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# FOIA MARKER

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**OA/ID Number:** 13485  
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**Folder Title:**  
U.S. Chamber of Commerce, 5/1/89 [1]

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<b>G</b>	<b>26</b>	<b>15</b>	<b>7</b>	<b>1</b>

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PRESIDENTIAL REMARKS: U.S. CHAMBER OF COMMERCE  
CONSTITUTION HALL  
MONDAY, MAY 1, 1989  
10:15 a.m.

I WANT TO THANK YOU BILL [KANAGA (KA-NAY-GA)] FOR THOSE KIND WORDS AND COMMEND YOU ON THE FINE JOB YOU HAVE DONE AS CHAIRMAN. I ALSO WANT TO CONGRATULATE THE CHAMBER'S INCOMING CHAIRMAN, JOHN CLENDENIN. AND, OF COURSE, SAY "HELLO" TO THE CHAMBER'S LONG TIME PRESIDENT AND MEDIA STAR, DICK LESHER.

I WANT TO THANK THE CHAMBER OF COMMERCE FOR PROVIDING ME A CHANCE TO DELIVER A MAY DAY MESSAGE, AMERICAN-STYLE. ON MAY DAY, I ALWAYS THINK ABOUT THAT CELEBRATION IN THE SOVIET UNION. ALL THOSE RED BANNERS . . . THE BIG MILITARY PARADE . . . EVEN THE ECONOMIC PLANNING MINISTRY HAD A UNIT IN THE PARADE -- TWO HUNDRED ECONOMISTS MARCHING ALONG YELLING, "MAYDAY! MAYDAY!" ((PAUSE))

TODAY, THAT IS BEGINNING TO CHANGE. EVEN THE SOCIALIST WORLD IS BEGINNING TO SEE THAT SOCIALISM ISN'T JUST ANOTHER ECONOMIC SYSTEM -- IT'S THE DEATH OF ECONOMICS. THERE'S A NEW BREEZE BLOWING -- NATIONS THE WORLD OVER ARE COMING TO RECOGNIZE THAT FREE ENTERPRISE IS THE WAVE OF THE FUTURE. THAT'S A PROMISING FORECAST FOR PROSPERITY -- AND FOR WORLD PEACE.

IN THE UNITED STATES, THE SINGLE MOST SIGNIFICANT ECONOMIC INDICATOR OF THIS DECADE IS UP ONE, AS OF TODAY: WE HAVE ENJOYED 77 FULL MONTHS OF THE LONGEST PEACETIME ECONOMIC EXPANSION IN AMERICAN HISTORY.

WITHOUT A DOUBT, THIS LONG-RUNNING ECONOMIC EXPANSION HAS BEEN GOOD FOR AMERICAN BUSINESS, AND FOR THE AMERICAN WORKER. IN THE PAST 77 MONTHS, WE'VE ADDED NEARLY TWENTY MILLION NEW JOBS --AND MORE AMERICANS HAVE MOVED UP ON THE PAY SCALE. SINCE 1982, THE NUMBER OF JOBS PAYING LESS THAN \$5 DOLLARS AN HOUR IS DOWN 25%, WHILE JOBS PAYING \$10 OR MORE AN HOUR HAVE INCREASED BY 95%. UNEMPLOYMENT IS AT ITS LOWEST POINT IN THE PAST 15 YEARS.

DURING THIS ECONOMIC EXPANSION, AMERICA'S INDUSTRIAL OUTPUT IS UP 33% -- OVERALL GROWTH, UP 26%. FOR THOSE WITH AN EYE ON THE INTERNATIONAL COMPETITION, THAT'S MORE THAN DOUBLE EUROPE'S INDUSTRIAL OUTPUT GROWTH.

AND THE EXPANSION HAS BEEN JUST AS GOOD TO THE AVERAGE AMERICAN FAMILY. PER CAPITA PERSONAL INCOME IS UP 19% -- AND THAT'S TAKE-HOME "AFTER TAX" PAY, ADJUSTED FOR INFLATION. REAL MEDIAN FAMILY INCOME HAS REACHED A NEW HIGH.

THAT'S QUITE AN ECONOMIC SUCCESS STORY. OUR CHALLENGE NOW IS TO KEEP IT GOING. WE CAN -- AND WE WILL.

WE'VE ALL HEARD THE NAYSAYERS. I THINK THERE ARE A FEW OUT THERE WHOSE PREDICTIONS OF ECONOMIC DISASTER ARE NOW IN THEIR 78TH STRAIGHT MONTH....

THE NAYSAYERS ARE WRONG -- BUT WHY? WHAT THEY'VE UNDERESTIMATED IS THE RESILIENCE, THE REMARKABLE RESPONSIVENESS OF THE FREE ENTERPRISE SYSTEM. YOU CAN FOCUS ON GOVERNMENT SO LONG, THAT YOU FORGET THAT IT'S THE PRIVATE SECTOR THAT'S HOME TO THE INNOVATION AND ECONOMIC CREATIVITY THAT POWERS THIS EXPANSION.

I'VE BEEN A SMALL BUSINESSMAN MYSELF, STARTING OUT WITH AN IDEA, AND BUILDING IT INTO A BUSINESS. I KNOW THE RISKS -- AND THE REWARDS: THE PAYOFF IN PRIDE WHEN YOU SUCCEED....

ENTREPRENEURS KNOW THIS SIMPLE TRUTH:  
NOTHING WAGERED, NOTHING WON. THAT'S WHY I WANT A GOVERNMENT THAT PROMPTS ENTREPRENEURS TO TAKE RISKS -- NOT A GOVERNMENT THAT FORCES THEM TO TAKE REFUGE.

THAT DOESN'T MEAN GOVERNMENT'S ONLY JOB IS SIMPLY TO STAND BACK AND STEP OUT OF THE WAY. THERE'S PLENTY FOR THE GOVERNMENT TO DO, TO MAKE SURE COMMERCE IS FREE AND FAIR, AND TO MAINTAIN A CLIMATE WHERE FREE ENTERPRISE CAN TAKE PLACE AND PROSPER.

