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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

March 15, 1990

REMARKS BY THE PRESIDENT  
TO THE NATIONAL ASSOCIATION OF MANUFACTURERS

Grand Ballroom  
Ramada Renaissance Hotel

10:27 A.M. EST

THE PRESIDENT: Thank you, Dan. Thank you very much. Dan, thank you, sir. Short and sweet, right to the point. And I'm glad to be here. And I'm delighted to be back with this group. And I want to salute your president -- Jerry Jasinowski.

I told Barbara that I'd be spending some time with people who have risen to the top of the financial world by controlling the disbursement of billions of dollars. She said: "You're addressing the baseball lawyers?" (Laughter.)

But regrettably, baseball's "Opening Day" may not be on the calendar yet. But the truth is, the calendar offers each of us many "opening days" -- convenient launch points for a fresh start. Sometimes it is a new day, a new year. And now, really, it's a new decade -- a decade born amid the shouts of joy and triumph, a decade full of hope, barreling with confidence towards a new century and a new era.

The roll call is exciting, exhilarating, and accelerating. We call it the "Revolution of '89," but in Poland, it took about 10 years. Then in Hungary about 10 months. East Germany, 10 weeks. Czechoslovakia, 10 days. And Bulgaria and Romania right behind.

Six nations in six months. And from six different tongues we heard the same one word -- freedom. The people of Central Europe believed it. They fought for it. And they deserve the credit.

But take that word "Freedom," pick it up out of the newsprint, turn it over. And look on the back. And more often than not, you'll find that same proud label that adorns the products you produce: "Made in America."

Eight years ago, Ronald Reagan stood before this group -- your group -- and issued a bold and simple challenge. He said, "America can serve as the catalyst for an era of unimagined human freedom and dignity." And the cry of that great President became the "shout heard 'round the world."

Back here, especially in Washington, there may be some that are still plagued by doubt. Maybe in Washington. Certainly not in Warsaw. Asked if Radio Free Europe had been important to democracy in Poland, Lech Walesa responded with a question of his own. "Would there be Earth without the Sun?" was his reply.

Maybe in Washington. But not in Wenceslaus Square. Last month Vaclav Havel praised our resolve -- the resolve of the United States of America, as "defenders of freedom," telling Congress that Czechoslovakia probably wouldn't exist today if it hadn't been for the Atlantic Alliance. And just yesterday -- I talked to him this morning -- Chancellor Kohl told me today that just yesterday he was speaking in East Germany, and he told them that he wouldn't be there

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and this wouldn't be happening if it hadn't been for the United States of America.

And no quotes are needed to tell you the role of American persistence and American courage in standing up for liberty in Panama and Nicaragua.

Yes, these are heady times. It's a wonderful time to be President of the United States and to be coping with this fantastic change that's taking place around the world. But the good news is, it isn't only overseas. Because the Revolution of '89 marks the triumph not only of free ideas, but also free markets. And when it comes to free markets, America continues to lead the way.

Here again, there are doubters, and I can understand that -- some who worry about a slowdown. And true, our economy is not perfect. Each one of you knows that. And I don't want to paint an unrealistic picture. But look at the facts: The United States economy is the largest, strongest, most productive economy on Earth. Our standard of living is one-third higher than that of West Germany or Japan. And with less than five percent of the world's people, in 1988 Americans accounted for more than 25 percent of the world's production. Our GNP is more than two and a half times that of the world's number two economy -- Japan.

And when a small percentage of people produce a huge percentage of wealth, there's a word for it. It's called "productivity." And it is spelled "U-S-A." (Applause.)

Thanks in no small part to the commitment and imagination of the people and the companies represented here in this room, last year American exports of goods and services hit an all-time high -- over \$600 billion. And today, the United States is once again the world's number one exporter.

Nineteen-eighty-nine marked our seventh consecutive year of economic growth. And today, we see GNP up. Exports up. Personal income up.

Now, some would say that every economy has its ups and downs. But take a look at what's down.

The trade deficit. I'm not standing here relaxed and saying it's perfect. The trade deficit is down. The federal deficit -- still not happy with it -- it's down. The prime rate -- down. And last year's unemployment rate -- down the lowest since 1973.

And the good news is reaching a broad cross-section of Americans. Nineteen-eighty-nine unemployment rates for blacks and teenagers were the lowest since the early '70s. And for Hispanics, the 1989 rate was the lowest recorded since the government began keeping separate data for this group back in 1980.

But we're not just talking about statistics and numbers. As Dick Darman recently reminded me, "Torture numbers, and they'll confess to anything." (Laughter.) It would take Darman to come up with that, but he did. (Laughter.)

Well, what we're really talking about here is people. People who hold the two and a half million new jobs created just since I took office one year ago. For them, it means families and freedom, and it means dignity and decency, because two and a half million American jobs means two and a half million American futures.

Speaking of futures, earlier I asked one CEO what he sees as the most lucrative growth industry in the 1990s. He said, "Being a lawyer connected with the Trump case." (Laughter.)

Our people and our economy are strong. And so is our resolve. And it's going to be tested soon, as the dramatic new

changes in the world produce dramatic new challenges in the world market. And so we must prepare now to meet these challenges. And our administration is committed to an agenda for growth. It's founded upon investing in our future, and every sound investment has its yield; America's yield is the growth dividend.

The growth dividend will provide Americans with jobs and opportunity, higher living standards and a legacy of prosperity. So achieving solid and sustainable growth is my most fundamental domestic priority. And it's why I've proposed a strong agenda of growth initiatives.

Look at -- this is a marathon, this isn't a sprint; it is a marathon. And we can't produce the products needed to capture world markets by focusing on results one quarter at a time. We need to return not only to yesterday's values, but yesterday's thinking -- the long-term thinking and investment-in-the-future way of doing business that produced the healthy climate that we enjoy today.

First, we need to bring more of America's investment capital back into the productive economy. And lowering the cost of capital will assure the continued investment in productive assets and human resources that are needed to keep our manufacturing sector the most competitive in the world.

