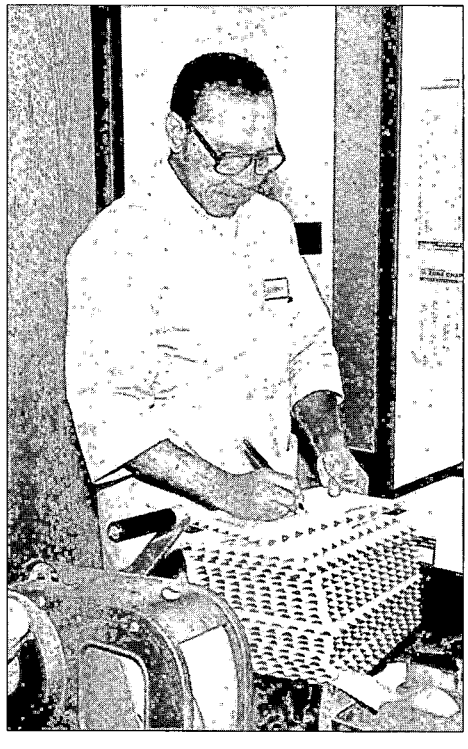


Moving the Association's staff, equipment and records from its 20 year home to its temporary quarters is not an easy chore, however the Administration and Finance Department coordinated the effort and completed the task in an efficient and effective manner.





An artist's rendering of the new EIA headquarters building in Washington. It is expected to be completed and ready for occupancy by late 1989. The new building will be named the James Monroe Building.



EIA's in-house production shop prints and mails thousands of Association publications and materials.

Government Relations Department

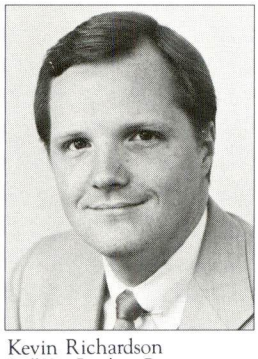
"Bringing together industry's government relations professionals for concerted action on current legislative and regulatory issues."

The focus of EIA's activity in addressing major public policy issues with general impact on the electronic industries resides within the Government Relations Department and its Councils and Committees. In the area of international business and trade policy, taxes, human resources, government procurement and other legislative issues of concern to the EIA membership, the Department provides organized structures through which company representatives may develop positions and work to achieve meaningful policy changes. Although the ebb and flow of Congressional attention and action on key policy issues largely determines the pace and emphasis for Department activities, regulatory matters and policy developments within the Executive Agencies represent an important and growing area of concern to the issue-oriented councils of the Department.

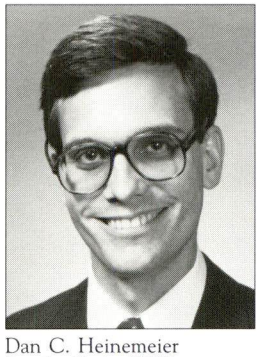
Legislative Affairs Council

The EIA/LAC forms the organizational core for Department efforts to monitor and take action on legislative developments affecting the industry. Monthly meetings bring together government relations professionals from member companies for an across-the-board overview of current developments in tax, trade, space, defense and domestic issues. The information-sharing and related discussions at the meetings form the basis for collective action in lobbying on key issues. The LAC also addressed legislative issues at two highly successful off-site conferences with Congressmen and their staffs. The 11th annual Captiva Conference, taking place during the April recess period, brought together EIA representatives with key members from the many Congressional committees acting on industry issues. The 6th annual August Congressional staff retreat at Homestead, VA provided similar opportunity for dialogue with Congressional staffers in panel discussions organized by the LAC committees. In both conferences, EIA representatives were able to present industry concerns to key public policy decision makers.

Under the leadership of Chairwoman Laramie F. McNamara, TRW Inc., a new brochure was published describing the structure and functions of the EIA Government Relations Department. The brochure describes each of the councils and committees which forms the department, providing a composite view of the many activities open to involvement by EIA member company representatives. Copies of the brochure are available on request to the department. The five sections which follow describe the substantive concerns and accomplishments of the department's councils and committees.



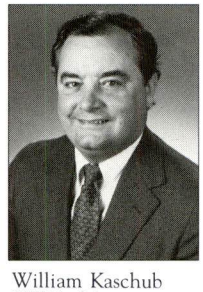
Kevin Richardson
Staff Vice President, Government Relations Department



Dan C. Heinemeier
Executive Director, GPRC

Lisa Kjaer
Executive Director, IBC

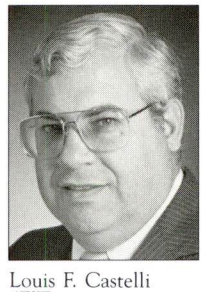
W.C. (Chic) Rideout
IBM—Federal Systems Div.
Chairman
Government Procurement Relations Council



William Kaschub
GTE North Inc.
Chairman, Human Resources Council

Patricia A. Sherman
General Electric Company
Chairman, International Business Council

Laramie F. McNamara
TRW Inc.
Chairman, Legislative Affairs Council



Louis F. Castelli
AT&T
Chairman, Tax Council

International Business Council

This year, Congress continued to focus its attention on the huge arrray of trade and competitiveness proposals contained in the Omnibus Trade Bill. The EIA/IBC played a major role in the drafting and eventual passage of the Omnibus Trade and Competitiveness Act of 1988. Major focus was maintained on streamlining of export controls, and many of the provisions requested by EIA last year were adopted, including elimination of certain re-export requirements, decontrol of exports of certain low-level products and technology, and establishment of a distribution-type license for the Peoples' Republic of China.

EIA recommendations were also adopted in other areas of the Act including Telecom Trade, Foreign Investment, and the Harmonized System for Tariff Classification. The IBC also helped to defeat trade bill provisions on Customs Private Right of Action and Scofflaw.

The IBC spoke out in the area of proposed sanctions against Toshsiba and Kongsberg, successfully working with Congress and the Administration to ensure that their negative impact on innocent companies would be limited.

At the IBC Spring Conference meeting, a record number of attendees heard about prospects for the Trade Bill and U.S. Competitiveness from Congressman Don Bonker, Chairman of the House Foreign Affairs Subcommittee on International Economic Policy and Trade; Eugene McAllister, Assistant Secretary of State for Economic and Business Affairs; and Dr. Harvey Bale, a leading industry representative and former Assistant U.S. Trade Representative for Trade Policy.

In July, the IBC, together with the EIA Government Division Export-Import committee, provided testimony on needed reforms in the State Department's Office of Munitions Control, and urged review of the Arms Export Control Act, which that Office administers. Export-Import Committee Chairman, David Danjczek, Litton Industries, testified on behalf of the two groups before the House Foreign Affairs Subcommittees on Arms Control, International Security and Science, and International Economic Policy and Trade. Foreign Affairs Committee Chairman Dante Fascell agreed to EIA's request for further Congressional oversight in this area, and the State Department has already begun to implement some of EIA's recommendations.

