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

OA/ID Number: 13522
Folder ID Number: 13522-014

Folder Title:
American Electronics Association 3/7/90 [OA 4728] [1]

Stack:	Row:	Section:	Shelf:	Position:
G	25	6	7	7

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

March 7, 1990

REMARKS BY THE PRESIDENT
TO THE AMERICAN ELECTRONICS ASSOCIATION

The Washington Court Hotel
Washington, D.C.

11:42 A.M. EST

THE PRESIDENT: Mitchell, thank you. After listening to him, I'm glad it was the other guy from Massachusetts that I ran against a couple of years ago. (Laughter.) But really, thank you for that warm welcome, and I'm delighted to be here, and of course delighted to see Dick Iverson and so many familiar faces out here. Many of you came a long way to be here -- and so I won't ask you to sit through a long speech. The punishment should fit the crime. (Laughter.) Jim Baker stole my favorite story -- you remember about the kid who went to church with his grandfather, and he said, "Granddad, what are all the flags along the side of the church for?" And the grandfather said, "Well, that's for those who died in service." The kid said, "Oh, really? The 9:00 a.m. service, or the 11:00 a.m. service?" (Laughter.) So I will try to be -- wasn't this Duke Ellington Band great? Listen, thank you -- the choir, just fantastic. Thank you. (Applause.)

And it is an honor -- really, I mean it -- and pleasure to be here back with this Association. And you are the leaders of a vital range of our most innovative and interrelated industries -- from semiconductors, microprocessors and circuit boards, to PCs, and mainframes, supercomputers, telecommunications, and defense electronics.

But at every stage of that impressive technological "food chain," yours are the people -- and the products -- that really keep this country competitive. I'd add a special tip of the hat to President Gary Tooker of Motorola, winner of last year's Malcolm Baldrige Quality Award. It's a prestigious award, and sets a great example for the rest of this country. So, congratulations. Where is he? I can't see with the light. Gary, congratulations to you. (Applause.)

But for almost 50 years now, your industries have been at the center of a remarkable revolution: in the way work is done, the way ideas are managed -- even the way time and the vast reaches of space are understood.

And along the way, you've also become the nation's largest manufacturing employer -- creating jobs for over two and a half million Americans. Modernizing services and industries of every kind. Assuring our national security. And providing a vital export market.

As technologies, economies, and geopolitics change almost weekly, your industries stand at a threshold of tremendous opportunity.

Our first priority is to encourage productivity gains, savings, long-term investment in high-tech industries, by lowering the cost of capital.

We believe that one of the most crucial federal priorities is to encourage planning for the long term -- because, for

MORE

too long, where investment is concerned, the federal government has been more of a hindrance than a help. And so we intend to work with you closely, constantly and consistently to see that American electronics and technologies regain and retain a permanent position in world markets.

Last month, we sent to Congress our Savings and Economic Growth Act -- which includes an innovative family savings plan, to stimulate capital formation. New incentives for IRAs to help first-time home buyers. And a business-building, job-creating, revenue-enhancing cut in the capital gains tax. (Applause.)

Without it, every business in America -- of every size -- is at a competitive disadvantage abroad. Now, let me read you, lest you have forgotten, a list of the maximum long-term capital gains tax rates for some of America's competitors. Japan: about five percent; South Korea: zero; Taiwan: zero; West Germany: zero; Singapore: zero; Hong Kong: zero. And the list goes on. And why some American politicians don't understand the importance of this capital gains differential, I do not know. It's pure politics. (Applause.) And so we're going to fight hard, with your continued support, for that crucial tax cut.

Along with encouraging investment, we've proposed a budget that will bring the deficit down. Below those Gramm-Rudman-Hollings targets. Without raising taxes. And, we're committed to unprecedented support for R & D -- research and development efforts. We believe that the R & E tax credit should be made permanent. And our budget includes a record-breaking \$70 billion in federal direct investment for research and development.

Our budget also devotes unprecedented resources to space. Education. The fight against drugs. Environmental initiatives. And other crucial investments in our own future.

Such investments, over the years, have ensured that this country has retained its leadership in terms of the basic research and fundamental discoveries underlying your industry. This administration is also committed to working with you in the critical pre-competitive development stage where the basic discoveries are converted into generic technologies that support both our economic competitiveness and our national security. Here again we can help to level the international playing field on which you compete.

But we understand, as you do, that no investment is more important than our human resources. So together with the nation's governors, we have set ambitious national goals for America's students. As one incentive, we've proposed a new National Science Scholars program. We have also requested a 70 percent increase for the Eisenhower Math and Sciences Educational Program and a \$100 million increase in the National Science Foundation education budget.

By the year 2000, our kids can be first in the world in science and math achievement -- and with enough involvement and leadership from groups like this, they will be first. (Applause.)

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We agreed that we must both do our very best to make these SII talks a success. We've presented ideas for removing structural impediments in Japan and they have presented ideas to us about our own structural impediments. We remember, therefore, that it is a two-way street. Our task must be to make the American economy even stronger and even more competitive.

But we're also committed to strengthening and expanding the multilateral trading system, through the Uruguay round. I just can't tell you how important a successful conclusion of that round is for American business -- for business all around the world. We've proposed far-reaching reforms of the global trading system, working to bring a wide range of new trade areas under the GATT. These crucial negotiations will help us create a more equitable, more efficient trade climate, worldwide.

I've made it a priority to review and modernize our export controls, to provide vital help to the emerging democracies, without compromising national security. Given the pace of political change, rapid advances in technology, and the competitive position of American industry, we must ensure that export controls are effective or eliminated. I am happy to report this week we have a team at COCOM in Paris negotiating the modernization of export controls on computers. These controls have been an important part of our security for decades, and I know our allies want to work with us to ensure their relevance in the 1990s.

To provide a further competitive edge for American firms, we will support legislation to reduce the antitrust uncertainty that may discourage joint production ventures. Under such a proposal, the courts would weigh, on a case-by-case basis, the competitive benefits as well as costs of joint production ventures. In addition, joint production ventures announced to the government would be liable only for actual damages in private antitrust suits. Such an initiative would build on the competitive strength of American business, by allowing firms to pool their skills, build new production facilities, and share investment risks.

One risk you all face -- and it's not just business -- citizens working in associations and volunteer organizations, in schools -- everywhere -- one risk that you all face at an intolerable level -- is liability. In your case, I'm talking about product liability. And the Council on Competitiveness, ably chaired by Vice President Quayle, has already begun a concentrated effort to significantly reform our cumbersome and expensive product liability system. It's about time that we made ourselves more competitive by getting rid of those lawsuits and claims that are purely frivolous and patently unfair. (Applause.)

And so today, I'm going to give the Competitiveness Council another challenge: to find ways that American industry can better translate new ideas and technologies into marketable products.

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MORE

work together, and with us, on a long-term program to meet the competitive challenge of a new century. It's a great pleasure to have been here with you.

Thank you very much. And God bless you all. And thank you, again, to the Duke Ellington choir. (Applause.)

END

11:56 A.M. EST

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MORE

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Thank you very much. And God bless you all. And thank you, again, to the Duke Ellington choir. (Applause.)

END

11:56 A.M. EST

WHITE HOUSE STAFFING MEMORANDUM

DATE: 3/6/90 ACTION/CONCURRENCE/COMMENT DUE BY: ---

SUBJECT: PRESIDENTIAL REMARKS: AMERICAN ELECTRONICS ASSOCIATION

	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 checked="" type="checkbox"/>	PORTER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DARMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGICH	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BATES	<input type="checkbox"/>	<input checked="" type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>ROGERS</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>WINSTON</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>PINKERTON</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>BOSKIN</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
GRAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>BROMLEY</u>	<input type="checkbox"/>	<input checked="" 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

1990 MAR -5 PM 9:02

March 5, 1990

INFORMATION

MEMORANDUM TO THE PRESIDENT

THROUGH: CHRISS WINSTON *W*

FROM: MARK LANGE *M*

SUBJECT: REMARKS TO THE AMERICAN ELECTRONICS ASSOCIATION

I. SUMMARY

On Wednesday, March 7, at 11:30 a.m., you will speak to the American Electronics Association. Your remarks are 14 minutes in length and will be TelePrompted. The audience will be made up of approximately 400 senior high-tech industry executives.

