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Series: Speech File Draft Files
Subseries: Chron File, 1989-1993

OA/ID Number: 13479
Folder ID Number: 13479-008

Folder Title:
Electronic Industries Association, 3/15/89 [2]

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

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	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	STUDDERT	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	GRAHAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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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: 1 See our suggestions on pages 1, 2, 3, 4, 5, 6, and 8.

2 See also our suggestions for page 7, attached.

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

INSERT A, for page 7.

With a clear understanding of our objectives and consistency in our approach, we can use the strength of our technology and industry, together with access to our great market, to encourage other countries to open their markets to us just as we have opened our market to them.

We also want to build on the more than 130 industrial research consortia that have been formed since the National Cooperative Research Act was passed in 1984. We need to follow that act with further initiatives that will allow our industries to work together in product development and manufacture when such cooperation will make the United States more able to compete against large industrial groups in other countries.

innovation. Our proposal will increase domestic research by multinationals, and end the uncertainty of expiring temporary rules. *We also need to insist that intellectual properties and accomplishments be respected everywhere.*

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 *affordable access to space through the National Aero-Space Plane program and* 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

*INSERT
A
(attached)*

March 13, 1989

Redone
- see yellow
highlighted
areas.
3/13/89
4:25 P.M.

MEMORANDUM FOR JIM CICCONI

FROM; DENISE SCHWARZ *DS*
OFFICE OF CABINET AFFAIRS

SUBJECT; PRESIDENTIAL REMARKS; ELECTRONIC INDUSTRIES
ASSOCIATION, MARCH 15, 1989

LOG #015848

We have reviewed the attached and have attached a suggested paragraph to be incorporated into the speech from the Department of Commerce.

Also, Treasury has incorporated a couple of comments throughout the speech.

cc: Chriss Winston

Attachment



UNITED STATES DEPARTMENT OF COMMERCE
Office of the Secretary
Washington, D.C. 20230

Suggested paragraph for the President's remarks to the Electronics Industries Association.

"I have asked my friend, Secretary of Commerce Bob Mosbacher, to review all options facing us in the area of high definition television. I know that he spoke to you this afternoon on this matter. He knows of its significance and I am looking to him for recommendations on how to proceed."

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RESPONSE:

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

(Smith/Dooley)

March 10, 1989

1009 MAR 18:00 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, ^{excluding asset sales} ~~nearly \$4~~ ^{more than}

[#] 5 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. In 1978 this organization following the leadership of Congressman Bill Steiger work to reduce the capital gains tax and the results of that action speaks for itself. ~~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.~~ Today we must fight that battle again. ~~Our budget supports reducing it to 15 per cent on long held assets. 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.~~ scarcely did.

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, ~~and improving research and experimentation expense allocation rules,~~ 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.

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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.

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TO: Chriss Winston

NSC concurs, with one minor fix on page 6 as marked.

Brent Scowcroft
Brent Scowcroft

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

cc: J.W.Cicconi

(Smith/Dooley)

March 10, 1989

1989 MAR 18:00 PM 9:09

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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.

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

For more than 200 years, Americans have invested their labor, their talent, their compassion, and their vision to preserve freedom, 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.

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	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
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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: *Old [Signature]*

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

(Smith/Dooley)
March 10, 1989
Draft Five

Suggested Remarks
For President Bush
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."

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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 the tea dumped into Boston Harbor. You remember that...sort of an early version of the EPA.

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} unemployment, the homeless, ^{illiteracy} ~~the fragility of our banking system~~. And, yes, I pledge to you: We will address them now -- not somewhere down ~~the line~~ ^{Some might say that}. For, today, America is prosperous and at peace. ^{And, 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 ^{resurgent unemployment} ~~Watergate~~, no energy shortages, no ^{double digit} ~~high~~ inflation.