Another priority for EIA members was the U.S.-Canada Free Trade Agreement. The IBC's Trade Policy Committee took the lead in communicating EIA member companies' concerns to both the Administration and Congress.

Both on its own and through the Industry Coalition on Technology Transfer, EIA continued to provide the Administration with input on draft regulations for both commercial and military export controls. EIA is represented at ICOTT by members of the International Business Council, as well as Lisa Kjaer, IBC Executive Director and ICOTT Vice Chairman.

At the EIA Fall Conference meeting in San Francisco, the IBC held an open program for all EIA members to familiarize them with the impact of "EC 1992" upon the U.S. electronics industry. Members were briefed by European Community and U.S. government officials as well as representatives of the U.S. and European private sectors on the likely impact of the establishment of a harmonized internal market within the European Community. Panelists discussed the possible increase in barriers as well as opportunities for U.S. electronics manufacturers when the harmonized market becomes effective December 31, 1992.

Human Resources Council

1988 was another year of continued success for the Human Resources Council in representing the view of U.S. electronic manufacturers on both practitioner and legislative issues facing HR executives.

From the practitioner viewpoint, the HRC examined a number of important subjects facing member companies. The council was able to bring nationally-recognized experts to each of the three HRC meetings in 1988 to speak on important human resources issues. Among the issues examined were the impact of computer integrated manufacturing on the HR function, issues involved in an aging workforce, successful employee relations models and employee shared responsibility programs. The HRC has expanded its reach within the industry and this year counted a record number of new, first-time attendees to the HRC annual meeting in Innisbrook, Florida.

On the legislative front, 1988 has demonstrated a continued improvement in coordination between HRC and LAC Domestic Committee members with regard to lobbying and grassroots legislative activities. Among the multi-industry coalitions in

which the HRC took a leadership role were the plant closing and parental leave issue coalitions. HRC members determined that aggressive opposition to the mandated benefit issues brought up early in the year would delay consideration of many other mandated benefit proposals. This successful tactic made the serious consideration of several mandated benefits bills by Congress impossible.

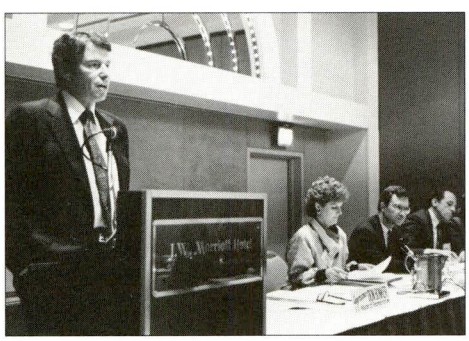
In preparing for the 101st Congress, the HRC hosted a multi-industry meeting in Washington to review both strategic and tactical options relating to the mandated benefits fight predicted for the next Congress. This meeting was also used to help frame key procedural and structural questions relative to this effort. The HRC will continue to work these important issues as well as examine ways in which to be proactive on employee benefits issues.

The HRC has successfully positioned itself as *the* electronics forum for HR issues and is recognized by both member companies and other associations from inside and outside the industry as being an effective voice for electronics concerns on human resources questions.

Government Procurement Relations Council

The second session of the 100th Congress ended with mixed results for government contractors concerned about potential new reforms of the procurement system. Although most major issues were resolved satisfactorily in the FY '89 Authorization and Appropriations measures, troublesome new requirements and penalties were enacted in major fraud legislation and reforms of small disadvantaged business subcontracting programs. Both staunch supporters of Defense and its critics agreed at year's end that further legislative changes to procurement policy must be expected in 1989.

Perhaps the preeminent issue of concern to contractors in the 100th Congress was that of contractor profitability and DoD profit policy. A bill providing for mandatory profit reporting by government contractors was introduced and occupied much industry effort in 1988. The bill sought to require corporate-wide data submission of some of the most business-sensitive information maintained by companies, and give DoD and the General Accounting Office (GAO) access to the data. EIA testified and lobbied strongly against the bill, and the issue was successfully resolved via a requirement that DoD merely derive an appropriate methodology for profit studies.



Congressman Don Bonker discusses likely outcome of Congressional debate on the Omnibus Trade Bill at the IBC Spring Meeting.

Janet Mullen (C) director of Congressional Affairs for the Office of the President Elect, discusses transition issues with LAC Vice Chairman John Snyder, Westinghouse, and LAC Chairman Laramie McNamara, TRW, before addressing an LAC luncheon meeting.

Congress also determined to continue to restrict the DoD practice of requiring use of fixed-price type contracts for research and development work. EIA argued strongly that this practice forced too much up-front risk and unforeseen cost on industry suppliers, and therefore created an environment for major future cost overruns and adverse impact on the use of the most advanced technology to meet DoD needs. The legislation requires case-by-case determinations and waivers by the Under Secretary of Defense for Acquisition prior to use of fixed price development contracts.

A less positive outcome occurred with the enactment of an extremely punitive bill, the Major Fraud Act of 1988. The act is redundant to legislation enacted in 1985 which thoroughly overhauled legal remedies for fraud; it creates major new fines for corporations whose employees commit fraud, and lessens the standard of knowledge/intent for proving that an individual has engaged in fraudulent activity. The bill will serve to further criminalize a procurement process already suffering from an environment in which even honest mistakes bring allegations of abuse.

EIA members also actively lobbied a bill providing permanent authorization of the Office of Federal Procurement Policy (OFPP), and establishing major new requirements for corporate ethics programs. The original procurement integrity section of this bill would have created onerous new certification requirements for industry regarding any possible infraction which might have occurred in the course of a competition. The final form of the bill is somewhat more balanced in approach, but will be burdensome for contractors to implement.

In the regulatory sphere, EIA has provided major support to DoD on its Contractor Risk Assessment Guide (CRAG) Program. This effort seeks to create objective criteria characterizing effective contractor systems of cost management and accounting. Contractors complying with CRAG may expect reduced audit/oversight in these areas. DCAA flexibility in approving systems and actually reducing oversight remains a key concern.

Additional information on GPRC and LAC Defense Issues activities may be found in the Government Division section of this report.

Tax Council

The Tax Council continues to show great progress since its reactivation in 1987. During the past year, the Tax Council has increased its active membership and also expanded its leadership through the appointment of a new Tax Council Vice Chairman, Mr. Richard T. Vogel of Northrop Corporation. This expanded leadership has enabled the Tax Council to assist in the development of key positions of interest to several of the EIA member companies.