AND TODAY, THE FEDERAL GOVERNMENT'S NUMBER ONE ECONOMIC PRIORITY IS DEALING WITH THE DEFICIT.

WE'VE MADE A GOOD START. THE BUDGET AGREEMENT CONGRESS AND MY ADMINISTRATION CONCLUDED TWO WEEKS AGO CAN KEEP THE FEDERAL DEFICIT BELOW THE GRAMM-RUDMAN TARGET. AND WE HAVEN'T SACRIFICED OUR SOCIAL OR NATIONAL SECURITY RESPONSIBILITIES IN THE PROCESS. THE BUDGET LEVEL WE'VE AGREED ON WILL ALLOW US TO DISCHARGE THE CRITICAL DUTIES OF GOVERNMENT. WE'LL BE ABLE TO PROVIDE FOR OUR NATIONAL SECURITY, MEET THE NEEDS OF THE DISADVANTAGED, AND FUND HIGH-PRIORITY PROGRAMS.

OUR AGREEMENT IS A FIRST IMPORTANT STEP. IT SENDS A SIGNAL -- TO THE AMERICAN PEOPLE, AND TO OUR TRADING PARTNERS: WE'RE SERIOUS ABOUT GETTING THAT DEFICIT DOWN.

AND THE DEFICIT IS COMING DOWN, NOT ONLY IN STRAIGHT DOLLAR TERMS, BUT AS A PERCENTAGE OF OUR ANNUAL GNP. BY THE END OF THIS FISCAL YEAR, WE WILL HAVE CUT THE DEFICIT IN HALF, FROM 6.3% OF GNP IN 1983, TO AN ESTIMATED 3.1% IN 1989. I URGE THE TWO HOUSES OF CONGRESS TO PASS THE BIPARTISAN BUDGET RESOLUTION -- SO WE CAN KEEP THE DEFICIT COMING DOWN.

ONE WORD MORE ABOUT THE BUDGET AGREEMENT FOR 1990. WE'VE AGREED TO \$5.3 BILLION DOLLARS IN "NEW REVENUES" AS PART OF THE DEAL. AND LET ME SAY A WORD ABOUT THAT 5.3 BILLION. I MEAN TO LIVE BY WHAT I'VE SAID . . . NO NEW TAXES.

LET ME TELL YOU WHAT MY FAVORITE SOURCE OF NEW REVENUE IS. WE DON'T HAVE TO RAISE TAX RATES -- WE HAVE TO RELEASE THE ENERGIES OF FREE ENTERPRISE.

IN A GROWING ECONOMY, TAX REVENUES WILL TAKE CARE OF THEMSELVES. IN FISCAL 1990 ALONE -- THANKS TO EXPANDING ECONOMIC ACTIVITY -- THE TREASURY WILL TAKE IN MORE THAN \$80 BILLION DOLLARS IN INCREASED REVENUES, NOT THROUGH HIGHER TAXES, BUT UNDER THE EXISTING TAX STRUCTURE.

SO LET'S NOT HUNT FOR WAYS TO WRING ANOTHER DOLLAR IN TAXES OUT OF OUR ECONOMY -- LET'S CONCENTRATE ON CREATING CONDITIONS FOR CONTINUED GROWTH.

THAT'S WHY I'VE CALLED ON CONGRESS TO RESTORE THE CAPITAL GAINS DIFFERENTIAL. IN 1990 ALONE, THIS STEP WOULD BRING AN EXTRA \$4.8 BILLION DOLLARS INTO THE FEDERAL TREASURY -- AND THAT DOESN'T COUNT INCREASED ECONOMIC ACTIVITY SPURRED BY A LOWER TAX RATE. THAT \$4.8 BILLION IS THE LION'S SHARE OF THE \$5.3 BILLION WE NEED IN THE WAY OF "NEW REVENUES" UNDER OUR BUDGET AGREEMENT.

LET'S TAKE A LOOK AT WHAT OUR COMPETITORS ARE DOING. CANADA'S MAXIMUM CAPITAL GAINS TAX RATE IS ABOUT HALF THE U.S. RATE. HOW ABOUT JAPAN'S RATE? FOR ENTREPRENEURS WHO BUILT THEIR BUSINESSES FROM SCRATCH: A SCANT 1%. WEST GERMANY EXEMPTS ALL LONG-TERM CAPITAL GAINS ON SECURITIES FROM ANY TAX WHATEVER -- AND THE NEWLY INDUSTRIALIZED ECONOMIES OF THE PACIFIC RIM, SINGAPORE, HONG KONG AND SOUTH KOREA HAVE NO CAPITAL GAINS TAX AT ALL.

AND I HAVE A SECOND MESSAGE FOR THE CONGRESS, AS IT DEBATES AN INCREASE IN THE MINIMUM WAGE. I'VE INDICATED MY SUPPORT FOR INCREASING THE MINIMUM WAGE OVER THREE YEARS TO \$4.25 AN HOUR. I ALSO WANT TO ESTABLISH A SIX-MONTH TRAINING WAGE FOR NEW WORKERS AT THE CURRENT \$3.35 RATE, AND EXPAND THE EXEMPTION FROM MINIMUM WAGE REQUIREMENTS FOR ALL SMALL BUSINESSES WITH ANNUAL SALES UNDER HALF A MILLION DOLLARS.

IT'S TIME FOR THOSE WHO WANT A HIGHER WAGE TO MOVE BEYOND THE RHETORIC, AND TAKE A LOOK AT THE CONSEQUENCES. WE ALL KNOW THE STUDIES THAT SHOW THAT EACH 10% INCREASE IN THE MINIMUM WAGE WILL COST AMERICA BETWEEN ONE HUNDRED AND TWO HUNDRED THOUSAND JOBS FOR THOSE WHO NEED THEM MOST.

WHAT HAPPENS WHEN MINIMUM-WAGE WORKERS OPEN THAT PAY ENVELOPE EXPECTING A FATTER PAYCHECK -- AND FIND A PINK SLIP INSTEAD? AN IRRESPONSIBLE INCREASE IN THE MINIMUM WAGE WILL COST JOBS, AS EMPLOYERS CUT BACK TO COMPENSATE FOR INCREASED COSTS. \$4.25 IS AS FAR AS I CAN GO -- IT'S MY FIRST AND FINAL OFFER.

