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**Record Group/Collection:** George H.W. Bush Presidential Records  
**Collection/Office of Origin:** Speechwriting, White House Office of  
**Series:** Speech File Draft Files  
**Subseries:** Chron Files, 1989-1993

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**OA/ID Number:** 13523  
**Folder ID Number:** 13523-001

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**Folder Title:**  
American Electronics Association 3/7/90 [OA 4728] [2]

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Stack:	Row:	Section:	Shelf:	Position:
<b>G</b>	<b>26</b>	<b>16</b>	<b>2</b>	<b>1</b>

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THE WHITE HOUSE

WASHINGTON

90 FEB 2 P4: 33

March 5, 1990

MEMORANDUM FOR CHRISS WINSTON

FROM:

JIM PINKERTON

SUBJECT:

American Electronics Association

pg. 2, para. 5, line 2 "...to see that American electronics and technologies regain and retain a preeminent position in world markets."

The word "regain" clearly indicates that the President believes American electronics have lost their preeminent position in world markets. Perhaps this is what some (certainly not all) in the AEA wants to hear. But it is hard to see what purposes are served by this message other than to buttress the arguments of "economic nationalism," "managed trade," and Gephardtism.

The draft could go so far as to assert that America has been and is still #1 -- a position shared predominantly by the President's supporters and by students of the global electronics market like George Gilder. This would be done by omitting "regain" and saying "retain their preeminent position." On the other hand, both Gephardists and Free Traders will not be offended by the neutral phrase: "to see that American electronics...have a preeminent position." Either alternative seems better than to suggest that we have lost our leadership in this field.

3,3,3 The pro-Capital Gains tax rate cut language here is fine but, particularly with an audience as supportive as this one is on this policy, we should take the initiative to really drive home the point in a rousing way. We suggest that the President reel off the names of various competing countries with their respective low or non-existent capital gains tax rates. Thus the President could say: "Let me read you a list of the maximum long-term capital gain tax rate for some of America's competitors. Japan: about five percent; ~~Canada: 17.51 percent; South Korea: zero; France 16 percent; Taiwan: zero; West Germany: zero; Singapore: zero; Hong Kong: zero; Malaysia: zero; The Netherlands: zero.~~" *The list goes on.*

*insert C*

Needless to add: these figures should only be used after double-checking with Larry Lindsey for accuracy. (They

(more)

*6402  
Andy Motter*

were obtained from the attached table prepared by Arthur Anderson & Co., for the Securities Assoc. in March, 1987 and updated in March, 1989 by the American Council for Capital Formation Center for Policy Research.) Again, please check with Larry Lindsey of OPD and/or the CEA for accuracy.

###

ATTACHMENT

Table 2: Comparison of Individual Taxation of Capital Gains

on Portfolio Stock Investments in 1989				
COUNTRIES	Maximum Short-Term Capital Gain Tax Rate*	Maximum Long-Term Capital Gain Tax Rate*	Period to Qualify for Long-Term Gain Treatment	Maximum Annual Net Worth Tax Rate
<b>INDUSTRIALIZED</b>				
United States (A)	33.0%	33.0%	One Year	None
Australia	50.25%	50.25%	One Year	None
Belgium	Exempt	Exempt	None	None
Canada (B)	17.51%	17.51%	None	None
France (C)	16%	16%	None	None
Germany (D)	56%	Exempt	Six Months	0.5%
Italy	Exempt	Exempt	None	None
Japan (E)	5%	5%	None	None
Netherlands	Exempt	Exempt	None	0.8%
Sweden	45%	18%	Two Years	0.3%
United Kingdom (F)	40%	40%	None	None
<b>PACIFIC BASIN</b>				
Hong Kong	Exempt	Exempt	None	None
Indonesia	35%	35%	None	None
Malaysia	Exempt	Exempt	None	None
Singapore	Exempt	Exempt	None	None
South Korea	Exempt	Exempt	None	None
Taiwan	Exempt	Exempt	None	None

\*State, provincial and local taxes not included.

(A) The nominal tax rate for long- and short-term capital gains is 28 percent. The marginal rate, however, rises to 33 percent for joint returns between \$74,850 and \$155,370 and for single returns between \$44,900 and \$93,130 for calendar year 1989.

(B) Canadian residents are allowed an annual capital gains exemption of Canadian \$ 30,000 (\$22,998\*\*) subject to a cumulative exemption of up to Canadian \$500,000 (\$383,300\*\*) in 1990.

