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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

April 4, 1989

REMARKS BY THE PRESIDENT
TO THE AMERICAN BUSINESS CONFERENCE

Room 450
Old Executive Office Building

2:10 P.M. EDT

THE PRESIDENT: Welcome. Thank you for the welcome and welcome to all of you. Roger Porter told me he'd had a chance to visit with you all and I'm just delighted to be with you again. I think I've met three times with this group over the last eight years. As far as I'm concerned, at least, every meeting has been for me, helpful -- either from garnering what's on your mind from the question or, in one or two more kinder and gentler meetings, we had a chance to visit around a little bit.

But among the friends -- I think many friends that I have in this organization -- I want to single out your former Vice Chairman, now the Secretary of Commerce, Bob Mosbacher. And like everyone in this room, he knows what it means to take risks, start a business, make it grow, and keep competitive. And I am just delighted that he is here in Washington with us, giving up his private enterprise, for a while at least, to be Secretary of Commerce. He's on the cutting edge of our national effort to build a better America. And for those of you who were with him in this organization -- that's most in the room -- he's really doing a superb job.

To be sitting in this room today, you've had to keep your earnings at three times the growth of the economy, I'm told -- three times the growth of the economy plus inflation -- a tremendous goal. I hope that last category will not make it more difficult for you to achieve -- (laughter) -- but we can talk about that later on. But now, we're relying on Mosbacher to make that happen, not just for ABC, but for every business in America. And so, in a time where the United States creates positions of czar -- something that escapes me as to why we turn to that nomenclature to solve our problems -- we have a drug czar -- we will anoint Bob Mosbacher as the business czar and then the rest of us can all pursue our favorite pastimes. Mine is fishing and you guys can speak for yourselves. (Laughter.)

I don't know -- Mike, have you talked to this distinguished group yet?

DR. BOSKIN: Tomorrow morning.

THE PRESIDENT: Tomorrow morning. I see Dr. Michael Boskin here, and I am very proud to have him on our team. He and I have a very direct relationship -- a personal relationship. And he calls them as he sees them, as the umpires over in Baltimore said

You know the same lessons that I learned as a businessman. You've got to have capital to grow. And what you don't need, in my view, is higher taxes on the earnings, or higher taxes on the workers, or higher taxes on those who invest money in the businesses.

And right now the government is making too big a claim on America's capital to cover our deficit. And that capital should be invested in American businesses. And the best way to channel more capital into productive investment is not through higher taxes.

And we're going through a real struggle right now -- trying to have enacted a budget which I sent to the Hill a while back that did hold the line on taxes. And it's tough. It's a difficult negotiation, but I can tell you, I have been pleased with the way the budget document was received by the Congress. Nobody jumped up and seconded the motion and agreed that it ought to be passed exactly as it was presented by me and then by Dick Darman. But the response has been good. And I think that signifies that the Congress as well as the Executive Branch is listening to the American people -- are listening to the American people -- people saying we've got to do something about the deficit.

So the answer -- spending restraint. And again, I would readily tell you that it's very, very difficult. The working paper that you released last month was another reminder that the deficit ought to be brought under control. Accountability in government demands that we put an end to the spending spiral.

You know, when George Kaufman -- that famous wit from the Algonquin Round Table -- was at a party, he heard a self-made millionaire boasting to a circle of people, "I wish I was born into the world without a single penny." And Kaufman answered, "Oh really? When I was born, I owed twelve dollars." (Laughter.)

Well, we don't have to let the deficit play a cruel joke on future generations. Next year alone -- Fiscal Year 1990 -- and most of you are familiar with this figure -- but federal revenues will rise by more than \$80 billion -- with no tax increase. Eighty-billion dollars more coming into the government just under the existing tax structure. And so, what we're going to do is meet or beat the Gramm-Rudman targets.

Our budget consultations with Congress so far have been going well. We're determined to work with the Congress, as I said, and we're going to continue to approach the matter in one of cooperation. There will be some tough, you know, dividing points along the way. But I think Dick Darman would tell you that so far we've been pleased.

To spur greater investment, there is one area where we need to bring taxation down. And I remain convinced that'll mean more revenues to the federal government. And this is our proposal to bring down the taxation on -- the rate on capital gains. We've got to get it more in line with our trading partners. In the budget we've proposed, we want to restore the differential to 15 percent on long-held assets.

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We want to build on the energy and the initiative of American business -- without burdensome mandates that only enforce solutions of uniform mediocrity. Now, we don't want to limit the flexibility of managers and workers, who are trying to find their own best solutions. Many are already succeeding, as you know.

The Chamber of Commerce estimates suggest that workers are receiving more fringe benefits than ever before. Total benefits in 1987 were up 163 percent in a decade. And it is the market in our system. It is the market -- not government -- that is responsible for most of this growth.

Nearly 70 percent of growth in benefits is due to voluntary action by employers. Only 30 percent mandated government requirements. And I want to keep it that way. Our friends in Europe have tried mandated benefits, and they haven't had much success. And I've talked to the political leaders, and I'm sure you've talked to many of the business leaders. And I expect almost to a person, man or woman in business, they agree with that.

They're now looking for ways over there to free up enterprise American style and make it more flexible, not less. And for us to go toward mandated benefits would be, as Yogi Berra put it, "Like deja vu all over again." (Laughter.)

America is going to be more competitive if we continue to resist the temptation to heap burdensome mandates on the productive private sector. And so they go after me for an unwillingness to support a wide menu of mandated benefits. But I don't think there is anything kinder and gentler about rendering businesses noncompetitive in world markets, because that will mean fewer jobs. And that is the worst thing that we need in economic times such as these.

A hallmark of this administration, I hope, will be our focus on the future -- the importance we attach to making the right kinds of investment. There can be no investment more urgent than education. And in this, all of us have a stake. So a word about that.

As labor markets continue to get tighter in the coming years, many of you are going to be facing shortages of skilled people. Some managers are already worried about a scarcity of science and engineering graduates. And you've all read the surveys that show many foreign students outperforming our own.

Although our best students can compete with anyone in the world, the challenge we face is to adapt our educational system so that all of our students receive the skills they need to share in that prosperity -- my administration has made, rhetorically, and now wants to make in terms of action, education a national priority. Our program is based on four principles: Rewards excellence, helps those

matching grants for these historically black colleges and universities which do occupy -- I believe we would all agree -- a unique and vital position in American higher education.

We're committed to a program of reform that will give our young people a solid foundation for the future, but to make lasting improvements, we need to get all of the players -- administrators, school boards, local business leaders, parents, teachers' unions -- around the table working together. And this will demand accountability from all of us. It's going to require the best kind of collective effort from all directions, but it holds the promise of real progress.

Many of you have been prime movers, spending a remarkable amount of your own time making good on that promise. More than a third of you serve on local school boards, public or private -- on the board of a local college or a university. We talk about funds at the federal level. The federal government puts up seven percent of the total tab for educational funding, and the total -- I just came from lunch with Larry Cavazos, our Secretary of Education -- I believe the figure he used -- the amount that's being spent on education today is something like \$330 billion.

So it isn't necessarily a shortage of funds, and that's what some of these ideas that I'm talking about here take into consideration. Several of you have established a program with a local community college or you've "adopted" a school, or taught part-time, or promoted science education across a school district. And that is the kind of involvement that, while it isn't always easy, leads to the kind of educational reform that lasts. And it places you among the "thousand points of light" that I talk about that do spread hope and opportunity. We're not going to whip the educational problem in this country by everybody running over to the Department of Education. It is a thousand points of light. It is parents that care and school boards and PTAs and good administrators and teachers at the local level.

And so I would simply encourage you to continue an active role in your communities. There isn't a better answer. By investing your time and talents towards the education of our young, you're helping to bring about something vital -- a fundamental cultural shift that reasserts the value of learning in this country. You're breathing new life into an idea that's always been a testament to the American spirit: that doing well demands doing good.

