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National Association of Manufacturers, 3/23/89 [1]

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THE WHITE HOUSE

WASHINGTON

MARCH 21, 1989

DRAFT

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: CHRISS WINSTON *W*

SUBJECT: SPEECH TO THE NATIONAL ASSOCIATION OF MANUFACTURERS

Your audience will be some 600 to 700 representatives (many CEOs) of small- to mid-sized manufacturing concerns.

This event is an opportunity to present an "Agenda for the New American Century," in the context of a strong manufacturing sector.

The attached draft focuses attention on issues for the long term: investment and entrepreneurship; sound S&Ls; the family, and choice in childcare; education and re-training; drugs; the environment; and volunteerism in America.

(Lange/Martin)
March 21, 1989
7:15 p.m.

PRESIDENTIAL REMARKS: NATIONAL ASSOCIATION OF MANUFACTURERS
WASHINGTON, D.C.
THURSDAY, MARCH 23, 1989

Thank you, [Dick]. You know, after one tough football game, somebody asked Knute Rockne why Notre Dame had lost. He answered, "I won't know until my barber tells me on Monday."

Well, nobody's second-guessing American manufacturing anymore. Clearly, you're playing a winning game.

I'm here today to tell you that "de-industrialization" is a myth. Manufacturing, as a share of our national output, is as strong today as it has ever been.

Thanks to the hard work of the men and women in this room -- who are the brains and muscle of America's basic industries -- we are producing more products with a smaller percentage of our population than ever before.

That, my friends, is productivity. That is why since 1982, our manufacturing output has gone up twice as fast as Western Europe and has kept pace with Japan.

You are the producers who are building a better America every day. Your presence here today demonstrates that you are

fighting to win the international struggle for continued growth. You have demonstrated that you can make America more competitive -- and that you can keep America more competitive.

Now, I'm not saying you're going to have to do it alone. There is a role for government. Sometimes political leadership is needed -- for example, to keep international trade free and fair. However, I will tell you that this government will not confuse involvement with interference.

There's a lot of talk about competitiveness going around these days. But competitiveness is more than just the latest trade figures, or the latest quarterly earnings -- or the latest poll or the latest election, for that matter.

Surely our success can be measured by better methods than these. In your industry, as in mine, this may be a good time for us to look toward a longer horizon.

We stand at a special moment in American history. We are prosperous... and we are at peace.

At such a point, we must set our sights higher. We must look farther ahead. The 21st Century is less than a dozen years away now.

You've called this conference "The New Leadership Summit." Leadership is many things: vision, the power to inspire, the capacity to define an agenda for future action. It is certainly found in those who keep the great engines of American industry turning.

Leadership means understanding where an organization finds itself, right now; seeing where it wants to go; and knowing how to get there. Above all, it's playing the long game, whatever the odds -- and playing for keeps.

So today, I'd like to outline my agenda for the next American century.

To build a better America, one of the most important priorities for this government will be to encourage savings and long-term investment -- and get our fiscal house in order. This means bringing down the deficit.

Last month, I submitted a budget to Congress with a clear agenda to cut the Federal deficit, and enhance business' ability to plan, expand, and build.

My friends, next year, under current law, the economic growth we are enjoying will increase federal revenues by more

than \$80 billion without increasing tax rates. Our plan will hold the line on spending, using that revenue to slash the deficit by more than 40 percent -- and bring it down below the mandated Gramm-Rudman-Hollings targets.

To encourage long-range investment and entrepreneurship in businesses of all sizes, it's time we restored the capital gains differential. This is a case where less means more. More revenue to the Federal government -- \$4.8 billion more in 1990, according to Treasury estimates. More savings, and more investment. More competitive, flexible businesses. More opportunities for innovation.

And more jobs for all Americans -- including those who have been left behind, and who need a chance to work for their share of the American dream. This is no tax break for the rich. It's a fair shake for America.

Competitiveness, opportunity, saving, and investing for the long term -- this is why we need a capital gains tax rate cut. It's why we need one now.

To spur investment in basic research, we've proposed a permanent research and experimentation tax credit. A 13 percent increase for science and technology programs.

And we have created a new post at the Commerce Department -- Undersecretary for Technology -- that embodies our commitment to guaranteeing that American technology is number one. We also intend to double the National Science Foundation's budget by 1993.

A strong economy needs a safe and secure banking system. That is why we proposed a comprehensive plan to solve the difficulties of our savings and loans. Our plan has been well-received on both sides of the aisle on Capitol Hill -- and I've asked for action within 45 days.

We want to ease the pressures now building on the most important organization in America -- the family -- by promoting choice on issues like child care. So last week I sent legislation to Congress that puts money and options in the hands of parents, rather than bureaucracies.

But the most powerful key to long-term competitiveness is education. A strengthened education system is the essential ingredient for America's prosperity into the next decade and the next century. Let no one suggest that education is a minor matter on the national agenda. It is vital to everything we are, and can become.

But there are no quick fixes here, either. Like most of the long-term issues on the national agenda, American education won't be fixed with a bolt of lightning here, a puff of smoke there. It will take collective effort at all levels, public and private, to get it right. Those businesses that are involved with local schools -- developing the workforce at its source -- are making fail-safe investments. And they stand to reap the greatest rewards.

For those workers already on the line, we must build new skills and flexibility as jobs change, through training and re-training. The NAM policy position you adopted last year said that "investment in human resources is at least as important as investment in equipment and technology." And you're absolutely right. Machinery and technology alone don't improve productivity. People do.

Another issue where we plan to play for keeps: We're determined to get drugs out of the workplace. Drug and alcohol abuse in the workplace costs \$60 billion every year, putting productivity and lives at risk.

Drug abuse in America must stop -- and we are off to a fast start. Last month I spoke to Congress about four decisive issues: education, treatment, interdiction, and enforcement. And I asked for an increase of \$1 billion in budget outlays -- to

nearly \$6 billion in 1990 -- to escalate our effort. But we will also be looking to you to set effective, well-reasoned drug policies in your businesses.

Employers can teach their people to recognize the signs of substance abuse in their co-workers -- and understand how drug abuse hurts the non-users on the line.

Any long-term agenda must also ask how we can leave the earth we've inherited a little better than when we found it. We must devise answers to the problems of ozone depletion, global warming, and acid rain. We've already joined with other nations to call for the elimination of CFCs and the development of environmentally safe substitutes -- as well as adopting a tough new policy on the export of hazardous waste.

The time has come to set aside partisan approaches to these and other enormous environmental questions. We must ensure that our grandchildren can fish on the same lakes we've enjoyed.

In this agenda for a new American century, I've asked you to consider a broad vision: a vision that relies on the dynamic spirit that is America. The spirit that says: Buildings should not stand empty, while people lack shelter. Jobs should not go unfilled, while young men and women stand idle on street corners. No one should go hungry, in the richest nation on earth.

We must promote local efforts to assure that every American can seize a share of prosperity -- and help to create more of it. Whether through the constellation of local community groups already at work -- or through new ideas, like our program to encourage our nation's youth to become involved in community service: we will rely less on the collective wallet, and more on collective will.

But this does not mean lowering our sights, or our expectations. Just the opposite. In an era of tight budgets, we are not going to simply "make do with less." We're going to learn how to do more with less -- and do it better. In the factory, that's called productivity. Across our country, that's called national spirit.

Yes, we are prosperous. And we are at peace. But such quiet moments often become pivotal in a nation's history.

My friends, the choices we make now will determine whether the door to the next American century is closing -- or opening wide, for all who dare to dream.

