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OA/ID Number: 13479
Folder ID Number: 13479-007

Folder Title:
Electronic Industries Association, 3/15/89 [1]

Stack:	Row:	Section:	Shelf:	Position:
G	25	6	1	6

WHITE HOUSE STAFFING MEMORANDUM

DATE: 3/14/89 ACTION/CONCURRENCE/COMMENT DUE BY: -----

SUBJECT: PRESIDENTIAL REMARKS: ELECTRONIC INDUSTRIES ASSOCIATION

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PORTER	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	STUDDERT	<input type="checkbox"/>	<input type="checkbox"/>
BATES	<input type="checkbox"/>	<input checked="" type="checkbox"/>	UNTERMEYER	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WINSTON	<input type="checkbox"/>	<input type="checkbox"/>
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HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: The attached has been forwarded to the President.

RESPONSE:

James W. Cicconi
Assistant to the President
and Deputy to the Chief of Staff
Ext. 2702

(Smith)
March 14, 1989
noon

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

1989 MAR 14 PM 2:35

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 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.

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, 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.

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.

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 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.

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 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, automotive 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.

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?

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

SMITH

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

March 15, 1989

REMARKS BY THE PRESIDENT
TO THE ELECTRONIC INDUSTRIES ASSOCIATION
ANNUAL GOVERNMENT INDUSTRY DINNER

J.W. Marriott Hotel
Washington, D.C.

8:16 P.M. EST

THE PRESIDENT: Thank you all. Thank you for that warm welcome. I'm glad Pete was listening. I thought he thought I said a thousand pints of light -- (laughter) -- and that's why -- (applause) -- I'm delighted to be here -- Chairman Little and President McCloskey. And I loved the invocation by Peter's brother. I want to greet the distinguished members of Congress that are here tonight. I see Jerry Lewis over here, and, of course, our distinguished Majority Leader, Tom Foley, Larry Welch, member of the Joint Chiefs. And of course, one down from Pete, my colleague in the White House, our head of the National Security Council, Brent Scowcroft. And on my right, affectionately known as "the silver fox". (Applause.)

I'm speaking before the olives, before the celery, and here's why. This is the most relaxed I've seen Barbara since our dog got pregnant. (Laughter.) And we've got to go back to the White House. And I said to her, "Are you coming with me to Texas tomorrow morning?" She said, "No, what do you mean, Millie is expecting." So you'll excuse us if we hit and run here.

But I did want to say how pleased I am to be back with the members of the Electronic Industries Association, all you distinguished guests. Thank you, Pete, for the introduction.

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 friends, and many of you all who I've known over the years, I am more grateful for my blessings.

And let me first congratulate the man with whom Bar and I just met, this year's EIA Medal of Honor recipient, Sid Topol. 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 your industry. You're leading America's newest industrial revolution. You're helping us outwork and outperform the competitors around the world. And tonight we meet as neighbors and fellow businessmen, and our goal is a fairer, more productive and ennobling life. Not merely in our time, but for the generations to come.

A more ennobling life can mean many things. It means education and opportunity. It means a nation of responsive citizens

the problems that cannot wait, and last, but not least, no new taxes. (Applause.)

And 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's move beyond the immediate. For today, America is prosperous and at peace. And to be sure, there are enormous challenges -- 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.

And therefore, let's recognize that we stand at a special moment in our history. It's a moment not for complacency, not to sit back and reflect upon what's been, but to reflect on what might be. And it's 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. We must remember the American tradition as we invest for the future of our own children.

My four objectives will allow America to honor that heritage and seize her moment. And together, they will solidify economic freedom. 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 and they will reaffirm our strengths, diffuse ticking time-bombs, and reorient us as a nation. Above all, they form a new approach which looks to tomorrow, not just to today.

As President, I'm committed to this new approach. And 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 the tax burden on the American people, but by controlling spending and continuing economic growth so that as more people are working, revenues will rise as tax rates remain the same.