The bottom line: It's time for Congress to pass the capital gains tax cut. Here's what we're up against. Japan, capital gains rate, five percent; South Korea, zero; Taiwan, zero; West Germany, zero; Singapore, zero; Hong Kong, zero. And the list goes on. And we need your support for this critical tax cut. And America wants it done right. America wants it done responsibly. And America wants it done now. (Applause.)

It means competitiveness and it means jobs. And so let them tell me that I'm favoring some tax cut for the rich; I am favoring jobs for the working man and woman in this country.

And second, we need to keep these interest rates down. And we are committed to helping that process by going to the heart of the matter. We submitted a budget that will continue to bring the federal deficit down. And today I call on the budget committees to fulfill their legal responsibilities and come up with a budget resolution by April 1st. That is two weeks away. And it's time to act -- the time to bring the deficit down.

And third, America needs a booster shot of new ideas along with the infusion of new capital that our tax cut -- capital gains differential will provide -- matching investment capital with intellectual capital. And so I call on Congress to help sharpen America's competitive edge: double the budget of the National Science Foundation; bring funding for research and development to a record high; make the research and experimentation tax credit permanent; and expand the Eisenhower education grants for math and science. (Applause.)

And fourth, we must stand behind our work force and the quality of our products. American workers today are good workers -- best in the world. But we need to keep pace. Their children are the workers of tomorrow and we owe them a better education, with an emphasis on basic skills, the sciences, math and engineering.

And we're going to do this in partnership with the American governors and schools, giving those in need a fair start through Project Head Start, raising our high school graduation rates to at least 90 percent. And in science and math, our goal is unambiguous -- first in the world by the year 2000. You see, we've got to reestablish standards and reestablish expectations -- the kind of quality control so essential to everything that America produces.

Quality is something that you -- you understand it. You

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understand it better than most Americans. And quality in manufacturing and quality in education are intertwined. These goals are an important step towards restoring quality in education. They help focus our efforts less on input -- the amount of money that goes into our schools -- and more on output, the quality of the student that comes out.

The kind of basic quality control is also basic to producing quality goods. And it's being spurred on in American manufacturing by steps taken within your own ranks -- steps like the prestigious, high-level competition produced by awards like those named after the late Mac Baldrige.

It's also spurred on by efforts to ensure a literate work force. We salute manufacturers' efforts like the one that Barbara, my wife, visited in Michigan recently -- a model of cooperation between the Ford Motor Company and the United Auto Workers. So many more like it that you all are involved in.

And finally, it's essential that we have a drug-free work force. One way to stop drugs at work is to make sure that it never starts. Pre-employment drug screening -- because if you're not part of the solution, you're part of the problem.

A drug-impaired work force is one of the ways in which American competitiveness can suffer from a self-inflicted burden. But it's not the only one.

So next I call for Congress to act now to make the U.S. marketplace work better through two basic reforms: product-liability reform -- to increase our competitiveness without compromising safety -- (applause) -- and antitrust reform -- to remove obstacles to joint production ventures by U.S. companies. (Applause.)

As I've studied the problem and trying to work with Congress on it and working with our environmentalists and business people, I am also convinced that America's growth need not come at the expense of the environment. Our natural resources are invaluable assets, and like any other assets they need to be maintained in order to sustain our ability to grow.

For 13 years, Congress has been unable to pass a new Clean Air Act. Two weeks ago, we reached a breakthrough -- a bipartisan agreement to untangle the web of regional politics that has stopped clean air. I am very pleased to compliment the Senate leadership for their very constructive negotiations. And today I call upon the Senate to now pass Clean Air -- to stand by the agreement -- and to protect our environment without saddling the bill with new subsidies and cumbersome rules. (Applause.)

I mentioned self-inflicted burdens and, of course, not all our competitive burdens are self-inflicted. There are also foreign barriers to U.S. exports which must be addressed. And earlier this month Prime Minister Kaifu and I agreed on the need for action on what we call "Structural Impediments Initiative" to break down non-tariff barriers to the Japanese market. And we are pressing hard to get the Japanese government to address specific trade categories. We must move aggressively to open markets, not just in Japan but around the world and expand our share of global trade. For those of you who follow the Japanese market, you'll agree with me that we need to have more openness there, I can tell you not only were the Kaifu talks good, but the talks that we had with the former Prime Minister Takeshita when he was here just a handful of days ago. We have got to have them understand the seriousness of the problem we face.

I still believe that for far-reaching, fundamental reform our best hope is the proposals that we have made in the Uruguay round of the GATT negotiations. We're determined to make a level playing field. Let America compete in an arena of fair trade, and we will

take on anyone, anytime, anyplace. (Applause.)

As in Berlin, barriers are coming down all over the world. It took years of persistence, but the ideas championed by America -- freedom, democracy, competition and investment -- are flourishing because they work, because they are the best. It can be the same for American goods.

In 1986, on the eve of July 4th, a single blue laser split the darkness over New York harbor -- a man-made lightning bolt that re-lit the torch of a reborn Statue of Liberty. The torch has been held high ever since. And today that light continues to inspire hope from Panama to Prague, from Moscow to Managua.

Somehow, a recent bit of news seems fitting: the bald eagle -- the American eagle -- may soon come off the endangered species list. Ladies and gentlemen, America is back. And this time we are back to stay. And I look forward to working with this organization, your member companies, to doing what we can in government to facilitate free and fair trade to help maintain and strengthen an economy that is good for the working man and the working woman of this country.

Thank you for inviting me over. And God bless you. And God bless our great country. Thank you very much. (Applause.)

END

10:49 A.M. EST

NATIONAL ASSOCIATION OF MANUFACTURERS  
RAMADA RENAISSANCE AT TECHWORLD  
THURSDAY, MARCH 15, 1990, 10:30 A.M.

THANK YOU, DAN. AND I WANT TO SALUTE YOUR  
PRESIDENT -- JERRY JASINOWSKI.