However, we must recognize that

~~In short~~, we stand at a special moment as ~~Americans~~, and in our history. ^{A moment which may} This affords America a most precious gift: the gift of time. Time to take stock; time to think, calmly, prudently; time to avoid mistakes, and ensure this nation's

not for complacency... not to sit back and reflect upon what has been ^{to reflect upon} but what might

destiny. Will we use that time, ^{Will we} and ~~thereby~~ seize our moment?
~~Of course,~~ 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.

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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.

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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.

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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 our banking system~~, in space, education, and the environment, and in our most precious resource, our kids.

delete

As you know, the Savings and Loan issue imperils America's banking system -- a failure caused by corruption, inefficiency, and inattention. My friends, we can't put this on the back burner -- it's simmered there too long. Instead, we've proposed a bailout plan which, above all, protects those whose trust has been so abused. And we've asked the Congress to act on our proposal in the next 45 days.

Solvent S&Ls will help savers and borrowers chart new horizons on earth.) Let us chart them, too, 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, as you have, free trade, yes, 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.

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THE WHITE HOUSE
WASHINGTON

3/13/89
12:00

Bobbie —

Here is the latest
speech. The due time is
noon, but they inevitably
arrive late so take more
time especially since its
late getting to you!

Kristen

Kristen, ON Wednesday ^{the} During Day,
President's child care bill will be submitted
to Congress & he may do photo of over

in Cabinet Room on the bill with relevant Cabinet members & Hill sponsors.

Thus, you may want to beef up child care part on P & B by saying

"Today I submit to Congress

How important is Bobbie

Bates & Porter working on the logistic details

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

REMARKS: ELECTRONIC INDUSTRIES ASSOCIATION
MARCH 15, 1989

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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.

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*Check
on
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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)

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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: *See our suggestions on pages 1, 2, 3, 4, 5, 6, and 8.*

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

(Smith/Dooley)
March 10, 1989

1989 MAR 18 8:00 P.M.

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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, ^{to} risk, and ^{to} defy the odds forms the heart of private enterprise. ~~just as private enterprise is central to America,~~ ^{because freedom 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. y

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,

It says that government must be a catalyst -- bringing out the best in our institutions, and encouraging the talents and participation 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, 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.

One of the central challenges we face in coming years is to shift our attention to the longer term -- well past the next quarterly statement.

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.

Our future competitive position will depend on such a perspective, and I am confident that we will be able to meet this challenge

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.

g 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~~ its 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.

ec/11
 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.

This is our ultimate long-term investment -- the investment in our youth -- the very future of our nation.
 But most of all, investment means education. For if *and it does,* 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.

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	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	STUDDERT	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BATES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CARD	<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"/>		<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<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 10 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.

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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.

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(Weicker 5873)

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Andrus
3760
4830

*NOTE: This word is often a code word for protectionist legislation.

(Weicker 5873)

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Hole
5128

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See next pg.

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

CAPITAL GAINS

Let me turn to an issue that I know concerns all of you: capital gains. Each of you knows how vital the favorable treatment of capital gains was to you in getting your company off the ground and in raising the capital you used for expansion. If America is going to have the dynamic industries of the 1990s and the 21st century, we've got to provide the same kind of favorable capital gains treatment to today's entrepreneurs. *unw.*

We've all heard a lot of talk about competitiveness. Many members of Congress are constantly fretting that America is losing its competitive edge. Well, to all the fretters out there *q. l. e.* I ~~want to issue~~ a simple challenge: stop wringing your hands and start doing something. Tonight I call upon the Congress to put some action behind all its rhetoric. Pass the capital gains tax cut I proposed and just watch America compete.

We are the only major industrial power in the world that does not give favorable tax treatment to capital gains. Singapore, Taiwan, South Korea, and Hong Kong all have a zero capital gains tax. Japan had no capital gains tax during its meteoric rise. Nor does West Germany, the most dynamic economy in Europe.

How can Congress sit around talking about competitiveness when they impose a stiff tax on the rewards to investment and risk-taking? How can they talk about a level playing field when they demand that America's entrepreneurs run uphill against the rest of the world?