Next year alone, thanks to economic growth, federal tax revenues will rise by more than \$80 billion. More than \$80 billion even with no new taxes. And my plan will use that new revenue to slash the federal deficit by more than 40 percent in keeping with the Gramm-Rudman targets, bringing the deficit literally below the target.

And, as you know, we've begun the budget process. The administration has acted. And now, in fairness, we are acting in a good bipartisan spirit on Capitol Hill to get action. Our task is to

My plan speaks to the long-term and to a stable business climate. It says that to remain competitive we've got to look beyond the next quarterly statement. It says yes to America's standard of living and to her 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 percent on long-held assets. And, moreover, it effectively eliminates the capital gains tax on people making less than \$20,000. In 1978, this organization, following the leadership of my late departed friend, Bill Steiger, worked to reduce the capital gains tax.

Well, today we've got to fight that battle all over again. We need the capital gains tax differential. (Applause.) 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 bit of 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, 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. Nothing can make America more competitive than restoring this 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. And the way you do that, once again, is by lowering the tax rate on capital gains.

My friends, the Treasury estimates that this will cut -- that this cut in capital gains -- restoring that differential, will add \$4.8 billion to the revenue side of the ledger in Fiscal Year 1990. So let us use it to expand economic freedom and help people help themselves. And let us build upon the over 19.5 million new jobs created in this country since November of 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'll increase domestic research by multinationals and end the uncertainty of expiring temporary rules. And by adopting federal enterprise zones, it'll help those untouched by the economic recovery.

Enterprise zones are a pioneering initiative to create a

reaffirmation of our national character.

It supports affordable access to space through the National Aerospace Plane Program and nine space shuttle flights by 1990. It funds space station Freedom, planned for operation in the mid-1990's. And I'll also elevate the status of the President's Science Advisor.

You cannot look into the next century without emphasizing the importance of science. 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 supercollider -- a bold new experiment fusing science, technology and education. And let us expand the work which will leverage America's technological prowess in such areas as microcomputers and automotive electronics, bioprocessing and then this 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 riverboat gamble in a distant future, but a steadfast way to ensure the future.

And yet, my friends, remember that future is going to depend above all on our most precious resource, America's children. We've got to make sure that the kids are educated -- the very definition of long-term investment in America's future. And that's why I want Congress to create a \$500 million program to award merit schools.

I intend to create special presidential awards in every state. I urge expanded use of magnet schools, giving parents and students freedom of choice. And I propose a program to spur alternative certification, allowing talented Americans from every field, especially science and math, to teach in America's classrooms. It is simply a shame that the brightest among you -- men and women here tonight -- coming out of science, wanting to give of yourselves to teach the kids, couldn't qualify because you didn't have the required number of formal education degrees. It is time we take a new look and permit those who want to give of themselves to teach in our public schools. (Applause.)

And you can't talk about a better America without worrying about the dangers of drugs. We propose the YES program, or Youth Entering Service to involve our kids in the communities. My friends, our children can make the 21st Century a new American century.

So let's 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." 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. And I ask you, with America's tomorrow at stake, can we do anything less today?

God bless you all. Thank you very much for letting Barbara and me come to this outstanding dinner. We are very grateful

SMITH

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You cannot look into the next century without emphasizing the importance of science. 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 supercollider -- a bold new experiment fusing science, technology and education. And let us expand the work which will leverage America's technological prowess in such areas as microcomputers and automative electronics, bioprocessing and then this 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 riverboat gamble in a distant future, but a steadfast way to ensure the future.

And yet, my friends, remember that future is going to depend above all on our most precious resource, America's children. We've got to make sure that the kids are educated -- the very definition of long-term investment in America's future. And that's why I want Congress to create a \$500 million program to award merit schools.

I intend to create special presidential awards in every state. I urge expanded use of magnet schools, giving parents and students freedom of choice. And I propose a program to spur alternative certification, allowing talented Americans from every field, especially science and math, to teach in America's classrooms. It is simply a shame that the brightest among you -- men and women here tonight -- coming out of science, wanting to give of yourselves to teach the kids, couldn't qualify because you didn't have the required number of formal education degrees. It is time we take a new look and permit those who want to give of themselves to teach in our public schools. (Applause.)