I TOLD BARBARA I'D BE SPENDING SOME TIME WITH  
PEOPLE WHO HAVE RISEN TO THE TOP OF THE FINANCIAL WORLD  
BY CONTROLLING THE DISBURSEMENT OF BILLIONS OF DOLLARS.  
SHE SAID: "YOU'RE ADDRESSING THE BASEBALL  
LAWYERS?" \\\

BASEBALL'S "OPENING DAY" MAY NOT BE ON THE  
CALENDAR YET. BUT THE TRUTH IS, THE CALENDAR OFFERS  
EACH OF US MANY "OPENING DAYS" -- CONVENIENT LAUNCH  
POINTS FOR A FRESH START. SOMETIMES IT IS A NEW DAY, A  
NEW YEAR. NOW, IT'S A NEW DECADE -- A DECADE BORN AMID  
SHOUTS OF JOY AND TRIUMPH, A DECADE FULL OF HOPE,  
BARRELLING WITH CONFIDENCE TOWARDS A NEW CENTURY AND A  
NEW ERA.

THE ROLL CALL IS EXCITING, EXHILARATING,  
ACCELERATING. WE CALL IT THE "REVOLUTION OF '89," BUT  
IN POLAND, IT TOOK ABOUT 10 YEARS. THEN IN HUNGARY  
ABOUT 10 MONTHS. EAST GERMANY, 10 WEEKS.  
CZECHOSLOVAKIA, 10 DAYS. AND BULGARIA AND ROMANIA  
RIGHT BEHIND.

SIX NATIONS IN 6 MONTHS. AND FROM 6 DIFFERENT  
TONGUES WE HEARD THE SAME ONE WORD -- FREEDOM. THE  
PEOPLE OF CENTRAL EUROPE BELIEVED IT. THEY FOUGHT FOR  
IT. AND THEY DESERVE THE CREDIT.

BUT TAKE THAT WORD "FREEDOM" SOMETIME, PICK IT UP  
OUT OF THE NEWSPRINT AND TURN IT OVER. AND LOOK ON THE  
BACK. MORE OFTEN THAN NOT, YOU'LL FIND THE SAME PROUD  
LABEL THAT ADORNS THE PRODUCTS YOU PRODUCE: "MADE IN  
AMERICA."

EIGHT YEARS AGO, RONALD REAGAN STOOD BEFORE THIS VERY GROUP AND ISSUED A BOLD AND SIMPLE CHALLENGE. HE SAID: "AMERICA CAN SERVE AS THE CATALYST FOR AN ERA OF UNIMAGINED HUMAN FREEDOM AND DIGNITY." \\\ AND THE CRY OF THAT GREAT PRESIDENT BECAME THE "SHOUT HEARD 'ROUND THE WORLD." \\\

BACK HERE, ESPECIALLY IN WASHINGTON, THERE MAY BE SOME STILL PLAGUED BY DOUBT. \\\ MAYBE IN WASHINGTON. BUT NOT IN WARSAW. ASKED IF RADIO FREE EUROPE HAD BEEN IMPORTANT TO DEMOCRACY IN POLAND, LECH WALESZA RESPONDED WITH A QUESTION OF HIS OWN: "WOULD THERE BE EARTH WITHOUT THE SUN?"

MAYBE IN WASHINGTON. BUT NOT IN WENCESLAUS SQUARE. LAST MONTH VACLAV HAVEL PRAISED OUR RESOLVE AS "DEFENDER[S] OF FREEDOM," TELLING CONGRESS THAT CZECHOSLOVAKIA PROBABLY WOULDN'T EXIST TODAY IF IT HADN'T BEEN FOR THE ATLANTIC ALLIANCE.

AND NO QUOTES ARE NEEDED TO TELL YOU THE ROLE OF AMERICAN PERSISTENCE AND AMERICAN COURAGE IN STANDING FOR LIBERTY IN PANAMA AND NICARAGUA. \\\

YES, THESE ARE HEADY TIMES. BUT THE GOOD NEWS ISN'T ONLY OVERSEAS. BECAUSE THE REVOLUTION OF '89 MARKS THE TRIUMPH NOT ONLY OF FREE IDEAS -- BUT ALSO FREE MARKETS. \\ AND WHEN IT COMES TO FREE MARKETS, AMERICA CONTINUES TO LEAD THE WAY. \\\

HERE AGAIN, THERE ARE DOUBTERS. SOME WHO WORRY ABOUT A SLOWDOWN. TRUE, OUR ECONOMY IS NOT PERFECT, AND I DON'T WANT TO PAINT AN UNREALISTIC PICTURE. BUT LOOK AT THE FACTS: THE U.S. ECONOMY IS THE LARGEST, STRONGEST, MOST PRODUCTIVE ECONOMY ON EARTH. OUR STANDARD OF LIVING IS ONE-THIRD HIGHER THAN THAT OF WEST GERMANY OR JAPAN. WITH LESS THAN FIVE PERCENT OF THE WORLD'S PEOPLE, IN 1988 AMERICANS ACCOUNTED FOR MORE THAN 25 PERCENT OF THE WORLD'S PRODUCTION. OUR G.N.P. IS MORE THAN TWO AND A HALF TIMES THAT OF THE WORLD'S NO. 2 ECONOMY -- JAPAN.

AND WHEN A SMALL PERCENTAGE OF PEOPLE PRODUCE A HUGE PERCENTAGE OF WEALTH, THERE'S A WORD FOR IT. IT'S CALLED "PRODUCTIVITY." AND IT'S SPELLED "U-S-A." \\\

THANKS IN NO SMALL PART TO THE COMMITMENT AND IMAGINATION OF THE PEOPLE AND COMPANIES REPRESENTED HERE IN THIS ROOM, LAST YEAR AMERICAN EXPORTS OF GOODS AND SERVICES HIT AN ALL-TIME HIGH -- OVER \$600 BILLION. AND TODAY, THE UNITED STATES IS ONCE AGAIN THE WORLD'S NO.1 EXPORTER.

1989 MARKED OUR SEVENTH CONSECUTIVE YEAR OF ECONOMIC GROWTH. TODAY, WE SEE GNP -- UP. EXPORTS -- UP. PERSONAL INCOME -- UP.