Thank you. God bless you. And God bless America.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

March 23, 1989

REMARKS BY THE PRESIDENT
TO THE NATIONAL ASSOCIATION OF MANUFACTURERS

The Mayflower Hotel
Washington, D.C.

1:23 P.M. EST

THE PRESIDENT: Thank you, Dick, and thank all of you. Thank you very much for that warm welcome. Thank you for that warm welcome back. And Dick, thank you, sir, for introducing me and for what you're doing leading the NAM. I want to pay my respects to your president, former secretary "Sandy" Trowbridge, who continues to do an outstanding job. Harry Truman used to say "If you want a friend in Washington, buy a dog." (Laughter and applause.) And I'm here to disagree with him, because I feel in Dick, your chairman, and in "Sandy," your president, and in the membership of this illustrious organization, that our administration has a friend, not only in Washington, but all across the country. And I am very grateful for that and I normally would not dare to speak for our new illustrious Secretary of Commerce, Bob Mosbacher, but in this regard I expect I'm saying exactly what he feels. And I might say to you, the members of the NAM, it is a wonderful thing to have him at my side, a successful businessman, who knows what it means to take risks, knows what it means to try to keep the costs down and knows what it means to add to the productivity of this country. And Bob Mosbacher is already doing a superb job. (Applause.)

After one tough football game, somebody asked Knute Rockne why Notre Dame had lost. And he answered, "I won't know until my barber tells me on Monday." (Laughter.) Well, nobody is second-guessing American manufacturing anymore. And clearly, you all are playing a winning game.

And I'm here today to tell you that deindustrialization that we read about is a myth. And manufacturing, as a share of our national output, is as strong today as it has ever been. And I think many people in this room deserve great credit for that. Thanks to the hard work of you people, who are the brains and the muscle of America's basic industries, were producing more products with a smaller percentage of our population than ever before.

And that, my friends, is productivity. And that is why since 1982, our manufacturing output has gone up twice as fast as Western Europe and has kept pace with Japan. You're the producers -- is somebody's heart beating very fast over there or what the heck is going on? (Laughter and applause.) In the technological age in which we're living I'm sure we can -- (laughter and applause).

around these days, and in a way that's a very good thing. But competitiveness is more than just the latest trade figures, or the latest quarterly earnings -- or the latest poll or the latest election, for that matter.

Surely our success can be measured by better methods than these. This is a good time for us to look towards a larger horizon. And we stand at a special moment in our history. We're prosperous. We are at peace. And at such a point, we've got to set our sights higher. And we must look farther ahead. It's hard for us to believe, but the 21st century is only 11 years from now.

And you've called this conference "The New Leadership Summit." Leadership is certainly found in those like you who keep the great engines of American industry turning. In creating jobs and building businesses and meeting needs, our nation's manufacturers have shown the qualities that will carry us into the future. And make no mistake, the challenges we face will test your vision and your capacity to define an agenda for action.

So today, I'd like to address that very point by outlining my agenda for the next American Century.

To build a better America, one of the most important priorities for this government will be to encourage savings and long-term investment -- to get our fiscal house in order. And that means priority, bringing down the federal budget deficit. (Applause.)

And last month, one of the very first things we did was to submit a budget to Congress with a clear agenda to cut the federal deficit and enhance business' ability to plan, expand, and build. And next year, under current law -- there are no changes in the revenue laws -- the economic growth we are currently enjoying will increase federal revenues by more than \$80 billion without increasing the tax rates. And our plan will hold the line on spending, using some of those new revenues to slash the deficit by more than 40 percent -- and meeting those Gramm-Rudman-Hollings targets.

To encourage long-range investment in businesses of all sizes, it's time that we restored the capital gains differential. By reducing the capital gains rate to 15 percent on long-held assets. (Applause.) And this really is a case where less means more. More revenue to the federal government. The Treasury now estimates that my proposal would bring in \$4.8 billion of new revenues in 1990. That's the Treasury estimate. And the critics all say and have climbed on us in saying "This is a tax cut for the rich." I say cut the capital gains rate and you'll have more jobs for the poor and others. And more growth and opportunity for the whole country. Competitiveness, opportunity, saving and investing for the long-term -- this is why we need a capital gains tax rate cut. And it's why we need one now. And I am going to keep on fighting to see that the Congress gives the people that which they deserve -- more opportunity and more jobs.

To spur investment in basic research, we've proposed a permanent research and experimentaton tax credit. We've also proposed a 13 percent increase for science and technology programs, and intend to double the National Science Foundation's budget by 1992

important organization in America, the family -- by promoting choice on issues like child care. So last week I sent legislation to Congress that puts money and options in the hands of parents, rather than in the hands of the bureaucracies. And we are going to keep on pushing for that concept. I do not want to have my administration identified with one single initiative that diminishes parental choice or in any way weakens the family. The government must do what it can to strengthen family. (Applause.)

I'd say, though, that the most powerful key -- the most powerful key to long-term competitiveness is education. A strengthened education system is the essential ingredient for America's prosperity into the next decade, into the next century. But no one suggests that education is a minor matter on the national agenda. It is vital to everything we are and can become. Make no mistake about it, I understand the historic role of the communities and of the states, and I understand the limited role that is properly assigned the federal government. So I don't want you to feel that I am moving towards centralizing control over our schools in Washington, D.C.

There are no quick fixes in education. Like most of the long-term issues on the national agenda, American education won't be fixed with a bolt of lightning or a puff of smoke. It's going to take collective effort at all levels, public and private, to get it right. And those businesses that are involved with local schools -- developing the work force at its source -- are making fail-safe investments. And they stand to reap the greatest rewards.

I wish Barbara were here to talk to you a little bit about her interest in literacy and to salute as she does the business community for its involvement. I think this -- I talk about a thousand points of light. And if there's ever an example of that, it is the wide array of business people and business interests that are out there helping in the field of education. I didn't much like it when I talked about a thousand points of light and some cynic around here made some reference, what he really is talking about is a thousand pints of Light. (Laughter.)

But I do salute you for your outreach. For those workers that are already on the line, we must build new skills and flexibility as jobs change, through training and retraining. The NAM policy position that you adopted last year said that "investment in human resources is at least as important as investment in equipment and technology." And you're absolutely right on that one. Machinery and technology alone don't improve productivity. People do.

Another issue where we plan to play for keeps -- we're determined and we are going to keep working at this one -- to get the drugs out of the workplace. (Applause.) Drug and alcohol abuse in the workplace costs \$60 billion every year, putting productivity and lives at risk.

Drug abuse in America really must stop -- and we're off to a fast start. Last month I talked to the Congress about four decisive issues: education, treatment, interdiction, and enforcement. And I asked for an increase of \$1 billion in budget outlays -- to nearly \$6 billion in 1990 -- to escalate this effort. But we'll also be looking to you to get effective

was delighted to see Russ Train here, Bill Ruckelshaus here, and I understand they did a first-class job in addressing themselves, with their background of experience, to this question.

We've got to devise answers to the problems of ozone depletion and global warming and acid rain. We've already joined with other nations to call for the elimination of CFCs and the development of environmentally safe substitutes -- as well as adopting a tough new policy on the export of hazardous waste. We can do these things without stifling the economic growth that is necessary, indeed, essential for our nation's economic health.

The time has come to set aside partisan approaches to these and these other enormous environmental questions. We've got to ensure that our grandchildren can fish on the same lakes we've enjoyed.

And in this agenda for the new American Century, I've asked you to consider a broad vision; a vision that relies on the dynamic spirit that is America. The spirit that says buildings should not stand empty, while people lack shelter; jobs should not go unfilled, while young men and women stand idle on the street corners; no one should go hungry in the richest nation on the face of the Earth.