So nothing I might tell you would say it better than your own mission statement, which says ABC executives "believe their own business success carries with it a responsibility to help expand economic opportunity throughout the economy."

As leaders -- not only in business but all across the board in every sector of our society -- you know that the national interest requires us to invest in the future. Education is the best investment we can make, if we want to build a better America. And I want to do my part in all of that.

Thank you all for coming, and I'd be glad to take a few

I'll tell you, there's a little Walter Mitty in me, and I've always loved sports -- walk out there, and you're always wondering about getting booed when -- any politician that goes to a ballgame -- I don't want to get diverted here, but Reggie asked a good question. So last year, I go to the Cincinnati -- the All Star Game in Cincinnati, and we're in the middle of the campaign -- saying, "This is suicide, man, what are you doing going out here? You know you're going to get booed."

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Okay. Sir?

Q Mr. President, do you believe the training wage proposal will pass?

THE PRESIDENT: For the first time, the training wage -- well, I refer to it also as a differential -- is getting strong support on both sides of the aisle. The problem I face as President is that I went up with a six months training wage and a \$4.25 minimum wage. And we've talked about it -- Michael Boskin and I and Roger Porter and others, and we wrestled with the economics of it. And we figured, this is the best offer.

And so, unlike the normal trading that goes on here, we said -- let's -- and our Secretary of Labor wanted us to do it this way, too -- Liddy Dole -- a very able woman.

Let's go with our best shot, and let's make very clear in the testimony that that is our best shot. Now, what we saw in the Congress was a pretty good bipartisan support for our proposal -- not enough to get it through, but I've got to hold the line -- I have got to hold the line on the grounds of economics, on the grounds of making people understand that I was serious about that being the best offer.

And so I think that if I do what I've just told you I will do that there is a good chance to get a differential with a reasonable increase on the minimum wage. But I talked here about I don't want to see a proliferation of new mandated benefits. This is a -- you might say "mandated," but I think we've got to be very concerned about the inflationary aspects, I think we have to be concerned about the counter-job aspects in some of these low-paying, labor-intensive businesses, particularly in the service sector.

And I think our proposal would make a necessary adjustment, but having the minimum wage would lessen the likelihood of more unemployment. So I hope it works. I know we're going to

-- a proud member -- that part of the problem was the size of the bill that comes down here. The one that comes to mind that he did veto was the defense appropriations bill. And there were all kinds of statements of concern that that would unravel the military and all of that, and it didn't; the Congress went back and made an adjustment.

So, we do not control, my party, either side of the Congress. And I think there will be times when we have to say, look, this is what I believe, and then rally our third to defend the President's position, and then go back.

I was using some rhetoric that was kinder and gentler than veto when I described my standing on the minimum just a minute -- but let the Congress not misunderstand my determination. And this one will be one where we have said, this is what we can do. And I, with respect, would recognize the position of other members of Congress on it, but I've got to stay with this. And I'm going to stay with it and I hope it'll send the kind of signal that will have an ameliorating effect on other pieces of legislation.

I'll tell you, there is an ingredient out there today that's quite different. There's a recognition on the part of members -- both sides of the aisle -- that the deficit really has to be brought down and that some of the programs -- we're going to have to constrain the spending growth.

Now, I was in Congress 20 years ago, and I really see a different mood on the Hill. And the Secretary -- again, the Secretary of Education and I had lunch. We talked about the propensity of Congress to add, you know -- if you're for education, you propose \$1 billion dollars; if you're really for education, make it \$2 billion. You're for clean water, where you propose \$1 billion, make it \$12 billion.

I mean, there's a tendency now, on both sides, to recognize we cannot go down that road. I will have to do some of what you suggest, I know. Because they're not going to, obviously, want to do it just exactly my way. But if we demonstrate a fairness, in some areas, a place for compromise, but when there is no room for compromise, be very frank about it and be up front about it, I hope that we can get along together. But it's going to take doing some of what you talked about here.

Q Mr. President, is there any chance that your administration might lead the way towards a tax on consumerism rather than taxes on savings, such as a value-added tax or something of that type?

THE PRESIDENT: Well, I don't want to even discuss the tax on consumerism. There's a wide array of suggestions been made, including a horrendously prolific value-added tax, which kind of is painless at first, and then you wake up and realize that you've increased the cost of a lot of goods out there. You have the suggestion that people put a fuel tax on, or an import tax on oil coming into this country.

But I really don't believe we should do that. I have got

heads up with a certain dignity.

And so, I have got -- and that's why when these mandated benefits come down here, they have good titles on them, they have things we're concerned about: Parental leave or child care, whatever it is. And I'm sympathetic with many of the objectives. But as I weigh them, I have a responsibility to say what kind of an effect are they going to have on this best antidote to poverty, and that's a job. And so we've got to resist some of the call for these good things that have good titles if they undermine the fundamental thing which is our ability to create jobs. So I will keep trying, keep that philosophy in mind as we try to answer these pressing social problems.

One word on child care, and then I promise to go peacefully, Bobby. (Laughter.) But you know, business and religious groups and family groupings and communities have started moving pretty actively into the child care business. And you have a different family structure now. You have many two-parent work force people there -- husband and wife at work. And so I recognize this, and I recognize the demand for child care. But as we formulated our policy, we wanted to get something that would fit within the budget, but we wanted to get something that would not rule out the diverse answers that I mentioned in the beginning -- crowd businesses out because they had to turn to highly-regulated, centralized child care centers. Say to a religious group -- you can't do this any more, that violates the ABC child care act. Say to a cluster of parents that -- in a neighborhood that alternate taking care of the kids -- you can't do any of that because you're not subject to our regulation. And so what I want to do on something -- a mandated benefit of this nature, if you will, is keep it as flexible as possible, preserve parental choice, and recognize this genius of diversity that is our American way.

And it's not just child care, there's a whole array of other mandated benefits that are coming down the pike that we have to address ourselves to. Some we just say, look, we can't do it, we can't afford that. And others we're going to have to say, well, we can do a little here, but it's got to preserve this diversity and it's got to strengthen family. I am tremendously concerned about the erosion of the family unit in this day and age. And when you look at some of the troubles we have on dropouts or look at some of the troubles we have in keeping our kids out of the grips of these crack pushers, you really have to go right back to the fundamentals in terms of the family unit.

And, you know, people say, well, you're privileged, you're blessed in that area; I am. And so I can't profess to know what it is just from firsthand experience in the inner city, when a family is divided and there's only one parent. But whatever we do at the government level has got to see that we don't diminish family units and, frankly, find a way to strengthen them. And that's why this concept of parental choice I think is absolutely essential, that it be woven into everything we do, wherever possible.

Listen, thank you all very much. Didn't mean to end with a sermon, but thanks a lot for coming. (Applause.)

LANGE

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Q Mr. President, do you believe the training wage proposal will pass?

THE PRESIDENT: For the first time, the training wage -- well, I refer to it also as a differential -- is getting strong support on both sides of the aisle. The problem I face as President is that I went up with a six months training wage and a \$4.25 minimum wage. And we've talked about it -- Michael Boskin and I and Roger Porter and others, and we wrestled with the economics of it. And we figured, this is the best offer.

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So, we do not control, my party, either side of the Congress. And I think there will be times when we have to say, look, this is what I believe, and then rally our third to defend the President's position, and then go back.

I was using some rhetoric that was kinder and gentler than veto when I described my standing on the minimum just a minute -- but let the Congress not misunderstand my determination. And this one will be one where we have said, this is what we can do. And I, with respect, would recognize the position of other members of Congress on it, but I've got to stay with this. And I'm going to stay with it and I hope it'll send the kind of signal that will have an ameliorating effect on other pieces of legislation.

I'll tell you, there is an ingredient out there today that's quite different. There's a recognition on the part of members -- both sides of the aisle -- that the deficit really has to be brought down and that some of the programs -- we're going to have to constrain the spending growth.