NOW, SOME WOULD SAY THAT EVERY ECONOMY HAS ITS UPS AND DOWNS. BUT TAKE A LOOK AT WHAT'S DOWN:

THE TRADE DEFICIT IS DOWN. THE FEDERAL DEFICIT -- DOWN. THE PRIME RATE -- DOWN. AND LAST YEAR'S UNEMPLOYMENT RATE -- DOWN -- THE LOWEST SINCE 1973.

AND THE GOOD NEWS IS REACHING A BROAD CROSS-SECTION OF AMERICANS. 1989 UNEMPLOYMENT RATES FOR BLACKS AND TEENAGERS WERE THE LOWEST SINCE THE EARLY 1970'S. FOR HISPANICS, THE 1989 RATE WAS THE LOWEST RECORDED SINCE THE GOVERNMENT BEGAN KEEPING SEPARATE DATA FOR THIS GROUP IN 1980.

BUT WE'RE NOT JUST TALKING ABOUT STATISTICS AND  
NUMBERS. AS DICK DARMAN RECENTLY REMINDED ME:  
"TORTURE NUMBERS -- AND THEY'LL CONFESS TO  
ANYTHING." \\\

NO, WE'RE REALLY TALKING ABOUT PEOPLE -- PEOPLE  
WHO HOLD THE TWO AND A HALF MILLION NEW JOBS CREATED  
SINCE I TOOK OFFICE ONE YEAR AGO. FOR THEM, IT MEANS  
FAMILIES AND FREEDOM. IT MEANS DIGNITY AND DECENCY.  
BECAUSE TWO AND A HALF MILLION AMERICAN JOBS MEANS TWO  
AND A HALF MILLION AMERICAN FUTURES. \\\

((AND, SPEAKING OF THE FUTURE -- EARLIER I ASKED  
ONE C.E.O. WHAT HE SEES AS THE MOST LUCRATIVE GROWTH  
INDUSTRY IN THE 90'S. HE SAID: "BEING A LAWYER  
CONNECTED WITH THE TRUMP CASE.")) \\\

OUR PEOPLE AND OUR ECONOMY ARE STRONG. AND SO IS OUR RESOLVE. IT WILL SOON BE TESTED, AS THE DRAMATIC NEW CHANGES IN THE WORLD PRODUCE DRAMATIC NEW CHALLENGES IN THE WORLD MARKET. WE MUST PREPARE NOW TO MEET THESE CHALLENGES. MY ADMINISTRATION IS COMMITTED TO AN AGENDA FOR GROWTH. IT IS FOUNDED UPON INVESTING IN OUR FUTURE -- AND EVERY SOUND INVESTMENT HAS ITS YIELD -- AMERICA'S YIELD IS THE "GROWTH DIVIDEND." \ \ \

THE GROWTH DIVIDEND WILL PROVIDE AMERICANS WITH JOBS AND OPPORTUNITY, HIGHER LIVING STANDARDS AND A LEGACY OF PROSPERITY. SO ACHIEVING SOLID AND SUSTAINABLE GROWTH IS MY MOST FUNDAMENTAL DOMESTIC PRIORITY. IT IS WHY I HAVE PROPOSED A STRONG AGENDA OF GROWTH INITIATIVES.

THIS IS A MARATHON -- NOT A SPRINT. WE CAN'T PRODUCE THE PRODUCTS NEEDED TO CAPTURE WORLD MARKETS BY FOCUSING ON RESULTS ONE QUARTER AT A TIME. WE NEED TO RETURN NOT ONLY TO YESTERDAY'S VALUES BUT ALSO YESTERDAY'S THINKING -- THE "LONG-TERM THINKING" AND "INVESTMENT-IN-THE-FUTURE" WAY OF DOING BUSINESS THAT PRODUCED THE HEALTHY CLIMATE WE ENJOY TODAY.

FIRST, WE NEED TO BRING MORE OF AMERICA'S  
INVESTMENT CAPITAL BACK INTO THE PRODUCTIVE ECONOMY.  
LOWERING THE COST OF CAPITAL WILL ASSURE THE CONTINUED  
INVESTMENT IN PRODUCTIVE ASSETS AND HUMAN RESOURCES  
NEEDED TO KEEP OUR MANUFACTURING SECTOR THE MOST  
COMPETITIVE IN THE WORLD.

THE BOTTOM LINE: IT'S TIME FOR CONGRESS TO PASS  
THE CAPITAL GAINS TAX CUT. \\\ HERE'S WHAT WE'RE UP  
AGAINST: JAPAN -- ABOUT 5 PERCENT. SOUTH KOREA --  
ZERO. TAIWAN -- ZERO. WEST GERMANY -- ZERO.  
SINGAPORE -- ZERO. HONG KONG -- ZERO. THE LIST GOES  
ON. WE NEED YOUR SUPPORT FOR THIS CRITICAL TAX CUT.

AMERICA WANTS IT DONE RIGHT. \\  
AMERICA WANTS IT  
DONE RESPONSIBLY. \\  
AND AMERICA WANTS IT DONE  
NOW. \\\

SECOND, WE NEED TO KEEP INTEREST RATES DOWN. \\  
AND WE'RE COMMITTED TO HELPING THAT PROCESS BY GOING TO  
THE HEART OF THE MATTER: MY ADMINISTRATION SUBMITTED A  
BUDGET THAT WILL CONTINUE TO BRING THE FEDERAL DEFICIT  
DOWN. AND TODAY I CALL ON THE BUDGET COMMITTEES TO  
FULFILL THEIR LEGAL RESPONSIBILITIES -- AND COME UP  
WITH A BUDGET RESOLUTION BY APRIL 1ST. THAT'S TWO  
WEEKS AWAY. IT'S TIME TO ACT. IT'S TIME TO BRING THE  
DEFICIT DOWN.\\

THIRD, AMERICA NEEDS A BOOSTER SHOT OF NEW IDEAS  
ALONG WITH THE INFUSION OF NEW CAPITAL OUR TAX CUT WILL  
PROVIDE. MATCHING INVESTMENT CAPITAL WITH  
INTELLECTUAL CAPITAL. AND I CALL ON CONGRESS TO HELP  
SHARPEN AMERICA'S COMPETITIVE EDGE: DOUBLE THE BUDGET  
OF THE NATIONAL SCIENCE FOUNDATION: BRING FUNDING FOR  
RESEARCH AND DEVELOPMENT TO A RECORD HIGH. MAKE THE  
RESEARCH AND EXPERIMENTATION TAX CREDIT PERMANENT. AND  
EXPAND THE EISENHOWER EDUCATION GRANTS FOR MATH AND  
SCIENCE.