And we must promote local efforts to assure that every American can seize a share of this prosperity -- and help to create more of it -- whether through the constellation of local community groups already at work, or through new ideas, like our program to encourage our nation's youth to become involved in community service. I'm absolutely convinced that with the proper leadership from the White House and across the business community and elsewhere, we can encourage those young people who are more fortunate than some of their peers to pitch in and help those that are less fortunate. We're going to rely less on the collective wallet -- we have to, to do what I told you I want to do on the budget -- less on the collective wallet and more on the collective will.

But this does not mean lowering our sights or our expectations. Just exactly the opposite of that. In the era of tight budgets, we're not going to simply "make do with less." We're going to learn how to do more with less -- and do it better. In the factory, you call it productivity. Across our country, I call it the national spirit.

And, yes, we're a prosperous country and we are at peace. But such quiet moments often become pivotal in the nation's history. The choices we make now are going to determine whether the door to the next American Century is closing or opening wide, for all who dare to dream.

Thank you for your leadership. Thank you for the support of our administration. And aren't we lucky to be living in 1989 in the United States of America, the best, the freest, the greatest country on the face of the Earth? Thank you all and God bless you. (Applause.)

(Lange/Martin)
March 17, 1989
5:45 p.m.

PRESIDENTIAL REMARKS: NATIONAL ASSOCIATION OF MANUFACTURERS
WASHINGTON, D.C.
THURSDAY, MARCH 23, 1989

Thank you, [Dick]. You know, I understand a few of you were concerned about the 1984 Trade Report, heralding the arrival of the "post-industrial" society. And I have to confess, that whenever anyone talks to me about some "post-industrial" society, I have doubts of my own.

Would such a place get along without plumbers, for instance. And if such a society could exist, I wonder if either its pipes or its theories would hold water.

For now, I'm willing to bet my last dollar on manufacturing in America. At least until somebody can show me how to wear a piece of information, or parallel-park a concept.

American manufacturing has been -- and continues to be -- the backbone of this economy. It's been estimated that every new manufacturing job creates three other jobs here at home.

I've been a great admirer of the export-driven, rust-belt renaissance you've kicked off. Last year, the merchandise trade deficit dropped by a fifth. Exports surged to an all-time high. And manufacturing productivity is also now at record levels. The

quality of American exports is arguably better than it has ever been. And in terms of sheer output, American factories have never done better.

Now, there's a lot of talk about competitiveness going around these days -- and these facts and figures are all ways of measuring it.

But competitiveness is more than just the latest trade figures, the latest quarterly earnings -- or the latest poll, the latest election, or the latest Nielson ratings, for that matter. Surely our success can be measured by better methods than these. In your industry, as in mine, this may be a good time for us to look toward a longer horizon.

We stand at a special moment in American history. We are prosperous... and we are at peace.

At such a point, we are empowered -- even required -- to set our sights higher. To look farther ahead. It is a time to make choices. A time to answer those questions that will have the farthest-reaching impact on our success as a society.

The 21st century is less than a dozen years away now.

You've called this conference "The New Leadership Summit." Well, whatever else you think about leadership -- or vision, for that matter -- it's not lofty rhetoric, charisma, or clairvoyance.

No, it may be as simple as understanding where an organization finds itself, right now; seeing where it wants to go; and knowing how to get there. Above all, it's playing the long game, whatever the odds -- and playing for keeps. So today I'm like to outline my agenda for the next American century.

To build a better America, one of the most important priorities for this government will be to build savings and long-term investment -- and get our fiscal house in order. This means, first off, bringing down the deficit.

Last month, I submitted a budget to Congress with a clear agenda to cut the Federal deficit, and enhance business' ability to plan, expand, and build. My friends, next year alone, Federal tax revenues will rise by more than \$80 billion -- and yes, here I go again -- with No New Taxes. Our plan will hold the line on spending, using that revenue to slash the deficit by more than 40 percent -- bringing it down below the mandated targets.

To encourage long-range investment and entrepreneurship in businesses of all sizes, it's time we restored the capital gains differential. This is another case where less means more. More

revenue to the Federal government -- \$4.3 billion more, according to Treasury estimates. More savings, and more investment. More competitive, flexible businesses. More opportunities for innovation. And more jobs for all Americans.

This is no tax break for the rich. It's a fair shake for America.

To spur investment in basic research, we've proposed a permanent extension of the research and experimentation tax credit. A 13 percent increase for science and technology programs. And we intend to stay on track in our effort to double the National Science Foundation's budget by 1993.

To support capital formation, we will encourage personal savings, and restore the integrity of our nation's savings and loans institutions. Our plan has been well-received on both sides of the aisle on Capitol Hill -- and I've asked for action within 45 days.

We want to ease the pressures now building on the most important organization in America -- the family -- by promoting choice on issues like child care. So last week I sent legislation to Congress that puts money and options in the hands of parents, rather than bureaucracies. Our plan empowers all families: dual earners, single parents, those who choose to

remain at home; those who prefer informal, neighborhood arrangements; and especially those on low incomes, struggling to be self-sufficient.

Lasting self-sufficiency, of course, means quality education. And I see education as long-range planning at its best -- a solution for the next century, for problems we haven't even begun to recognize yet. It is an essential key to our competitive future. Let no one suggest that education is a minor matter on the national agenda. It is vital to everything we are, and can become.

But there are no quick fixes here, either. No stop-gap solutions. Like most of the long-term issues on the national agenda, American education won't be fixed with a bolt of lightning here, a puff of smoke there. It will take collective effort at all levels, public and private, to get it right. Those businesses that are involved with local schools -- developing the workforce at its source -- are making fail-safe investments. And they stand to reap the greatest rewards.

For those workers already on the line, we must build new skills and flexibility as jobs change. By one estimate, 75 percent of all people now working will need some kind of retraining before this century is over. The NAM policy position you adopted last year said that "investment in human resources is

at least as important as investment in equipment and technology." And you're absolutely right.

The astounding gains in productivity you've already achieved can be pushed still higher -- but we'll have to look beyond upgrades to plant and equipment. Ever since the 1930s, machine capital has contributed only about 20 percent to productivity. Most of this country's productivity improvements -- and most of our growth in national income -- have been directly linked to labor quality: and that means training, and retraining.

I'm reminding you of something you already know: machinery and technology alone don't improve productivity. People do.

Another issue where we plan to play for keeps: We're determined to get drugs out of the workplace. Drug abuse in the workplace costs \$00 billion every year, putting productivity and lives at risk. Bill Bennett is off to a fast start. But we will also be looking to you to set effective, well-reasoned drug policies in your businesses.

Employers can teach their people to recognize the signs of substance abuse in their co-workers -- and understand how drug abuse hurts the non-users on the line.

Any long-term agenda must ask how we can leave the earth we've inherited a little better than when we found it. And, you know, this is no political litmus test. I think of Teddy Roosevelt as one of the great conservationists -- one of the great environmentalists. Our grandchildren should be able to fish on the same lakes we've enjoyed.

The time has come to set aside the partisan approach to these enormous environmental questions. We must devise a global answer to the problem of ozone depletion and global warming. We intend to make rapid progress on acid rain, and see that a new clean air bill is produced. And we've already broken ground in joining with other nations to call for the elimination of CFCs -- as well as adopting a tough new policy on the export of hazardous waste.

In this agenda for a new American century, I've asked you to consider a broad vision: long-term savings and investment; support for the family; education and retraining; stopping drugs; and cleaning up the environment. But we must rely on more than legislation.