WE MUST GUARD AGAINST CONFERRING BENEFITS BY GOVERNMENT MANDATE, AND LEAVING EMPLOYERS TO COPE WITH THE COSTS. I SHARE YOUR CONCERN ABOUT LEGISLATIVE EFFORTS TO MANDATE MEDICAL AND PARENTAL LEAVE. I ALSO BELIEVE THAT CHOICE IN CHILD CARE IS BEST MADE BY PARENTS -- NOT GOVERNMENT -- AND I KNOW THE CHAMBER OF COMMERCE SUPPORTS THE CONCEPT OF CHOICE.

THERE ARE SOME CHILD CARE INITIATIVES UP ON CAPITOL HILL -- WELL-INTENTIONED INITIATIVES -- THAT WOULD INCREASE GOVERNMENT INTERVENTION AND CROWD OUT PARENTAL CHOICE. COST IS YET ANOTHER ISSUE. WE ARE DETERMINED TO HOLD THE LINE ON GOVERNMENT SPENDING SO IT IS IMPORTANT THAT MONEY ALLOCATED FOR CHILD CARE ASSISTANCE GOES FOR CHILD CARE ASSISTANCE.

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FINALLY, I'LL CLOSE WITH A BRIEF COMMENT ON AN ISSUE I KNOW IS VITAL TO THOSE OF YOU HERE TODAY -- VITAL, IN FACT, TO ALL AMERICANS IN OUR EVOLVING ECONOMY: INTERNATIONAL TRADE.

THE GLOBAL ECONOMY IS A FACT OF LIFE. IT IS NO LONGER POSSIBLE TO DRAW A SHARP LINE BETWEEN DOMESTIC AND INTERNATIONAL MARKETS.

THIS ADMINISTRATION IS COMMITTED TO SECURING AN OPEN AND FAIR WORLD TRADING SYSTEM -- BECAUSE FAIR TRADE PROVIDES OPPORTUNITIES FOR AMERICA'S COMPETITIVENESS TO COME TO THE FORE. WE HAVE THE INGENUITY TO BE PREEMINENT AND THE DRIVE TO SUCCEED. ENTREPRENEURS LIKE YOU ARE OUR ACE IN THE HOLE.

OUR CHALLENGE IS TO MAKE THE MOST OF THIS COMPETITIVE EDGE. THAT'S WHY WE WILL WORK VIGOROUSLY TO BREAK DOWN BARRIERS ABROAD, WHILE KEEPING MARKETS OPEN HERE AT HOME.

IF ANY COUNTRY -- INCLUDING THE UNITED STATES -- IS FOOLED INTO THINKING THAT A CLOSED MARKET CAN BE A PROSPEROUS ONE, THEY'RE WRONG. CLOSED MARKETS MEAN CLOSED DOORS TO OPPORTUNITY -- AND THAT MEANS LESS PROSPERITY. ((PAUSE))

THE CHAMBER OF COMMERCE HAS ALWAYS STOOD FOR ECONOMIC FREEDOM -- AND I KNOW YOU SHARE MY VIEW THAT THERE IS NO SURE ROUTE TO PROSPERITY AND PROGRESS THAN THE SYSTEM OF FREE ENTERPRISE.

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AMONG OUR COMPETITORS, THOSE LOW RATES CONTRIBUTE TO LOW CAPITAL COSTS. CUTTING OUR OWN CAPITAL GAINS RATES WOULD ENCOURAGE PRODUCTIVE INVESTMENT -- IN ADDITION TO GENERATING THE "NEW REVENUES" WE NEED TO MEET OUR DEFICIT REDUCTION AGREEMENT. I THINK THE CASE FOR A CAPITAL GAINS CUT IS A STRONG ONE, BUT THERE ARE SEVERAL OTHER ECONOMIC ISSUES I WANT TO DISCUSS HERE TODAY.

FIRST, A PRESSING PROBLEM WITH IMPORTANT CONSEQUENCES FOR OUR LONG TERM FISCAL HEALTH: THE S&L SITUATION. THIS ADMINISTRATION RECOGNIZED THE IMMEDIATE NEED TO TAKE ACTION TO STABILIZE THE S&L SYSTEM. LESS THAN THREE WEEKS AFTER TAKING OFFICE, WE PROPOSED A COMPREHENSIVE S&L REFORM PLAN -- ONE DESIGNED TO STOP THE DOLLAR DRAIN AND DEAL WITH INSOLVENT THRIFTS, AND RESTORE CONFIDENCE IN THE S&L SYSTEM.

THE SENATE PASSED AN S&L PACKAGE WITH A RESOUNDING MAJORITY: 91 TO 8. I URGE THE HOUSE TO MOVE QUICKLY TO GIVE US THE TOOLS WE NEED TO REFORM THE S&L SYSTEM BY PASSING MY BILL QUICKLY -- WITH ITS CENTRAL PROVISIONS INTACT.

AND I HAVE A SECOND MESSAGE FOR THE CONGRESS, AS IT DEBATES AN INCREASE IN THE MINIMUM WAGE. I'VE INDICATED MY SUPPORT FOR INCREASING THE MINIMUM WAGE OVER THREE YEARS TO \$4.25 AN HOUR. I ALSO WANT TO ESTABLISH A SIX-MONTH TRAINING WAGE FOR NEW WORKERS AT THE CURRENT \$3.35 RATE, AND EXPAND THE EXEMPTION FROM MINIMUM WAGE REQUIREMENTS FOR ALL SMALL BUSINESSES WITH ANNUAL SALES UNDER HALF A MILLION DOLLARS.

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THE CHAMBER OF COMMERCE HAS ALWAYS STOOD FOR ECONOMIC FREEDOM -- AND I KNOW YOU SHARE MY VIEW THAT THERE IS NO SURER ROUTE TO PROSPERITY AND PROGRESS THAN THE SYSTEM OF FREE ENTERPRISE.