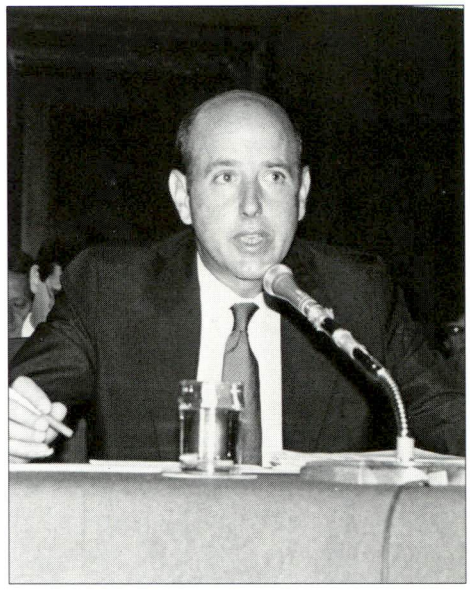
To this end, the Tax Council has been active in the continued Congressional debate over the completed contract method of accounting, the 150% cap on pension funding, the permanent extension of the R&D tax credit and the pending Treasury Department study on depreciation class lives. Additionally, the Tax Council has been active in several industry working groups, including the Ad Hoc Tax Electronics Group and the Council on Research and Technology (CORETECH).

The 1988 Tax Council spring meeting examined key regulatory issues for tax practitioners and featured Treasury Department policy staff responsible for drafting and implementing regulations on the 150% pension cap. Additionally, the Director of the Treasury Department Office of Depreciation Analysis briefed Council members on the progress of the model questionnaire for the depreciation class life study. The spring meeting was capped by a top IRS official who outlined current trends in electronics industry corporate audits and an in-depth legislative analysis by Congressman Hank Brown of the House Ways & Means Committee.

This program success was continued at the fall meeting of the Council. Of particular interest was a presentation on the alternative minimum tax and its impact on EIA member companies. Additionally, the Tax Council held a first-ever joint meeting with the EIA Human Resources Council. This session discussed the tremendous compliance problems associated with the new anti-discrimination provisions of Section 89 of the Internal Revenue Code concerning employee health and benefit programs.

Legislatively, 1988 was a year of great progress and achievement for the Tax Council. The Tax Council, in conjunction with EIA member companies, was successful in gaining temporary extensions of three critical provisions, including the R&D credit, the Section 861 R&D allocation moratorium and the Section 127 employee education assistance provision. Finally, EIA had success in preventing the complete repeal of the remaining portion of the completed contract method of accounting.

The strong support of member companies in helping advance the progress of the Tax Council in 1988 has positioned the association to be a major player in the formation of tax policy in the next Congress. EIA looks forward to continuing to work with its member companies in meeting this important challenge.



King Culp, vice president and general counsel, Magnavox Company, testified on behalf of EIA before the Senate Judiciary Committee in hearings on the Major Fraud Act of 1988. Mr. Culp made a number of recommendations toward significant improvements to the Bill.

LAC Space Issues Committee

Now in its second year of operation, the LAC's Space Issues Committee has already proven itself to be an industry leader. Through the highly successful Homestead and Captiva conferences, the LAC Space Issues Committee again provided its members with a unique opportunity to interface with key members of Congress and their staff.

Monthly meetings offered Committee members an opportunity to engage in dialogue with Congressional staff, as well as Administration representatives from the National Security Council, the Office of Management and Budget, and NASA.

Most notable of the LAC Space Issues Committees' activities has been a series of five Congressional space issues symposia, which the committee co-sponsored with the Congressional Space Caucus and the American Institute of Aeronautics and Astronautics. The symposia, featuring government and academic experts, covered long range space policy objectives, the space station, space transportation, space science and exploration, and space commerce, and were attended by members of Congress, their staffs, the press and industry.

Action on EIA Members' Behalf

From trade issues to human resources policy changes, from concerns about increased corporate taxes to shifting government emphases on utilization of outer space or policies affecting government contractors, the Government Relations Department exists to serve the nation's electronic industries by developing and advocating positions on major issues. Any member company belonging to a group or division of EIA may assign qualified representatives to participate in any or all department activities and additional active participants are always welcome. All EIA members are encouraged to join the Government Relations Dept. in identifying and addressing the key public policy issues facing our industry today.

EIA Committees

"Providing forums for industry executives to keep abreast of and constructively involved in the major issues affecting the industry."

The Association's unique committee structure provides forums for industry executives to keep abreast of and constructively involved in the major issues effecting the industry.

The **Law Committee** comprised of senior counsel from member companies, meets during our spring (Washington, D.C.) and fall (California) conferences, and constitutes the focal point for discussion of legal matters that affect electronic industries. The committee also provides advice and assistance to other parts of the Association, including the Board of Governors. Its April meeting featured an overview on the impact of environmental and safety issues upon the electronics industry. At its October meeting legal aspects of the 1988 Trade Act were reviewed and discussed.

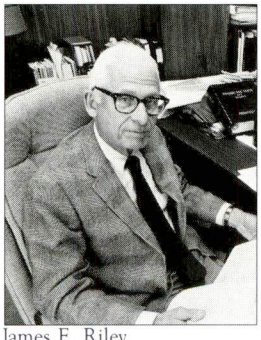
The **Intellectual Property Committee** provides an active forum for senior intellectual property counsel to discuss and formulate Association positions on issues concerning patents, copyrights, trademarks and the protection of proprietary data. It meets several times per year, generally in Washington, D.C. Activities this year included preparation and submission of comments on the Uniform Trade Secret Act, the proposed GATT Agreement on Intellectual Property, the proposed Procurement Roundtable Proprietary Right Policy, H.R. 4086 and the PTO proposed Rule Sec. 57.

The **Traffic and Physical Distribution Panel,** since the arrival of freight and shipping tariff deregulation, has expanded its interest to developments concerning packaging, private and public carriage, air and ocean shipping, warehousing, and compliance programs for export licensing. During the year it completed a poll of its members to determine how active a program they wanted. Its present plan is to schedule meetings in response to requests from members that one or more issues or topics be discussed.

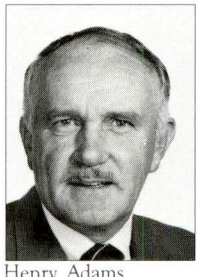
The **National Credit Committee** assists member companies in avoiding credit problems by helping credit managers to do a better job. Administered for the EIA by Dun & Bradstreet, the EIA Credit Committee meets at regular semi-monthly meetings at convenient regional locations in New York, Illinois and California. In addition, the national annual meeting is held during the month of February to bring together credit decision makers from all over the country to assist them with educational programs and also provide a communication network.

The EIA **VHDL Model Standardization Committee,** formed in May of this year, has met three times with an average attendance of 40. Interest is growing rapidly in VHSIC Hardware Description Language (VHDL). A recent VHDL Users Group meeting had attendance of over 200 people, an increase of 40% from the previous meeting.