(C) Gains from proceeds of up to FF 272,000 (\$45,288\*\*) are exempt from taxation in a given taxable year.

(D) The first DM 1,000 (\$554\*\*) of short-term capital gains is exempt from tax.

(E) Japan's tax reform plan, which takes effect in 1989, imposes a maximum tax of approximately 5 percent on the sale of securities.

(F) Only gains and losses accrued since 1982 will be taxed; gains since 1982 are indexed.

\*\* Based on exchange rates as of March 31, 1987.

Source: Prepared by Arthur Andersen & Co., for the Securities Association in March, 1987; updated by the American Council for Capital Formation Center for Policy Research, March, 1989.



CAN'T afford to make mistakes.  
accurate → too long

NOT FINAL

WHITE HOUSE STAFFING MEMORANDUM 1695

DATE: 3/5/90

90 FEB 2 05:55

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

(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 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~~ 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.

But we're also committed to strengthening and expanding the 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.

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 <sup>for computers</sup> 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.

To provide further competitive benefits for American firms, we're looking at legislation to allow them to join forces in joint production ventures. We would support a proposal where anti-trust aspects are assessed by the courts, on a case-by-case basis. This initiative would build on the competitive strength of American business, by allowing firms to pool skills, build new production facilities, and share investment risks.

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.

Today I'm going to offer 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. 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.

# # #

THE WHITE HOUSE

WASHINGTON

March 5, 1990

MEMORANDUM FOR CHRISS WINSTON

FROM: ROGER PORTER *RBP*

SUBJECT: Presidential Remarks: American Electronics  
Association

We have reviewed the draft and have the following  
recommendations:

- o On p.3, the third line in the third paragraph should be changed to read "...to stimulate savings and capital formation. New incentives for IRAS which will help first time home buyers. And..." ✓
- o On p.3, the second line of the fifth paragraph should read "...Below the Gramm-Rudman-Hollings targets by 1993. Without raising..." ✓
- o On p.4, detail is not needed since Super 301 doesn't include semiconductors. The fifth paragraph should read " 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." The last sentence should be scrapped.

The second sentence of the last full paragraph should read "Just last weekend I met with Prime Minister Kaifu and reached a strong political commitment to successful conclusion of all our trade talks, including Super 301 and the Structural Impediments Initiative."

- o On p.6, the second line in the second paragraph should read "...robotics to the VCR, were first developed here. Yet, so many..." ✓

cc: James W. Cicconi

## WHITE HOUSE STAFFING MEMORANDUM

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"/>
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**RESPONSE:**

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and Deputy to the Chief of Staff  
Ext. 2702

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

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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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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.

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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 <sup>savings and</sup> capital formation. New incentives for IRAs. <sup>which will help true home buyers</sup> 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. <sup>by 1993</sup> 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 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.~~ *including its provisions concerning unfair trade.* ~~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. Just last weekend I met with Prime Minister Kaifu, ~~who agreed~~ *and reached a strong political commitment to successful conclusion of all our trade talks, including* But we're also committed to strengthening and expanding the multilateral talks, through the Uruguay Round. We've proposed

*Detail not needed -- Super 301 doesn't include semiconductors*

*Super 301 and SFF.*

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.

To provide further competitive benefits for American firms, we're looking at legislation to allow them to join forces in **joint production ventures**. We would support a proposal where anti-trust aspects are assessed by the courts, on a case-by-case basis. This initiative would build on the competitive strength of American business, by allowing firms to pool skills, build new production facilities, and share investment risks.

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.

LBL??

6

Today I'm going to offer 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. ~~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.

# # #

EXECUTIVE OFFICE OF THE PRESIDENT  
COUNCIL OF ECONOMIC ADVISERS

Date: 3/5/90

To: Michael Boskin

From: Doug Holtz-Eakin

Comments on Presidential  
remarks to the American  
Electronics Association.

Due 4:00 today.

HR 243  
lead promoter of  
the efforts of  
metal casting industry

## COUNCIL OF ECONOMIC ADVISERS

X 5147

March 5, 1990

TO: MICHAEL BOSKIN

FROM: DOUG HOLTZ-EAKIN ~~TH~~

SUBJECT: Presidential Remarks: American Electronics Association

90 FEB 2 4: 27

I looked at the draft of the remarks. There are several changes that are needed.