THE MESSAGE OF THE PAST 77 MONTHS IS CLEAR: WE CAN KEEP THE ECONOMY STRONG, SUSTAIN THE LONGEST PEACETIME EXPANSION IN AMERICAN HISTORY, AND ENSURE AMERICA A PRODUCTIVE AND PROSPEROUS FUTURE -- PROVIDED THAT GOVERNMENT POLICIES PRESERVE THE GREATEST POSSIBLE FREEDOM FOR AMERICAN ENTERPRISE TO INNOVATE, CREATE AND COMPETE.

THANK YOU, GOD BLESS YOU, AND GOD BLESS AMERICA.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 1, 1989

REMARKS BY THE PRESIDENT  
TO THE U.S. CHAMBER OF COMMERCE

Constitution Hall  
Washington, D.C.

10:20 A.M. EDT

THE PRESIDENT: Thank you, ladies and gentlemen. I want to thank Bill Kanaga for those kind words and commend you on the fine job that you've done as Chairman. And I also want to congratulate the Chamber's incoming Chairman, John Clendenin, and of course say hello to the Chamber's long-time President, media star -- (laughter) -- household word around D.C., Dick Leshner. What a job he does for the Chamber.

And I also want to thank the Chamber for providing me a chance to deliver a May Day message American-style. On May Day I always think about the celebration in the Soviet Union -- all those red banners, the big military parade. Even the Economic Planning Ministry had a unit in the parade -- 200 economist marching along yelling, "May Day, May Day." (Applause.)

Today that is beginning to change. Even the socialist world is beginning to see that socialism isn't just another economic system -- it's the death of economics. And there is a new breeze blowing. Nations the world over are coming to realize and recognize that free enterprise is the wave of the future, and that's a promising forecast for prosperity and for world peace.

In the United States -- let me just say in that regard, though, whenever in the world there is economic reform, the United States should be hoping that that reform succeeds. Economic reform, with its emphasis on incentive and market economics, leads to more freedom.

You know, I made clear to Mr. Gorbachev up there in New York -- Governors Island, when we met -- that we wanted to see perestroika succeed in the Soviet Union. And, likewise, we want to see success for the economic reforms in China. Incentive, economic reforms, market economies, private ownership are indeed replacing socialist dogma in many countries, large and small. And that is an exciting trend, and in my view, it will continue.

In the United States, the single most significant economic indicator of this decade is up today. We've enjoyed 77 full months of the longest peacetime economic expansion in American history. Without a doubt, this long-running economic expansion has been good for American business and for the American worker. In the past 77 months -- and the Chamber has been very helpful getting this message out -- we've added nearly 20 million new jobs. And more Americans have moved up on the pay scale. Since 1982, the number of jobs paying less than \$5 an hour is down 25 percent, while jobs paying \$10 or more an hour have increased by 95 percent. Unemployment is at its lowest point in the past 15 years.

During the economic expansion, America's industrial output is up 33 percent, overall growth up 26 percent. For those with an eye on the international competition, that's more than double Europe's industrial output growth. And the expansion has been just as good to the average American family. Per capita personal income

MORE

is up 19 percent. And that's take-home, after tax pay adjusted for inflation. Real median family income has reached a new high, and that's quite an economic success story.

Our challenge now is to keep it going. We can, and we will. We've all heard the nay-sayers. I think there are a few out there whose predictions of economic disaster are now in their 78th straight month. (Applause.) And the nay-sayers are wrong. But why? What they've underestimated is the resilience, the remarkable responsiveness of the free enterprise system. And you can focus on government so long that you forget that it's the private sector that's home to the innovation and the economic creativity that powers this expansion.

I've been a small businessman, starting out with an idea and then working with others and building it into a successful business. And I know the risks and the rewards and the payoff in pride when you succeed. Entrepreneurs know this simple truth: Nothing wagered, nothing won. And that's why I want a government that prompts entrepreneurs to take risks, not a government that forces them to take refuge. (Applause.)

That doesn't mean that government's only job is simply to stand back and step out of the way. There's plenty for the government to do to make sure commerce is free and fair and to maintain a climate where free enterprise can take place and prosper.

And today, the federal government's number one economic priority is dealing with the deficit. We've made a good start. The budget agreement Congress and my administration concluded two weeks ago, can keep the federal deficit below the Gramm-Rudman target. And we haven't sacrificed our social or national security responsibilities in the process. The budget level we've agreed on will allow us to discharge the critical duties of government. We'll be able to provide for our national security, meet the needs of the disadvantaged, and fund high-priority programs.

Our agreement is a first, important step. It sends a signal to the American people and to our trading partners: We're serious about getting that deficit down. And the deficit is coming down, not only in straight dollar terms, but as a percentage of our annual Gross National Product.

You know, by the end of this fiscal year, we will have cut the deficit in half from 6.3 percent of Gross National Product in 1983, to an estimated 3.1 percent in 1989. I urge the two Houses of Congress to pass the bipartisan budget resolution so we can keep the deficit coming on down. (Applause.)

One word more about the budget agreement for 1990. We've agreed to \$5.3 billion in new revenues as part of the deal. And let me say a word about that \$5.3 billion. I mean to live by what I've said: no new taxes. And let me tell you what my favorite source of new revenue is -- three guesses for this crowd. We don't have to raise taxes. We have to release the energies of free enterprise. In a growing economy, tax revenues will take care of themselves. In 1990 -- Fiscal 1990 alone, thanks to the expanding economy economic activity, the Treasury will take in more than \$80 billion in increased revenues, not through higher taxes, but under the existing tax structure -- \$80 billion more in one year. (Applause.)

So let's not be hunting for ways to wring another dollar in taxes out of our economy. Let's concentrate on creating conditions for continued growth. And that's why I've called on Congress to restore the capital gains differential. (Applause.)

I am absolutely convinced that in 1990 alone this step would bring an extra \$4.8 billion into the Treasury, and that doesn't count increased economic activity that is spurred by a lower tax rate. That \$4.8 billion is the lion's share of the \$5.3 billion we need in the way of new revenues under our budget agreement.

Let's take a look at what our competitors are doing. Canada's maximum capital gains rate is about half of the U.S. rate. And how about Japan's rate? For entrepreneurs who built their businesses from scratch, a scant one percent. West Germany exempts all long-term capital gains on securities from any tax whatever, and the newly-industrialized economies of the Pacific Rim -- Singapore, Hong Kong, South Korea -- have no capital gains tax at all.