II. DISCUSSION

Your remarks applaud the work of the electronics industry, particularly the diversity of innovative products that this industry offers. The remarks stress the need for the American electronics industry to regain its preeminent position as you briefly outline steps taken by the Administration, such as the Savings and Economic Growth Act, as well as our goals in international trade.

(Lange/Cawley)
March 5, 1990
8:15 P.M.
[AEA.DOC]

PRESIDENTIAL REMARKS: AMERICAN ELECTRONICS ASSOCIATION
WASHINGTON COURT HOTEL
WEDNESDAY, MARCH 7, 1990
11:30 A.M.

((Thank you, Mitchell [Kertzman]. It's good to see Dick Iverson and so many familiar faces. Many of you came a long way to be here -- so I won't ask you to sit through a long speech. The punishment should fit the crime.

((You know I'm a real fan of high tech. In fact, I've had a car phone for years. Back when I was Vice President, though, I didn't get that many calls on my car phone. In fact, I remember a campaign trip in Iowa once. The phone rings. I sit up to attention, assuming it was the boss. I'm ready to answer the tough questions. I pick up the phone -- you got it. Wrong number.))

((But those were the early years of car phones. I don't get too many wrong numbers anymore.)) \\

It's an honor and a pleasure to be here today. You are the leaders of a vital range of our most innovative and interrelated industries -- from semiconductors, microprocessors and circuit boards... to PCs, mainframes, supercomputers, telecommunications, and defense electronics.

But at every stage of that impressive technological "food chain," yours are the people -- and the products -- that keep

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So we intend to work with you -- closely, constantly, and consistently -- to see that American electronics and technologies regain and retain a preeminent position in world markets. \\\

We're committed to a comprehensive program of both immediate and long-term competitive strategies for the future. And while we're only at the start of a process that shows great promise, today I want to outline briefly what we're already doing.

Our first priority is to encourage productivity gains, savings, and long-term investment in high-tech industries, by lowering the cost of capital.

We believe that one of the most crucial Federal priorities is to encourage planning for the long term -- because, for too long, where investment is concerned, the Federal government has been more of a hindrance than a help.

So last month, we sent to Congress our Savings and Economic Growth Act -- which includes an innovative family savings plan, to stimulate capital formation. New incentives for IRAs to help first-time home buyers. And a business-building, job-creating, revenue-enhancing cut in the capital gains differential.

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Notes - why left

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Thank you. And God bless you.

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DATE: 3/5/90 ACTION/CONCURRENCE/COMMENT DUE BY: 3/5/90 4:00 PM

SUBJECT: PRESIDENTIAL REMARKS: AMERICAN ELECTRONICS ASSOCIATION

*CW,
your
hand!*

	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"/>
<u>SCOWCROFT</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGICH <i>OK</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>WINSTON</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST <i>N/C</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>PINKERTON</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>BOSKIN</u> <i>5012</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>BROMLEY</u>	<input checked="" 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 4:00 TODAY, Monday, March 5, with a copy to my office. Thank you.

RESPONSE:

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

(Lange/Cawley)
March 3, 1990
5:15 P.M.
[AEA.DOC]

1990 MAR -5 AM 8:29

PRESIDENTIAL REMARKS: AMERICAN ELECTRONICS ASSOCIATION
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WEDNESDAY, MARCH 7, 1990
11:30 A.M.

((Thank you, Mitchell [Kertzman]. It's good to see, ^{DICK IVERSON and} so many familiar faces. Many of you came a long way to be here -- so I won't ask you to sit through a long speech. The punishment should fit the crime.

~~Which reminds me of a story. An orchestra was having a bad season. The critics were howling. Then one day the first violinist was murdered. Turns out the conductor did it.~~

~~He was tried, and convicted, and on the morning he was going to the electric chair they asked him if he had any last requests. He said, "I would like a banana."~~

~~So they let him eat a banana. Then they turned on the voltage. No effect. So they doubled it. Still no effect. He just sat there grinning. They asked him, "How is this possible? Was it the banana?" And he said, "No, I guess I'm just a bad conductor." \\ \\))~~

It's an honor and a pleasure to have you here today. You are the leaders of a **vital** range of our most innovative and interrelated industries -- from semiconductors, micro^{processors}chips and circuit boards... to PCs, mainframes, ^{supercomputers,} telecommunications, and defense electronics.

But at **every** stage of that impressive technological "food chain," yours are the people -- and the products -- that keep this country competitive. I'd add a special tip of the hat to President Gary Tooker of Motorola, winner of last year's Malcolm Baldrige ^{National} Quality Award.

For almost 50 years now, your industries have been at the center of a remarkable revolution: in the way work is done, the way ideas are managed -- even the way time and the vast reaches of space are understood.

And along the way, you've also become the nation's largest manufacturing ^{employer} industry -- creating jobs for over two and a half **million** Americans. Modernizing services and industries of every kind. Assuring our national security. And providing a vital export market.

As technologies, economies, and geopolitics change almost weekly, your industries stand at a threshold of tremendous opportunity.

So we intend to work with you -- closely, constantly, and consistently -- to **see that American electronics and technologies** ^{9.} **regain and retain a preeminent position in world markets.**

We're committed to a comprehensive program of both immediate **and** long-term competitive strategies for the future. And while we're only at the start of a process that shows great promise, today I want to outline briefly what we're already doing.

Our first priority is to encourage productivity gains, savings, and long-term investment in high-tech industries, by **lowering** the cost of capital.

We believe that one of the most crucial Federal priorities is to encourage planning for the long term -- because for too long, where investment is concerned, the Federal government has been more of a hindrance than a help.

So last month we sent to Congress our Savings and Economic Growth Act -- which includes an innovative family savings plan, to stimulate capital formation. New incentives for IRAs, *to help first-time home buyers*. And a **business-building, job-creating, revenue-enhancing cut** in the **capital gains differential**.

Without it, every business in America -- of every size -- is at a competitive disadvantage abroad. So we're fighting hard, with your continued support, for that crucial tax cut. *insert C*

~~First~~ We've ^{also} proposed a budget that will bring the deficit **down**. *by 1993*
Below the Gramm-Rudman-Hollings targets. Without raising taxes. \\\

Along with encouraging investment, *and* we're committed to **unprecedented support for research and development efforts**.

We believe that the R & E tax credit should be made permanent. \\
 And our budget includes a record-breaking \$70 billion in Federal direct investment for research and development.

Our budget devotes unprecedented resources to space. Education. ~~The National Science Foundation~~, The fight against

drugs. Environmental initiatives. And other crucial investments in America's future.

insert A
 But we understand, as you do, that **no investment is more important than our human resources**. So together with the nation's governors, we've set ambitious goals for America's students. As ^{one} ~~an~~ incentive, we've proposed a new National Science Scholars program of scholarships, ~~and~~ *We have also* requested a 70 percent increase for the Eisenhower Math and Sciences Educational Program, *and a \$100 million increase in the National Science Foundation Education budget*.

We're committed: By the year 2000, our kids **can** be first in the world in science and math achievement -- and **with enough involvement and leadership from groups like this one, they will be**.

Your industries face some unique challenges. The marketplace is tough enough without undue constraints and unfair restrictions.

So we've pledged to make sure that trade is free, and fair -- through judicious but firm implementation of the 1988 trade Act, ~~including its provisions concerning unfair trade~~, and vigorous enforcement of the Super 301 provisions. This ~~month, at the next round of talks, we intend to~~ ~~insert E~~. ?