We must rely on the dynamic spirit that is America. The spirit that says: Houses should not stand empty, while people lack shelter. Jobs should not go unfilled, while young men and

women stand idle on street corners. No one should go hungry, in the richest nation on earth.

We must promote local efforts to assure that every American can seize a share of prosperity -- and help to create more of it. Whether through the constellation of local community groups already at work -- or through new ideas, like our program for Youth Engaged in Service -- we will rely less on the collective wallet, and more on collective will.

But this does not mean lowering our sights, or our expectations. Just the opposite. In an era of tight budgets, we are not going to simply "make do with less." We're going to learn how to do more with less -- and do it better.

Yes, we are prosperous. And we are at peace. But such quiet moments often become pivotal in a nation's history.

My friends, the choices we make now will determine whether the door to the next American century is closing -- or opening wide, for all who dare to dream.

Thank you. God bless you. And God bless America.

WHITE HOUSE STAFFING MEMORANDUM

DATE: 03/17/89 ACTION/CONCURRENCE/COMMENT DUE BY: C.O.B. Monday 03/20

SUBJECT: PRESIDENTIAL REMARKS: NATIONAL ASSOCIATION OF MANUFACTURERS
(03/17 5:45 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 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"/>	<u>PINKERTON</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>ROGERS</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>WINSTON</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>BOSKIN</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>BENNETT</u>	<input checked="" 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 any comments/recommendations to Chriss Winston (Rm. 122, x2930) by close of business on Monday, 03/20, with an info copy to my office. Thanks.

RESPONSE: *James W. Cicconi*

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

(Lange/Martin)
March 17, 1989
5:45 p.m.

1989 MAR 17 7:45

PRESIDENTIAL REMARKS: NATIONAL ASSOCIATION OF MANUFACTURERS
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Would such a place get along without plumbers, for instance. And if such a society ~~could~~ exist, I wonder if either its pipes or its theories would hold water.

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quality of American exports is arguably better than it has ever been. And in terms of sheer output, American factories have never done better.

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We stand at a special moment in American history. We are prosperous... and we are at peace.

At such a point, we are empowered -- even required -- to set our sights higher. To look farther ahead. It is a time to make choices. A time to answer those questions that will have the farthest-reaching impact on our success as a society.

The 21st century is less than a dozen years away now.

You've called this conference "The New Leadership Summit." Well, whatever else you think about leadership -- or vision, for that matter -- it's not lofty rhetoric, charisma, or clairvoyance.

No, it may be as simple as understanding where an organization finds itself, right now; seeing where it wants to go; and knowing how to get there. Above all, it's playing the long game, whatever the odds -- and playing for keeps. So today I'm like to outline my agenda for the next American century.

To build a better America, one of the most important priorities for this government will be to build savings and long-term investment -- and get our fiscal house in order. This means, first off, bringing down the deficit.

Last month, I submitted a budget to Congress with a clear agenda to cut the Federal deficit, and enhance business' ability to plan, expand, and build. My friends, next year alone, Federal tax revenues will rise by more than \$80 billion -- and yes, here I go again -- with No New Taxes. Our plan will hold the line on spending, using that revenue to slash the deficit by more than 40 percent -- bringing it down below the mandated ^{Gramm-Rudman-Hollings} targets. *deficit*

To encourage long-range investment and entrepreneurship in businesses of all sizes, it's time we restored the capital gains differential. This is another case where less means more. More

revenue to the Federal government -- \$4.3 billion more, ^{in the first year?} according to Treasury estimates. More savings, and more investment. More competitive, flexible businesses. More opportunities for innovation. And more jobs for all Americans.

This is no tax break for the rich. It's a fair shake for America.

To spur investment in basic research, we've proposed a permanent extension of the research and experimentation tax credit. A 13 percent increase for science and technology programs. And we intend to stay on track in our effort to double the National Science Foundation's budget by 1993.

To support capital formation, we will encourage personal savings, and restore the integrity of our nation's savings and loans institutions. Our plan has been well-received on both sides of the aisle on Capitol Hill -- and I've asked for action within 45 days.

We want to ease the pressures now building on the most important organization in America -- the family -- by promoting choice on issues like child care. So last week I sent legislation to Congress that puts money and options in the hands of parents, rather than bureaucracies. Our plan empowers all families: dual earners, single parents, those who choose to

remain at home; those who prefer informal, neighborhood arrangements; and especially those on low incomes, struggling to be self-sufficient.

Lasting self-sufficiency, of course, means quality education. And I see education as long-range planning at its best -- a solution for the next century, for problems we haven't even begun to recognize yet. It is an essential key to our competitive future. Let no one suggest that education is a minor matter on the national agenda. It is vital to everything we are, and can become.

But there are no quick fixes here, either. No stop-gap solutions. Like most of the long-term issues on the national agenda, American education won't be fixed with a bolt of lightning here, a puff of smoke there. It will take collective effort at all levels, public and private, to get it right. Those businesses that are involved with local schools -- developing the workforce at its source -- are making fail-safe investments. And they stand to reap the greatest rewards.

For those workers already on the line, we must build new skills and flexibility as jobs change. By one estimate, 75 percent of all people now working will need some kind of retraining before this century is over. The NAM policy position you adopted last year said that "investment in human resources is

at least as important as investment in equipment and technology." And you're absolutely right.

The astounding gains in productivity you've already achieved can be pushed still higher -- but we'll have to look beyond upgrades to plant and equipment. Ever since the 1930s, machine capital has contributed only about 20 percent to productivity. Most of this country's productivity improvements -- and most of our growth in national income -- have been directly linked to labor quality: and that means training, and retraining.

I'm reminding you of something you already know: machinery and technology alone don't improve productivity. People do.

Another issue where we plan to play for keeps: We're determined to get drugs out of the workplace. Drug abuse in the workplace costs \$00 billion every year, putting productivity and lives at risk. Bill Bennett is off to a fast start. But we will also be looking to you to set effective, well-reasoned drug policies in your businesses.

Employers can teach their people to recognize the signs of substance abuse in their co-workers -- and understand how drug abuse hurts the non-users on the line.

Any long-term agenda must ask how we can leave the earth we've inherited a little better than when we found it. And, you know, this is no political litmus test. I think of Teddy Roosevelt as one of the great conservationists -- one of the great environmentalists. Our grandchildren should be able to fish on the same lakes we've enjoyed.

The time has come to set aside the partisan approach to these enormous environmental questions. We must devise a global answer to the problem of ozone depletion and global warming. We intend to make rapid progress on acid rain, and see that a new clean air bill is produced. And we've already broken ground in joining with other nations to call for the elimination of CFCs -- as well as adopting a tough new policy on the export of hazardous waste.

In this agenda for a new American century, I've asked you to consider a broad vision: long-term savings and investment; support for the family; education and retraining; stopping drugs; and cleaning up the environment. But we must rely on more than legislation.

We must rely on the dynamic spirit that is America. The spirit that says: Houses should not stand empty, while people lack shelter. Jobs should not go unfilled, while young men and

women stand idle on street corners. No one should go hungry, in the richest nation on earth.

We must promote local efforts to assure that every American can seize a share of prosperity -- and help to create more of it. Whether through the constellation of local community groups already at work -- or through new ideas, like our program for Youth Engaged in Service -- we will rely less on the collective wallet, and more on collective will.

But this does not mean lowering our sights, or our expectations. Just the opposite. In an era of tight budgets, we are not going to simply "make do with less." We're going to learn how to do more with less -- and do it better.