Among our competitors, those low rates contribute to low capital costs. Cutting our own capital gains rate would encourage productive investment in addition to generating the new revenues that we need to meet our deficit reduction agreement.

I think the case for a capital gains cut is a strong one, but there are several other economic issues that I want to discuss here today. First, a pressing problem with important consequences for our long-term fiscal health, and that is the S&L situation -- savings and loan. This administration recognized the immediate need to take action to stabilize the S&L system, and less than three weeks after taking office, we proposed a comprehensive S&L reform plan -- one designed to stop the dollar drain and deal with the insolvent thrifts and restore confidence in the S&L system.

The Senate passed an S&L package with a resounding majority. I think it was 91-8. I urge the House to move quickly to give us the tools we need to reform the savings and loan system by passing my bill quickly with its central provisions intact.

Now I have a second message for the Congress as it debates an increase in the minimum wage. I've indicated my support for increasing the wage over three years to \$4.25 an hour. I also want to establish a six-month training wage for new workers at the current \$3.35 rate and expand the exemption for minimum wage requirements for all small businesses with annual sales under a half a million dollars. It's time for those who want a higher wage to move out beyond the rhetoric and take a look at the consequences. We all know the studies that show that each ten-percent increase in the minimum wage will cost America between 100,000 and 200,000 jobs, and they're jobs for those who need them the most. What happens when minimum wage workers open that pay envelope expecting a fatter paycheck and find a pink slip instead? An irresponsible increase in the minimum wage will cost jobs as employers cut back to compensate for increased costs -- \$4.25 is as far as I can go. It is my first and final offer. And I repeat that here today. (Applause.)

We must guard against conferring benefits by government mandate and leaving employers to cope with the costs. I share your concerns about legislative efforts to mandate medical and parental leave. I also believe that choice in child care is best made by parents and not by government. (Applause.) And I know, because I've talked to Dick Leshner and others that the Chamber supports the concept of choice.

There are some child care initiatives up on Capitol Hill -- well-intentioned, I would readily concede -- well-intentioned initiatives that would increase government intervention and crowd out parental choice.

You know, as I look at government, I feel an obligation to look at every piece of legislation to see that it strengthens rather than weakens the family unit in this country. (Applause.) Now, cost is yet another issue. We're determined to hold the line on government spending, so it is important that money allocated for child care assistance goes for child care assistance. Under the ABC bill, for example, much of the money would be used to set up another federal bureaucracy instead of getting financial help directly to parents. The child care tax credit initiatives that I've proposed do preserve choice, letting parents decide whether to place their child in the care of a relative or in a church-run center or in a public day care facility, or in their own home. Let's let parents decide what's right for themselves.

And finally, I'll close with a brief comment on an issue I know is vital to those of you here today -- vital, in fact, to all Americans in our evolving economy -- and I'm talking about international trade. The global economy is a fact of life. It is no longer possible to draw a sharp line between domestic and international markets. This administration is committed to securing an open and fair world trading system, because fair trade provides opportunities for America's competitiveness to come to the fore.

We have the ingenuity to be preeminent. We have the drive to succeed. Entrepreneurs like you are our ace in the hole. Our challenge, then, is to make the most of this competitive edge. And that's why we will work vigorously to break down barriers abroad while keeping markets open here at home.

If any country, including the United States, is fooled into thinking that a closed market can be a prosperous one, they're wrong. Closed markets mean closed doors to opportunity, and that means less prosperity. The Chamber of Commerce has always stood for economic freedom. And I know you share my view that there is no surer route to prosperity and progress than the system of free enterprise.

The message of the past 77 months is clear: We can keep the economy strong, sustain the longest peacetime expansion in American history, and ensure America a prosperous and productive future -- provided that government policies preserve the greatest possible freedom for American enterprise to innovate, to create, and to compete. I am pledged to those goals.

Thank you. God bless you all. And God bless the United States of America. (Applause.) Thank you all very much.

END

10:42 A.M. EDT

# WHITE HOUSE STAFFING MEMORANDUM

DATE: 4/28/89 ACTION/CONCURRENCE/COMMENT DUE BY: ----

SUBJECT: PRESIDENTIAL REMARKS: U.S. CHAMBER OF COMMERCE

	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"/>	<u>ROGERS</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>WINSTON</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>PINKERTON</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>BOSKIN</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>_____</u>	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>_____</u>	<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	<u>_____</u>	<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

THE WHITE HOUSE

WASHINGTON

April 26, 1989

ES 100-20-1000

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: DANIEL MCGROARTY *DMG*

THROUGH: CHRISS WINSTON *W*

SUBJECT: CHAMBER OF COMMERCE SPEECH

I. SUMMARY

The attached draft has been prepared for your address to the U.S. Chamber of Commerce annual convention, 10:15 a.m., May 1, 1989, in Constitution Hall. The audience will be approximately 2000 business owners and executives.

II. DISCUSSION

The Chamber of Commerce provides the perfect platform for a discussion of urgent economic concerns, and our plans for sustaining growth. The speech highlights the budget agreement, states the case for a cut in the capital gains tax, and lays out your positions on the minimum wage, S&L reform, and international trade.

McGroarty/Simon  
April 26, 1989  
7:45 pm

PRESIDENTIAL REMARKS: U.S. CHAMBER OF COMMERCE  
CONSTITUTION HALL  
MAY 1, 1989  
10:15 a.m.

[Introductory remarks.... Acknowledgements of outgoing Chmn. Bill Kanaga, incoming Chmn. John Clendenin, Pres. Dick Leshner....]

I want to thank the Chamber of Commerce for providing me a chance to deliver a May Day message, American-style. On May Day, I always think about that celebration in the Soviet Union. All those red banners.... The big military parade.... Even the Economic Planning Ministry had a unit in the parade -- two hundred economists marching along yelling, "Mayday! Mayday!"

Today, that is beginning to change. Even the socialist world is beginning to see that socialism isn't just another economic system -- it's the death of economics. There's a new breeze blowing -- nations the world over are coming to recognize that free enterprise is the wave of the future. That's a promising forecast for prosperity -- and for world peace.