Now, I was in Congress 20 years ago, and I really see a different mood on the Hill. And the Secretary -- again, the Secretary of Education and I had lunch. We talked about the propensity of Congress to add, you know -- if you're for education, you propose \$1 billion dollars; if you're really for education, make it \$2 billion. You're for clean water, where you propose \$1 billion, make it \$12 billion.

I mean, there's a tendency now, on both sides, to recognize we cannot go down that road. I will have to do some of what you suggest, I know. Because they're not going to, obviously, want to do it just exactly my way. But if we demonstrate a fairness, in some areas, a place for compromise, but when there is no room for compromise, be very frank about it and be up front about it, I hope that we can get along together. But it's going to take doing some of what you talked about here.

Q Mr. President, is there any chance that your administration might lead the way towards a tax on consumerism rather than taxes on savings, such as a value-added tax or something of that type?

THE PRESIDENT: Well, I don't want to even discuss the tax on consumerism. There's a wide array of suggestions been made, including a horrendously prolific value-added tax, which kind of is painless at first, and then you wake up and realize that you've increased the cost of a lot of goods out there. You have the suggestion that people put a fuel tax on, or an import tax on oil coming into this country.

But I really don't believe we should do that. I have got

heads up with a certain dignity.

And so, I have got -- and that's why when these mandated benefits come down here, they have good titles on them, they have things we're concerned about: Parental leave or child care, whatever it is. And I'm sympathetic with many of the objectives. But as I weigh them, I have a responsibility to say what kind of an effect are they going to have on this best antidote to poverty, and that's a job. And so we've got to resist some of the call for these good things that have good titles if they undermine the fundamental thing which is our ability to create jobs. So I will keep trying, keep that philosophy in mind as we try to answer these pressing social problems.

One word on child care, and then I promise to go peacefully, Bobby. (Laughter.) But you know, business and religious groups and family groupings and communities have started moving pretty actively into the child care business. And you have a different family structure now. You have many two-parent work force people there -- husband and wife at work. And so I recognize this, and I recognize the demand for child care. But as we formulated our policy, we wanted to get something that would fit within the budget, but we wanted to get something that would not rule out the diverse answers that I mentioned in the beginning -- crowd businesses out because they had to turn to highly-regulated, centralized child care centers. Say to a religious group -- you can't do this any more, that violates the ABC child care act. Say to a cluster of parents that -- in a neighborhood that alternate taking care of the kids -- you can't do any of that because you're not subject to our regulation. And so what I want to do on something -- a mandated benefit of this nature, if you will, is keep it as flexible as possible, preserve parental choice, and recognize this genius of diversity that is our American way.

And it's not just child care, there's a whole array of other mandated benefits that are coming down the pike that we have to address ourselves to. Some we just say, look, we can't do it, we can't afford that. And others we're going to have to say, well, we can do a little here, but it's got to preserve this diversity and it's got to strengthen family. I am tremendously concerned about the erosion of the family unit in this day and age. And when you look at some of the troubles we have on dropouts or look at some of the troubles we have in keeping our kids out of the grips of these crack pushers, you really have to go right back to the fundamentals in terms of the family unit.

And, you know, people say, well, you're privileged, you're blessed in that area; I am. And so I can't profess to know what it is just from firsthand experience in the inner city, when a family is divided and there's only one parent. But whatever we do at the government level has got to see that we don't diminish family units and, frankly, find a way to strengthen them. And that's why this concept of parental choice I think is absolutely essential, that it be woven into everything we do, wherever possible.

Listen, thank you all very much. Didn't mean to end with a sermon, but thanks a lot for coming. (Applause.)

WHITE HOUSE STAFFING MEMORANDUMDATE: 4/1/89 ACTION/CONCURRENCE/COMMENT DUE BY: ----SUBJECT: PRESIDENTIAL REMARKS: AMERICAN BUSINESS CONFERENCE

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

* SEE CHRISTINA FOR CHANGES RE:
CHAMBER OF COMMERCE

RESPONSE:

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

THE WHITE HOUSE
WASHINGTON

1989 MAR 31 PM 7:43

MARCH 31, 1989

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM:

MARK LANGE *ML*

SUBJECT:

SPEECH TO THE AMERICAN BUSINESS CONFERENCE

I. SUMMARY

Attached are draft remarks for your meeting on Tuesday, April 4, to the American Business Conference (Room 450, OEOB).

II. DISCUSSION

The ABC is made up of CEOs from 100 of the fastest-growing companies in America -- generally mid-sized. Between 80 and 90 members are expected to attend this briefing.

Your remarks are in two parts.

The first half covers the economics of enterprise -- sound investment, no new taxes, and no mandated benefits. You then discuss investment in education, and the role of groups like ABC.

The draft is 7 1/2 pages. Remarks are slated for 15-20 minutes.

(Lange/Martin)
March 31, 1989
6:30 p.m.

PRESIDENTIAL REMARKS: AMERICAN BUSINESS CONFERENCE
ROOM 450, OLD EXECUTIVE OFFICE BLDG.
TUESDAY, APRIL 4, 1989
2:00 P.M.

I've met with this group three times, over the last eight years -- and every meeting has been a resounding success. So I've got a mind to ask: Why can't we equal or exceed that kind of contact over the next eight years?

Among the many close friends I have in the ABC, I'd like to mention your former vice chairman, now Commerce Secretary, Bob Mosbacher. Like all of you, he knows what it means to take risks, to start a business, make it grow, and keep it competitive. Here in Washington, he is putting his experience to work. Bob is on the cutting edge of our national effort to Build a Better America.

To be sitting in this room today, as ABC members, you've had to keep your earnings at three times the growth of the economy, plus inflation. Now, if Bob can just make that happen for every business in America... I'll make him the Business Czar and we can all go fishing.

You run the kind of high-growth businesses that represent the most dynamic, entrepreneurial segment of the American

economy. And this government knows better than to fix what's already working.

So this afternoon I'm going to address two areas of concern to you: the economics of enterprise -- and the imperative for education reform.

You folks know the same lesson that I learned as a businessman. You need capital to grow. What you don't need is higher taxes on your earnings, or higher taxes on your workers, or higher taxes on those who invest their money in your firm.

Right now the government is making too big a claim on America's capital to cover our deficit. That's capital that should be invested in America's businesses. The best way to channel more capital into productive investment is not higher taxes. It's spending restraint.

The working paper you released last month was another reminder that the deficit must be brought under control. So let me reassure you -- this government will not become the fiscal equivalent of Overeaters Anonymous. Accountability in government demands that we put an end to this spending spiral.

You know, when George Kaufman -- that famous wit from the Algonquin Round Table -- was at a party, he heard a self-made

millionaire boasting to a circle of people, "I was born into the world without a single penny." And Kaufman answered, "Oh really. When I was born, I owed twelve dollars."

Well, we don't have to let the deficit play a cruel joke on future generations. Next year alone, federal revenues will rise by more than \$80 billion -- with no tax increase. And we're going to use those funds to bring the deficit down below the Gramm-Rudman-Hollings targets.

Our budget consultations with Congress are going well. We're determined to work with this Congress -- we're counting on their cooperation, to find answers we can all live with.

To spur greater investment in American business, we need to bring our taxation of capital gains down -- in line with that of our trading partners. In the budget we've proposed to Congress, we want to restore the differential to 15 percent on long-held assets.

How many of you, as you built your businesses, were able to just walk up to a bank, and get a loan to cover your start-up costs? Few, if any. Most of you probably raised capital by offering people a share of the business -- and a stake in the outcome.

Cutting the capital gains rate means more of that can happen. It will give businesses more of the capital they need to grow. It will bring in \$4.8 billion more in tax revenues in 1990, according to the Treasury. And it will create more new jobs.

That's no tax break for the rich. That's a fair shake for every American.

We want to build on the energy and initiative of American business -- without burdensome mandates that only enforce solutions of uniform mediocrity. We don't want to limit the flexibility of managers and workers, who are trying to find their own best solutions. And you know, many are already succeeding.