We're moving forward with Japan, through the Structural Impediments Initiative -- and by working to develop a more productive relationship overall. Just last weekend I met with Prime Minister Kaifu, who ~~agreed~~ ~~insert E and F~~.

But we're also committed to strengthening and expanding the ^{trading system} multilateral ~~talks~~, through the Uruguay Round. We've proposed

far-reaching reforms of the global trading system, working to bring a wide range of new trade areas under the GATT. These crucial negotiations will help us create a more equitable, more efficient trade climate, worldwide.

Insert D

I've made the **relaxing of export controls** a personal priority -- especially with an eye toward Eastern Europe. Given the pace of political change, new developments in technology, and the competitive position of American industry, we have a team negotiating an interim policy this week, at COCOM in Paris. I'm confident that we'll be able to revise and modernize our export controls, to provide vital help to the emerging democracies, **without** compromising national security.

edge
 To provide further competitive ~~benefits~~ ^{edge} for American firms, ~~we're looking at legislation to allow them to join forces in~~ *we will support legislation to reduce the anti-trust uncertainty that may discourage* ~~joint production ventures.~~ *insert B* We would support a proposal where ~~anti-trust aspects are assessed by the courts, on a case-by-case~~ *Such as* ~~basis.~~ This initiative would build on the competitive strength of American business, by allowing firms to pool ^{their} skills, build new production facilities, and share investment risks.

level
 One risk you **all** face, of course -- ~~to a great and~~ *at an intolerable* ~~unfortunate degree~~ -- is product liability. And the Council on Competitiveness, chaired by Vice President Quayle, ^{has} ~~is~~ already *begun* ~~working for significantly~~ *a concentrated effort to* reform of our cumbersome and expensive product liability system.

Today I'm going to offer ^{give the Competitiveness} that council another challenge: ~~to form a working group,~~ to find ways that American industry can better translate new ideas and technologies into marketable products.

So many of the world's most advanced technologies, from robotics to the VCR, were first developed here. ^{Yet,} And so many of those concepts were ultimately brought to the marketplace by our competitors. **We can do better. And we will do better.**

Today I've outlined some of what we're doing to level the field. But it will be leaders like you that have to take the ball and run with it.

You represent the vital core of America's competitive potential, with over 3500 of the most dynamic, technologically advanced, forward-thinking companies in the country.

Your ideas are important to us. And your success is crucial to America's future. So let me encourage you to work together, and with us, on a long-term program to meet the competitive challenge of a new century.

Thank you. And God bless you.

#

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

MEMORANDUM FOR CHRISS WINSTON

The NSC staff recommends changes on page 4 as note and the entire first paragraph on page 5 to read:

I've made it a priority to review and modernize our export controls, to provide vital help to the emerging democracies, without compromising national security. Given the pace of political change, rapid advances in technology, and the competitive position of American industry, we must ensure that export controls are effective or eliminated. I am happy to report that this week we have a team at COCOM in Paris negotiating the modernization of export controls on computers. These controls have been an important part of our security for decades, and I know our allies want to work with us to ensure their relevance in the 1990's.

insert D

Brent Scowcroft

cc: James C. Cicconi

NSC

Additions for p. 4 of speech to American electronics Association.

INSERT A, E

I specifically discussed satellites, ^{and telecommunications} super computers, forest products, and yes, semi conductors, with Prime Minister Kaifu in Palm Springs. I hope, on the basis of our talks, that Japan will be moving toward early resolution of these problem areas.

INSERT B

~~and we~~ agreed that we must both do our very best to make the SII talks a success. We have presented ideas for removing structural impediments in Japan. However, we must remember that SII is a two way street. ~~Americans must increase our savings, reduce our budget deficit, provide more incentives for investors, strengthen our educational system, and focus on producing goods of the highest quality.~~ Our task is to make the American economy even stronger and even more competitive, ~~and that is a task for America, not Japan.~~

Trade

drugs. Environmental initiatives. And other crucial investments in America's future.

But we understand, as you do, that no investment is more important than our human resources. So together with the nation's governors, we've set ambitious goals for America's students. As an incentive, we've proposed a new National Science Scholars program of scholarships, and requested a 70 percent increase for the Eisenhower Math and Sciences Educational Program.

We're committed: By the year 2000, our kids can be first in the world in science and math achievement -- and with enough involvement and leadership from groups like this one, they will be.

Your industries face some unique challenges. The marketplace is tough enough without undue constraints and unfair restrictions.

So we've pledged to make sure that trade is free, and fair -- through judicious but firm implementation of the 1988 trade Act, ~~(and vigorous enforcement of the Super 301 provisions. This month, at the next round of talks, we intend to~~

We're moving forward with Japan, through the Structural Impediments Initiative -- and by working to develop a more productive relationship overall. ^{Insert} Just last weekend I met with Prime Minister Kaifu, who agreed _____.

But we're also committed to strengthening and expanding the multilateral ^{trading system} ~~talks~~, through the Uruguay Round. We've proposed

We are also continuing bilateral discussions in the satellite, supercomputer, forest products, semiconductors and telecommunications sectors.

*ON the prompter
just write ~~what~~ first
line of flag John*

(Lange/Cawley)
March 5, 1990
8:15 P.M.
[AEA.DOC]

PRESIDENTIAL REMARKS:

AMERICAN ELECTRONICS ASSOCIATION
WASHINGTON COURT HOTEL
WEDNESDAY, MARCH 7, 1990
11:30 A.M.

*then ship a space
and when I start
John move to last
line and wait.*

((Thank you, Mitchell [Kertzman]. It's good to see Dick Iverson and so many familiar faces. Many of you came a long way to be here -- so I won't ask you to sit through a long speech.

The punishment should fit the crime.

Love the story of the kid who went to church with his grandfather
((You know I'm a real fan of high tech. In fact, I've had a car phone for years. Back when I was Vice President, though, I didn't get that many calls on my car phone. In fact, I remember a campaign trip in Iowa once. The phone rings. I sit up to attention, assuming it was the boss. I'm ready to answer the tough questions. I pick up the phone -- you got it. Wrong number.)) *9 o'clock or 11 o'clock service.*

((But those were the early years of car phones. I don't get too many wrong numbers anymore.)) \ \

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But at every stage of that impressive technological "food chain," yours are the people -- and the products -- that keep

this country competitive. I'd add a special tip of the hat to President Gary Tooker of Motorola, winner of last year's Malcolm Baldrige National Quality Award.

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And along the way, you've also become the nation's largest manufacturing employer -- creating jobs for over two and a half million Americans. Modernizing services and industries of every kind. Assuring our national security. And providing a vital export market.

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Our first priority is to encourage productivity gains, savings, and long-term investment in high-tech industries, by lowering the cost of capital.

We believe that one of the most crucial Federal priorities is to encourage planning for the long term -- because, for too long, where investment is concerned, the Federal government has been more of a hindrance than a help.

So last month, we sent to Congress our Savings and Economic Growth Act -- which includes an innovative family savings plan, to stimulate capital formation. New incentives for IRAs to help first-time home buyers. And a business-building, job-creating, revenue-enhancing cut in the capital gains ~~tax rate~~^{tax}.

Without it, every business in America -- of every size -- is at a competitive disadvantage abroad. Let me read you a list of the maximum long-term capital gains tax rate for some of America's competitors. Japan: about five percent; South Korea: zero; Taiwan: zero; West Germany: zero; Singapore: zero; Hong Kong: zero. The list goes on. So we're fighting hard, with your continued support, for that crucial tax cut.

Along with encouraging investment, we've proposed a budget that will bring the deficit down. Below the Gramm-Rudman-Hollings targets by 1993. Without raising taxes. \\ And, we're committed to unprecedented support for research and development efforts. We believe that the R & E tax credit should be made permanent. \\ And our budget includes a record-breaking \$70 billion in Federal direct investment for research and development.