In the United States, the single most significant economic indicator of this decade is up one, as of today: we have enjoyed 77 full months of the longest peacetime economic expansion in American history.

Without a doubt, this long-running economic expansion has been good for American business, and for the American worker. In

the past 77 months, we've added nearly twenty million new jobs -- and more Americans have moved up on the pay scale. Since 1982, the number of jobs paying less than \$5 dollars an hour is down 25%, while jobs paying \$10 or more dollars an hour have increased by 95%. Unemployment is at its lowest point in the past 15 years.

During this economic expansion, America's industrial output is up 40% -- overall growth, up 29%. For those with an eye on the international competition, that's more than double Europe's industrial output, and slightly higher than Japan's.

And the expansion has been just as good to the average American family. Per capita personal income is up 19% -- and that's take home "after tax" pay, adjusted for inflation. Real median family income has reached a new high.

That's quite an economic success story. Our challenge now is to keep it going. We can -- and we will.

We've all heard the naysayers. I think there are a few out there whose predictions of economic disaster are now in their 78th straight month....

The naysayers are wrong -- but why? What they've underestimated is the resilience, the remarkable responsiveness of the free enterprise system. You can focus on government so long, that you forget that it's the private sector that's home to the innovation and economic creativity that powers this expansion.

I've been a small businessman myself, starting out with an idea, and building it into a business. I know the risks -- and the rewards: the payoff in pride when you succeed....

Actually, not that much has changed: I've still got something in common with a lot of small businessmen in America. I also work out of my house....

Entrepreneurs know this simple truth: nothing wagered, nothing won. That's why I want a government that prompts entrepreneurs to take risks -- not a government that forces them to take refuge.

That doesn't mean government's only job is simply to stand back and step out of the way. There's plenty for the government to do, to make sure commerce is free and fair, and to maintain a climate where free enterprise can take place and prosper.

And today, the federal government's number one economic priority is dealing with the deficit.

We've made a good start. The budget agreement Congress and my Administration concluded two weeks ago will keep the federal deficit below the Gramm-Rudman target. And we haven't sacrificed our social or national security responsibilities in the process. The budget level we've agreed on will allow us to discharge the critical duties of government. We'll be able to provide for our national security, meet the needs of the disadvantaged, and accelerate the funding of several high-priority programs.

Our agreement sends a signal -- to the American people, and to our trading partners: we're serious about getting that deficit down.

And the deficit is coming down, not only in straight dollar terms, but as a percentage of our annual GNP. We're cutting the deficit by two-thirds, from a high of 6.3% of GNP in 1983, to a projected 1.7% in 1990.

One word more about the budget agreement for 1990. We've agreed to \$5.3 billion dollars in "new revenues" as part of the deal. You're going to hear a lot about those "new revenues" in the months ahead -- so let me say my piece now.

First of all, let me assure you: "new revenues" isn't a code word for new taxes. I've given my word many times, and I'll give it again today: no new taxes means just that.

And I'll make it so clear that even the duck hunters among us will understand: we won't raise taxes with word games. We all know a tax when we see one -- and you won't see any in the agreement I've signed onto.

I have news for the castor-oil club -- the gang that's trying hard to get us to swallow new taxes. That's bad medicine for the economy. The deficit exists because we over-spend -- not because we're under-taxed.

I could be wrong, but I don't think there's a person in this room ready to stand up and say they're undertaxed.

Let me tell you what my favorite source of new revenue is. We don't have to raise tax rates -- we have to release the energies of free enterprise.

In a growing economy, tax revenues will take care of themselves. In fiscal 1990 alone -- thanks to expanding economic activity -- the Treasury will take in more than \$80 billion dollars in increased revenues, not through higher taxes, but under the existing tax structure.

So let's not hunt for ways to wring another dollar in taxes out of our economy -- let's concentrate on creating conditions for continued growth.

That's why I've called on Congress to restore the capital gains differential. In 1990 alone, this step would bring an extra \$4.8 billion dollars into the federal treasury -- and that doesn't count increased economic activity spurred by a lower tax rate. That \$4.8 billion is the lion's share of the \$5.3 billion we need in the way of "new revenues" under our budget agreement -- and my estimate is on the conservative side.

Let's take a look at what our competitors are doing. Canada's maximum capital gains tax rate is about half the U.S. rate. The same is true for Sweden and France. Japan's rate? ...A scant 5%. West Germany exempts all long-term capital gains from any tax whatever -- and among the newly industrialized economies of the Pacific rim, Singapore, Hong Kong and South Korea have no capital gains tax at all.

Among our competitors, those low rates contribute to low capital costs. Cutting our own capital gains rates would encourage productive investment -- in addition to generating the "new revenues" we need to meet our deficit reduction agreement.

I think the case for a capital gains cut is a strong one, but there are several other economic issues I want to discuss here today.

First, a pressing problem with important consequences for our long term fiscal health: the S&L situation. This Administration recognized the immediate need to take action to stabilize the S&L system. Less than three weeks after taking office, we sent to Congress a comprehensive S&L reform plan -- one designed to stop the dollar drain and deal with insolvent thrifts, and restore confidence in the S&L system.

The Senate passed an S&L package with a resounding majority: 91 to 8. I urge the House to move quickly to give us the tools we need to reform the S&L system by passing my bill quickly -- with its central provisions intact.

And I have a second message for the Congress, as it debates an increase in the minimum wage. I've indicated my support for increasing the minimum wage over three years to \$4.25 an hour. I also want to establish a six-month training wage for new workers at the current \$3.35 rate, and expand the exemption from minimum wage requirements for all small businesses with annual sales under half a million dollars.

It's time for those who want a higher wage to move beyond the rhetoric, and take a look at the consequences. We all know the studies that show a 10% increase in the minimum wage will cost America between one hundred and two hundred thousand jobs for those who need them most.

What happens when minimum-wage workers open that pay envelope expecting a fatter paycheck -- and find a pink slip instead? An irresponsible increase in the minimum wage will cost jobs, as employers cut back to compensate for increased costs. \$4.25 is as far as I can go -- it's my first and final offer.