Chamber of Commerce estimates suggest that workers are receiving more fringe benefits than ever before. Total benefits in 1987 were up 163 percent in a decade. And it is the market -- not government -- that is responsible for this growth.

Nearly eighty percent of growth in benefits is due to voluntary action by employers. Only 21 percent is due to government requirements. We want to keep it that way.

A "mandated benefit" is a contradiction in terms. How would you feel if your doctor said, "Well, nothing's broken... but we're going to put you in a full-body cast anyway." No thanks. Mandated benefits are really mandated burdens. America will be more competitive if we continue to resist the temptation to heap burdensome mandates on the productive private sector.

A hallmark of this administration will be its focus on the future -- and the importance we attach to making the right kinds of investment. There can be no investment more urgent -- or more compelling for the future of American business, and this country as a whole, than education. In this, all of us have a stake in the outcome.

As labor markets continue to get tighter in the coming years, many of you are going to be facing shortages of skilled people. Some managers are already worried about a scarcity of science and engineering graduates. And you've all read the surveys that show many foreign students outperforming our own.

Although our best students can compete with anyone in the world, the challenge we face is to adapt our educational system so that all of our students receive the skills they need to share in that prosperity -- my Administration has made education a national priority.

This will demand accountability from all of us. It will require the best kind of collective effort, from all directions -- but it holds the promise of real progress.

Many of you have been prime movers, spending a remarkable amount of your own time making good on that promise. More than a third of you serve on local school boards, public or private -- or on the board of a local college or university.

Others among you have established a program with a local community college, or "adopted" a school, or taught part-time, or promoted science education across a school district. That's the kind of involvement that, while it isn't always easy, leads to the kind of educational reform that lasts. It places you among the "thousand points of light" that spread hope and opportunity. You are part of what makes America special.

By investing your time and talents toward the education of our young people, you're helping to bring about something vital -- a fundamental cultural shift, that reasserts the value of learning in this country. You're breathing new life into an idea that has always been a testament to the American spirit: that doing well demands doing good.

Nothing I might tell you would say it better than your own mission statement, which says ABC executives "believe their own

business success carries with it a responsibility to help expand economic opportunity throughout the economy."

As leaders -- not only in business but in every sector of our society -- you know that the national interest requires us to invest in the future. Education is the best investment we can make, if we want to Build a Better America.

Thank you. And God Bless you all.

MASTER II

(Lange/Martin)
March 30, 1989
1:30 p.m.

PRESIDENTIAL REMARKS: AMERICAN BUSINESS CONFERENCE
ROOM 450, OLD EXECUTIVE OFFICE BLDG.
TUESDAY, APRIL 4, 1989
2:00 P.M.

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Among the many close friends I have in the ABC, I'd like to mention your former vice chairman, now Commerce Secretary, Bob Mosbacher. Like all of you, he knows what it means to take risks, to ^{start} build a business, and to ^{make it grow and keep it competitive.} keep America first. ~~He's~~ ^{here in Washington, he is putting his experience to work. Bob is on the cutting edge of} already doing a superb job. ^{our national effort to Build a Better America.}

To be sitting in this room today, as ABC members, you've had to keep your earnings at three times the growth of the economy, plus inflation. Now, if Bob can just make that happen for every business in America... I'll make him the Business Czar and we can all go fishing.

You run the kind of high-growth businesses that represent the most dynamic, entrepreneurial segment of the American economy. And this government knows better than to fix what's already working.

So this afternoon I'm going to address two areas of concern to you: the economics of enterprise -- and the imperative for education reform.

Insert A

For anyone running a business, sound investment and flexibility in the marketplace are more important than ever. Your concern about a lack of savings is clearly motivated by a lack of domestic investment capital for American industry. Now, the personal savings rate has hit 5.2 percent or better for the past three months. That's good news. But we cannot relax.

The working paper you released last month on ~~overconsumption~~ was another reminder that the deficit must be brought under control. So let me reassure you -- this government will not become the fiscal equivalent of Overeaters Anonymous. Accountability in government demands that we put an end to this spending spiral.

"
per 6:45 3/31
conversation
of Pinkerton
& Lindsey on
the
resonance
of the phrase
"overconsumption"
re: tax mcr.
M.F.

You know, when George Kaufman -- that famous wit from the Algonquin Round Table -- was at a party, he heard a self-made millionaire boasting to a circle of people, "I was born into the world without a single penny." And Kaufman answered, "Oh really. When I was born, I owed twelve dollars."

Well, we don't have to let the deficit play a cruel joke on

future generations. Next year alone, federal ~~tax~~ revenues will rise by more than \$80 billion. *-- with no tax increase.* And we're going to use those funds to bring the deficit down below the Gramm-Rudman-Hollings targets.

To spur greater investment in American business, we need to bring our taxation of capital gains down -- in line with that of our trading partners. In the budget we've proposed to Congress, we want to restore the differential to 15 percent on long-held assets.

How many of you, as you built your businesses, were able to just walk up to a bank and get equity? *a loan to cover your startup costs.* Few, if any. Most of you probably raised capital by offering people a share of the business -- and a stake in the outcome.

Cutting the capital gains rate means more of that can happen. It will give businesses more of the capital they need to grow. It will bring in \$4.8 billion more in tax revenues, *in 1990* according to the Treasury. And it will create more new jobs.

That's no tax break for the rich. That's a fair shake for every American.

Our ~~The budget consultations are being held behind closed doors;~~ *with Congress are going well.* ~~so I can't tell you how they're going.~~ But we're determined to

work with this Congress -- we're counting on their cooperation, to find answers we can all live with.

We want to build on the energy and initiative of American business ~~--- and we're determined to avoid~~ ^{with} ^{without} burdensome mandates that only enforce solutions of uniform mediocrity. We don't want to limit the flexibility of managers and workers, who are trying to find their own best solutions. And you know, many are already succeeding.

Chamber of Commerce estimates suggest that workers are receiving more fringe benefits than ever before. Total benefits in 1987 were up 163 percent in a decade. And it is the market -- not government -- that is responsible for this growth.

Nearly eighty percent of growth in the ~~fringe share of~~ ^{benefits} compensation is due to voluntary action by employers. Only 21 percent is due to government requirements. We want to keep it that way.

A "mandated benefit" is a contradiction in terms. How would you feel if your doctor said, "Well, nothing's broken... but we're going to put you in a full-body cast anyway." No thanks.
(over)

A hallmark of this administration will be its focus on the future -- and the importance we attach to making the right kinds

A mandated benefit is really is mandated cost. ~~If we continue~~ We cannot expect America to be more competitive if we continue to heap burdensome mandates on the productive, private sector, no matter how well-intentioned those mandates are.

of investment. You don't make your money on short-term, day-to-day trades -- you make it through sound long-term planning.

There can be no investment more urgent -- or more compelling for the future of American business, and this country as a whole, than education. In this, all of us have a stake in the outcome.

As labor markets ^{continue to} get tighter in the coming years, many of you are going to be facing shortages of skilled people. Some managers are already worried about a scarcity of science and engineering graduates. And you've all read the surveys that show Pacific Rim students outperforming our own.

Our best students can compete with anyone in the world. We're not on the verge of some intellectual brown-out. But in order to give business more of the people it needs to compete -- to help build America's prosperity -- and to give more of our young people the skills they need to share in that prosperity -- ~~we have~~ ^{my Administration} made education a national priority. ←

Get 1 sentence from Curt.
 Tomorrow, I will send to the Congress an education package. We want to reward merit schools that make progress in terms of raising student achievement, and reducing drug use and drop-out rates. We're promoting parental choice and educational quality, through magnet schools of excellence.

We want to provide alternative certification of teachers and principals, to broaden the pool of talent available; President's Awards to outstanding teachers; Urban Emergency Grants to provide comprehensive help in fighting drugs for school districts under seige; a National Science Scholars program for high school seniors; and additional endowment matching grants for historically black colleges and universities, which occupy a unique and vital position in American higher education.