And you can't talk about a better America without worrying about the dangers of drugs. We propose the YES program, or Youth Entering Service to involve our kids in the communities. My friends, our children can make the 21st Century a new American century.

So let's 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." 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. And I ask you, with America's tomorrow at stake, can we do anything less today?

God bless you all. Thank you very much for letting

(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.

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.

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.

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 optimistic, 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.

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, automotive 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 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.

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.

THE WHITE HOUSE
WASHINGTON



March 13, 1989

MEMORANDUM FOR CHRISS WINSTON
DEPUTY ASSISTANT TO THE PRESIDENT
FOR COMMUNICATIONS

FROM: WILLIAM J. LANDERS *W*
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Presidential Remarks: Electronic
Industries Association

Counsel's Office has reviewed the above-referenced draft remarks and we have no legal objection to their issuance.

cc: James W. Cicconi

**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."

2

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 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 CONTINUING ECONOMIC GROWTH, SO THAT AS MORE PEOPLE ARE
WORKING, REVENUES WILL RISE AS TAX RATES 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.

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.

A QUOTE IS ATTRIBUTED TO ALBERT EINSTEIN, SAYING, "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.

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(Smith/Dooley)
March 13, 1989
8:00 p.m.

REMARKS: ELECTRONIC INDUSTRIES ASSOCIATION
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 old 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.

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} America. *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.

My four objectives will allow America to use this time, 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 ⁿinately 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.

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 excell 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 loading a revolver -- and pointing it at ourselves. But restoring the capital gains differential will lift revenues, help savings, and free American businesses, without distorting world markets.

the World Series

playing a baseball game with an 8-man team.

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} ~~members demand that~~ 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. ~~In short, I challenge the Congress to put its votes where its~~ tonsils are. 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 fair trade -- which will leverage America's technological prowess in such areas as microcomputers, automotive electronics, bioprocessing, 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.

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 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 ^a ~~second~~ ^{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.

MASTER I

Document No. 015848

WHITE HOUSE STAFFING MEMORANDUM

DATE: 3/11/89 ACTION/CONCURRENCE/COMMENT DUE BY: NOON, MONDAY, 3/13/89
PRESIDENTIAL REMARKS: ELECTRONIC INDUSTRIES ASSOCIATION
MARCH 15, 1989
SUBJECT: (3/10 - 8:00 p.m. draft)

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE <i>no comments</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
<i>1:30</i> SCOWCROFT <i>waiting for sig Philip Hughes 2224</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	STUDDERT <i>on the way</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BATES <i>Denise / Commerce 3?</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN <i>2270</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CARD <i>2533</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PINKERTON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WINSTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	GRAHAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<i>Kilberg</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
GRAY <i>2632 never rec'd</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please provide cmts/edits directly to Chriss Winston, Rm. 122, x2930, by NOON, MONDAY, 3/13/89, with an info copy to my office.

Thank you.

RESPONSE:

James W. Cicconi
Assistant to the President
and Deputy to the Chief of Staff
Ext. 2702

(Smith/Dooley)
March 10, 1989

1989 MAR 1 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.

These five objectives are important because

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.* ~~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 apple pie and baseball.* ~~into Boston Harbor.~~

While expanding opportunity means a nation true to its birthright of equality for all its citizens

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 *Kinder, gentler* Nation. Above all, they form a new approach which looks to tomorrow, not today.

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. 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,

It says that government must be a catalyst -- bringing out the best in our institutions and encouraging the talents of all of us as free individuals.

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.

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} Our budget seeks to use that money to slash the Federal deficit by more than ^{40%.} \$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

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,~~ ^{more productive and more meaningful} and richer life: Not merely in our time, but for generations to come.

~~most meaningful~~ ^{rewording}
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, ^{to} risk, and ^{to} defy the odds forms the heart of ^{free} private enterprise, ^{just as free enterprise} just as private enterprise ^{is central to the American dream.} is central to America.