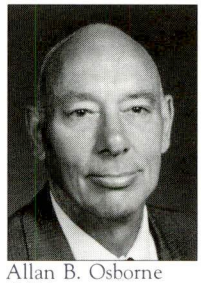
At its October 19th meeting, the EIA Board of Governors was briefed concerning a new DoD Directive requiring delivery of VHDL documentation and performance analysis by defense contractors. The requirement has broad implications in both the Defense and commercial markets. The Board authorized the establishment of an Ad Hoc Committee to be comprised of concerned industry members, possibly with DoD participation, to determine the feasibility of an industry cooperative effort, to define and procure computer models to meet these requirements and if possible, to establish a prototype effort immediately. These requirements may expand into commercial areas as Design Automation Techniques are applied throughout our industry.



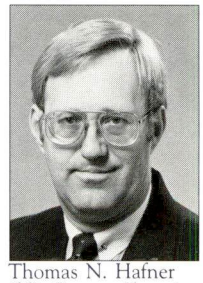
James E. Riley
EIA Senior Vice President
Secretary and General Counsel



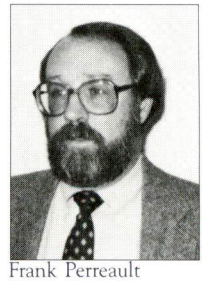
Henry Adams
Thomson Consumer Electronics, Inc.
Chairman, Traffic & Physical Distribution Panel



Allan B. Osborne
AMP Inc.
Chairman, Intellectual Property Committee



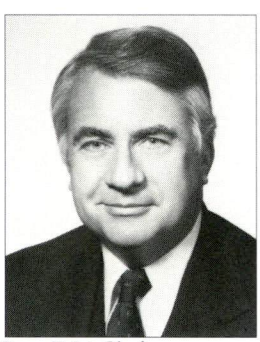
Thomas N. Hafner
Philips Consumer Electronics Company
Chairman, Law Committee



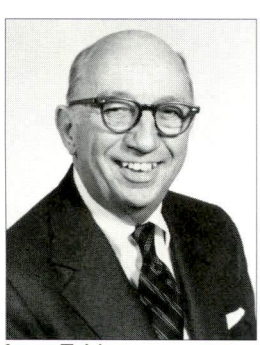
Frank Perreault
Sprague Electric Company
Chairman, National Credit Committee

Electronic Industries Foundation

"Engaging the talent, capabilities, and leadership of the electronic industries in the resolution of issues of national concern."



Peter F. McCloskey
Chairman, Electronic Industries Foundation



James T. Magee
President, Electronic Industries Foundation

In 1988, EIA's Electronic Industries Foundation marked its fourteenth year of public service on behalf of the electronic industries. The Foundation's mission continues to be to engage the talent, capabilities, and leadership of the electronic industries in the resolution of issues of national concern.

EIF is best described as an "operating" rather than a "grant making" foundation in that it develops and implements its own programs and seeks funding through a variety of sources to operate them. These sources include government contracts and grants as well as private contributions.

The Foundation's 1988 budget totals approximately $2.5 million of which 96 percent is derived from competitive government contracts and grants. In addition, many of EIF's area program operations receive supplemental support through local government sources.

The involvement and contributions of EIA members are extremely important in that nearly all government grants require that EIF provide 20 percent of the total program costs. The contribution of in-kind services and equipment by industry in support of EIF programs is valued at over $1 million for the past year.

EIF is governed by a twenty-two member board of trustees which is basically representative of the EIA membership.

The past year was characterized by steady growth in all aspects of EIF activities. This includes the addition of new projects, accomplishment of current goals, increased financial and material support by industry, and expansion of affiliations with other national, regional, and local organizations with which EIF shares common interests.

Proposals for government project grants and contracts are based on the relationship between the government's objectives and EIF capabilities and priorities. All EIF projects depend on industry as advisors or for direct participation in such programs as employment and training.

In addition to implementing EIF projects, professional staff members provide technical advice and counsel to a wide variety of external government, academic, and professional groups through service on boards, councils, and committees.

EIF's **Project With Industry,** now in its twelfth year, continues its exceptional record in placing persons with disabilities into competitive employment. Over 1,000 persons were placed in the past year; more than 7,500 persons have been employed through EIF partners and affiliates since the project began. These persons earn a cumulative annual income estimated at over $82.5 million. Currently, there are more than 1,300 companies and 750 community rehabilitation agencies participating in EIF/PWI projects nationwide.

By working with many employers, PWI staff specialists match the capabilities of persons with disabilities to appropriate job openings. The current average starting salary is nearly $13,000 annually, with a range for all jobs of $6,970 to $62,400.

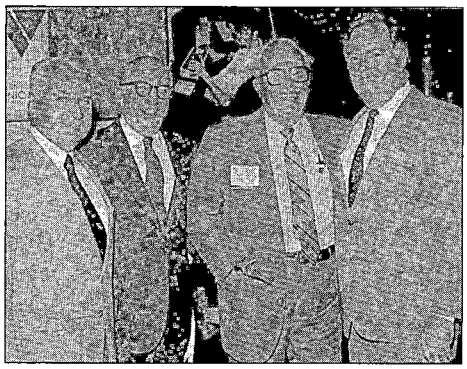
A highlight of the 1988 PWI National Advisory Council meeting was a presentation by Harold Russell, Chairman of the President's Committee on Employment of Persons with Disabilities. Mr. Russell, a double amputee as a result of a World War II training accident, is well known for his Academy Award winning role in the film "The Best Years of Our Lives".

At the Council meeting, Honeywell, Inc. was presented with the Industry Distinguished Service Award having been one of the initiators of PWI and having hired 55 disabled candidates referred through the program nationally.

The **Rehabilitation Engineering Center** has completed its initial five-year cycle of studies and demonstrations designed to improve the range and quality of products commercially available to aid persons with disabilities. Most significant among the conclusions reached by the REC's studies is recognition that manufacturers stand ready to produce and distribute any product or system for which a financially based market exists, and that, along with stimulation of industry, the primary need is improved flow of information to disabled consumers and better ways to finance the purchase of high-cost assistive devices.

A new five-year award has been granted to the REC to study and demonstrate innovative methods to stimulate the transfer of assistive technology from developers/manufacturers to people with disabilities. New activities include conducting focus group market studies that will assess the technology needs and personal characteristics of the disability consumer market.