Our budget also devotes unprecedented resources to space. Education. The fight against drugs. Environmental initiatives. And other crucial investments in America's future.

Such investments, over the years, have ensured that this country has retained its leadership in terms of the basic research and fundamental discoveries underlying your industry. This Administration is also committed to working with you in the critical pre-competitive development stage where the basic discoveries are converted into generic technologies that support both our economic competitiveness and our national security. Here again we can help to level the international playing field on which you compete.

But we understand, as you do, that no investment is more important than our human resources. So together with the nation's governors, we've set ambitious goals for America's students. As one incentive, we've proposed a new National Science Scholars program. We have also requested a 70 percent increase for the Eisenhower Math and Sciences Educational Program and a \$100 million increase in the National Science Foundation education budget.

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We agreed that we must both do our very best to make the SII talks a success. We have presented ideas for removing structural impediments in Japan. However, we must remember that SII is a two way street. Our task must be to make the American economy even stronger and even more competitive.

But we're also committed to strengthening and expanding the multilateral trading system, through the Uruguay Round. We've proposed far-reaching reforms of the global trading system, working to bring a wide range of new trade areas under the GATT. These crucial negotiations will help us create a more equitable, more efficient trade climate, worldwide.

I've made it a priority to review and modernize our export controls, to provide vital help to the emerging democracies, without compromising national security. Given the pace of political change, rapid advances in technology, and the competitive position of American industry, we must ensure that export controls are effective or eliminated. I am happy to

report that this week we have a team at COCOM in Paris negotiating the modernization of export controls on computers. These controls have been an important part of our security for decades, and I know our allies want to work with us to ensure their relevance in the 1990's.

To provide a further competitive edge for American firms, we will support legislation to reduce the anti-trust uncertainty that may discourage joint production ventures. Under such a proposal, the courts would weigh, on a case-by-case basis, the competitive benefits as well as costs of joint production ventures. In addition, joint production ventures announced to the government would be liable only for actual damages in private anti-trust suits. Such an initiative would build on the competitive strength of American business, by allowing firms to pool their skills, build new production facilities, and share investment risks.

One risk you all face, of course -- at an intolerable level -- is product liability. And the Council on Competitiveness, ably chaired by Vice President Quayle, has already begun a concentrated effort to significantly reform our cumbersome and expensive product liability system. *It is about time we made ourselves more competitive by*
 Today, I'm going to give the Competitiveness Council another challenge: ~~to form a working group~~ to find ways that American industry can better translate new ideas and technologies into marketable products.

the lawsuits, and claims that are frivolous and ^{patently} unfair. getting rid of some of those ~~lawsuits~~

So many of the world's most advanced technologies, from robotics to the VCR, were first developed here. Yet, so many of those concepts were ultimately brought to the marketplace by our competitors. We can do better. And we will do better.

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Thank you. And God bless you.

###

FILE 10:28

**AMERICAN ELECTRONICS ASSOCIATION \ 11:30 A.M.
WASHINGTON COURT HOTEL \ WEDNESDAY, MARCH 7, 1990**

**THANK YOU, MITCHELL [KERTZMAN]. IT'S GOOD TO SEE
DICK IVERSON AND SO MANY FAMILIAR FACES. MANY OF YOU
CAME A LONG WAY TO BE HERE -- SO I WON'T ASK YOU TO SIT
THROUGH A LONG SPEECH. THE PUNISHMENT SHOULD FIT THE
CRIME.**

**((LOVE THE STORY OF THE KID WHO WENT TO CHURCH WITH
HIS GRANDFATHER . . .**

. . . 9 O'CLOCK OR 11 O'CLOCK SERVICE.))

- 2 -

**IT'S AN HONOR AND A PLEASURE TO BE HERE TODAY. YOU
ARE THE LEADERS OF A VITAL RANGE OF OUR MOST INNOVATIVE
AND INTERRELATED INDUSTRIES -- FROM SEMICONDUCTORS,
MICROPROCESSORS AND CIRCUIT BOARDS... TO PCs,
MAINFRAMES, SUPERCOMPUTERS, TELECOMMUNICATIONS, AND
DEFENSE ELECTRONICS.**

**BUT AT EVERY STAGE OF THAT IMPRESSIVE TECHNOLOGICAL
"FOOD CHAIN," YOURS ARE THE PEOPLE -- AND THE
PRODUCTS -- THAT KEEP THIS COUNTRY COMPETITIVE.**

I'D ADD A SPECIAL TIP OF THE HAT TO PRESIDENT GARY
TOOKER OF MOTOROLA, WINNER OF LAST YEAR'S MALCOLM
BALDRIDGE NATIONAL QUALITY AWARD.

FOR ALMOST 50 YEARS NOW, YOUR INDUSTRIES HAVE BEEN
AT THE CENTER OF A REMARKABLE REVOLUTION: IN THE WAY
WORK IS DONE, THE WAY IDEAS ARE MANAGED -- EVEN THE WAY
TIME AND THE VAST REACHES OF SPACE ARE UNDERSTOOD.

AND ALONG THE WAY, YOU'VE ALSO BECOME THE NATION'S
LARGEST MANUFACTURING EMPLOYER -- CREATING JOBS FOR
OVER TWO AND A HALF MILLION AMERICANS. MODERNIZING
SERVICES AND INDUSTRIES OF EVERY KIND. ASSURING OUR
NATIONAL SECURITY. AND PROVIDING A VITAL EXPORT
MARKET.

AS TECHNOLOGIES, ECONOMIES, AND GEOPOLITICS CHANGE
ALMOST WEEKLY, YOUR INDUSTRIES STAND AT A THRESHOLD OF
TREMENDOUS OPPORTUNITY.

OUR FIRST PRIORITY IS TO ENCOURAGE PRODUCTIVITY GAINS, SAVINGS, AND LONG-TERM INVESTMENT IN HIGH-TECH INDUSTRIES, BY LOWERING THE COST OF CAPITAL.

WE BELIEVE THAT ONE OF THE MOST CRUCIAL FEDERAL PRIORITIES IS TO ENCOURAGE PLANNING FOR THE LONG TERM -- BECAUSE, FOR TOO LONG, WHERE INVESTMENT IS CONCERNED, THE FEDERAL GOVERNMENT HAS BEEN MORE OF A HINDRANCE THAN A HELP.

SO WE INTEND TO WORK WITH YOU -- CLOSELY,
CONSTANTLY, AND CONSISTENTLY -- TO SEE THAT AMERICAN
ELECTRONICS AND TECHNOLOGIES REGAIN AND RETAIN A
PREEMINENT POSITION IN WORLD MARKETS. \\\

WE'RE COMMITTED TO A COMPREHENSIVE PROGRAM OF BOTH
IMMEDIATE AND LONG-TERM COMPETITIVE STRATEGIES FOR THE
FUTURE. AND WHILE WE'RE ONLY AT THE START OF A PROCESS
THAT SHOWS GREAT PROMISE, TODAY I WANT TO OUTLINE
BRIEFLY WHAT WE'RE ALREADY DOING.

SO LAST MONTH, WE SENT TO CONGRESS OUR SAVINGS AND ECONOMIC GROWTH ACT -- WHICH INCLUDES AN INNOVATIVE FAMILY SAVINGS PLAN, TO STIMULATE CAPITAL FORMATION. NEW INCENTIVES FOR IRAS TO HELP FIRST-TIME HOME BUYERS. AND A BUSINESS-BUILDING, JOB-CREATING, REVENUE-ENHANCING CUT IN THE CAPITAL GAINS TAX.