FOURTH, WE MUST STAND BEHIND OUR WORKFORCE AND THE QUALITY OF OUR PRODUCTS. AMERICAN WORKERS TODAY ARE GOOD WORKERS -- THE BEST IN THE WORLD. BUT WE NEED TO KEEP PACE. THEIR CHILDREN ARE THE WORKERS OF TOMORROW, AND WE OWE THEM A BETTER EDUCATION, WITH AN EMPHASIS ON BASIC SKILLS, THE SCIENCES, MATH AND ENGINEERING.

WE'RE GOING TO DO THIS IN PARTNERSHIP WITH AMERICA'S GOVERNORS AND SCHOOLS. GIVING THOSE IN NEED A FAIR START THROUGH PROJECT HEAD START. RAISING OUR HIGH SCHOOL GRADUATION RATES TO AT LEAST 90 PERCENT. AND IN SCIENCE AND MATH OUR GOAL IS UNAMBIGUOUS -- FIRST IN THE WORLD BY THE YEAR 2000. \\\

WE'VE GOT TO RE-ESTABLISH STANDARDS AND RE-ESTABLISH EXPECTATIONS -- THE KIND OF "QUALITY CONTROL" SO ESSENTIAL TO EVERYTHING AMERICA PRODUCES.

QUALITY IS SOMETHING YOU UNDERSTAND. AND QUALITY IN MANUFACTURING AND QUALITY IN EDUCATION ARE INTERTWINED.

THESE GOALS ARE AN IMPORTANT STEP TOWARDS RESTORING QUALITY IN EDUCATION. THEY HELP FOCUS OUR EFFORTS LESS ON INPUT -- THE AMOUNT OF MONEY THAT GOES INTO OUR SCHOOLS -- AND MORE ON OUTPUT -- THE QUALITY OF STUDENT THAT COMES OUT.

THIS KIND OF BASIC QUALITY CONTROL IS ALSO BASIC TO PRODUCING QUALITY GOODS. AND IT'S BEING SPURRED ON IN AMERICAN MANUFACTURING BY STEPS TAKEN WITHIN YOUR OWN RANKS -- STEPS LIKE THE PRESTIGIOUS, HIGH-LEVEL COMPETITION PRODUCED BY AWARDS LIKE THOSE NAMED AFTER THE LATE MAC BALDRIGE.

IT'S ALSO SPURRED ON BY EFFORTS TO ENSURE A LITERATE WORKFORCE. WE SALUTE MANUFACTURERS' EFFORTS LIKE THE ONE BARBARA VISITED RECENTLY IN MICHIGAN -- A MODEL OF COOPERATION BETWEEN THE FORD MOTOR COMPANY AND THE UNITED AUTO WORKERS.

AND FINALLY, IT'S ESSENTIAL THAT WE HAVE A DRUG-FREE WORKFORCE. ONE WAY TO STOP DRUGS AT WORK IS TO MAKE SURE IT NEVER STARTS. PRE-EMPLOYMENT DRUG SCREENING. BECAUSE IF YOU'RE NOT PART OF THE SOLUTION -- YOU'RE PART OF THE PROBLEM.

A DRUG-IMPAIRED WORKFORCE IS ONE OF THE WAYS IN WHICH AMERICAN COMPETITIVENESS CAN SUFFER FROM A SELF-INFLICTED BURDEN. BUT IT'S NOT THE ONLY ONE.

SO NEXT, I CALL FOR CONGRESS TO ACT NOW TO MAKE THE U.S. MARKETPLACE WORK BETTER THROUGH TWO BASIC REFORMS: PRODUCT LIABILITY REFORM -- TO INCREASE OUR COMPETITIVENESS WITHOUT COMPROMISING SAFETY. AND ANTI-TRUST REFORM -- TO REMOVE OBSTACLES TO JOINT PRODUCTION VENTURES BY U.S. COMPANIES. \\\

I AM ALSO CONVINCED THAT AMERICA'S GROWTH NEED NOT COME AT THE EXPENSE OF THE ENVIRONMENT. OUR NATURAL RESOURCES ARE INVALUABLE ASSETS -- AND LIKE ANY OTHER ASSETS, THEY NEED TO BE MAINTAINED IN ORDER TO SUSTAIN OUR ABILITY TO GROW.

FOR 13 YEARS, CONGRESS HAS BEEN UNABLE TO PASS A NEW CLEAN AIR ACT. TWO WEEKS AGO, WE REACHED A BREAKTHROUGH -- A BI-PARTISAN AGREEMENT TO UNTANGLE THE WEB OF REGIONAL POLITICS THAT HAS STOPPED CLEAN AIR. I COMPLIMENT THE SENATE LEADERSHIP FOR THEIR VERY CONSTRUCTIVE NEGOTIATIONS. AND TODAY I CALL UPON THE SENATE TO NOW PASS CLEAN AIR -- TO STAND BY THE AGREEMENT -- AND TO PROTECT OUR ENVIRONMENT WITHOUT SADDLING THE BILL WITH NEW SUBSIDIES AND CUMBERSOME RULES. \\\