- o (Page 2) Some reasonable collection SIC codes related to electronics will pass as the largest manufacturing industry as measured by employment, but not by output. The first line of the third full paragraph on page 3 should be changed to:

"And along the way, you've also become the nation's largest manufacturing employer--creating jobs for over two and a half million Americans."

- o We have been asked to fill in the blanks left for statements about trade policy on page 4. The fourth full paragraph on page 4 through the paragraph that continues onto page 5 should be replaced with:

"So we've pledged to make sure that trade is free, and fair--through our commitment to strengthening and expanding the 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. This approach is far superior to market restrictions or managed trade that would damage our interests.

We're also pursuing judicious but firm implementation of the 1988 trade Act, including the Super 301 provisions. This month, at the next round of talks, we intend to push forward to open trade with Japan for satellites and supercomputers.

Replace 1<sup>st</sup> sentence on page 6 with:

Lastly, I have challenged the Economic Policy Council to form a working group to find ways that American industry.....

We're also 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 that the time for action has arrived and to firmly tackle structural reforms in Japan as one of the top priorities of his new cabinet."

- o On page 6, the President challenges the Council on Competitiveness to form a working group "to find ways that American industry can better translate new ideas and technologies into marketable products." The EPC already has a working group on this topic. Are the speechwriters aware of this? Should the sentence mention both?

UCC/NOV/100

CC: MJB  
RLS  
JBT

# WHITE HOUSE STAFFING MEMORANDUM

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

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SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
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REMARKS:

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RESPONSE:

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

(Lange/Cawley)  
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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.

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.

*Is this a fact?  
Depends on  
output  
versus  
employment*

**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.

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*to manage the*  
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Thank you. And God bless you.

# # #

Staffed Copy

Carolyn's Comments  
(in yellow)

(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.

Add: Dick IVERSON (AEA President)

John Navarin  
AEA - PAO  
682-9110

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Nancie

+ Super computers  
micro processors

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Mancini  
 Dept of Commerce  
 377-490

Mancini

Nations

Vogt

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Vogt

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John Vogt  
Dept of Comm  
566-4645

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Vogt

FY '91 Budget  
p. 92

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Dr. LYONS  
Dept of Ed/PAO  
732-4576

State of the  
Union

Vogt

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# # #

(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.

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# # #

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

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WASHINGTON COURT HOTEL  
WEDNESDAY, MARCH 7, 1990  
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# # #

# WHITE HOUSE STAFFING MEMORANDUM



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: 

90 FEB 2 4:24 PM

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." \\ \ ))

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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.

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. \\

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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.


# # #

# WHITE HOUSE STAFFING MEMORANDUM

90 FEB 2 P5:06

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"/>

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**RESPONSE:**

*MC*  
*JA*

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

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

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# # #

90 FEB 1990 P5:00

THE WHITE HOUSE  
EXECUTIVE OFFICE OF THE PRESIDENT



FACSIMILE TRANSMITTAL SHEET

DATE:

\_\_\_\_\_

TO:

Speechwriting

FROM:

Mamie  
Cabinet Affairs

PHONE:

\_\_\_\_\_

COMMENTS:

One change from Commerce for AEA  
speech! At top of page 2, you should  
mention that Sec Mosbacher played a lead  
role in the Baldrige Nat'l Quality Award.

NUMBER OF PAGES, EXCLUDING COVER SHEET \_\_\_\_\_

THE WHITE HOUSE

WASHINGTON

90 FEB 2 P5:06



March 5, 1990

MEMORANDUM FOR CHRISS WINSTON  
DEPUTY ASSISTANT TO THE PRESIDENT  
FOR COMMUNICATIONS

FROM: NELSON LUND *NL*  
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Draft Presidential Remarks: American Electronics  
Association

At the request of James W. Cicconi, Counsel's office has reviewed the captioned remarks. We have no legal objections.

We appreciate having had the opportunity to review these remarks.

cc: James W. Cicconi

# WHITE HOUSE STAFFING MEMORANDUM



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

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HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

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**RESPONSE:**

*Please see comments*

*3/5/90*

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out of place X

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*give the competitiveness*

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# # #

THE WHITE HOUSE

WASHINGTON

March 6, 1990

MEMORANDUM FOR DAVID BATES  
DAVID DEMAREST

FROM: ED ROGERS *ER*  
SUBJECT: MOSBACHER'S REMARKS

Since the President will address the American Electronics Association tomorrow, I thought you might like to see Secretary Mosbacher's remarks to the same organization scheduled for today!

Thanks!