Yes, we are prosperous. And we are at peace. But such quiet moments often become pivotal in a nation's history.

My friends, the choices we make now will determine whether the door to the next American century is closing -- or opening wide, for all who dare to dream.

Thank you. God bless you. And God bless America.

WHITE HOUSE STAFFING MEMORANDUM

DATE: 3/22/89 ACTION/CONCURRENCE/COMMENT DUE BY: ----

SUBJECT: PRESIDENTIAL REMARKS: NATIONAL ASSOCIATION OF MANUFACTURERS

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input type="checkbox"/>	<input type="checkbox"/>	PORTER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DARMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	STUDDERT	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BATES	<input type="checkbox"/>	<input checked="" type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WINSTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PINKERTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input type="checkbox"/>	<input checked="" type="checkbox"/>	BOSKIN	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	BENNETT	<input type="checkbox"/>	<input checked="" type="checkbox"/>
GRAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
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

1989 MAR 22 PM 1:20

MARCH 21, 1989

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: CHRISS WINSTON *cw*

SUBJECT: SPEECH TO THE NATIONAL ASSOCIATION OF MANUFACTURERS

Your audience will be some 600 to 700 representatives (many CEOs) of small- to mid-sized manufacturing concerns.

This event is an opportunity to present an "Agenda for the New American Century," in the context of a strong manufacturing sector.

The attached draft focuses attention on issues for the long term: investment and entrepreneurship; sound S&Ls; the family, and choice in childcare; education and re-training; drugs; the environment; and volunteerism in America.

(Lange/Martin)
March 22, 1989
12:30 p.m.

PRESIDENTIAL REMARKS: NATIONAL ASSOCIATION OF MANUFACTURERS
MAYFLOWER HOTEL
THURSDAY, MARCH 23, 1989
1:27 p.m.

Thank you, [Dick]. You know, after one tough football game, somebody asked Knute Rockne why Notre Dame had lost. He answered, "I won't know until my barber tells me on Monday."

Well, nobody's second-guessing American manufacturing anymore. Clearly, you're playing a winning game.

I'm here today to tell you that "de-industrialization" is a myth. Manufacturing, as a share of our national output, is as strong today as it has ever been.

Thanks to the hard work of the men and women in this room -- who are the brains and muscle of America's basic industries -- we are producing more products with a smaller percentage of our population than ever before.

That, my friends, is productivity. That is why since 1982, our manufacturing output has gone up twice as fast as Western Europe and has kept pace with Japan.

You are the producers who are building a better America every day. Your presence here today demonstrates that you are fighting to win the international struggle for continued growth. You have demonstrated that you can make America more competitive -- and that you can keep America more competitive.

Now, I'm not saying you're going to have to do it alone. There is a role for government. Sometimes political leadership is needed -- for example, to keep international trade free and fair. However, I will tell you that this government will not confuse involvement with interference.

There's a lot of talk about competitiveness going around these days. But competitiveness is more than just the latest trade figures, or the latest quarterly earnings -- or the latest poll or the latest election, for that matter.

Surely our success can be measured by better methods than these. In your industry, as in mine, this may be a good time for us to look toward a longer horizon.

We stand at a special moment in American history. We are prosperous... and we are at peace.

At such a point, we must set our sights higher. We must look farther ahead. The 21st Century is less than a dozen years away now.

You've called this conference "The New Leadership Summit." Leadership is certainly found in those like you who keep the great engines of American industry turning. In creating jobs, building businesses and meeting needs, our Nation's manufacturers have shown the qualities that will carry us into the future. And make no mistake, the challenges we face will test your vision and your capacity to define an agenda for action.

Today, I'd like to address that very point by outlining my agenda for the next American century.

To build a better America, one of the most important priorities for this government will be to encourage savings and long-term investment -- and get our fiscal house in order. This means bringing down the deficit.

Last month, I submitted a budget to Congress with a clear agenda to cut the Federal deficit, and enhance business' ability to plan, expand, and build.

My friends, next year, under current law, the economic growth we are enjoying will increase federal revenues by more

than \$80 billion without increasing tax rates. Our plan will hold the line on spending, using that revenue to slash the deficit by more than 40 percent -- and bring it down below the mandated Gramm-Rudman-Hollings targets.

To encourage long-range investment and entrepreneurship in businesses of all sizes, it's time we restored the capital gains differential. This is a case where less means more. More revenue to the Federal government -- \$4.8 billion more in 1990, according to Treasury estimates. More savings, and more investment. More competitive, flexible businesses. More opportunities for innovation.

And more jobs for all Americans -- including those who have been left behind, and who need a chance to work for their share of the American dream. This is no tax break for the rich. It's a fair shake for America.

Competitiveness, opportunity, saving, and investing for the long term -- this is why we need a capital gains tax rate cut. It's why we need one now.

To spur investment in basic research, we've proposed a permanent research and experimentation tax credit. A 13 percent increase for science and technology programs.

And we have created a new post at the Commerce Department -- Undersecretary for Technology -- that embodies our commitment to guaranteeing that American technology is number one. We also intend to double the National Science Foundation's budget by 1993.

A strong economy needs a safe and secure banking system. That is why we proposed a comprehensive plan to solve the difficulties of our savings and loans. Our plan has been well-received on both sides of the aisle on Capitol Hill -- and I've asked for action within 45 days.

We want to ease the pressures now building on the most important organization in America -- the family -- by promoting choice on issues like child care. So last week I sent legislation to Congress that puts money and options in the hands of parents, rather than bureaucracies.

But the most powerful key to long-term competitiveness is education. A strengthened education system is the essential ingredient for America's prosperity into the next decade and the next century. Let no one suggest that education is a minor matter on the national agenda. It is vital to everything we are, and can become.

But there are no quick fixes here, either. Like most of the long-term issues on the national agenda, American education won't be fixed with a bolt of lightning here, a puff of smoke there. It will take collective effort at all levels, public and private, to get it right. Those businesses that are involved with local schools -- developing the workforce at its source -- are making fail-safe investments. And they stand to reap the greatest rewards.

For those workers already on the line, we must build new skills and flexibility as jobs change, through training and re-training. The NAM policy position you adopted last year said that "investment in human resources is at least as important as investment in equipment and technology." And you're absolutely right. Machinery and technology alone don't improve productivity. People do.

Another issue where we plan to play for keeps: We're determined to get drugs out of the workplace. Drug and alcohol abuse in the workplace costs \$60 billion every year, putting productivity and lives at risk.

Drug abuse in America must stop -- and we are off to a fast start. Last month I spoke to Congress about four decisive issues: education, treatment, interdiction, and enforcement. And I asked for an increase of \$1 billion in budget outlays -- to

nearly \$6 billion in 1990 -- to escalate our effort. But we will also be looking to you to set effective, well-reasoned drug policies in your businesses.

Employers can teach their people to recognize the signs of substance abuse in their co-workers -- and understand how drug abuse hurts the non-users on the line.

Any long-term agenda must also ask how we can leave the earth we've inherited a little better than when we found it. We must devise answers to the problems of ozone depletion, global warming, and acid rain. We've already joined with other nations to call for the elimination of CFCs and the development of environmentally safe substitutes -- as well as adopting a tough new policy on the export of hazardous waste.

The time has come to set aside partisan approaches to these and other enormous environmental questions. We must ensure that our grandchildren can fish on the same lakes we've enjoyed.

In this agenda for a new American century, I've asked you to consider a broad vision: a vision that relies on the dynamic spirit that is America. The spirit that says: Buildings should not stand empty, while people lack shelter. Jobs should not go unfilled, while young men and women stand idle on street corners. No one should go hungry, in the richest nation on earth.