We are committed to a program of education reform that will give our young people a solid foundation for the future. But to make lasting improvements in education, we'll need to get all of the players -- ~~superintendents~~ and administrators, school boards, local business leaders, ^{Parents,} teachers' unions -- around the table, working together.

This will demand accountability from all of us. It will require the best kind of collective effort, from all directions -- but it holds the promise of real progress.

Many of you have been prime movers, spending a remarkable amount of your own time making good on that promise. More than a third of you serve on local school boards, public or private -- or on the board of a local college or university.

Others among you have established a program with a local community college, or "adopted" a school, or taught part-time, or promoted science education across a school district. That's the kind of involvement that, while it isn't always easy, leads to the kind of educational reform that lasts.

The American Business Conference is among the 'thousand points of light' that spread hope and opportunity, in a thousand -- you know, points of light. and more you are part of what makes America special.

By investing your time and talents toward the education of our young people, you're helping to bring about something vital -- a fundamental cultural shift, that reasserts the value of learning in this country.

You're breathing new life into an idea that has always been a testament to the American spirit: that doing well demands doing good.

Nothing I might tell you would say it better than your own mission statement, which says ABC executives "believe their own business success carries with it a responsibility to help expand economic opportunity throughout the economy."

*insert
D*

As business leaders, you understand the power of interests held in common. Education is the one investment that guarantees economic opportunity -- for every individual, and every business in America. Thank you. And God bless you.

**PRESIDENTIAL REMARKS: AMERICAN BUSINESS CONFERENCE
ROOM 450, OE0B
TUESDAY, APRIL 4, 1989
2:00 P.M.**

**I'VE MET WITH THIS GROUP THREE TIMES, OVER THE LAST
EIGHT YEARS -- AND EVERY MEETING, FOR ME AT LEAST,
HAS BEEN WORTHWHILE AND PRODUCTIVE. I AM GLAD TO BE
BACK.**

- 2 -

**AMONG THE MANY CLOSE FRIENDS I HAVE IN THE ABC, I'D
LIKE TO MENTION YOUR FORMER VICE CHAIRMAN, NOW COMMERCE
SECRETARY, BOB MOSBACHER. LIKE ALL OF YOU, HE KNOWS
WHAT IT MEANS TO TAKE RISKS, TO START A BUSINESS, MAKE
IT GROW, AND KEEP IT COMPETITIVE. HERE IN WASHINGTON,
HE IS PUTTING HIS EXPERIENCE TO WORK.**

**BOB IS ON THE CUTTING EDGE OF OUR NATIONAL EFFORT TO
BUILD A BETTER AMERICA.**

**TO BE SITTING IN THIS ROOM TODAY, AS ABC MEMBERS,
YOU'VE HAD TO KEEP YOUR EARNINGS AT THREE TIMES THE
GROWTH OF THE ECONOMY, PLUS INFLATION.**

**NOW, IF BOB CAN JUST MAKE THAT HAPPEN FOR EVERY
BUSINESS IN AMERICA... I'LL MAKE HIM THE BUSINESS CZAR
AND WE CAN ALL GO FISHING.**

**YOU RUN THE KIND OF HIGH-GROWTH BUSINESSES THAT
REPRESENT THE MOST DYNAMIC, ENTREPRENEURIAL SEGMENT OF
THE AMERICAN ECONOMY. AND THIS GOVERNMENT KNOWS BETTER
THAN TO FIX WHAT'S ALREADY WORKING.**

SO THIS AFTERNOON I'M GOING TO ADDRESS TWO AREAS OF CONCERN TO YOU: THE ECONOMICS OF ENTERPRISE -- AND THE IMPERATIVE FOR EDUCATION REFORM.

YOU FOLKS KNOW THE SAME LESSON THAT I LEARNED AS A BUSINESSMAN. YOU NEED CAPITAL TO GROW.

WHAT YOU DON'T NEED IS HIGHER TAXES ON YOUR EARNINGS, OR HIGHER TAXES ON YOUR WORKERS, OR HIGHER TAXES ON THOSE WHO INVEST THEIR MONEY IN YOUR FIRM.

RIGHT NOW THE GOVERNMENT IS MAKING TOO BIG A CLAIM ON AMERICA'S CAPITAL TO COVER OUR DEFICIT. THAT'S CAPITAL THAT SHOULD BE INVESTED IN AMERICA'S BUSINESSES.

THE BEST WAY TO CHANNEL MORE CAPITAL INTO PRODUCTIVE INVESTMENT IS NOT HIGHER TAXES. IT'S SPENDING RESTRAINT.

THE WORKING PAPER YOU RELEASED LAST MONTH WAS ANOTHER REMINDER THAT THE DEFICIT MUST BE BROUGHT UNDER

CONTROL. ACCOUNTABILITY IN GOVERNMENT DEMANDS THAT WE PUT AN END TO THIS SPENDING SPIRAL.

YOU KNOW, WHEN GEORGE KAUFMAN -- THAT FAMOUS WIT FROM THE ALGONQUIN ROUND TABLE -- WAS AT A PARTY, HE HEARD A SELF-MADE MILLIONAIRE BOASTING TO A CIRCLE OF PEOPLE, "I WAS BORN INTO THE WORLD WITHOUT A SINGLE

PENNY." AND KAUFMAN ANSWERED, "OH REALLY. WHEN I WAS BORN, I OWED TWELVE DOLLARS."

WELL, WE DON'T HAVE TO LET THE DEFICIT PLAY A CRUEL JOKE ON FUTURE GENERATIONS. NEXT YEAR ALONE, FISCAL YEAR 1990 FEDERAL REVENUES WILL RISE BY MORE THAN \$80 BILLION -- WITH NO TAX INCREASE. AND WE'RE GOING TO MEET OR BEAT THE GRAMM-RUDMAN-HOLLINGS TARGETS.

OUR BUDGET CONSULTATIONS WITH CONGRESS SO FAR HAVE BEEN GOING WELL. WE'RE DETERMINED TO WORK WITH THIS CONGRESS -- WE'RE COUNTING ON THEIR COOPERATION, TO FIND ANSWERS WE CAN ALL LIVE WITH.

TO SPUR GREATER INVESTMENT IN AMERICAN BUSINESS, WE NEED TO BRING OUR TAXATION OF CAPITAL GAINS DOWN -- IN LINE WITH THAT OF OUR TRADING PARTNERS.

- 11 -

IN THE BUDGET WE'VE PROPOSED TO CONGRESS, WE WANT TO RESTORE THE DIFFERENTIAL TO 15 PERCENT ON LONG-HELD ASSETS.

HOW MANY OF YOU, AS YOU BUILT YOUR BUSINESSES, WERE ABLE TO JUST WALK UP TO A BANK, AND GET A LOAN TO COVER YOUR START-UP COSTS? FEW, IF ANY.

- 12 -

MOST OF YOU PROBABLY RAISED CAPITAL BY OFFERING PEOPLE A SHARE OF THE BUSINESS -- AND A STAKE IN THE OUTCOME.

CUTTING THE CAPITAL GAINS RATE MEANS MORE OF THAT CAN HAPPEN. IT WILL GIVE BUSINESSES MORE OF THE CAPITAL THEY NEED TO GROW. IT WILL BRING IN \$4.8 BILLION MORE IN TAX REVENUES IN 1990, ACCORDING TO THE TREASURY. AND IT WILL CREATE MORE NEW JOBS.

- 13 -

THAT'S NO TAX BREAK FOR THE RICH. THAT'S A FAIR SHAKE FOR EVERY AMERICAN.

WE WANT TO BUILD ON THE ENERGY AND INITIATIVE OF AMERICAN BUSINESS -- WITHOUT BURDENSOME MANDATES THAT ONLY ENFORCE SOLUTIONS OF UNIFORM MEDIOCRITY. WE DON'T WANT TO LIMIT THE FLEXIBILITY OF MANAGERS AND WORKERS, WHO ARE TRYING TO FIND THEIR OWN BEST SOLUTIONS.

- 14 -

AND YOU KNOW, MANY ARE ALREADY SUCCEEDING.