March 5, 1990

MEMORANDUM FOR THE HONORABLE ED ROGERS  
DEPUTY ASSISTANT TO THE PRESIDENT AND  
EXECUTIVE ASSISTANT TO THE CHIEF OF STAFF

FROM: CRAIG R. HELSING  
CHIEF OF STAFF

SUBJECT: SECRETARY MOSBACHER'S SPEECH BEFORE THE  
AMERICAN ELECTRONICS ASSOCIATION, MARCH 6, 1990

As a follow-up to your request this morning, enclosed is a copy of the Secretary's remarks to the American Electronics Association. You should note that the Secretary will focus on the following three areas:

- (1) Product Liability Reform: As you know, the Vice President is integrally involved in this whole process, and the Secretary will mention his leadership, as well as reiterate the Administration's position.
- (2) Sematech: The Secretary will depart from his talking points to discuss his recent visit. Sematech is an excellent example of industry and government working together (\$100 million collectively from 14 companies, from IBM to smaller companies; and \$100 million from DARPA -- Defense Advanced Research Products Agency). The purpose is to develop semiconductor tools and manufacturing capability to make the U.S. semiconductor industry competitive. The Secretary will mention the tremendous potential for multiplier effects with all these companies and the government working together. Both the defense and business communities are equally pleased with this operation.
- (3) Antitrust Reform: The Secretary will mention that antitrust reform and its competitiveness implications are under review in the Administration (the EPC has forwarded a recommendation). Should POTUS decide to make an announcement in this area, the AEA would be an ideal group to be the recipient.

I trust this is helpful and, as always, thank you for giving us the opportunity to contribute.

Enclosure: Speech

SAUNDERS/BOWERS  
3/5/90 12:00 P.M.

AMERICAN ELECTRONICS ASSOCIATION, 3/6/90

- \* INTRO: J. RICHARD IVERSON (DICK), AEA PRESIDENT
- \* AMERICAN ELECTRONICS ASSOCIATION: 150-175  
ELECTRONICS INDUSTRY COMPANY PRESIDENTS...ALSO  
SPEAKING: DENNIS KLOSKE, U/S FOR EXPORT  
ADMINISTRATION; MIKE SKARZYNSKI, A/S FOR TRADE  
ADMINISTRATION; ERIC GARFINKEL, A/S FOR IMPORT  
ADMINISTRATION.
- \* INDUSTRY EMPLOYS 2.5 MILLION. SALES \$295B LAST  
YEAR -- 5.3 PERCENT ABOVE 1988. SOFTWARE  
(14 PERCENT OF SALES) GROWING RAPIDLY. HARDWARE  
(86 PERCENT) SLOWING.
- \* INDUSTRY HAS MUCH TO BE PROUD OF. BUT WITHOUT  
INVENTION OF MICROPHONE -- PROBABLY BE FEWER  
SPEECHES TO SIT THROUGH!
- \* MEETING'S THEME:. "PATIENT (LONGTERM) CAPITAL  
AND JOB CREATION." CONSISTENT WITH PRESIDENT'S  
COMPETITIVENESS AGENDA.
- \* COMPETITIVE CHALLENGE: COMMERCIALIZING NATION'S  
\$150B INVESTMENT IN R&D -- WEALTH, JOBS, QUALITY  
OF LIFE, ECONOMIC SECURITY. U.S. PRODUCTIVITY  
AND QUALITY LAGS. U.S. STILL LEADS IN  
GENERATING NEW KNOWLEDGE, BUT COMMERCIALIZING OF  
R&D DECLINED 1970-86.

- \* **U.S. LAGS IN TECHNOLOGY-BASED TRADE: SINCE 1982, TRADE DEFICITS IN ELECTRONICS, OPTO-ELECTRONICS, COMPUTERS, NUCLEAR TECHNOLOGY, BIOTECHNOLOGY (CENSUS BUREAU).**
  
- \* **PRESIDENT'S 8-POINT PROGRAM: CREATE ENVIRONMENT FOR GROWTH -- NOT CHOOSE WINNERS AND LOSERS:**
  1. **LONGTERM THINKING AND COST OF CAPITAL: REDUCE DEFICIT WITH NO NEW TAXES -- "EXPERTS" SAID THIS WAS IMPOSSIBLE. CUT CAPITAL GAINS TAX. OTHER NATIONS HAVE LOWER OR NO SUCH TAX. U.S HAS HIGHEST COST OF CAPITAL IN INDUSTRIALIZED WORLD (INTEREST RATES, EQUITY, TAXES, DEPRECIATION) -- 1989 FEDERAL RESERVE BANK OF NEW YORK STUDY.**
  