WITHOUT IT, EVERY BUSINESS IN AMERICA -- OF EVERY SIZE -- IS AT A COMPETITIVE DISADVANTAGE ABROAD. LET ME READ YOU A LIST OF THE MAXIMUM LONG-TERM CAPITAL GAINS TAX RATE FOR SOME OF AMERICA'S COMPETITORS. JAPAN: ABOUT FIVE PERCENT; SOUTH KOREA: ZERO; TAIWAN: ZERO; WEST GERMANY: ZERO; SINGAPORE: ZERO; HONG KONG: ZERO. THE LIST GOES ON. SO WE'RE FIGHTING HARD, WITH YOUR CONTINUED SUPPORT, FOR THAT CRUCIAL TAX CUT.

ALONG WITH ENCOURAGING INVESTMENT, WE'VE PROPOSED A BUDGET THAT WILL BRING THE DEFICIT DOWN. BELOW THE GRAMM-RUDMAN-HOLLINGS TARGETS BY 1993. WITHOUT RAISING TAXES. \\ AND, WE'RE COMMITTED TO UNPRECEDENTED SUPPORT FOR RESEARCH AND DEVELOPMENT EFFORTS. WE BELIEVE THAT THE R & E TAX CREDIT SHOULD BE MADE PERMANENT. \\ AND OUR BUDGET INCLUDES A RECORD-BREAKING \$70 BILLION IN FEDERAL DIRECT INVESTMENT FOR RESEARCH AND DEVELOPMENT.

OUR BUDGET ALSO DEVOTES UNPRECEDENTED RESOURCES TO SPACE. EDUCATION. THE FIGHT AGAINST DRUGS. ENVIRONMENTAL INITIATIVES. AND OTHER CRUCIAL INVESTMENTS IN AMERICA'S FUTURE.

SUCH INVESTMENTS, OVER THE YEARS, HAVE ENSURED THAT THIS COUNTRY HAS RETAINED ITS LEADERSHIP IN TERMS OF THE BASIC RESEARCH AND FUNDAMENTAL DISCOVERIES UNDERLYING YOUR INDUSTRY.

THIS ADMINISTRATION IS ALSO COMMITTED TO WORKING WITH YOU IN THE CRITICAL PRE-COMPETITIVE DEVELOPMENT STAGE WHERE THE BASIC DISCOVERIES ARE CONVERTED INTO GENERIC TECHNOLOGIES THAT SUPPORT BOTH OUR ECONOMIC COMPETITIVENESS AND OUR NATIONAL SECURITY. HERE AGAIN WE CAN HELP TO LEVEL THE INTERNATIONAL PLAYING FIELD ON WHICH YOU COMPETE.

BUT WE UNDERSTAND, AS YOU DO, THAT NO INVESTMENT IS MORE IMPORTANT THAN OUR HUMAN RESOURCES.

SO TOGETHER WITH THE NATION'S GOVERNORS, WE'VE SET AMBITIOUS GOALS FOR AMERICA'S STUDENTS. AS ONE INCENTIVE, WE'VE PROPOSED A NEW NATIONAL SCIENCE SCHOLARS PROGRAM. WE HAVE ALSO REQUESTED A 70 PERCENT INCREASE FOR THE EISENHOWER MATH AND SCIENCES EDUCATIONAL PROGRAM AND A \$100 MILLION INCREASE IN THE NATIONAL SCIENCE FOUNDATION EDUCATION BUDGET.

BY THE YEAR 2000, OUR KIDS CAN BE FIRST IN THE WORLD IN SCIENCE AND MATH ACHIEVEMENT -- AND WITH ENOUGH INVOLVEMENT AND LEADERSHIP FROM GROUPS LIKE THIS ONE, THEY WILL BE.

YOUR INDUSTRIES FACE SOME UNIQUE CHALLENGES. THE MARKETPLACE IS TOUGH ENOUGH WITHOUT UNDUE CONSTRAINTS AND UNFAIR RESTRICTIONS.

SO WE'VE PLEDGED TO MAKE SURE THAT TRADE IS FREE, AND FAIR -- BY JUDICIOUSLY BUT FIRMLY IMPLEMENTING THE 1988 TRADE ACT. WE'RE MOVING FORWARD WITH JAPAN THROUGH THE STRUCTURAL IMPEDIMENTS INITIATIVE AND BY WORKING TO DEVELOP A MORE PRODUCTIVE RELATIONSHIP OVERALL. JUST LAST WEEKEND, I MET WITH PRIME MINISTER KAIFU AND SPECIFICALLY DISCUSSED SATELLITES AND TELECOMMUNICATIONS, SUPER COMPUTERS, FOREST PRODUCTS, AND YES, SEMI-CONDUCTORS.

I HOPE, ON THE BASIS OF OUR TALKS, THAT JAPAN WILL BE MOVING TOWARD EARLY RESOLUTION OF THESE PROBLEM AREAS.

WE AGREED THAT WE MUST BOTH DO OUR VERY BEST TO MAKE THE SII TALKS A SUCCESS. WE HAVE PRESENTED IDEAS FOR REMOVING STRUCTURAL IMPEDIMENTS IN JAPAN. HOWEVER, WE MUST REMEMBER THAT SII IS A TWO WAY STREET. OUR TASK MUST BE TO MAKE THE AMERICAN ECONOMY EVEN STRONGER AND EVEN MORE COMPETITIVE.

BUT WE'RE ALSO COMMITTED TO STRENGTHENING AND EXPANDING THE MULTILATERAL TRADING SYSTEM, THROUGH THE URUGUAY ROUND. WE'VE PROPOSED FAR-REACHING REFORMS OF THE GLOBAL TRADING SYSTEM, WORKING TO BRING A WIDE RANGE OF NEW TRADE AREAS UNDER THE GATT. THESE CRUCIAL NEGOTIATIONS WILL HELP US CREATE A MORE EQUITABLE, MORE EFFICIENT TRADE CLIMATE, WORLDWIDE.

I'VE MADE IT A PRIORITY TO REVIEW AND MODERNIZE OUR EXPORT CONTROLS, TO PROVIDE VITAL HELP TO THE EMERGING DEMOCRACIES, WITHOUT COMPROMISING NATIONAL SECURITY. GIVEN THE PACE OF POLITICAL CHANGE, RAPID ADVANCES IN TECHNOLOGY, AND THE COMPETITIVE POSITION OF AMERICAN INDUSTRY, WE MUST ENSURE THAT EXPORT CONTROLS ARE EFFECTIVE OR ELIMINATED. I AM HAPPY TO REPORT THAT THIS WEEK WE HAVE A TEAM AT COCOM IN PARIS NEGOTIATING THE MODERNIZATION OF EXPORT CONTROLS ON COMPUTERS.

THESE CONTROLS HAVE BEEN AN IMPORTANT PART OF OUR SECURITY FOR DECADES, AND I KNOW OUR ALLIES WANT TO WORK WITH US TO ENSURE THEIR RELEVANCE IN THE 1990'S.

TO PROVIDE A FURTHER COMPETITIVE EDGE FOR AMERICAN FIRMS, WE WILL SUPPORT LEGISLATION TO REDUCE THE ANTI-TRUST UNCERTAINTY THAT MAY DISCOURAGE JOINT PRODUCTION VENTURES. UNDER SUCH A PROPOSAL, THE COURTS WOULD WEIGH, ON A CASE-BY-CASE BASIS, THE COMPETITIVE BENEFITS AS WELL AS THE COSTS OF JOINT PRODUCTION

IN ADDITION, JOINT PRODUCTION VENTURES ANNOUNCED TO THE GOVERNMENT WOULD BE LIABLE ONLY FOR ACTUAL DAMAGES IN PRIVATE ANTI-TRUST SUITS. SUCH AN INITIATIVE WOULD BUILD ON THE COMPETITIVE STRENGTH OF AMERICAN BUSINESS, BY ALLOWING FIRMS TO POOL THEIR SKILLS, BUILD NEW PRODUCTION FACILITIES, AND SHARE INVESTMENT RISKS.