CHAMBER OF COMMERCE ESTIMATES SUGGEST THAT WORKERS ARE RECEIVING MORE FRINGE BENEFITS THAN EVER BEFORE. TOTAL BENEFITS IN 1987 WERE UP 163 PERCENT IN A DECADE. AND IT IS THE MARKET --NOT GOVERNMENT -- THAT IS RESPONSIBLE FOR THIS GROWTH.

- 15 -

NEARLY SEVENTY PERCENT OF GROWTH IN BENEFITS IS DUE TO VOLUNTARY ACTION BY EMPLOYERS. ONLY THIRTY PERCENT IS DUE TO GOVERNMENT REQUIREMENTS. WE WANT TO KEEP IT THAT WAY.

OUR FRIENDS IN EUROPE HAVE TRIED MANDATED BENEFITS -- AND THEY HAVEN'T HAD MUCH SUCCESS.

- 16 -

THEY'RE NOW LOOKING FOR WAYS TO FREE UP ENTERPRISE, AMERICAN STYLE -- AND MAKE IT MORE FLEXIBLE, NOT LESS. FOR US TO GO TOWARD MANDATED BENEFITS WOULD BE, AS YOGI BERRA PUT IT, LIKE "DEJA VU ALL OVER AGAIN."

AMERICA WILL BE MORE COMPETITIVE IF WE CONTINUE TO RESIST THE TEMPTATION TO HEAP BURDENSOME MANDATES ON THE PRODUCTIVE PRIVATE SECTOR.

- 17 -

A HALLMARK OF THIS ADMINISTRATION WILL BE ITS FOCUS ON THE FUTURE -- AND THE IMPORTANCE WE ATTACH TO MAKING THE RIGHT KINDS OF INVESTMENT. THERE CAN BE NO INVESTMENT MORE URGENT -- OR MORE COMPELLING FOR THE FUTURE OF AMERICAN BUSINESS, AND THIS COUNTRY AS A WHOLE, THAN EDUCATION. IN THIS, ALL OF US HAVE A STAKE IN THE OUTCOME.

- 18 -

AS LABOR MARKETS CONTINUE TO GET TIGHTER IN THE COMING YEARS, MANY OF YOU ARE GOING TO BE FACING SHORTAGES OF SKILLED PEOPLE. SOME MANAGERS ARE ALREADY WORRIED ABOUT A SCARCITY OF SCIENCE AND ENGINEERING GRADUATES. AND YOU'VE ALL READ THE SURVEYS THAT SHOW MANY FOREIGN STUDENTS OUTPERFORMING OUR OWN.

**ALTHOUGH OUR BEST STUDENTS CAN COMPETE WITH ANYONE
IN THE WORLD, THE CHALLENGE WE FACE IS TO ADAPT OUR
EDUCATIONAL SYSTEM SO THAT ALL OF OUR STUDENTS RECEIVE
THE SKILLS THEY NEED TO SHARE IN THAT PROSPERITY -- MY
ADMINISTRATION HAS MADE EDUCATION A NATIONAL PRIORITY.**

**OUR PROGRAM IS BASED ON FOUR PRINCIPLES: IT REWARDS
EXCELLENCE, HELPS THOSE MOST IN NEED, DEMANDS
ACCOUNTABILITY, AND SUPPORTS GREATER FLEXIBILITY AND
CHOICE.**

**TOMORROW, I WILL SEND TO THE CONGRESS OUR EDUCATION
PACKAGE.**

- 21 -

WE WANT TO REWARD MERIT SCHOOLS THAT MAKE PROGRESS IN TERMS OF RAISING STUDENT ACHIEVEMENT, AND REDUCING DRUG USE AND DROP-OUT RATES. WE'RE PROMOTING PARENTAL CHOICE AND EDUCATIONAL QUALITY, THROUGH MAGNET SCHOOLS OF EXCELLENCE.

- 22 -

WE WANT TO PROVIDE ALTERNATIVE CERTIFICATION OF TEACHERS AND PRINCIPALS, TO BROADEN THE POOL OF TALENT AVAILABLE; PRESIDENT'S AWARDS TO OUTSTANDING TEACHERS; URBAN EMERGENCY GRANTS TO PROVIDE COMPREHENSIVE HELP IN FIGHTING DRUGS FOR SCHOOL DISTRICTS UNDER SIEGE; A NATIONAL SCIENCE SCHOLARS PROGRAM FOR HIGH SCHOOL SENIORS;

AND ADDITIONAL ENDOWMENT MATCHING GRANTS FOR
HISTORICALLY BLACK COLLEGES AND UNIVERSITIES, WHICH
OCCUPY A UNIQUE AND VITAL POSITION IN AMERICAN HIGHER
EDUCATION.

WE ARE COMMITTED TO A PROGRAM OF EDUCATION REFORM
THAT WILL GIVE OUR YOUNG PEOPLE A SOLID FOUNDATION FOR
THE FUTURE.

BUT TO MAKE LASTING IMPROVEMENTS IN EDUCATION, WE'LL
NEED TO GET ALL OF THE PLAYERS -- ADMINISTRATORS,
SCHOOL BOARDS, LOCAL BUSINESS LEADERS, PARENTS,
TEACHERS' UNIONS -- AROUND THE TABLE, WORKING TOGETHER.

THIS WILL DEMAND ACCOUNTABILITY FROM ALL OF US.

- 25 -

**IT WILL REQUIRE THE BEST KIND OF COLLECTIVE EFFORT,
FROM ALL DIRECTIONS -- BUT IT HOLDS THE PROMISE OF
REAL PROGRESS.**

**MANY OF YOU HAVE BEEN PRIME MOVERS, SPENDING A
REMARKABLE AMOUNT OF YOUR OWN TIME MAKING GOOD ON THAT
PROMISE.**

- 26 -

**MORE THAN A THIRD OF YOU SERVE ON LOCAL SCHOOL BOARDS,
PUBLIC OR PRIVATE --OR ON THE BOARD OF A LOCAL COLLEGE
OR UNIVERSITY.**

**OTHERS AMONG YOU HAVE ESTABLISHED A PROGRAM WITH A
LOCAL COMMUNITY COLLEGE, OR "ADOPTED" A SCHOOL, OR
TAUGHT PART-TIME, OR PROMOTED SCIENCE EDUCATION ACROSS
A SCHOOL DISTRICT.**

- 27 -

THAT'S THE KIND OF INVOLVEMENT THAT, WHILE IT ISN'T ALWAYS EASY, LEADS TO THE KIND OF EDUCATIONAL REFORM THAT LASTS. IT PLACES YOU AMONG THE "THOUSAND POINTS OF LIGHT" THAT SPREAD HOPE AND OPPORTUNITY. YOU ARE PART OF WHAT MAKES AMERICA SPECIAL.

- 28 -

BY INVESTING YOUR TIME AND TALENTS TOWARD THE EDUCATION OF OUR YOUNG PEOPLE, YOU'RE HELPING TO BRING ABOUT SOMETHING VITAL -- A FUNDAMENTAL CULTURAL SHIFT, THAT REASSERTS THE VALUE OF LEARNING IN THIS COUNTRY.

YOU'RE BREATHING NEW LIFE INTO AN IDEA THAT HAS ALWAYS BEEN A TESTAMENT TO THE AMERICAN SPIRIT: THAT DOING WELL DEMANDS DOING GOOD.

- 29 -

NOTHING I MIGHT TELL YOU WOULD SAY IT BETTER THAN YOUR OWN MISSION STATEMENT, WHICH SAYS ABC EXECUTIVES "BELIEVE THEIR OWN BUSINESS SUCCESS CARRIES WITH IT A RESPONSIBILITY TO HELP EXPAND ECONOMIC OPPORTUNITY THROUGHOUT THE ECONOMY."