We must promote local efforts to assure that every American can seize a share of prosperity -- and help to create more of it. Whether through the constellation of local community groups already at work -- or through new ideas, like our program to encourage our nation's youth to become involved in community service: we will rely less on the collective wallet, and more on collective will.

But this does not mean lowering our sights, or our expectations. Just the opposite. In an era of tight budgets, we are not going to simply "make do with less." We're going to learn how to do more with less -- and do it better. In the factory, that's called productivity. Across our country, that's called national spirit.

Yes, we are prosperous. And we are at peace. But such quiet moments often become pivotal in a nation's history.

My friends, the choices we make now will determine whether the door to the next American century is closing -- or opening wide, for all who dare to dream.

Thank you. God bless you. And God bless America.

MARCH 21, 1989

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: CHRISS WINSTON *aw*

SUBJECT: SPEECH TO THE NATIONAL ASSOCIATION OF MANUFACTURERS

Your audience will be some 600 to 700 representatives (many CEOs) of small- to mid-sized manufacturing concerns.

This event is an opportunity to present an "Agenda for the New American Century," in the context of a strong manufacturing sector.

The attached draft focuses attention on issues for the long term: investment and entrepreneurship; sound S&Ls; the family, and choice in childcare; education and re-training; drugs; the environment; and volunteerism in America.

(Lange/Martin)
March 22, 1989
12:30 p.m.

PRESIDENTIAL REMARKS: NATIONAL ASSOCIATION OF MANUFACTURERS
MAYFLOWER HOTEL
THURSDAY, MARCH 23, 1989
1:27 p.m.

Thank you, [Dick]. You know, after one tough football game, somebody asked Knute Rockne why Notre Dame had lost. He answered, "I won't know until my barber tells me on Monday."

Well, nobody's second-guessing American manufacturing anymore. Clearly, you're playing a winning game.

I'm here today to tell you that "de-industrialization" is a myth. Manufacturing, as a share of our national output, is as strong today as it has ever been.

Thanks to the hard work of the men and women in this room -- who are the brains and muscle of America's basic industries -- we are producing more products with a smaller percentage of our population than ever before.

That, my friends, is productivity. That is why since 1982, our manufacturing output has gone up twice as fast as Western Europe and has kept pace with Japan.

At such a point, we must set our sights higher. We must look farther ahead. The 21st Century is less than a dozen years away now.

You've called this conference "The New Leadership Summit." Leadership is certainly found in those like you who keep the great engines of American industry turning. In creating jobs, building businesses and meeting needs, our Nation's manufacturers have shown the qualities that will carry us into the future. And make no mistake, the challenges we face will test your vision and your capacity to define an agenda for action.

Today, I'd like to address that very point by outlining my agenda for the next American century.

To build a better America, one of the most important priorities for this government will be to encourage savings and long-term investment -- and get our fiscal house in order. This means bringing down the deficit.

Last month, I submitted a budget to Congress with a clear agenda to cut the Federal deficit, and enhance business' ability to plan, expand, and build.

My friends, next year, under current law, the economic growth we are enjoying will increase federal revenues by more

than \$80 billion without increasing tax rates. Our plan will hold the line on spending, using that revenue to slash the deficit by more than 40 percent -- and bring it down below the mandated Gramm-Rudman-Hollings targets.

To encourage long-range investment and entrepreneurship in businesses of all sizes, it's time we restored the capital gains differential. This is a case where less means more. More revenue to the Federal government -- \$4.8 billion more in 1990, according to Treasury estimates. More savings, and more investment. More competitive, flexible businesses. More opportunities for innovation.

And more jobs for all Americans -- including those who have been left behind, and who need a chance to work for their share of the American dream. This is no tax break for the rich. It's a fair shake for America.

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But the most powerful key to long-term competitiveness is education. A strengthened education system is the essential ingredient for America's prosperity into the next decade and the next century. Let no one suggest that education is a minor matter on the national agenda. It is vital to everything we are, and can become.

But there are no quick fixes here, either. Like most of the long-term issues on the national agenda, American education won't be fixed with a bolt of lightning here, a puff of smoke there. It will take collective effort at all levels, public and private, to get it right. Those businesses that are involved with local schools -- developing the workforce at its source -- are making fail-safe investments. And they stand to reap the greatest rewards.

For those workers already on the line, we must build new skills and flexibility as jobs change, through training and re-training. The NAM policy position you adopted last year said that "investment in human resources is at least as important as investment in equipment and technology." And you're absolutely right. Machinery and technology alone don't improve productivity. People do.

Another issue where we plan to play for keeps: We're determined to get drugs out of the workplace. Drug and alcohol abuse in the workplace costs \$60 billion every year, putting productivity and lives at risk.

Drug abuse in America must stop -- and we are off to a fast start. Last month I spoke to Congress about four decisive issues: education, treatment, interdiction, and enforcement. And I asked for an increase of \$1 billion in budget outlays -- to

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Yes, we are prosperous. And we are at peace. But such quiet moments often become pivotal in a nation's history.

My friends, the choices we make now will determine whether the door to the next American century is closing -- or opening wide, for all who dare to dream.

Thank you. God bless you. And God bless America.

(Lange/Martin)
March 17, 1989
2:30 p.m.

PRESIDENTIAL REMARKS: NATIONAL ASSOCIATION OF MANUFACTURERS
WASHINGTON, D.C.
THURSDAY, MARCH 23, 1989

Thank you, [Dick]. [acknowl. x, y, z...] [poss. line
on "mountain elevators"; Dick Heckert likes to fish...]

My friends, I have to confess, whenever anyone talks to me
about the "post-industrial" society, I have doubts. I wonder if
it has plumbers, for instance. And if such a society does exist,
I wonder if either its pipes or its theories can hold water.

For now, I'm willing to bet my last dollar on manufacturing
in America. At least until somebody can show me how to wear a
piece of information, or parallel-park a concept.

American manufacturing has been -- and continues to be --
the backbone of this economy. It's been estimated that every new
manufacturing job creates three other jobs here at home.

U.S. industry is strong, and it's getting stronger. I've
been a great admirer of the export-driven, rust-belt renaissance
you've kicked off:

Last year, the merchandise trade deficit dropped by a fifth.
Exports surged 27 percent, to an all-time high.

And manufacturing productivity is up by over one-third since 1981, to its highest level ever. In head-to-head competition, American workers still outperform their Japanese counterparts in terms of productivity.

From just about every angle, the quality of American exports is arguably better than it has ever been.

And finally, the sheer output of American factories is also at record levels. Over the course of this ongoing business expansion, manufacturing output has increased by more than 46 percent.

Now, there's a lot of talk about competitiveness going around these days -- and these facts and figures are all ways of measuring it.

But competitiveness is more than just the latest trade figures, the latest quarterly earnings -- or the latest poll, the latest election, or the latest Nielson ratings, for that matter.

Surely our success can be measured by greater means than these.

In your industry, as in mine, this may be a good time for us to look toward a longer horizon.

We stand at a special moment in American history. We are prosperous... and we are at peace.

At such a point, we are empowered -- even required -- to set our sights higher. To look farther ahead. It is a time to make choices. A time to answer those questions that will have the farthest-reaching impact on our success as a society.

The 21st century is less than a dozen years away now. You've called this conference "The New Leadership Summit." Leadership takes many forms. It appears in unexpected places. Throughout history, some of our best leaders have been those who served.