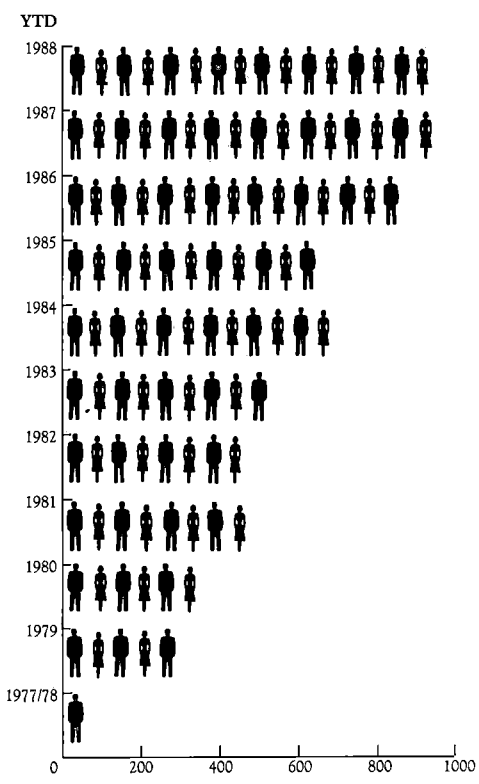
The REC continues to work closely with EIA's new Assistive Devices Division (ADD) which was established in 1987 within EIA's Industrial Electronics Group.



Pete McCloskey, Jim Magee, Harold Russell (Chair of the President's Committee on Employment of People With Disabilities) and John Mitchell at the EIF PWI National Advisory Council Breakfast.

Project With Industry

Placements by Year
1977-1988



Over the past twelve years, 1345 companies have hired more than 7400 persons with disabilities through the Foundation's national industry based Project With Industry Program. More than 5 million dollars have been contributed by industry in manpower, facilities and dollars.

The division evolved out of shared interests and goals of certain manufacturers and the REC. ADD includes manufacturers of electronic and electronic related products that compensate for functional limitations.

The **Independence Through Employment** project is operated in conjunction with PWI. Over 450 Social Security Disability beneficiaries, typically among the most severely disabled individuals, have returned to work through ITE in the past four years. This highly successful demonstration has been extended for two additional years with new emphasis on strategies such as the use of low cost rehabilitation engineering, and an incentive-based placement service.

A new project, **Work Options Unlimited**, was started in late 1988 as part of the ITE effort. It extends the job placement service to severely disabled, poor persons (Supplemental Security Income recipients). It will be piloted in the San Francisco Bay Area and will use "temporary employment" as a placement strategy leading to permanent jobs.

In the area of **Youth Programs**, EIF has developed a protocol for installing the EIA Consumer Electronics Group curriculum for electronic service technicians in schools with large numbers of minority and high risk youth. The curriculum was successfully implemented by Washington, D.C.'s Bell High School in 1986 and continues in use. It is currently being introduced in the Prince George's County, Maryland, school district, and is being marketed to other sites as well.

The CEG has been a key partner with EIF and the schools by providing technical advice, supplying equipment, material, and texts, and through selection and training of instructors.

The **Special Projects** area of EIF operations seeks to develop new programs, assist existing projects with expansion efforts, and provide technical assistance to organizations interested in adopting EIF programs for their own use. Over the past year more than a dozen new proposals were developed in response to EIF priorities and government program announcements.

Through its Special Projects area EIF has assisted in the development of TransCen, a community based organization in Montgomery County, Maryland, that is concerned with assuring the transition from school to work for students with disabilities.

The **EIF Scholarship Program** is a small, but increasingly important project. It started with a single award only seven years ago; in 1988, four scholarships were provided through contributions from both companies and individuals. Awards go to students who have a disability and who are pursuing technical careers. The schools attended by scholarship recipients include the George Washington University, the University of Michigan, the Massachusetts Institute of Technology, and the Rochester Institute of Technology.

EIF recognizes that many such students face financial costs over and above the basic tuition expenses. These costs include payment of attendant care, transportation, and purchase of devices that enable them to attend classes, acquire knowledge, and compete with nondisabled students.

The Scholarship Fund was established through an initial gift from Mr. John H. Dunlap. Subsequent scholarships have been made possible through support from the General Signal Corporation, the Consumer Electronics Group of the Electronic Industries Association, and the Raytheon Company.

Following a mandate established by the Board of Trustees, EIF will continue to build on its successful experience in the areas of disability services, disability research, and youth programs.

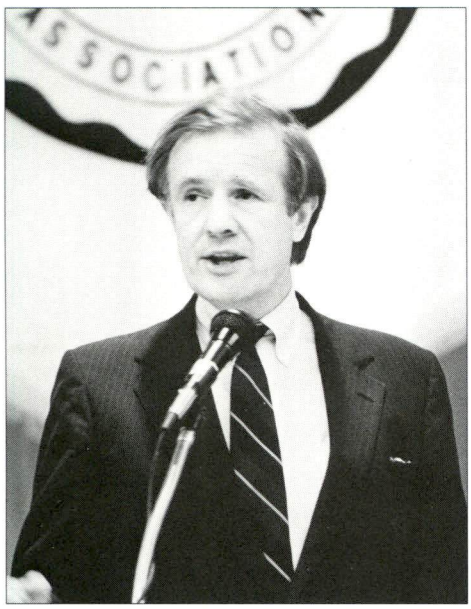
A primary objective for the future will be to extend and adapt the Project With Industry program methodology to serve populations traditionally considered among the most severely disabled and among the most difficult to place in jobs. These include persons who are both disabled and disadvantaged, developmentally disabled youth in transition from school to work, and Social Security Disability Insurance beneficiaries.

A second area of emphasis will target programs which focus on technology and aging both as an approach to compensating for diminished physical capacity and as a strategy for continued employment.

Youth programs constitute the third priority area for future efforts. EIF will expand on previous and current demonstrations which have successfully assisted high-risk minority youth to become employable by providing technical assistance and specially developed curricula to high school vocational programs.

Finally, EIF will pursue increased support for its scholarship program.

1988 Spring Conference

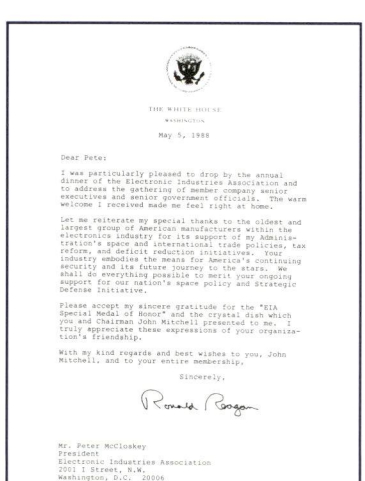


Senator Donald Riegle (D-MI) discusses U.S. merchandise trade deficit at the Wednesday luncheon session. Senator Riegle is chairman of the Science/Technology & Space Subcommittee of the Senate Budget Committee.

President Reagan thanks EIA President Pete McCloskey after receiving special EIA Medal presented to him in recognition of his achievements on behalf of the high tech industries.

Ronald Reagan congratulates EIA Medal of Honor winner Dr. Joseph A. Boyd.

Dr. Beryl Sprinkel, chairman of the President's Council of Economic Advisers, discusses the state of the economy at the Tuesday luncheon session.