- 30 -

AS LEADERS -- NOT ONLY IN BUSINESS BUT IN EVERY SECTOR OF OUR SOCIETY -- YOU KNOW THAT THE NATIONAL INTEREST REQUIRES US TO INVEST IN THE FUTURE. EDUCATION IS THE BEST INVESTMENT WE CAN MAKE, IF WE WANT TO BUILD A BETTER AMERICA.

THANK YOU. AND GOD BLESS YOU ALL.

THE WHITE HOUSE
WASHINGTON

MARCH 31, 1989

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM:

MARK LANGE *ML*

SUBJECT:

SPEECH TO THE AMERICAN BUSINESS CONFERENCE

I. SUMMARY

Attached are draft remarks for your meeting on Tuesday, April 4, to the American Business Conference (Room 450, OEOB).

II. DISCUSSION

The ABC is made up of CEOs from 100 of the fastest-growing companies in America -- generally mid-sized. Between 80 and 90 members are expected to attend this briefing.

Your remarks are in two parts.

The first half covers the economics of enterprise -- sound investment, no new taxes, and no mandated benefits. You then discuss investment in education, and the role of groups like ABC.

The draft is 7 1/2 pages. Remarks are slated for 15-20 minutes.

TO THE PRESIDENT
4/1/89 1:30 PM

* on "KRISTEN"
disk as ABC.DOC

(Lange/Martin)
March ~~31~~, 1989
~~6:30~~ p.m.

PRESIDENTIAL REMARKS: AMERICAN BUSINESS CONFERENCE
ROOM 450, OLD EXECUTIVE OFFICE BLDG.
TUESDAY, APRIL 4, 1989
2:00 P.M.

I've met with this group three times, over the last eight years -- and every meeting has been a resounding success. So I've got a mind to ask: Why can't we equal or exceed that kind of contact over the next eight years?

Among the many close friends I have in the ABC, I'd like to mention your former vice chairman, now Commerce Secretary, Bob Mosbacher. Like all of you, he knows what it means to take risks, to start a business, make it grow, and keep it competitive. Here in Washington, he is putting his experience to work. Bob is on the cutting edge of our national effort to Build a Better America.

To be sitting in this room today, as ABC members, you've had to keep your earnings at three times the growth of the economy, plus inflation. Now, if Bob can just make that happen for every business in America... I'll make him the Business Czar and we can all go fishing.

You run the kind of high-growth businesses that represent the most dynamic, entrepreneurial segment of the American

economy. And this government knows better than to fix what's already working.

So this afternoon I'm going to address two areas of concern to you: the economics of enterprise -- and the imperative for education reform.

You folks know the same lesson that I learned as a businessman. You need capital to grow. What you don't need is higher taxes on your earnings, or higher taxes on your workers, or higher taxes on those who invest their money in your firm.

Right now the government is making too big a claim on America's capital to cover our deficit. That's capital that should be invested in America's businesses. The best way to channel more capital into productive investment is not higher taxes. It's spending restraint.

The working paper you released last month was another reminder that the deficit must be brought under control. So let me reassure you -- this government will not become the fiscal equivalent of Overeaters Anonymous. Accountability in government demands that we put an end to this spending spiral.

You know, when George Kaufman -- that famous wit from the Algonquin Round Table -- was at a party, he heard a self-made

millionaire boasting to a circle of people, "I was born into the world without a single penny." And Kaufman answered, "Oh really. When I was born, I owed twelve dollars."

Well, we don't have to let the deficit play a cruel joke on future generations. Next year alone, federal revenues will rise by more than \$80 billion -- with no tax increase. And we're going to use those funds to bring the deficit down below the Gramm-Rudman-Hollings targets.

Our budget consultations with Congress are going well. We're determined to work with this Congress -- we're counting on their cooperation, to find answers we can all live with.

To spur greater investment in American business, we need to bring our taxation of capital gains down -- in line with that of our trading partners. In the budget we've proposed to Congress, we want to restore the differential to 15 percent on long-held assets.

How many of you, as you built your businesses, were able to just walk up to a bank, and get a loan to cover your start-up costs? Few, if any. Most of you probably raised capital by offering people a share of the business -- and a stake in the outcome.

Cutting the capital gains rate means more of that can happen. It will give businesses more of the capital they need to grow. It will bring in \$4.8 billion more in tax revenues in 1990, according to the Treasury. And it will create more new jobs.

That's no tax break for the rich. That's a fair shake for every American.

We want to build on the energy and initiative of American business -- without burdensome mandates that only enforce solutions of uniform mediocrity. We don't want to limit the flexibility of managers and workers, who are trying to find their own best solutions. And you know, many are already succeeding.

Chamber of Commerce estimates suggest that workers are receiving more fringe benefits than ever before. Total benefits in 1987 were up 163 percent in a decade. And it is the market -- not government -- that is responsible for this growth.

Nearly eighty percent of growth in benefits is due to voluntary action by employers. Only 21 percent is due to government requirements. We want to keep it that way.

A "mandated benefit" is a contradiction in terms. How would you feel if your doctor said, "Well, nothing's broken... but we're going to put you in a full-body cast anyway." No thanks. Mandated benefits are really mandated burdens. America will be more competitive if we continue to resist the temptation to heap burdensome mandates on the productive private sector.

A hallmark of this administration will be its focus on the future -- and the importance we attach to making the right kinds of investment. There can be no investment more urgent -- or more compelling for the future of American business, and this country as a whole, than education. In this, all of us have a stake in the outcome.

As labor markets continue to get tighter in the coming years, many of you are going to be facing shortages of skilled people. Some managers are already worried about a scarcity of science and engineering graduates. And you've all read the surveys that show many foreign students outperforming our own.

Although our best students can compete with anyone in the world, the challenge we face is to adapt our educational system so that all of our students receive the skills they need to share in that prosperity -- my Administration has made education a national priority.

Our program is based on four principles: it rewards excellence, helps those most in need, demands accountability, and supports greater flexibility and choice.

Tomorrow, I will send to the Congress our education package. We want to reward merit schools that make progress in terms of raising student achievement, and reducing drug use and drop-out rates. We're promoting parental choice and educational quality, through magnet schools of excellence.

We want to provide alternative certification of teachers and principals, to broaden the pool of talent available; President's Awards to outstanding teachers; Urban Emergency Grants to provide comprehensive help in fighting drugs for school districts under siege; a National Science Scholars program for high school seniors; and additional endowment matching grants for historically black colleges and universities, which occupy a unique and vital position in American higher education.

We are committed to a program of education reform that will give our young people a solid foundation for the future. But to make lasting improvements in education, we'll need to get all of the players -- administrators, school boards, local business leaders, parents, teachers' unions -- around the table, working together.

This will demand accountability from all of us. It will require the best kind of collective effort, from all directions -- but it holds the promise of real progress.

Many of you have been prime movers, spending a remarkable amount of your own time making good on that promise. More than a third of you serve on local school boards, public or private -- or on the board of a local college or university.

Others among you have established a program with a local community college, or "adopted" a school, or taught part-time, or promoted science education across a school district. That's the kind of involvement that, while it isn't always easy, leads to the kind of educational reform that lasts. It places you among the "thousand points of light" that spread hope and opportunity. You are part of what makes America special.

By investing your time and talents toward the education of our young people, you're helping to bring about something vital -- a fundamental cultural shift, that reasserts the value of learning in this country. You're breathing new life into an idea that has always been a testament to the American spirit: that doing well demands doing good.

Nothing I might tell you would say it better than your own mission statement, which says ABC executives "believe their own

business success carries with it a responsibility to help expand economic opportunity throughout the economy."

As leaders -- not only in business but in every sector of our society -- you know that the national interest requires us to invest in the future. Education is the best investment we can make, if we want to Build a Better America.

Thank you. And God Bless you all.

FINAL
TORRES, 3/31/89

(Lange/Martin)
March 31, 1989
6:30 p.m.

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young people the skills they need to share in that prosperity -- my Administration has made education a national priority.

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Thank you. And God Bless you all.