And vision, well, it's more than charisma, clairvoyance, or lofty rhetoric. It may be as simple as understanding where an organization finds itself, right now. Seeing where it wants to go. And knowing how to get there.

Above all, it's playing the long game, whatever the odds -- and playing for keeps. If I were writing the history books, I'd hope to be remembered as a President who worked to prepare this country for the 21st century.

So today let me outline an agenda for the next American century. This administration is determined to:

-- encourage long-term investment and savings

-- preserve and support the most fundamental institution of American life, the family

-- prepare a generation of young people who'll have to be better educated than any before them, and retrain workers as jobs change

-- stop the scourge of drugs

-- clean up the environment

-- and promote a new kind of volunteerism, for widespread progress on a human scale.

These issues may never make for great sound bites. And they defy quick, easy solutions.

Maybe they even make me sound a little like the Mad Hatter

-- you know, trying to imagine seven impossible things before breakfast. But in keeping with my view to the long-term, I think of a great old Cole Porter tune: "The difficult, we'll do right now. The impossible will take a little while."

We cannot continue as we have in the past. We won't solve these problems by imitating the competition. We must forge our strategy carefully, deliberately -- and together hammer out our future with a clear eye and a steady hand.

American manufacturers have long been known for building a better mousetrap. Today let me ask you to think about what it's really going to take, to build a better America.

One of the most important priorities for this government will be to build savings and long-term investment -- and get our fiscal house in order. This means, first off, bringing down the deficit.

You know, the other day I saw a couple in a sports car, with a bumpersticker -- one of those great barometers of our time. And the bumpersticker said, "We're spending our kid's inheritance."

Maybe they were. Individuals can spend as they choose. But government can't. And this government will secure the next generation's financial future.

Last month I submitted a budget to Congress with a clear agenda to cut the Federal deficit, and enhance business' ability to plan, expand, and build.

My friends, next year alone, Federal tax revenues will rise by more than \$80 billion -- and yes, here I go again -- with No New Taxes.

Our plan will hold the line on spending, using that revenue to slash the deficit by more than 40 percent, bringing it down below the target mandated by Gramm-Rudman-Hollings.

To encourage long-range investment and entrepreneurship in businesses of all sizes, it's time we restored the capital gains differential. Bear in mind that the economies of the Pacific Rim -- the "four dragons" of Hong Kong, Singapore, Taiwan, and the Republic of Korea -- all completely exempt capital gains from tax.

This is another case where less means more. More revenue to the Federal government -- \$4.3 billion more, according to Treasury estimates. More savings, and more investment. More

competitive, flexible businesses. More opportunities for innovation. And more jobs for all Americans.

This is no tax break for the rich. No, it's a sure and proven path to widespread economic growth.

To spur investment in basic research, we've proposed a permanent extension of the research and experimentation tax credit. A 13 percent increase for science and technology programs. And we intend to stay on track in our effort to double the National Science Foundation's budget by 1993.

To support capital formation, we will encourage personal savings. Not only by keeping inflation in check -- but also by restoring the integrity of our nation's savings and loans institutions. Our plan has been well-received on both sides of the aisle on Capitol Hill -- and I've asked for action within 45 days.

Over the long run, it will be vital to help ease the pressures now building on the most important organization in America -- the family -- by promoting choice and options in issues like child care.

Last week I sent legislation to Congress that puts money in the hands of parents, rather than bureaucracies, without bias in favor of any one child care solution.

Our plan empowers all families: dual earners, single parents, those who choose to remain at home; those who prefer informal, neighborhood arrangements; and especially those on low incomes, struggling to be self-sufficient.

Education is long-range planning at its best -- a solution for the next century, for problems we haven't even begun to recognize yet. It is an essential key to our competitive future. Let no one suggest that education is a minor matter on the national agenda. It is vital to everything we are, and can become.

But there are no quick fixes here, either. No stop-gap solutions. Like most of the long-term issues on the national agenda, American education won't be fixed with a bolt of lightning here, a puff of smoke there.

It will take collective effort at all levels, public and private, to get it right. Those businesses that are involved with local schools -- developing the workforce at its source -- are making fail-safe investments. And they stand to reap the greatest rewards.

For those workers already on the line, we must build new skills and flexibility as jobs change. By one estimate, 75 percent of all people now working will need some kind of retraining before this century is over.

The NAM policy position you adopted last year said that "investment in human resources is at least as important as investment in equipment and technology." No doubt about it.

The astounding gains in productivity you've already achieved can be pushed still higher -- but we'll have to look beyond upgrades to plant and equipment.

Ever since the 1930s, most of this country's productivity improvements -- and most of our growth in national income -- have been directly linked to labor quality: and that means education, training, and retraining. Machine capital has contributed 20 percent, or less, to productivity.

I'm reminding you of something you already know: machinery and technology alone don't improve productivity. People do.

Right now we provide over \$50 billion in tax relief incentives for plant and equipment, and R & D. And that's

worthwhile. But we're only providing about \$25 million in incentives for private investment in human resources.

That suggests that new buildings and machinery are 2,000 times more important than improving the skills and productivity of our workers. Well, as another old song goes, "it ain't necessarily so."

If employers need to shift more investment toward human capital, we need to give them the right incentives -- keeping them revenue neutral -- and we need to give them the right degree of choice over where, and how, to make those investments.

It's good to see the increased attention companies are giving to training and development. Time was, when they used to think the H.R. guy was the one who made sure there was enough potato salad at the company picnic. Not anymore.

Long-range business success will depend more than ever on comprehensive, coordinated job training. Public-private partnerships -- like Private Industry Councils, working through the Job Training Partnership Act -- will be especially crucial for smaller businesses. They're a way to pool resources. And they work.

This administration will continue to look for ways to stimulate these partnerships, and provide incentives for the kind of education and training that meet market demands. Two days ago Secretary Cavazos unveiled a plan for vocational training that [did x, y, & z]. And more will be done.

You know, Henry Kissinger once said, "There cannot be a crisis next week. My schedule is already full." Well, I have to add one more to the schedule -- another issue where we plan to play for keeps: We've got to get drugs out of the workplace, and out of our schools.

Drug abuse in the workplace costs \$00 billion every year, and puts productivity and lives at risk. Bill Bennett is off to a fast start. But we will also be looking to you to set effective, well-reasoned drug policies in your businesses.

Employers can teach their people to recognize the signs of substance abuse in their co-workers -- and understand how drug abuse hurts the non-users on the line. And where testing is concerned, it should be seen as a way out of trouble -- not a way out of work.

Another compelling long-term question is how we can leave the earth we've inherited a little better than when we found it. And, you know, this is no political litmus test. I think of

Teddy Roosevelt as one of the great conservationists -- one of the great environmentalists. Our grandsons should be able to fish on the same lakes we've enjoyed.

The time has come to set aside the partisan approach to these enormous environmental questions. We must devise a global answer to the problem of ozone depletion and global warming. We intend to make rapid progress on acid rain, and see that a new clean air bill is produced. And we've already broken ground in joining with other nations to call for the elimination of CFCs -- as well as adopting a tough new policy on the export of hazardous waste.

In all of the central tenets of the agenda I've asked you to consider today -- long-term savings and investment, support for the family; education and retraining; stopping drugs; and cleaning up the environment -- we must rely on something much larger than legislation.

We must rely on the spirit of this great nation. The spirit that says: Houses should not stand empty, while people lack shelter. Jobs should not go unfilled, while young men and women stand idle on streetcorners. No one should go hungry, in the richest nation on earth.

In a country badly governed, wealth is something to be ashamed of. But in a country well governed, poverty is something to be ashamed of.