We must guard against conferring benefits by government mandate, and leaving employers to cope with the costs. I share your concern about legislative efforts to mandate medical and parental leave. I also believe that choice in child care is best made by parents -- not government -- and I know the Chamber of Commerce supports the concept of choice.

There are some child care initiatives up on Capitol Hill -- well-intended initiatives -- that would increase government intervention and crowd out parental choice. The child care tax credit initiatives I've proposed preserve choice -- letting parents decide whether to place their child in the care of a relative, in a church-run center, or in a public day care facility. Let's let parents decide what's right for themselves.

Finally, I'll close with a brief comment on an issue I know is vital to those of you here today -- vital, in fact, to all Americans in our evolving economy: International trade.

The global economy is a fact of life. It is no longer possible to draw a sharp line between domestic and international markets.

This Administration is committed to securing an open and fair world trading system -- because fair trade provides opportunities for America's competitiveness to come to the fore.

We have the ingenuity to be preeminent and the drive to succeed. Entrepreneurs like you are our ace in the hole.

Our challenge is to make the most of this competitive edge. That's why we will work vigorously to break down barriers abroad, while keeping markets open here at home.

If any country -- including the United States -- is fooled into thinking that a closed market can be a prosperous one, they're wrong. Closed markets mean closed doors to opportunity -  
- and that means less prosperity. [pause]

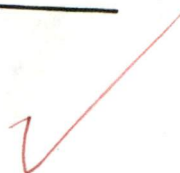
The Chamber of Commerce has always stood for economic freedom -- and I know you share my view that there is no surer route to prosperity and progress than the system of free enterprise.

The message of the past 77 months is clear: We can keep the economy strong, sustain the longest expansion in American history, and ensure America a productive and prosperous future -- provided that government policies preserve the greatest possible freedom for American enterprise to innovate, create and compete.

Thank you.

*MASTER*

**WHITE HOUSE STAFFING MEMORANDUM**



DATE: 4/25/89

ACTION/CONCURRENCE/COMMENT DUE BY: 4/26/89 c.o.b.

SUBJECT: PRESIDENTIAL REMARKS: U.S. CHAMBER OF COMMERCE

	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"/>	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 directly to Chriss Winston, Rm. 122, x2930, no later than c.o.b. Wednesday, April 26, 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

McGroarty/Simon  
April 25, 1989  
6:45 pm  
Draft 3

1989 APR 25 PM 7:1

PRESIDENTIAL REMARKS: U.S. CHAMBER OF COMMERCE  
~~WASHINGTON, D.C.~~ *Constitution Hall*  
*Monday,* MAY 1, 1989  
*10:15 AM*

[Introductory remarks.... Acknowledgements of outgoing  
Chmn. Bill Kanagka, incoming Chmn. John Clendenin, Pres. Dick  
Leshner....]

I want to thank the Chamber of Commerce for providing me a  
chance to deliver a May Day message, American-style. On May Day,  
I always think about that celebration in the Soviet Union. All  
those red banners.... The big military parade.... Even the  
Economic Planning Ministry had a unit in the parade -- two  
hundred economists marching along yelling, "Mayday! Mayday!" *((PAUSE))*

Today, that is beginning to change. Even the socialist  
world is beginning to see that socialism isn't just another  
economic system -- it's the death of economics. Nations the  
world over are coming to recognize that free enterprise is the  
wave of the future. That's a promising forecast for prosperity -  
- and for world peace.

In the United States, the single most significant economic  
indicator of this decade is up one, as of today: *we have enjoyed*  
today begins *the longest peacetime expansion*  
the *7<sup>th</sup> full* months of ~~uninterrupted~~ economic growth in ~~the~~ American  
*history*  
economy..

Without a doubt, this long-running economic expansion has  
been good for American business, and for the American worker. In

*the past*

2

these 77 months, we've added ~~over~~ <sup>nearly</sup> twenty million new jobs -- and more Americans have moved up on the pay scale. Since 1982, the number of jobs paying less than \$5 dollars an hour is down <sup>25</sup> ~~30~~%, while jobs paying \$10 or more dollars an hour have increased by <sup>95</sup> ~~80~~%. Unemployment is at its lowest point in the past 15 years.

*During this economic expansion,*

In ~~these 77 months~~, America's industrial output is up <sup>40</sup> ~~33~~% -- overall growth, up <sup>29</sup> ~~26~~%. For those with an eye on the international competition, that's a more rapid rate of growth <sup>than double</sup> ~~than~~ <sup>Europe's</sup> ~~than~~ <sup>industrial</sup> ~~than~~ <sup>output</sup> ~~than~~ <sup>and slightly higher than</sup> ~~than~~ Japan's reports for that same period, and it's double that of ~~Europe.~~

And the expansion has been just as good to the average American family. ~~Per~~ <sup>Real</sup> per capita personal income is up <sup>19</sup> ~~17~~% -- and that's take-home "after tax" pay, adjusted for inflation. ~~In~~ <sup>Real</sup> ~~1987~~, median family income <sup>has</sup> reached a new high, -- ~~and it's~~ continued to climb since then.

That's quite an economic success story. Our challenge now is to keep it going. We can -- and we will.

78

We've all heard the naysayers. I think there are a few out there whose predictions of economic disaster are now in their ~~76~~ <sup>78</sup>th straight month....

The naysayers are wrong -- but why? What they've underestimated is the resilience, the remarkable responsiveness of the free enterprise system. You can focus on government so long, that you forget that it's the private sector that's home to the innovation and economic creativity that powers this expansion.

I've been a small businessman myself, starting out with an idea, and building it into a business. I know the risks -- and the rewards: the payoff in pride when you succeed....

((Actually, not that much has changed: I've still got something in common with a lot of small businessmen in America. I also work out of my house.... ))

Entrepreneurs know this simple truth: nothing wagered, nothing won. That's why I want a government that prompts entrepreneurs to take risks -- not a government that forces them to take refuge.

That doesn't mean government's only job is simply to stand back and step out of the way. There's plenty for the government to do, to make sure commerce is free and fair, and to maintain a climate where free enterprise can take place and prosper.