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

~~But we have yet another step~~
to reach out and extend the opportunity for all our people to share in the American dream:

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 optimistic, they believe -- in this poll, by nine to one -- that we are too short-term oriented. ^{in the} Our budget speaks to ^{to the} the long-term, and to a stable business climate. It says "Yes" ^{longterm-} to America's standard of living, and to her future standing in ^{well beyond} the world. ^{the next} ^{quarterly} ^{S statement}

If we are to remain competitive in the future, we must shift our attention

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 ^(The Republic of) 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 ^{November} ~~December~~ 1982, we've created ^{over 19 1/2} 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 ^{Provides an increase of} for the ^{in funding} Space Program. It supports a ^{sky} 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 fair trade -- which will leverage America's technological prowess in such areas as microcomputers, automotive 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.

check on intro

Our budget mobilizes resources to teach our children that drugs are wrong. And we have ^{proposed} 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.

our children - the very definition of long term investment in our nation's future.

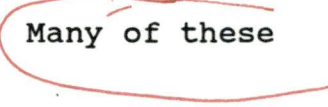

But most of all, investment means education. For if excellence breeds achievement, then excellence must be rewarded -- in grade school, in high school, and at our colleges and universities.

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



move

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~~x~~ 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.

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.

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*huh?
what is this?*

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, automotive 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 bioprocessing and superconductivity.

pm 122

2930

Olis Weinstein

4DTV is probably a so good as a JAPAN as a way ahead. ST(NBS)

is activities in bioprocessing and superconductivity however

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SENI RI.UMR-100

THE WHITE HOUSE

WASHINGTON

March 13, 1989

Memorandum to Chriss Winston

From: Roger B. Porter *RB*
Jim Pinkerton *JP*

Re: Comments on EIA draft

This draft makes two important points:

- o That a peaceful, tranquil America enjoys an historic moment of opportunity
- o That we should seek to consolidate this opportunity through the Building a Better America program (including the capital gains reduction)

We think that this message is insufficiently compelling. We suggest is that the speech have three points: the two points above, plus a third point, below:

- o That we will expand our vision and extend this opportunity to others -- especially the poor -- and that one of the best ways of making America "kinder and gentler" is to reduce the capital gains tax.

The designated news "hook" of the speech is the reduction of the capital gains tax rate. We need to point out that a capital gains tax rate cut can do much more than consolidate economic freedom. It can expand economic freedom. To paraphrase John Kenneth Galbraith, it is more inspiring to comfort the afflicted than it is to comfort the comfortable!

One way to enlarge the otherwise narrow, business-based coalition that favors cutting capital gains is by finding new recruits, for example, Blacks and those interested in the progress of Blacks. We should tie in enterprise zones as a further means of empowering individuals and expanding economic freedom. We should note that the President's proposal effectively eliminates the capital gains tax on people making less than \$20,000 a year.

(more)

2-2-2

Jack Kemp and his whole intellectual movement are the leading exponents of this vision of opportunity and upward mobility. The message is that we are not just undertaking these programs to help hi-tech entrepreneurs. We are doing this to help all Americans, especially the poor -- the very people who have been left out of the economic expansion of the last six and a half years.

Finally, we need to forthrightly ask the audience for help in this crusade to give all Americans the chance to pursue the American dream.

p.1, para.2 The joke here starts us off with some downbeat phrases: "illness and fatigue ... sick and tired."

p.2, para's.1,2,3 Following a joke about evidently wealthy New Yorkers meeting their neighbors in Florida, we use the phrase "richer life" in the succeeding two paragraphs. We need some concept here that does not have a financial connotation, for lack of a better word, "fulfilling" or "meaningful" or "greater."

p.2, para.5 "...forms the heart of private enterprise, just as private enterprise is central to America." Note that "private enterprise" -- people accumulating for themselves -- is not really as ennobling as "free enterprise." In "free enterprise," the emphasis is on freedom -- the chance to enter into the marketplace and to do well. "Free enterprise" connotes an open door of opportunity, and also echoes the economic freedom argument that underlies the entire Building a Better America program.