THE WHITE HOUSE
WASHINGTON

May 5, 1988

Dear Pete:

I was particularly pleased to drop by the annual dinner of the Electronic Industries Association and to address the gathering of member company senior executives and senior government officials. The warm welcome I received made me feel right at home.

Let me reiterate my special thanks to the oldest and largest group of American manufacturers within the electronics industry for its support of my Administration's space and international trade policies, tax reform, and deficit reduction initiatives. Your industry embodies the means for America's continuing security and its future journey to the stars. We shall do everything possible to merit your ongoing support for our nation's space policy and Strategic Defense Initiative.

Please accept my sincere gratitude for the "EIA Special Medal of Honor" and the crystal dish which you and Chairman John Mitchell presented to me. I truly appreciate these expressions of your organization's friendship.

With my kind regards and best wishes to you, John Mitchell, and to your entire membership,

Sincerely,

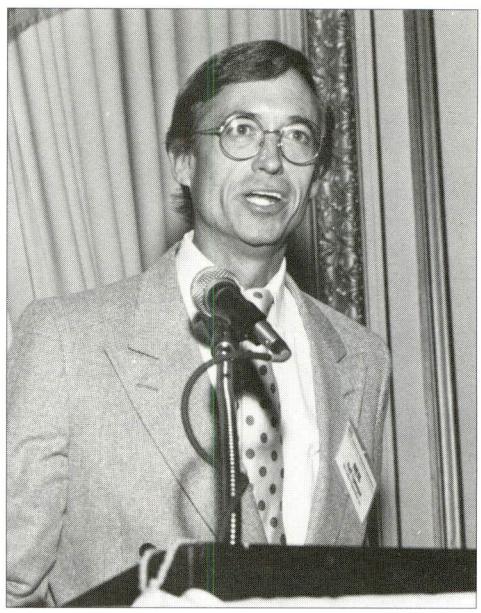
Ronald Reagan

Mr. Peter McCloskey
President
Electronic Industries Association
2001 I Street, N.W.
Washington, D.C. 20006

The EIA Medal of Honor is awarded annually to an individual who has made outstanding contributions to the advancement of the electronics industry and attained high personal achievement in the field of industry management.

1988 Fall Conference

EIA Board elects 1989 officers of the Association during their meeting at the Annual Fall Conference held in San Francisco, California.



Neil Upmeyer, director, Research for the Gallup Organization, Inc., explains a pre-election poll and analysis to the Association membership.

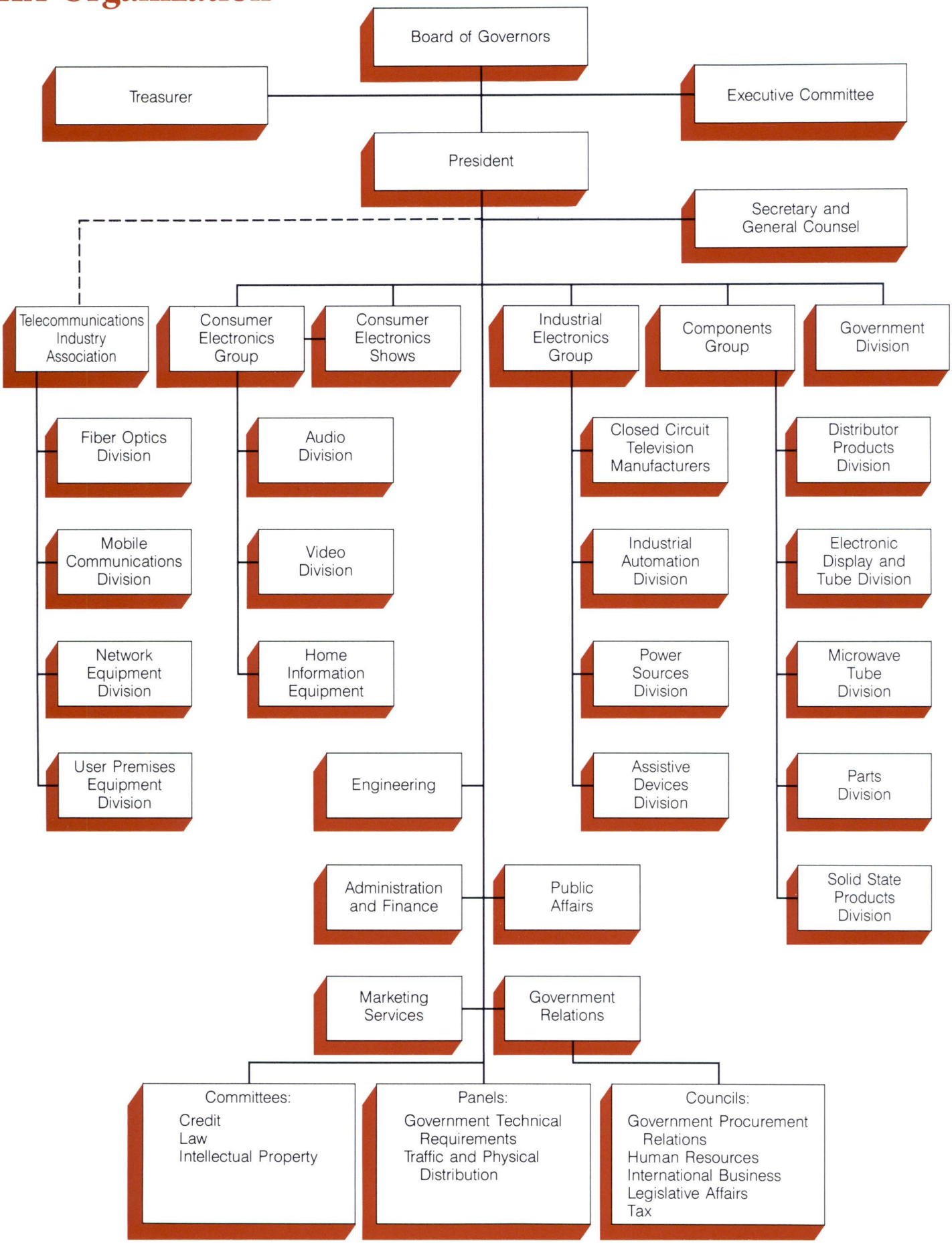
EIA 64th Fall Conference included more than 100 business meetings of the Association's Groups/Divisions/Departments and Councils as well as special luncheon meetings.

Two of EIA's most prestigious awards were presented by EIA Chairman John F. Mitchell, (Motorola, Inc.) (far R) and EIA President Peter F. McCloskey (far L). Hank Dorris holds Engineering Award of Excellence (R) and Phil Perchonok holds Marketing Services Award of Excellence (L).

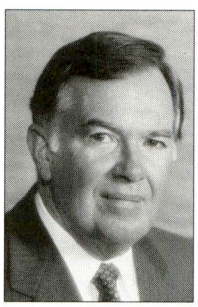
Congressman Robert T. Matsui (D-CA) represents the Dukakis/Bentson Campaign at EIA's Annual Fall Conference.