ONE RISK YOU ALL FACE, OF COURSE -- AT AN INTOLERABLE LEVEL -- IS PRODUCT LIABILITY.

AND THE COUNCIL ON COMPETITIVENESS, ABLY CHAIRED BY VICE PRESIDENT QUAYLE, HAS ALREADY BEGUN A CONCENTRATED EFFORT TO SIGNIFICANTLY REFORM OUR CUMBERSOME AND EXPENSIVE PRODUCT LIABILITY SYSTEM. IT IS ABOUT TIME WE MADE OURSELVES MORE COMPETITIVE BY GETTING RID OF THE LAWSUITS AND CLAIMS THAT ARE FRIVOLOUS AND PATENTLY UNFAIR.

TODAY, I'M GOING TO GIVE THE COMPETITIVENESS COUNCIL ANOTHER CHALLENGE: TO FIND WAYS THAT AMERICAN INDUSTRY CAN BETTER TRANSLATE NEW IDEAS AND TECHNOLOGIES INTO MARKETABLE PRODUCTS.

SO MANY OF THE WORLD'S MOST ADVANCED TECHNOLOGIES, FROM ROBOTICS TO THE VCR, WERE FIRST DEVELOPED HERE.

YET, SO MANY OF THOSE CONCEPTS WERE ULTIMATELY BROUGHT TO THE MARKETPLACE BY OUR COMPETITORS. WE CAN DO BETTER. AND WE WILL DO BETTER.

TODAY, I'VE OUTLINED SOME OF WHAT WE'RE DOING TO LEVEL THE FIELD. BUT IT WILL BE LEADERS LIKE YOU THAT HAVE TO TAKE THE BALL AND RUN WITH IT.

**YOU REPRESENT THE VITAL CORE OF AMERICA'S
COMPETITIVE POTENTIAL, WITH OVER 3500 OF THE MOST
DYNAMIC, TECHNOLOGICALLY ADVANCED, FORWARD-THINKING
COMPANIES IN THE COUNTRY.**

**YOUR IDEAS ARE IMPORTANT TO US. AND YOUR SUCCESS
IS CRUCIAL TO AMERICA'S FUTURE. SO LET ME ENCOURAGE
YOU TO WORK TOGETHER, AND WITH US, ON A LONG-TERM
PROGRAM TO MEET THE COMPETITIVE CHALLENGE OF A NEW
CENTURY.**

THANK YOU. AND GOD BLESS YOU. # # #



PRESIDENTIAL REMARKS: AMERICAN ELECTRONICS ASSOCIATION
WASHINGTON COURT HOTEL
WEDNESDAY, MARCH 7, 1990
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And along the way, you've also become the nation's largest manufacturing employer -- creating jobs for over two and a half million Americans. Modernizing services and industries of every kind. Assuring our national security. And providing a vital export market.

As technologies, economies, and geopolitics change almost weekly, your industries stand at a threshold of tremendous opportunity.

So we intend to work with you -- closely, constantly, and consistently -- to see that American electronics and technologies regain and retain a preeminent position in world markets. \\

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Our first priority is to encourage productivity gains, savings, and long-term investment in high-tech industries, by lowering the cost of capital.

We believe that one of the most crucial Federal priorities is to encourage planning for the long term -- because, for too long, where investment is concerned, the Federal government has been more of a hindrance than a help.

So last month, we sent to Congress our Savings and Economic Growth Act -- which includes an innovative family savings plan, to stimulate capital formation. New incentives for IRAs to help first-time home buyers. And a **business-building, job-creating, revenue-enhancing cut in the capital gains tax.**

Without it, every business in America -- of every size -- is at a competitive disadvantage abroad. Let me read you a list of the maximum long-term capital gains tax rate for some of America's competitors. Japan: about five percent; South Korea:

zero; Taiwan: zero; West Germany: zero; Singapore: zero; Hong Kong: zero. The list goes on. So we're fighting hard, with your continued support, for that crucial tax cut.

Along with encouraging investment, we've proposed a budget that will bring the deficit down. Below the Gramm-Rudman-Hollings targets by 1993. Without raising taxes. \ \ And, we're committed to **unprecedented support for research and development efforts**. We believe that the R & E tax credit should be made permanent. \ \ And our budget includes a record-breaking \$70 billion in Federal direct investment for research and development.

Our budget also devotes unprecedented resources to space. Education. The fight against drugs. Environmental initiatives. And other crucial investments in America's future.

Such investments, over the years, have ensured that this country has retained its leadership in terms of the basic research and fundamental discoveries underlying your industry. This Administration is also committed to working with you in the critical pre-competitive development stage where the basic discoveries are converted into generic technologies that support both our economic competitiveness and our national security. Here again we can help to level the international playing field on which you compete.

But we understand, as you do, that **no investment is more important than our human resources**. So together with the nation's governors, we've set ambitious goals for America's

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By the year 2000, our kids can be first in the world in science and math achievement -- and with enough involvement and leadership from groups like this one, they will be.

Your industries face some unique challenges. The marketplace is tough enough without undue constraints and unfair restrictions.

So we've pledged to make sure that trade is free, and fair -- by judiciously but firmly implementing the 1988 Trade Act. We're moving forward with Japan through the Structural Impediments Initiative and by working to develop a more productive relationship overall. Just last weekend, I met with Prime Minister Kaifu and specifically discussed satellites and telecommunications, super computers, forest products, and yes, semi-conductors. I hope, on the basis of our talks, that Japan will be moving toward early resolution of these problem areas.

We agreed that we must both do our very best to make the SII talks a success. We have presented ideas for removing structural impediments in Japan. However, we must remember that SII is a two way street. Our task must be to make the American economy even stronger and even more competitive.

But we're also committed to strengthening and expanding the multilateral trading system, through the Uruguay Round. We've proposed far-reaching reforms of the global trading system, working to bring a wide range of new trade areas under the GATT. These crucial negotiations will help us create a more equitable, more efficient trade climate, worldwide.

I've made it a priority to review and modernize our export controls, to provide vital help to the emerging democracies, without compromising national security. Given the pace of political change, rapid advances in technology, and the competitive position of American industry, we must ensure that export controls are effective or eliminated. I am happy to report that this week we have a team at COCOM in Paris negotiating the modernization of export controls on computers. These controls have been an important part of our security for decades, and I know our allies want to work with us to ensure their relevance in the 1990's.

To provide a further competitive edge for American firms, we will support legislation to reduce the anti-trust uncertainty that may discourage joint production ventures. Under such a proposal, the courts would weigh, on a case-by-case basis, the competitive benefits as well as costs of joint production ventures. In addition, joint production ventures announced to the government would be liable only for actual damages in private anti-trust suits. Such an initiative would build on the competitive strength of American business, by allowing firms to

pool their skills, build new production facilities, and share investment risks.

One risk you all face, of course -- at an intolerable level -- is product liability. And the Council on Competitiveness, ably chaired by Vice President Quayle, has already begun a concentrated effort to significantly reform our cumbersome and expensive product liability system. It is about time we made ourselves more competitive by getting rid of the lawsuits and claims that are frivolous and patently unfair.

Today, I'm going to give the Competitiveness Council another challenge: **to find ways that American industry can better translate new ideas and technologies into marketable products.**

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Today, I've outlined some of what we're doing to level the field. But it will be leaders like you that have to take the ball and run with it.

You represent the vital core of America's competitive potential, with over 3500 of the most dynamic, technologically advanced, forward-thinking companies in the country.

Your ideas are important to us. And your success is crucial to America's future. So let me encourage you to work together, and with us, on a long-term program to meet the competitive challenge of a new century. Thank you. And God bless you.