I MENTIONED SELF-INFLICTED BURDENS -- AND OF COURSE -- NOT ALL OUR COMPETITIVE BURDENS ARE SELF-INFLICTED. THERE ARE ALSO FOREIGN BARRIERS TO U.S. EXPORTS WHICH MUST BE ADDRESSED. AND EARLIER THIS MONTH PRIME MINISTER KAIFU AND I AGREED ON THE NEED FOR ACTION ON WHAT WE CALL THE "STRUCTURAL IMPEDIMENTS INITIATIVE" TO BREAK DOWN NON-TARIFF BARRIERS TO THE JAPANESE MARKET. AND WE ARE PRESSING HARD TO GET THE JAPANESE GOVERNMENT TO ADDRESS SPECIFIC TRADE CATEGORIES. \\\

WE MUST MOVE AGGRESSIVELY TO OPEN MARKETS, NOT JUST IN JAPAN BUT AROUND THE WORLD -- AND EXPAND OUR SHARE OF GLOBAL TRADE. \ \ \

I STILL BELIEVE THAT -- FOR FAR-REACHING, FUNDAMENTAL REFORM -- OUR BEST HOPE IS THE PROPOSALS WE'VE MADE IN THE URUGUAY ROUND OF THE GATT NEGOTIATIONS. WE'RE DETERMINED TO MAKE A LEVEL PLAYING FIELD. LET AMERICA COMPETE IN AN ARENA OF FAIR TRADE -- AND WE'LL TAKE ON ANYONE, ANYTIME, ANYWHERE. \ \ \

AS IN BERLIN, BARRIERS ARE COMING DOWN ALL OVER THE WORLD. IT TOOK YEARS OF PERSISTENCE, BUT THE IDEAS CHAMPIONED BY AMERICA -- FREEDOM, DEMOCRACY, COMPETITION, AND INVESTMENT -- ARE FLOURISHING BECAUSE THEY WORK, BECAUSE THEY ARE THE BEST. IT CAN BE THE SAME FOR AMERICAN GOODS.

IN 1986, ON THE EVE OF JULY 4TH, A SINGLE BLUE  
LASER SPLIT THE DARKNESS OVER NEW YORK HARBOR -- A  
MAN-MADE LIGHTNING BOLT THAT RE-LIT THE TORCH OF A RE-  
BORN STATUE OF LIBERTY. THE TORCH HAS BEEN HELD HIGH  
EVER SINCE. AND TODAY THAT LIGHT CONTINUES TO INSPIRE  
HOPE FROM PANAMA TO PRAGUE, FROM MOSCOW TO  
MANAGUA. \\\

SOMEHOW, A RECENT BIT OF NEWS SEEMS FITTING: THE  
BALD EAGLE -- THE AMERICAN EAGLE -- MAY SOON COME OFF  
THE ENDANGERED SPECIES LIST. \\ LADIES AND GENTLEMEN  
-- AMERICA IS BACK. \\ AND THIS TIME, AMERICA IS BACK  
TO STAY. \\\

GOD BLESS YOU. AND GOD BLESS THE U.S.A.

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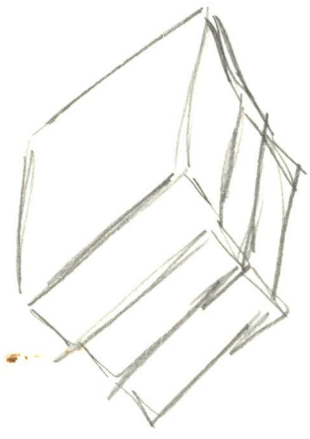
Second,

We need to keep interest rates down. And we're committed to helping that process by going to the heart of the matter:

**BAD** [ WE MUST REDUCE THE DEFICIT.

My Administration ~~has~~ submitted a ~~plan~~ budget that will continue to do exactly that. And today I call on the Budget Committees to fulfill their legal responsibilities -- and come up with a Budget resolution by April 1<sup>st</sup>, ~~or that's~~ **THAT'S** **TWO WEEKS AWAY.**

**BOLD**



THE WHITE HOUSE  
WASHINGTON

Budget committees  
to fulfill legal  
resp. - come up w/  
Bud. res. by 4/1  
slots' only 2  
weeks away

THE WHITE HOUSE

WASHINGTON

1990 MAR 13 PM 6:59

March 13, 1990

INFORMATION

MEMORANDUM FOR THE PRESIDENT

THROUGH:           CHRISS WINSTON *CW*  
FROM:               EDWARD McNALLY *EM*  
SUBJECT:            NATIONAL ASSOCIATION OF MANUFACTURERS SPEECH

I.    SUMMARY

Attached are draft remarks for Thursday morning's address to the annual meeting of the National Association of Manufacturers.

II.   DISCUSSION

At 10:30 a.m. on Thursday, March 15, 1990, you are scheduled to arrive onstage at the Ramada Renaissance at Techworld in Washington to address approximately 500 executives from manufacturing companies.

The address (17 minutes, TelePrompter) emphasizes the accomplishments and initiatives of your Administration on economic and business issues. It is intended as a significant address, taking stock of the full range of your Administration's many initiatives to maintain America's strong economic leadership.

The tone is upbeat in the first half, emphasizing the good economic news and the spread of freedom around the world.

The second half emphasizes your broad-based, comprehensive proposals for ensuring continued economic growth: The capital gains tax cut, new funding for R & D, the new education goals, and drug-free workplaces. Fundamental reform in trade, product liability, and anti-trust laws. And a pitch for the Clean Air compromise.

McNally/Simon  
March 13, 1990  
Draft Three (B:NAM)

PRESIDENTIAL REMARKS: NATIONAL ASSOCIATION OF MANUFACTURERS  
RAMADA RENAISSANCE AT TECHWORLD  
THURSDAY, MARCH 15, 1990, 10:30 A.M.

Thank you, Dan [KRUMM, N.A.M. CHAIRMAN]. [ACKNOWLEDGEMENTS]

I told Barbara I'd be spending some time with people who have risen to the top of the financial world by controlling the disbursement of billions of dollars. She said: "You're addressing the baseball lawyers?" \\\

Baseball's "Opening Day" may not be on the calendar yet. But the truth is, the calendar offers each of us many "opening days" -- convenient launch points for a fresh start. Sometimes it is a new day, a new year. Now, it's a new decade -- a decade born amid shouts of joy and triumph, a decade full of hope, barreling with confidence towards a new century and a new era.