Secretary of Labor Ann McLaughlin representing the Bush/Quayle Campaign talks with EIA President Peter F. McCloskey before her presentation to the Association.

EIA Organization



Board of Governors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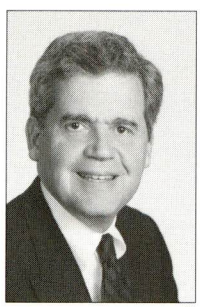
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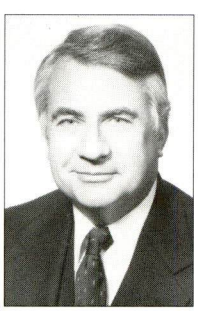
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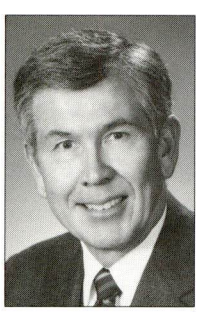
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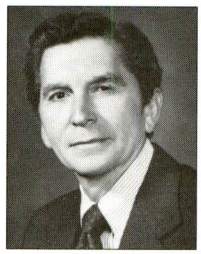
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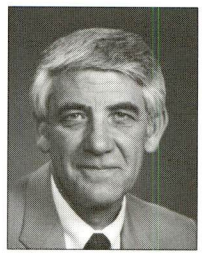
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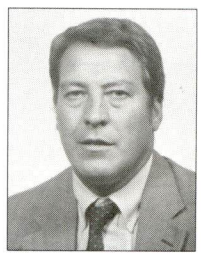
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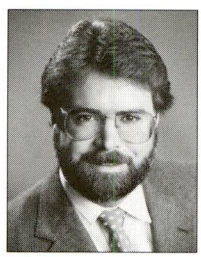
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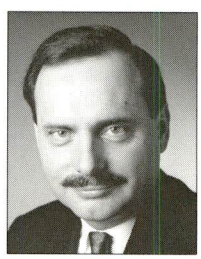
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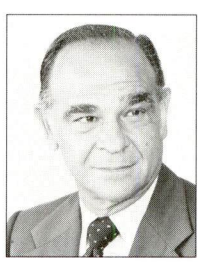
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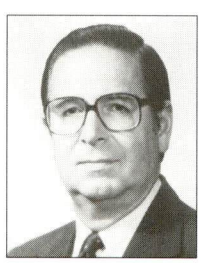
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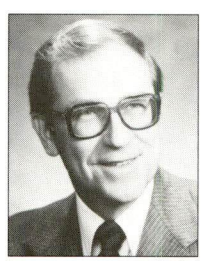
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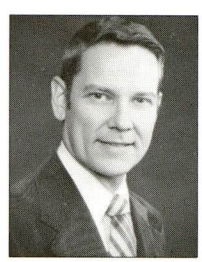
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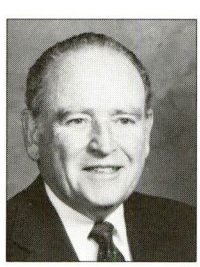
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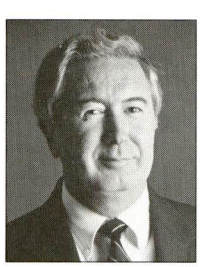
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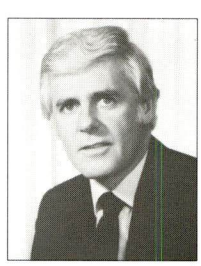
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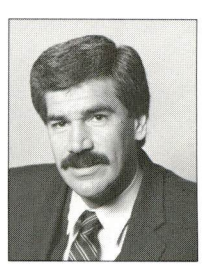
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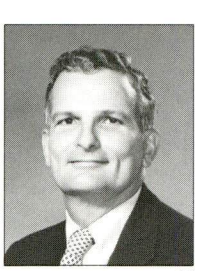
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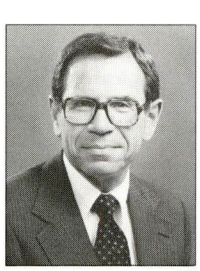
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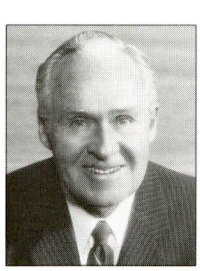
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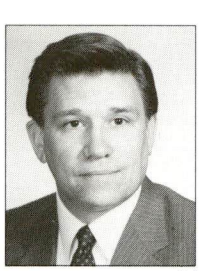
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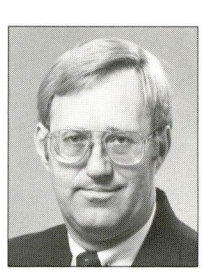
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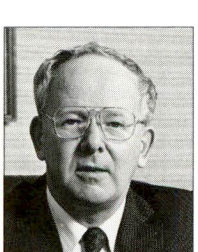
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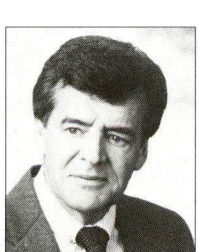
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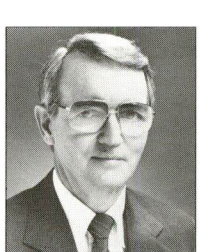
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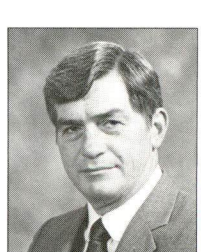
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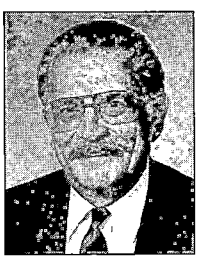
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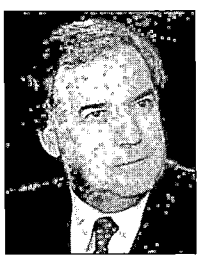
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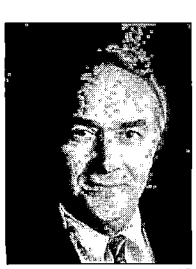
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63. John D. Wolf
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64. Ralph Wolfe
Panasonic Company/Division of Matsushita Electronic Corporation of America