The last item on my agenda for the 21st century -- and the most difficult -- is to make volunteerism a part of the national culture. It is to promote local efforts that assure that every American can seize a share of prosperity -- and help to create more of it.

Whether through the constellation of local community groups already at work -- or through new ideas, like our program for Youth Engaged in Service -- we must make progress through shared strength.

We will have to rely less on the collective wallet, and more on collective will. But this does not mean lowering our sights, or our expectations. Just the opposite.

In an era of tight budgets, we are not going to just have to "do with less." We're going to have to learn how to do more with less -- and do it better.

Yes, we are prosperous. And we are at peace. But such quiet moments can often become pivotal in a nation's history.

The hinges upon which this moment turns move silently.
The choices are ours to make.

Taken together, those choices will determine whether the door to the next American century is closing -- or opening wide, for all who wish to enter.

Thank you. God bless you. And God bless America.

When drugs comes here to the Conestoga Valley, that's proof the drug epidemic is a national problem. ~~Lancaster is a strong community.~~ Lancaster is a strong community -- a place where "small-town values" isn't a chiche: It's a way of life. You know what matters: family, faith, being a good neighbor and member of this community. The rising problem here simply shows how vulnerable every American city and town is to the menace of drug abuse. Recognizing this fact is the first step towards finding a solution.

And Lancaster is on its way. This morning, you heard from Thomas Hipple and Peter True -- two young men who for their own reasons have made a commitment to help others understand the lasting damage drugs can do, and prevent their peers from making what can be a life-shattering choice.

What Thomas and Peter are doing takes tremendous courage and commitment. I'm here to say that you're not alone in battling the drug problem. You have partners -- in your community, ^{and} in others across America. And you have partners in the war on drugs in Washington: right there on Pennsylvania Avenue. As I said in my Inaugural Address, I am committed to ending the scourge of drugs.

Our task today is not just to deplore the drug problem, but to take action against it. What the banners you've hung here today say to me is that Conestoga Valley and the people of Lancaster are ready to take action to stop the drug scourge.

~~And~~ One of the most powerful weapons in the war against drug abuse is education.

Of course, there's another side to the drug problem that I'll be speaking about later today, when I visit Wilmington, Delaware on my way back to Washington. That's interdiction and enforcement -- our effort to stop the supply of illegal drugs, and shut down the drug trade. But this morning, I want to focus on means of prevention -- on drying up demand for illegal drugs.

Anti-drug education and awareness can help provide our children and young adults ^{with} both the reasons and the will-power to resist the lure of drugs.

That's the aim of an anti-drug education program called DARE -- Drug Abuse Resistance Education -- that's helping, as the people involved with DARE like to say, "drug-proof" our children. The program was pioneered by the Los Angeles Police Department and the LA public school system. DARE sends policemen into the classroom, to work with kids, build their self-esteem, teach them that they can refuse when they are pressured to try drugs. And the DARE program is teaching youngsters something else: that the police and their schools are united in a common effort to stop drug abuse. In the six years since the program began in California, DARE has caught on nationwide. This year, in 1200 communities in 45 states, three million children will participate.

DARE is just one example of the kind of program that can provide our children both the reasons and the will-power to resist the lure of drugs. There is no one right answer when it comes to battling drug abuse. Each community will find what works best -- and we will all learn from each other.

Here in Lancaster, you have a program called High Risk Youth in the elementary schools, and another called SCIP -- School Community Intervention Program, in place in the high schools and junior highs. They aim at identifying young people whose circumstances and family situations make them most vulnerable to the lure of drugs. Targeting these youth for special attention is crucial, and with High Risk Youth and SCIP, you are doing something to stop drug problems before they begin.

For my part, I'm committed to seeing that drug education receives the funding it needs.

-- My budget for 1990 calls for a full \$1.1 billion dollars for drug prevention and anti-drug education activities -- up 16% over 1989.

-- I've urged Congress to provide 392 million dollars for the Drug Free Schools and Communities program, funds that go to the states and institutions of higher education.

-- And I've nominated to serve as Director of my Office of National Drug Control Policy, Bill Bennett, to map strategy and oversee the anti-drug campaign. I picked Bill for this job because he's knowledgeable, he's tough, and he's determined -- but most importantly, he cares deeply about the children of this country.

These initiatives are important, and they'll have an impact. But there's a role for each of us in the war on drugs, and I hope you'll join me in asking what you can do to help -- especially to advance anti-drug education and awareness.

7 I'm told you can start tonight, by coming back here to Conestoga Valley to see a drug awareness video. I hope the turnout will be just as large as it is this morning.

We can all play a part in increasing awareness about the ravages of drug dependency. We must get the message across that drugs aren't a form of entertainment or a harmless means of escape -- drugs are a poison, to users and to our communities.

But a widespread awareness of the dangers of drug abuse depends on sending consistent signals -- on sending a clear message that using drugs isn't fashionable, isn't fun, and above all, isn't safe.

For too long our popular culture glorified drug use. I think that's changing now -- and that's a real change for the better. Consider the anti-drug abuse campaign on television.

Not long ago, I was told a story about a little girl, four years old, who's getting the message. She got up from in front of the TV to tell her parents something important.

"Drugs," she said, "fry your brain like an egg."

We've all seen the commercial that little girl was talking about. Whether you're four or fourteen or forty, the message gets across. Let's all carry that message.

And let's shed some of the perceptions about the drug problem that are comforting, but are completely incorrect.

There's no room for saying, "drug abuse doesn't affect me." Think about the costs of drug abuse: the lost time, the waste, the crime, the accidents that can be traced to the influence of drugs... Twenty three million Americans used illegal drugs last year. Countless thousands died. The fact is that none of us is immune to the problems drug abuse can cause.

Together, let's you and me send a message on drug abuse:

To the so-called "casual" user: face up to the fact that your so-called "recreational" drug use contributes to the drug

culture -- to the crime, death and degradation associated with the drug trade.

To parents: your children know more than you realize about drugs. Make it your business as a parent to know about drug abuse yourself. Educate yourselves: don't hide from the reality of drug abuse in our communities and hope for the best. Your children depend on you to help them separate fact from fiction -- to help them make a choice, and stick with it, when it comes to resisting drugs.

To our children, let's send the message that drugs are dangerous. That you don't need drugs to feel good about yourself -- or to win approval from others. That your parents, the people in your schools and your community care.

But most of all, you must understand that the decision against drugs is yours to make -- no one else's. When it's time to draw the line against drugs, the final choice is yours.

As a community, we must work to make it as easy as possible for our children to make the choice against drugs. We can do it by creating an environment -- a safe, secure space -- where our children can acquire a sense of self and self-confidence so secure that no amount of peer group pressure can push them into taking drugs.

In many homes across America, in many of our communities, here in Lancaster, you're doing just that. Sure things have changed. But most Americans want to see their towns restored to a time when drugs came from the local M.D. A place of mothers and fathers and children and grandparents and bicycles and baseball and spelling bees. Where crack was something you jumped over to avoid bad luck. With your hard work and commitment, that day will come sooner.

My message to you today is: Don't do drugs. Keep fighting back. Fight for your community, for your children. The war on drugs will ultimately be won one day, one battle at a time -- the battles each and every one of us wage to keep our families and communities free from drug abuse. We've learned a hard lesson -- unless we join together and fight, it can happen here. But if we do work as a team and as a community, it won't.

Let these banners be a battle cry -- that in Conestoga Valley, in Lancaster, and in communities like yours all over the country, we will join together, turn the tide, and bring the drug epidemic to an end.

Thank you.