We'd change to: "... forms the heart of free enterprise, just as free enterprise is central to the American dream."

p.2, para.6 "Freedom allows us to raise our horizons." You raise expectations or goals, not horizons. You either "broaden" or "lengthen" or "extend" your horizons.

This paragraph begins to get at the heart of the argument: here's what we have to do to consolidate freedom; preserve it and protect it.

(more)

But it is insufficient just to say that freedom ought to be consolidated. The President has a broader mission. We suggest disentangling all the notions in this key paragraph into two complete and discrete thoughts:

- o Concept 1: Consolidate economic freedom.
- o Concept 2: Extend economic freedom and the benefits thereof.

In the "four objectives" listed here, the third, "find solutions to an urgent set of priorities", might seem clearer if we said something like "address the problems of the present -- the problems that cannot wait." -- (this also ties-in better with the "immediate problems" paragraph on the next page (p.3, para.3)).

More importantly, as we noted earlier we would suggest taking the four concepts and adding a fifth, which gives the President a more active and morally purposeful mission: to reach out, to extend opportunity, to empower people to participate fully in the American Dream.

Finally, this paragraph needs to mention the phrase "Building A Better America" e.g., "I have proposed four [or five] objectives to Build a Better America:"

p.3, para.1 This paragraph recapitulates the preceding paragraph (p.2, para.6) but in an allusory way. We need to make it more explicit. We'd suggest enumerating the president's points at the beginning of the paragraph: "My four [five] objectives for Building a Better America are important because...."

If we get in the habit of itemizing, we will look more organized and coherent about the President's goals.

The rationale advanced in this paragraph for "Investing in that future" is weak. We don't so much want to "free" them to advance the commonweal as much as we want to empower them -- give them the skills -- to do so.

(more)

4-4-4

The paragraph concludes: "And no new taxes is as All-American as dumping tea into Boston Harbor." We made Boston Harbor a big issue in 1988, yet we have conspicuously not added funds for the clean-up. To mention Boston Harbor is to invite a retaliatory whack from the press as well as the Dukakis Administration.

p.3, para.2 We'd amend "re-orient us as a Nation" to "re-orient us as a kinder, gentler nation."

p.3, para.3 "Yes, America faces immediate problems -- ocean dumping, the homeless, illiteracy." We should make a structural decision here: either enunciate these immediate goals before itemizing the Building A Better America goals, or else follow-up the "Building a Better America" package in the 1-2-3-4 sequence outlined in the last paragraph on page 2. The way the speech reads now, we give the prescription and then the diagnosis.

p.3, para.4 This is an important philosophical paragraph. As such, it should either come before page 2's Building A Better America goals or at the very end of the speech. There's something anti-climactic about laying out your four- (or five-) point agenda and then going into a discourse on the last 25 years of American history.

p.4, para.1 I think the rhetorical questions set forth here are effective, a la Reagan's "If not us, who?; if not now, when?" formulation. But I think they are most effective at the end of a speech, especially at the close of this draft, which, as it is, rushes toward an end in the last page or two.

p.4, para.3 "... I proposed a budget to cut the Federal deficit...." "Budget" is a green eyeshade concept, and in the most literal sense, sub-Presidential. We need more ambitious, Presidential phrases that connote, in Nixon's phrase, "the lift of a driving dream." Thus, we should consider phrases like "agenda," "missions," "goals," and "vision."

In connection with language on the President's agenda, we should regularly use the phrase "Building a Better America."

(more)

5-5-5

In the concluding sentence here, "...not by increasing America's taxes, but by enlarging the American Pie and keeping spending under control," at a minimum these two thoughts should be reversed. "Keeping spending under control" is not as broad a concept as "expanding the pie" and thus "pie" should come second.