65. Albert F. Zettlemoyer
Unisys Corporation

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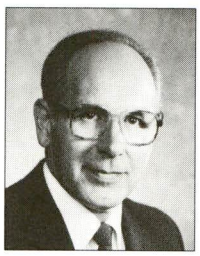
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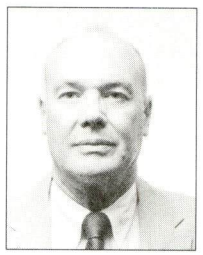
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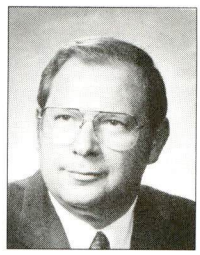
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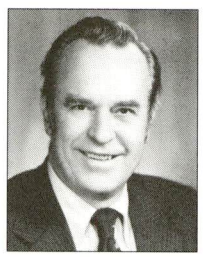
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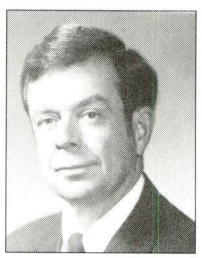
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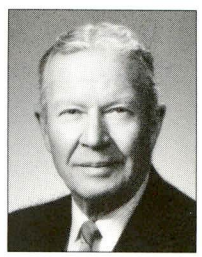
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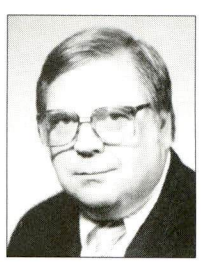
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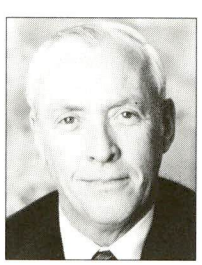
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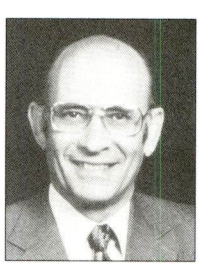
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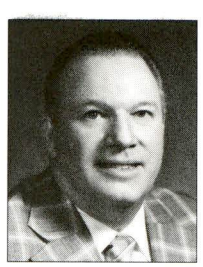
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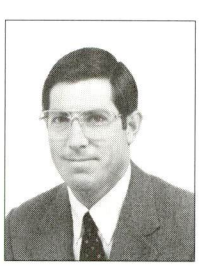
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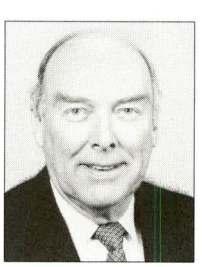
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   Senior Vice President
   Secretary & General Counsel

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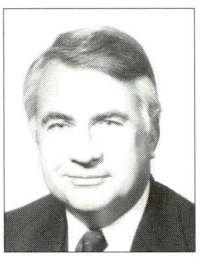
    Staff Vice President
    Communications,
    Consumer Electronics Group

16. Eb Tingley
    Staff Vice President, Engineering
    Consumer Electronics Group

17. J. Hal Berge
    Staff Vice President
    Microwave Tube Division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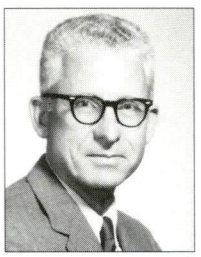
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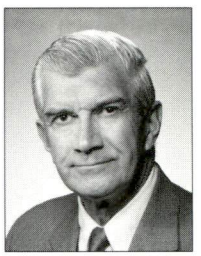
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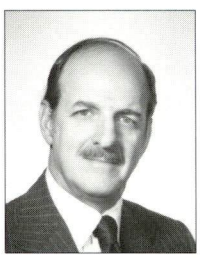
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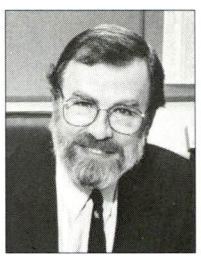
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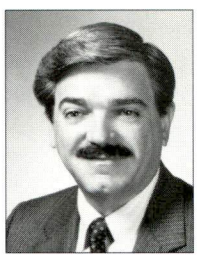
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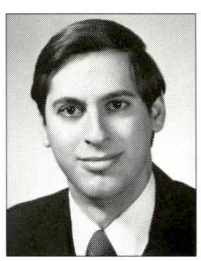
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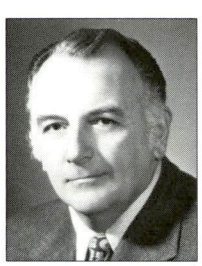
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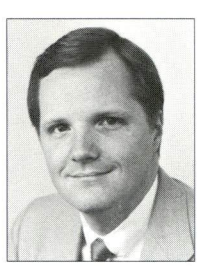
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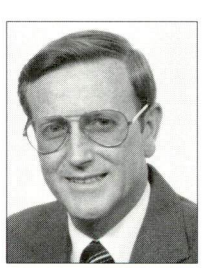
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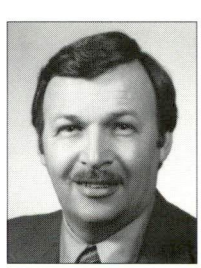
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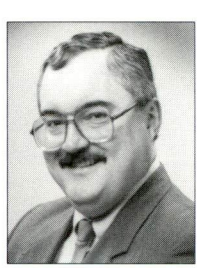
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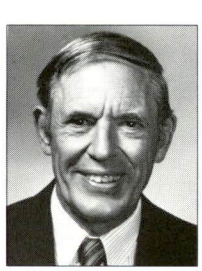
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Industry Vice Presidents

1. Al Gold
   Koyo International Inc. of America
   Closed Circuit Television
   Manufacturers' Association

2. Francis J. Myers
   Arvin Electronics
   A Division of Arvin Industries, Inc.
   Consumer Electronics Group

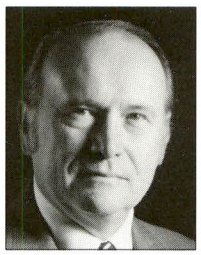
3. Max D. Sanders
   Ohmite Manufacturing Company
   Distributor Products Division

4. H.A. Ketchum
   Thomas Electronics, Inc.
   Electronic Display and Tube Division

5. James T. Smith
   The Magnavox Government and Industrial Electronics Company
   Government Division

6. Clifford H. Tuttle
   RTE Aerovox Incorporated
   Parts Division

7. Dr. John L. Sprague
   Sprague Electric Company
   Solid State Products Division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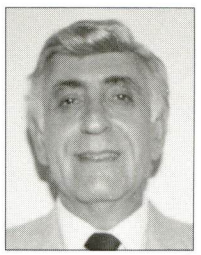
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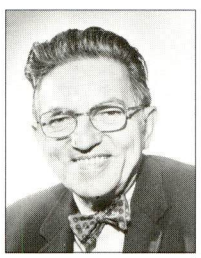
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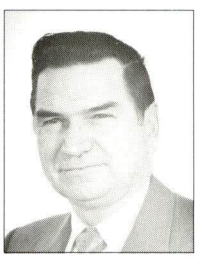
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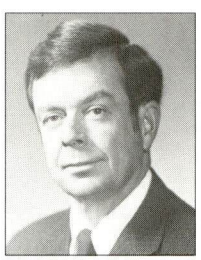
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