The roll call is exciting, exhilarating, accelerating. We call it the "Revolution of '89," but in Poland, it took about 10 years. Then in Hungary, about 10 months. East Germany, 10 weeks. Czechoslovakia, 10 days. And Bulgaria and Romania right behind.

Six nations in 6 months. And from 6 different tongues we heard the same one word -- FREEDOM. The people of Central Europe believed it. They fought for it. And they deserve the credit.

But take that word "FREEDOM" sometime, pick it up out of the newsprint and turn it over. And look on the back. More often than not, you'll find the same proud label that adorns the products you produce: "MADE IN THE U.S.A."

Eight years ago, Ronald Reagan stood before this very group and issued a bold and simple challenge. He said: "America can serve as the catalyst for an era of unimagined human freedom and dignity." \\\ And the cry of that great President became the "shout heard 'round the world." \\\

"MADE IN THE U.S.A." Back here, especially in Washington, there may be some still plagued by the demons of doom and doubt.

Maybe in Washington. But not in Warsaw. Asked if Radio Free Europe had been important to democracy in Poland, Lech Walesa responded with a question of his own: "Would there be Earth without the Sun?"

Maybe in Washington. But not in Wenceslaus Square. Last month Vaclav Havel praised our resolve as "defender[s] of freedom," telling Congress that Czechoslovakia probably wouldn't exist today if it hadn't been for the Atlantic alliance.

And no quotes are needed to tell you the role of American persistence and American courage in <sup>standing for liberty</sup> ~~liberating the peoples of~~ in Panama and Nicaragua. \\\

Yes, these are heady times. But the good news isn't only overseas. Because the Revolution of '89 marks the triumph not only of free ideas -- but also free markets.

And when it comes to free markets, America continues to lead the way. \\\

Here again, there are doubters. So let me speak as plainly as I can: The U.S. economy is the largest, strongest, most productive economy on Earth. With less than five percent of the

world's people, in 1988 Americans accounted for more than 25 percent of the world's production. Our G.N.P. is more than two and a half times that of the world's No. 2 economy -- Japan.

And when a small percentage of people produce a huge percentage of wealth, there's a word for it. It's called "productivity." And it's spelled "U-S-A." \ \ \

Thanks in no small part to the commitment and imagination of the people and companies represented here in this room, last year American exports of goods and services hit an all-time high -- over \$600 billion.

Today, the United States is once again the world's No. 1 exporter. ~~For our families, for our children, that helps keep America's standard of living far and away the highest of any major industrialized country in the world.~~ *And our standard of living? --* One-third higher than that of West Germany or Japan.)

1989 marked our seventh consecutive year of economic growth. Today, we see GNP -- up. Exports -- up. Personal income -- up.

Now, some would say that every economy has its ups and downs. But take a look at what's down:

The trade deficit is down. The federal deficit -- down. The prime rate -- down. And last year's unemployment rate -- down -- the lowest since 1973.

But we're not just talking about statistics and numbers. As Dick Darman recently reminded me: "Torture numbers -- and they'll confess to anything." \ \ \

~~You who run the factories, you who sign the paychecks, you~~  
*No, we're really talking about people --  
 people who hold*

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The growth dividend will provide Americans with ~~a higher standard of living~~ with jobs and opportunity, higher living standards and a legacy of prosperity. ~~It will provide~~ So achieving solid and sustainable growth is my most fundamental domestic priority. It is why I have proposed a strong agenda of growth initiatives.

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know what it means to have ~~created~~ <sup>the</sup> two and a half million jobs ~~created~~ <sup>for them</sup> since I took office one year ago. <sup>new</sup> It means families and freedom. It means dignity and decency. Because two and a half million American jobs means two and a half million American futures. \\\

((And, speaking of the future -- earlier I asked one C.E.O. what he sees as the most lucrative growth industry in the 90's. He said: "Being a lawyer connected with the Trump case.")) \\\

Our people and our economy are strong. And so is our resolve. It will soon be tested, as the dramatic new changes in the world produce dramatic new challenges in the world market.

America must prepare now to meet these challenges. ~~And my~~ <sup>committed to</sup> Administration is ~~pressing forward~~ <sup>an agenda for growth</sup> with our plan to ~~keep America~~ <sup>It is founded upon the investment in our future - and every sound</sup> ~~competitive, and to keep America's economy second to none.~~ <sup>investment has its yield - America's is the growth dividend.</sup> \\\

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First, we need to bring more of America's investment capital back into the productive economy. Lowering the cost of capital will assure the continued investment in physical assets and human resources needed to keep our manufacturing sector the most competitive in the world -- a world where virtually none of our competitors fully taxes capital gains.

This is a marathon -- not a sprint. We can't produce the products needed to capture world markets by focusing on results one quarter at a time. We need to return not only to yesterday's values but also yesterday's thinking -- the "long-term thinking" and "investment-in-the-future" way of doing business that produced the healthy climate we enjoy today.

The bottom line: It's time for Congress to pass the capital

gains tax cut. \\\

America wants it done right. \\  
 America wants it done responsibly. \\  
 And America wants it done NOW. \\\

Along with this infusion of new capital,<sup>Second,</sup> America needs a booster shot of new ideas ← Matching investment capital with intellectual capital. And I call on Congress to help sharpen America's competitive edge, ~~by acting on our new proposals.~~  
~~Doubling~~ the budget of the National Science Foundation. <sup>Bring</sup> ~~Record~~ high funding for Research and Development. <sup>to a record high</sup> Making the Research and Experimentation tax credit permanent. ~~And 70 percent expansion~~ of the Eisenhower education grants for math and science.