Also, with apologies to Don McLean, it seems to us that the notion of "American Pie" needs to be explained somewhat. We suggest "controlling spending and encouraging economic growth so that the pie of opportunity grows to give every American -- especially the needy -- a larger piece."

p.4, para.4 There are too many dollar figures in this paragraph: "...\$80 billion...\$75 billion...\$91 billion...\$4 billion...." This can be said in a cleaner way: We'd change the first sentence to read "... more that \$80 billion, even [a crucial interpolation for emphasis] with no new taxes." Then start a new paragraph: "My plan [not "Our budget"] will [not "seeks to"] use that new revenue to slash the Federal deficit by more than 40%."

We would note that a \$91 billion deficit is not a figure to be terribly proud of. \$91 billion is still a big chunk of change to the average citizen. We ought to instead say: "... slash the Federal deficit by more than 40%, bringing the deficit below the Gramm-Rudman-Hollings targets."

With these changes, this paragraph is no longer a series of dollar figures, but now has one dollar figure (\$80 billion) repeated twice for emphasis, one impressive-sounding percentage (a 40% cut), and two clear statements: One) "no new taxes;" and Two) we come in below the Gramm-Rudman-Hollings targets.

Note also: "Gramm," not "Graham."

p.5, para.1 "Dead On Arrival" -- As noted before, patting ourselves on the back for this meager accomplishment begs some Democrat to knock this boast down.

p.5, para.2 Is this not a paragraph which belongs either at the beginning or the end of the speech? -- probably at the end, as a buildup to a feel-good, rising climax.

(more)

6-6-6

p.5, paras.3,4 These paragraphs appear to be making a point about investing in the future. But they don't quite say that. These are legitimate points, but by the time we get to this place in the speech no one is going to understand what we're talking about. The set-up ought to be as prosaic as: "... and the third item of my agenda is investing in our future."

Also "use," not "utilize," and "goals," "vision," "agenda," etc., not "budget."

p.6, para.2 Again "agenda," etc., not "budget."

p.6, para.4 This terse treatment of capital gains -- the heart of the speech -- needs to be expanded. As noted before, our proposal effectively eliminates capital gains taxes for those earning less than \$20,000 a year. This underlines the point that capital gains tax rate reduction helps the poor the most. Furthermore, the Bush proposal is a carefully crafted reduction, designed to eliminate tax shelters (in general, the EIA does not care about tax shelters).

p.7, para.3 "I also want to elevate the status of the President's Science Advisor to that of the National Security Advisor." This statement needs to be modified. In its current form, it tests the President's credibility to the limit. It's one thing to make the Science Advisor an Assistant to the President, it's another to say he's equal to Brent Scowcroft.

p.7, para.4 "Like America, space embodies freedom; we must help both reach unexplored frontiers." Both what?

"...let us invest in the Superconducting Super Collider, which celebrates the fusion of science, technology, and education." The SSC cannot celebrate. Instead: "...the Superconducting Super Collider -- a bold new experiment, fusing science, technology, education."

"...leverage America's technological prowess in such areas as microcomputers, automotive electronics, electronic tubes, and high definition TV." We are concerned about this list, especially "electronic tubes" and HDTV. Is this a fair assessment of where America enjoys "technological prowess?" Are we really going to use free and fair trade to leverage this technological prowess?

(more)

7-7-7

"And let us assist the National Science Foundation." This is a lame sentence. We'd change to: "Science is critical. As I have said, I intend to double the National Science Foundation budget." The President pledged to double the NSF budget in a speech at Yale in the Fall of 1987. If we aren't mistaken, that's the baseline for the doubled budget. Let's not slip up and inadvertently let March 1989 be the new benchmark! Whether we intend to double it from FY'88 levels or FY'90 levels needs checking.

p.8, para.4 "Our budget proposes a new child care initiative which increases options for working parents -- a church can help, or grandparents, or professional nursery." This is too stripped-down a description of our proposal to garner any support. In any case, child care is extraneous to this speech. We'd be better off deleting the whole paragraph. Again, "our budget" should be "my program for Building a Better America" or "my agenda," etc.

p.10, para.2 "...our children can make the Twenty-first Century a new American Century." The allusion to Henry Luce needs to be focused: it's the second American century, not a "new" American century.

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