  2. **LEGAL REFORM: REGULATION COSTS AMERICAN BUSINESS OVER \$100B A YEAR. ELIMINATE UNNECESSARY REGULATIONS.**
  
- \* **PRODUCT LIABILITY/TORT REFORM: 50 DIFFERENT STATE LAWS...IN 15 YEARS, PRODUCT LIABILITY SUITS INCREASED OVER 1,000 PERCENT...REFORM A BUSH ADMINISTRATION LEGISLATIVE PRIORITY.**

- \* **ANTITRUST REFORM:** NEED TO CLARIFY ANTITRUST SO FIRMS CAN PARTICIPATE JOINT PRODUCTION VENTURES ...SEVERAL BILLS PENDING... REDUCE DAMAGES FROM TREBLE TO SINGLE (EC AND JAPANESE FIRMS FACE SINGLE AT MOST)...LET COURTS APPLY "RULE OF REASON" WEIGHING VENTURES' EFFECT ON COMPETITION ...HIGH-TECH PRODUCT DEVELOPMENT AND MARKETING DEMAND MORE CAPITAL THAN SINGLE FIRMS CAN RAISE...JPV WOULD BOOST U.S. COMPETITIVENESS ...NATIONAL COOPERATIVE RESEARCH ACT (1984) A SUCCESSFUL PREDECESSOR.
3. **R&D:** NEW YORK TIMES 2/21/90: "JAPAN'S PUSH TO DEVELOP TECHNOLOGICALLY ADVANCED PRODUCTS, RANGING FROM LUXURY AUTOMOBILES TO NEW SUPERCOMPUTERS, HAS MADE RESEARCH AND DEVELOPMENT BUDGETS VIRTUALLY SACROSANCT, THE LAST BUDGET ITEMS TO BE CUT."...BUSH AGENDA: TAX CREDITS, \$71B FEDERAL R&D, ADVANCED MANUFACTURING. PARTNERSHIPS AMONG INDUSTRIES, GOVERNMENT AND UNIVERSITIES... SEMATECH \$100M PER YEAR FROM FEDERAL GOVERNMENT -- MAKING PROGRESS.
4. **ENVIRONMENT:** COST-EFFECTIVE INITIATIVES, CLEAN AIR, EXPORT ENVIRONMENT-RELATED TECHNOLOGIES. EARTH DAY, APRIL 22, 1990.

5. **EDUCATION AND HUMAN RESOURCES:** LEE IACOCCA: "WE HAVE PEOPLE IN CHRYSLER PLANTS WHO CAN'T READ AND WRITE. SOCIETY CAN'T GO ON THAT WAY" (USA TODAY, 2/22/90). EDUCATION SUMMIT, CHOICE, ACCOUNTABILITY, MORE SCIENTISTS & ENGINEERS, TECHNICAL COMPETENCE IN THE WORKFORCE. (SOUTH KOREA ANECDOTE ON CARD.)
6. **QUALITY:** "DOING THE RIGHT THING, RIGHT, THE FIRST TIME." BALDRIGE AWARD TO MOTOROLA (1988) WHICH NOW INSISTS ITS SUPPLIERS APPLY FOR AWARD (BECAUSE IT REQUIRES RIGOROUS SELF-EXAMINATION) -- "MULTIPLIER EFFECT"...SMALL FIRMS: GLOBE METALLURGICAL WON IN 1988 -- SMALL PRODUCER OF SPECIALTY ALLOYS.
7. **EXPORT CONTROLS AND COMPETITIVENESS:** STREAMLINE LIST, COORDINATE COCOM, CHANGES IN EASTERN EUROPE, PRIMACY OF NATIONAL SECURITY.
8. **CLEAR AND CONSISTENT TRADE POLICY:** RECIPROCAL ACCESS AND PARTICIPATION IN FOREIGN R&D, MARKET-OPENING PROGRAM, US&FCS, INTELLECTUAL PROPERTY RIGHTS, UNFAIR TRADE (ANTI-DUMPING), COUNTERVAILING DUTY, TRADE MISSIONS, COMMERCIAL INTELLIGENCE NETWORK.
- \* **ADMINISTRATION WORKING FOR BETTER BUSINESS ENVIRONMENT -- NEED YOUR SUPPORT.**