THE WHITE HOUSE

WASHINGTON

1990 MAR -5 PM 9:02

March 5, 1990

THE PRESIDENT HAS SEEN

INFORMATION

MEMORANDUM TO THE PRESIDENT

THROUGH:

CHRISS WINSTON *cw*

FROM:

MARK LANGEN *ML*

SUBJECT:

REMARKS TO THE AMERICAN ELECTRONICS ASSOCIATION

I. SUMMARY

On Wednesday, March 7, at 11:30 a.m., you will speak to the American Electronics Association. Your remarks are 14 minutes in length and will be TelePrompted. The audience will be made up of approximately 400 senior high-tech industry executives.

II. DISCUSSION

Your remarks applaud the work of the electronics industry, particularly the diversity of innovative products that this industry offers. The remarks stress the need for the American electronics industry to regain its preeminent position as you briefly outline steps taken by the Administration, such as the Savings and Economic Growth Act, as well as our goals in international trade.

MR. PRESIDENT:

This draft references the decision on joint production ventures, which is on your desk at the present time.

JC

(Lange/Cawley)
March 5, 1990
8:15 P.M.
[AEA.DOC]

PRESIDENTIAL REMARKS: AMERICAN ELECTRONICS ASSOCIATION
WASHINGTON COURT HOTEL
WEDNESDAY, MARCH 7, 1990
11:30 A.M.

Thank you, Mitchell [Kertzman]. It's good to see Dick Iverson and so many familiar faces. Many of you came a long way to be here -- so I won't ask you to sit through a long speech. The punishment should fit the crime.

((Love the story of the kid who went to church with his grandfather . . .

. . . 9 o'clock or 11 o'clock service.))

It's an honor and a pleasure to be here today. You are the leaders of a vital range of our most innovative and interrelated industries -- from semiconductors, microprocessors and circuit boards... to PCs, mainframes, supercomputers, telecommunications, and defense electronics.

But at every stage of that impressive technological "food chain," yours are the people -- and the products -- that keep this country competitive. I'd add a special tip of the hat to President Gary Tooker of Motorola, winner of last year's Malcolm Baldrige National Quality Award.

For almost 50 years now, your industries have been at the center of a remarkable revolution: in the way work is done, the

way ideas are managed -- even the way time and the vast reaches of space are understood.

And along the way, you've also become the nation's largest manufacturing employer -- creating jobs for over two and a half million Americans. Modernizing services and industries of every kind. Assuring our national security. And providing a vital export market.

As technologies, economies, and geopolitics change almost weekly, your industries stand at a threshold of tremendous opportunity.

So we intend to work with you -- closely, constantly, and consistently -- to see that American electronics and technologies regain and retain a preeminent position in world markets. \\\

We're committed to a comprehensive program of both immediate and long-term competitive strategies for the future. And while we're only at the start of a process that shows great promise, today I want to outline briefly what we're already doing.

Our first priority is to encourage productivity gains, savings, and long-term investment in high-tech industries, by lowering the cost of capital.

We believe that one of the most crucial Federal priorities is to encourage planning for the long term -- because, for too long, where investment is concerned, the Federal government has been more of a hindrance than a help.

So last month, we sent to Congress our Savings and Economic Growth Act -- which includes an innovative family savings plan,

to stimulate capital formation. New incentives for IRAs to help first-time home buyers. And a **business-building, job-creating, revenue-enhancing cut in the capital gains tax.**

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discoveries are converted into generic technologies that support both our economic competitiveness and our national security. Here again we can help to level the international playing field on which you compete.

But we understand, as you do, that **no investment is more important than our human resources.** So together with the nation's governors, we've set ambitious goals for America's students. As one incentive, we've proposed a new National Science Scholars program. We have also requested a 70 percent increase for the Eisenhower Math and Sciences Educational Program and a \$100 million increase in the National Science Foundation education budget.

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Thank you. And God bless you.

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*Final
Approved*

(Lange/Cawley)
March 3, 1990
5:15 P.M.
[AEA.DOC]

PRESIDENTIAL REMARKS: AMERICAN ELECTRONICS ASSOCIATION
WASHINGTON COURT HOTEL
WEDNESDAY, MARCH 7, 1990
11:30 A.M.

((Thank you, Mitchell [Kertzman]. It's good to see Dick Iverson and so many familiar faces. Many of you came a long way to be here -- so I won't ask you to sit through a long speech. The punishment should fit the crime.

((You know I'm a real fan of high tech. In fact, I've had a car phone for years. Back when I was Vice President, though, I didn't get that many calls on my car phone. In fact, I remember a campaign trip in Iowa once. The phone rings. I sit up to attention, assuming it was the boss. I'm ready to answer the tough questions. I pick up the phone -- you got it. Wrong number.))

((But those were the early years of car phones. I don't get too many wrong numbers anymore.))

But it's an honor and a pleasure to be here today. You are the leaders of a vital range of our most innovative and interrelated industries -- from semiconductors, microprocessors and circuit boards... to PCs, mainframes, supercomputers, telecommunications, and defense electronics.

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Thank you. And God bless you.

#

WHITE HOUSE STAFFING MEMORANDUM 1695

90 FEB 2 P7:22

DATE: 3/5/90 ACTION/CONCURRENCE/COMMENT DUE BY: 3/5/90 4:00 PM

SUBJECT: PRESIDENTIAL REMARKS: AMERICAN ELECTRONICS ASSOCIATION

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BATES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>ROGERS</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>WINSTON</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>PINKERTON</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>BOSKIN</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>BROMLEY</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	<u> </u>	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: Please forward any comments directly to Chriss Winston, Rm. 122, x2930, no later than 4:00 TODAY, Monday, March 5, with a copy to my office. Thank you.

RESPONSE: Please see attached.

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

80 FEB 5 41:55

90 MAR 5 49:32

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

March 5, 1990

MEMORANDUM FOR CHRISS WINSTON

The NSC staff recommends changes on page 4 as note and the entire first paragraph on page 5 to read:

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Brent Scowcroft

cc: James C. Cicconi

(Lange/Cawley)
March 3, 1990
5:15 P.M.
[AEA.DOC]

1990 MAR -5 AM 8:29

PRESIDENTIAL REMARKS: AMERICAN ELECTRONICS ASSOCIATION
WASHINGTON COURT HOTEL
WEDNESDAY, MARCH 7, 1990
11:30 A.M.

((Thank you, Mitchell [Kertzman]. It's good to see so many familiar faces. Many of you came a long way to be here -- so I won't ask you to sit through a long speech. The punishment should fit the crime.

Which reminds me of a story. An orchestra was having a bad season. The critics were howling. Then one day the first violinist was murdered. Turns out the conductor did it.

He was tried, and convicted, and on the morning he was going to the electric chair they asked him if he had any last requests. He said, "I would like a banana."

So they let him eat a banana. Then they turned on the voltage. No effect. So they doubled it. Still no effect. He just sat there grinning. They asked him, "How is this possible? Was it the banana?" And he said, "No, I guess I'm just a bad conductor." \\ \))

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But at **every** stage of that impressive technological "food chain," yours are the people -- and the products -- that keep this country competitive. I'd add a special tip of the hat to President Gary Tooker of Motorola, winner of last year's Malcolm Baldrige Quality Award.

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Without it, every business in America -- of every size -- is at a competitive disadvantage abroad. So we're fighting hard, with your continued support, for that crucial tax cut.

We've proposed a budget that will bring the deficit **down. Below** the Gramm-Rudman-Hollings targets. **Without** raising taxes. \\
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Along with encouraging investment, we're committed to **unprecedented support for research and development efforts.** We believe that the R & E tax credit should be made permanent. \\
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Your industries face some unique challenges. The marketplace is tough enough without undue constraints and unfair restrictions.

So we've pledged to make sure that trade is free, and fair -- through judicious but firm implementation of the 1988 trade Act, and vigorous enforcement of the Super 301 provisions. ~~This month, at the next round of talks, we intend to~~ Insert A.