And today, the federal government's number one economic priority is dealing with the deficit.

We've made a good start. The budget agreement Congress and my Administration concluded two weeks ago will keep <sup>the</sup> federal <sup>deficit</sup> spending below the Gramm-Rudman target. And we haven't sacrificed our social or national security responsibilities in the process. The budget level we've agreed on will allow us to discharge the critical duties of government. We'll be able to provide for our national security, meet the needs of the disadvantaged, and accelerate the funding of several high-priority programs.

Our agreement sends a signal -- to the American people, and to our trading partners: we're serious about getting that deficit down.

And the deficit is coming down, not only in straight dollar terms, but as a percentage of our annual GNP. We've cut the deficit in half, from a high of ~~5.7%~~<sup>6.3</sup> of GNP in 1986, to a projected ~~2.9%~~<sup>3.1</sup> in 1990. <sup>By the end of this fiscal year, we will have cut the deficit by two-thirds.</sup>

One word more about the budget agreement for 1990. We've agreed to \$5.3 billion dollars in "new revenues" as part of the deal. You're going to hear a lot about those "new revenues" in the months ahead -- so let me say my piece now.

First of all, let me assure you: "new revenues" isn't a code word for new taxes. I've given my word many times, and I'll give it again today: no new taxes means just that.

And I'll make it so clear that even the duck hunters among us will understand: we won't raise taxes with word games. We all know a tax when we see one -- and you won't see any in the agreement I've signed onto.

I have news for the castor-oil club -- the gang that's trying hard to get us to swallow new taxes. That's bad medicine for the economy. The deficit exists because we over-spend -- not because we're under-taxed.

Let me tell you what my favorite source of new revenue is. We don't have to raise tax rates -- we have to release the energies of free enterprise.

In a growing economy, tax revenues will take care of themselves. In <sup>FY</sup> 1990 alone -- thanks to expanding economic activity -- the Treasury will take in <sup>more than</sup> \$80 billion dollars in increased revenues, not through higher taxes, but under the existing tax structure.

That's why I've called on Congress to cut the capital gains tax. In 1990 alone, increased ~~economic activity~~ <sup>see comments</sup> spurred by a cut in capital gains would bring an extra \$4.8 billion dollars into the federal treasury. <sup>and that doesn't count increased economic activity spurred by a lower tax rate.</sup> That's the lion's share of the \$5.3 billion dollars we need in the way of "new revenues" under our budget agreement -- and my estimate is on the conservative side.

So let's not hunt for ways to wring another dollar in taxes out of our economy -- let's concentrate on creating conditions for continued growth.

Let's take a look at what our competitors are doing. Canada's <sup>tax rate is</sup> ~~taxes~~ capital gains <sup>at about half the rate that we do.</sup> So do <sup>the same is</sup> Sweden and France. <sup>How about</sup> Japan's rate? <sup>For entrepreneurs who built their businesses from scratch:</sup> ...A scant 5%. West Germany exempts all long-term capital gains <sup>on securities</sup> from any tax whatever -- and <sup>1%</sup> among the <sup>\$</sup> newly industrialized economies of the Pacific rim, five out of six have no capital gains tax at all.

Among our competitors, those low rates contribute to low capital costs. Cutting our own capital gains rates would encourage productive investment -- in addition to generating the "new revenues" we need to meet our deficit reduction agreement.

I think the case for a capital gains cut is a strong one,

but there are several other economic issues I want to discuss here today.

First, a pressing problem with important <sup>consequences for</sup> ~~to~~ our long term fiscal health: the S&L situation. This Administration recognized the immediate need to take action to stabilize the S&L system. Less than three weeks after taking office, we <sup>proposed</sup> ~~sent~~ to ~~Congress~~ a comprehensive S&L reform plan -- one designed to stop the dollar drain and deal with insolvent thrifts, and restore confidence in the S&L system.

The Senate passed <sup>an S&L</sup> ~~my~~ package with a resounding majority: 91 to 8. I urge the House to move quickly to give us the tools we need to <sup>reform</sup> ~~repair~~ the S&L system by passing my bill quickly -- with its central provisions intact.

And I have a second message for <sup>the</sup> Congress, as it debates an increase in the minimum wage. I've indicated my support for increasing the minimum wage over three years to \$4.25 an hour. I also want to establish a six-month training wage for new workers at the <sup>current</sup> ~~old~~ \$3.35 rate, and expand the exemption from minimum wage requirements for all small businesses with annual sales under half a million dollars.

It's time for those who want a higher wage to move beyond the rhetoric, and take a look at the consequences. We all know the studies that show <sup>that each</sup> a 10% increase in the minimum wage will <sup>cost America between</sup> ~~result in a loss of~~ one hundred to two hundred thousand jobs, <sup>for those who need them most.</sup>

What happens when minimum-wage workers open that pay envelope expecting a fatter paycheck -- and find a pink slip

instead? An irresponsible increase in the minimum wage will cost jobs, as employers cut back to compensate for increased costs. \$4.25 is as far as I can go -- it's my first and final offer.

Finally, I'll close with a brief comment on an issue I know is vital to those of you here today -- vital, in fact, to all Americans in our evolving economy: International trade.

The global economy is a fundamental fact of economic life. It is no longer possible to draw a sharp line between domestic and international markets.

This Administration is committed to securing a truly free world trading system -- and we can't have free trade without fair trade.

*insert USTR!*  
This is no time to wall off the American economy, in hopes of securing U.S. companies against foreign competition. It is high time to work with our trade partners to lower the barriers to free and fair trade, for the benefit of all alike.

You have my word that the United States government will seek with added energy to open up foreign markets now closed to U.S. exports. Protectionism runs dead against a global trend towards more open and extensive commerce between nations -- and I'm dead set against protectionism. [pause]

The Chamber of Commerce has always stood for economic freedom -- and I know you share my view that there is no surer route to prosperity and progress than the system of free enterprise.

The message of the past 77 months is clear: We can keep the economy strong, sustain (the longest <sup>peaceful</sup> expansion in American history,) and ensure America a productive and prosperous future -- provided that government policies preserve the greatest possible freedom for American enterprise to innovate, create and compete.

Thank you.