THE WHITE HOUSE

WASHINGTON

March 30, 1989



Memorandum to Chriss Winston

From: Roger B. Porter *RBP by RP*
William L. Roper *WLR by RP*
Jim Pinkerton *JP*

Re: ABC Draft

=====

This draft does a good job of pushing two of our key themes, but we need to recall our overall theme of "Building a Better America."

For example, we'd rewrite the 4th and 5th lines of graf 2 on page 1 as follows: "...risks, start a business, and make it grow and keep it competitive. Here in Washington, he is putting his experience to work. Bob is on the cutting edge of our national effort to Build a Better America."

We think that we should return to the concepts of competitiveness and Building a Better America at least one more time during the course of the speech. Other comments:

Pg. 2, graf 2. On p. 2, we suggest a rewrite of the entire overconsumption/undersaving theme. At present it reads like one of the speeches of our liberal friends who have recently been converted to the fiscal discipline embodied by a tax increase. The personal saving rate statistical series cited in the draft is highly dubious. Mike Boskin, among others, has written papers demonstrating its flaws. Instead, we should stress that more saving and investing is good (and not bemoan the current level) and challenge the Congress to do something about it:

! has since been revised to span 3 mos.

"You folks know the same lesson that I learned as a businessman. You need capital to grow. What you don't need is higher taxes on your earnings or higher taxes on your workers or higher taxes on those who invest their money in your firm.

"Right now the government is making too big a claim on America's capital to cover our deficit. That's capital that should be invested in America's businesses. The best way to channel more capital into productive investment is not higher taxes. It's spending restraint."

insert A

(more)

2-2-2

3,1,1 Using the phrase "federal tax revenues" dilutes the impact of our "no new taxes" pitch -- which we very much need to include in this speech. We suggest rewriting as follows: "Next year alone, federal revenues will rise by more than \$80 billion -- with no tax increase."

3,3,1 Change to: "How many of you, when you started your businesses, were able to just walk up to a bank and get a loan to cover your startup costs?"

3,6,1-2 There's nothing to be gained by talking about closed door meetings. They sound undemocratic. Let's say instead: "Our budget negotiations with the Congress are going well. We look forward..."

4,2,2 Why repeat "we're determined" so soon? Say "we will oppose..."

4,5,1 We don't necessarily agree that "mandated benefit" is a contradiction in terms. Admittedly, the phrase has an Orwellian resonance, but we're missing the real point: a mandated benefit is a mandated cost. How can we expect America to be more competitive if we continue to heap burdensome mandates on the productive private sector, no matter how well-intentioned those mandates are?

5,4,6 Replace "we" with "my Administration"

5,4-5 We have all agreed in the past on the importance of emphasizing the four principles that guide the President's education package (excellence, accountability, choice, and help for those that need it most). Before we start itemizing initiatives we should seize this opportunity to proclaim our principles!

7,1,6 "one in a thousand," is a bit of a stretch for two reasons. First, it doesn't capture the idiom (one in a million). Second, the sentiment expressed here is not in tune with the President's argument which is that the American spirit of service is everywhere. Far better for the President to say "The good works of the members of the American Business Conference are part of what makes America special. You are among the 'thousand points of light'" that spread hope and opportunity to every corner of this great nation."

(more)

went w/ 7
specifics
on guidance
from MD's &
2-11's meeting
of the President
Chris--
we may have
missed the
joke, here...

3-3-3

7,5,1 We don't know what the first sentence means. It sounds vaguely robber-baronish, what with "business... power...interests" all in the same line. Our goal in this climactic graf is wrap our two themes into our one big theme. How about this: "As leaders -- not only in business but in every sector of our society -- you know that the national interest requires us to invest in the future. Education is the best investment we can make if we want to Build A Better America."

insert b

#

cc: Larry Lindsey

Acton, D. Hyman

WHITE HOUSE STAFFING MEMORANDUM

DATE: 3/30/89 ACTION/CONCURRENCE/COMMENT DUE BY: 3/31/89 NOON

SUBJECT: PRESIDENTIAL REMARKS: AMERICAN BUSINESS CONFERENCE

	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 checked="" 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 type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	BOSKIN	<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 forward any comments to Chriss Winston, Rm. 122, x2930, no later than NOON, Friday, March 31, 1989, 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

(Lange/Martin)
March 30, 1989
1:30 p.m.
1989 MAR 30 PM 2:26

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You run the kind of high-growth businesses that represent the most dynamic, entrepreneurial segment of the American economy. And this government knows better than to fix what's already working.

So this afternoon I'm going to address two areas of concern to you: the economics of enterprise -- and the imperative for education reform.

For anyone running a business, sound investment and flexibility in the marketplace are more important than ever.

Your concern about a lack of savings is clearly motivated by a ^{National} ~~lack of~~ domestic investment ^{to enhance productivity by 50} capital for American industry. ^{the need} ~~Now,~~ ^{compete better in the world marketplace} the personal savings rate has hit 5.2 percent or better for the past three months. That's good news. But we cannot relax. ^{The primary} ~~means of raising national saving is to reduce the federal budget deficit.~~

The working paper you released last month on overconsumption was another reminder that the deficit must be brought under control. So let me reassure you -- this government will not become the fiscal equivalent of Overeaters Anonymous. Accountability in government demands that we put an end to this spending spiral.

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That's no tax break for the rich. That's a fair shake for every American.

The budget consultations are being held behind closed doors; so I can't tell you how they're going. But we're determined to

work with this Congress -- we're counting on their cooperation, to find answers we can all live with.

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 "Mandated benefits" are really "mandated costs."

A hallmark of this administration will be its focus on the future -- and the importance we attach to making the right kinds

Not verifiable - Chamber of Commerce who did this is out

Lucy Pinsky is using these #s & passed them on; how can we verify them?

+

of investment. You don't make your money on short-term, day-to-day trades -- you make it through sound long-term planning.

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As labor markets get tighter in the coming years, many of you are going to be facing shortages of skilled people. Some managers are already worried about a scarcity of science and engineering graduates. And you've all read the surveys that show Pacific Rim students outperforming our own.

Our best students can compete with anyone in the world. We're not on the verge of some intellectual brown-out. But in order to give business more of the people it needs to compete -- to help build America's prosperity -- and to give more of our young people the skills they need to share in that prosperity -- we have made education a national priority.

Tomorrow, I will send to the Congress an education package. We want to reward merit schools that make progress in terms of raising student achievement, and reducing drug use and drop-out rates. We're promoting parental choice and educational quality, through magnet schools of excellence.

We want to provide alternative certification of teachers and principals, to broaden the pool of talent available; President's Awards to outstanding teachers; Urban Emergency Grants to provide comprehensive help in fighting drugs for school districts under seige; a National Science Scholars program for high school seniors; and additional endowment matching grants for historically black colleges and universities, which occupy a unique and vital position in American higher education.

We are committed to a program of education reform that will give our young people a solid foundation for the future. But to make lasting improvements in education, we'll need to get all of the players -- superintendents and administrators, school boards, local business leaders, teachers' unions -- around the table, working together.

This will demand accountability from all of us. It will require the best kind of collective effort, from all directions -- but it holds the promise of real progress.

Many of you have been prime movers, spending a remarkable amount of your own time making good on that promise. More than a third of you serve on local school boards, public or private -- or on the board of a local college or university.

Others among you have established a program with a local community college, or "adopted" a school, or taught part-time, or promoted science education across a school district. That's the kind of involvement that, while it isn't always easy, leads to the kind of educational reform that lasts. Consider yourself one in a thousand -- you know, points of light.

By investing your time and talents toward the education of our young people, you're helping to bring about something vital -- a fundamental cultural shift, that reasserts the value of learning in this country.

You're breathing new life into an idea that has always been a testament to the American spirit: that doing well demands doing good.

Nothing I might tell you would say it better than your own mission statement, which says ABC executives "believe their own business success carries with it a responsibility to help expand economic opportunity throughout the economy."

As business leaders, you understand the power of interests held in common. Education is the one investment that guarantees economic opportunity -- for every individual, and every business in America. Thank you. And God bless you.