We're moving forward with Japan, through the Structural Impediments Initiative -- and by working to develop a more productive relationship overall. Just last weekend I met with Prime Minister Kaifu, who agreed Insert B.

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Additions for p. 4 of speech to American electronics Association.

INSERT A

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INSERT B

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*Replacement
A*

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Thank you. And God bless you.

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WHITE HOUSE STAFFING MEMORANDUM

FEB 2 P4:03

DATE: 3/5/90 ACTION/CONCURRENCE/COMMENT DUE BY: 3/5/90 4:00 PM

SUBJECT: PRESIDENTIAL REMARKS: AMERICAN ELECTRONICS ASSOCIATION

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BATES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>ROGERS</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>WINSTON</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>PINKERTON</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>BOSKIN</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>BROMLEY</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	<u> </u>	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: Please forward any comments directly to Chriss Winston, Rm. 122, x2930, no later than 4:00 TODAY, Monday, March 5, with a copy to my office. Thank you.

RESPONSE: *See comments*

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

(Lange/Cawley)
March 3, 1990
5:15 P.M.
[AEA.DOC]

1990 MAR -5 AM 8:29

PRESIDENTIAL REMARKS: AMERICAN ELECTRONICS ASSOCIATION
WASHINGTON COURT HOTEL
WEDNESDAY, MARCH 7, 1990
11:30 A.M.

((Thank you, Mitchell [Kertzman]. It's good to see so many familiar faces. Many of you came a long way to be here -- so I won't ask you to sit through a long speech. The punishment should fit the crime.

Which reminds me of a story. An orchestra was having a bad season. The critics were howling. Then one day the first violinist was murdered. Turns out the conductor did it.

He was tried, and convicted, and on the morning he was going to the electric chair they asked him if he had any last requests. He said, "I would like a banana."

So they let him eat a banana. Then they turned on the voltage. No effect. So they doubled it. Still no effect. He just sat there grinning. They asked him, "How is this possible? Was it the banana?" And he said, "No, I guess I'm just a bad conductor." \\ \))

It's an honor and a pleasure to have you here today. You are the leaders of a vital range of our most innovative and interrelated industries -- from semiconductors, microchips and circuit boards... to PCs, mainframes, telecommunications, and defense electronics.

But at **every** stage of that impressive technological "food chain," yours are the people -- and the products -- that keep this country competitive. I'd add a special tip of the hat to President Gary Tooker of Motorola, winner of last year's Malcolm Baldrige Quality Award.

For almost 50 years now, your industries have been at the center of a remarkable revolution: in the way work is done, the way ideas are managed -- even the way time and the vast reaches of space are understood.

And along the way, you've also become the nation's largest manufacturing industry -- creating jobs for over two and a half **million** Americans. Modernizing services and industries of every kind. Assuring our national security. And providing a vital export market.

As technologies, economies, and geopolitics change almost weekly, your industries stand at a threshold of tremendous opportunity.

So we intend to work with you -- closely, constantly, and consistently -- to **see that American electronics and technologies regain and retain a preeminent position in world markets.**

We're committed to a comprehensive program of both immediate **and** long-term competitive strategies for the future. And while we're only at the start of a process that shows great promise, today I want to outline briefly what we're already doing.

Our first priority is to encourage productivity gains, savings, and long-term investment in high-tech industries, by **lowering** the cost of capital.

We believe that one of the most crucial Federal priorities is to encourage planning for the long term -- because for too long, where investment is concerned, the Federal government has been more of a hindrance than a help.

So last month we sent to Congress our Savings and Economic Growth Act -- which includes an innovative family savings plan, to stimulate capital formation. New incentives for IRAs. And a **business-building, job-creating, revenue-enhancing cut in the capital gains differential.**

Without it, every business in America -- of every size -- is at a competitive disadvantage abroad. So we're fighting hard, with your continued support, for that crucial tax cut.

We've proposed a budget that will bring the deficit **down. Below** the Gramm-Rudman-Hollings targets. Without raising taxes. \\

Along with encouraging investment, we're committed to **unprecedented support for research and development efforts.** We believe that the R & E tax credit should be made permanent. \\ And our budget includes a record-breaking \$70 billion in Federal direct investment for research and development.

Our budget devotes unprecedented resources to space. Education. The National Science Foundation. The fight against

drugs. Environmental initiatives. And other crucial investments in America's future.

But we understand, as you do, that **no investment is more important than our human resources**. So together with the nation's governors, we've set ambitious goals for America's students. As ^{one} ~~an~~ incentive, we've proposed a new National Science Scholars program of scholarships, ^{we have also} and requested a 70 percent increase for the Eisenhower Math and Sciences Educational Program, ^{and a \$100 million increase in the NSF Education budget.}

We're committed: By the year 2000, our kids **can** be first in the world in science and math achievement -- and **with enough involvement and leadership from groups like this one, they will be.**

Your industries face some unique challenges. The marketplace is tough enough without undue constraints and unfair restrictions.

So we've pledged to make sure that trade is free, and fair -- through judicious but firm implementation of the 1988 trade Act, and vigorous enforcement of the Super 301 provisions. This ^{should this be capitalized} month, at the next round of talks, we intend to _____.

We're moving forward with Japan, through the Structural Impediments Initiative -- and by working to develop a more productive relationship overall. Just last weekend I met with Prime Minister Kaifu, who agreed _____.

But we're also committed to strengthening and expanding the multilateral talks, through the Uruguay Round. We've proposed

HRV
+5178

HRV
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Proposed substitute paragraph on joint production ventures
(p. 5):

We will support legislation to reduce the anti-trust uncertainty that may discourage joint production ventures. Under such a proposal, the courts would weigh on a case-by-case basis the competitive benefits as well as costs of joint production ventures. In addition, joint production ventures announced to the Government would be liable only for actual damages in private anti-trust suits. Such an initiative would build on the competitive strength of American business, by allowing firms to pool skills, build new production facilities, and share investment risks.

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The purpose of this substitute is to avoid confusion on the part of the President's listeners. The paragraph sidesteps the issue of whether the Administration will actually introduce legislation and it clarifies the second point to be made regarding the reduction of anti-trust damages.

Hall
13120

far-reaching reforms of the global trading system, working to bring a wide range of new trade areas under the GATT. These crucial negotiations will help us create a more equitable, more efficient trade climate, worldwide.

I've made the **relaxing of export controls** a personal priority -- especially with an eye toward Eastern Europe. Given the pace of political change, new developments in technology, and the competitive position of American industry, we have a team negotiating an interim policy this week, at COCOM in Paris. I'm confident that we'll be able to revise and modernize our export controls, to provide vital help to the emerging democracies, **without** compromising national security.

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One risk you **all** face, of course -- to a great and unfortunate degree -- is product liability. And the Council on Competitiveness, chaired by Vice President Quayle, is already working for significant reform of our cumbersome and expensive product liability system.

We would support a proposal requiring a "rule of reason" test for the courts for such ventures and removing the risk of treble damages from private suits.

THIS HAS NOT BEEN APPROVED BY PRESIDENT YET

1/23/63

*Daly
1/23/63*

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GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>BROMLEY</u> →	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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RESPONSE: Suggested addition of the attached paragraph following the second line on the present page 4. Otherwise OK.

90 FEB 2 12:21 P2:21

D. Allan Bromley
 Assistant to the President
 for
 Science & Tech.

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

(Lange/Cawley)
March 3, 1990
5:15 P.M.
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#

Insert after first paragraph on page 4:

Such investments, over the years, have ensured that this country has retained its leadership in terms of the basic research and fundamental discoveries underlying your industry. This Administration is also committed to working with you in the critical precompetitive development stage where the basic discoveries are converted into generic technologies that support both our economic competitiveness and our national security. Here again we can help to level the international playing field on which you compete.

Insert A