~~And as always,~~ <sup>Third we must stand behind</sup> our workforce ~~comes first.~~ <sup>deserves the best we can offer.</sup> American workers today are good workers -- the best in the world. <sup>and the quality of our products.</sup> But we need to keep pace. Their children are the workers of tomorrow, and we owe them a better education, with more emphasis on basic skills, the sciences, math and engineering.

We're going to do this in partnership with America's governors and schools. Giving those in need a fair start through Project Head Start. Raising our high school graduation rates to at least 90 percent. And in science and math our goal is unambiguous -- first in the world by the Year 2000. \\\

We've got to re-establish standards and re-establish expectations -- the kind of "quality control" so essential to everything America produces.

Quality is something you understand. And quality in manufacturing and quality in education are intertwined.

~~That's why we need a literate workforce. And We salute~~  
 manufacturers' efforts like the one Barbara visited recently in  
 Michigan -- a model of cooperation between the Ford Motor Company  
 and the United Auto Workers.

These goals are an important step towards restoring quality  
 in education. They help focus our efforts less on input -- the  
 amount of money that goes into our schools -- and more on output  
 -- the quality of student that comes out.

This kind of basic quality control is also basic to  
 producing quality goods. And it's being spurred on in American  
 manufacturing by steps taken within your own ranks -- steps like  
 the prestigious, high-level competition produced by awards like  
 those named after <sup>(the late</sup> ~~(my old friend)~~ Mac Baldrige. *It's also spurred on by efforts to ensure*

*Let me mention* ~~There's one final education goal -- maybe the most~~ *And finally it's essential that we have a drug-free workforce*  
~~important. We need schools that are free from crime. Free from~~  
~~chaos. And that means -- free from drugs. \ \ \ "~~

~~And what's true for the American school goes double for the~~  
~~American workplace:~~ One way to stop drugs at work is to make  
 sure it never starts. Pre-employment drug screening. Because if  
 you're not part of the solution -- you're part of the problem.

A drug-impaired workforce is one of the ways in which  
 American competitiveness can suffer from a self-inflicted burden.  
 But it's not the only one. *So next,* I call for Congress to act now to  
 make the U.S. marketplace work better through two basic reforms:  
Product liability reform -- to increase our competitiveness  
 without compromising safety. And anti-trust reform -- to

*remove obstacles to*

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encourage joint production ventures by U.S. companies. \\\

I am also convinced that America's growth need not come at the expense of the environment. Our natural resources are invaluable assets -- and like any other assets, they need to be maintained in order to sustain our ability to grow.

For 13 years, Congress has been unable to pass a new Clean Air Act. Two weeks ago, we reached a breakthrough -- a bipartisan agreement to untangle the web of regional politics that has stopped clean air. I compliment the Senate leadership for their very constructive negotiations. And today I call upon the Senate to now pass Clean Air -- to stand by the agreement -- and to protect our environment without saddling the bill with new subsidies and cumbersome rules. \\\

I mentioned self-inflicted burdens -- and of course -- not all our competitive burdens are self-inflicted. There are also foreign barriers to U.S. exports which must be addressed. And earlier this month Prime Minister Kaifu and I agreed on the need for action on what we call the "Structural Impediments Initiative" to break down non-tariff barriers to the Japanese market. And we are pressing hard to open Japanese markets to *address specific trade categories. Construction,* American satellites, telecommunications, super computers, forest products, and yes, American semi-conductors. \\\

We must and will move aggressively to open markets and expand our share of world trade. \\\

I still believe that -- for far-reaching, fundamental reform -- our best hope is the proposals we've made in the Uruguay Round

of the GATT negotiations. We're determined to make a level playing field: Let America compete in an arena of fair trade -- *and we'll take on anyone, anywhere.* ~~and just like in the Olympics -- we'll always bring home our share of gold.~~ \\\

As in Berlin, barriers are coming down all over the world. It took years of persistence, but <sup>the ideas championed by America-</sup> ~~American ideas were accepted,~~ *freedom, democracy, competition, investment are flourishing* ~~finally,~~ because they work, because they are the best. It can be the same for American goods.

In 1986, on the eve of July 4th, a single blue laser split the darkness over New York harbor -- a man-made lightning bolt that re-lit the torch of a re-born Statue of Liberty. The torch has been held high ever since. And today that light continues to inspire hope from Panama to Prague, ~~from <sup>f</sup>Sophia to Seoul~~, from Moscow to Managua... \\\

Somehow, a recent bit of news seems fitting: The bald eagle -- the American eagle -- may soon come off the endangered species list. \\\ Ladies and gentlemen -- America is back. \\\ And this time, America is back to stay. \\\

Thank you for your warm greeting. God bless you. And God bless the U.S.A.

# # #

THE WHITE HOUSE

WASHINGTON

March 14, 1990

INFORMATION

MEMORANDUM FOR THE PRESIDENT

THROUGH:           CHRISS WINSTON *cw*  
FROM:               EDWARD McNALLY *EMW*  
SUBJECT:            REVISED NAT'L. ASSOC. OF MANUFACTURERS SPEECH

Attached is a set of revised remarks for tomorrow morning's address to the annual meeting of the National Association of Manufacturers. As Governor Sununu requested, this draft reflects both your initial comments as well as those provided by Roger Porter.

McNally/Simon  
March 14, 1990  
Draft Five (B:NAM)

PRESIDENTIAL REMARKS: NATIONAL ASSOCIATION OF MANUFACTURERS  
RAMADA RENAISSANCE AT TECHWORLD  
THURSDAY, MARCH 15, 1990, 10:30 A.M.

Thank you, Dan [KRUMM, N.A.M. CHAIRMAN]. And I want to salute your president -- Jerry Jasinowski.

I told Barbara I'd be spending some time with people who have risen to the top of the financial world by controlling the disbursement of billions of dollars. She said: "You're addressing the baseball lawyers?" \\\

Baseball's "Opening Day" may not be on the calendar yet. But the truth is, the calendar offers each of us many "opening days" -- convenient launch points for a fresh start. Sometimes it is a new day, a new year. Now, it's a new decade -- a decade born amid shouts of joy and triumph, a decade full of hope, barrelling with confidence towards a new century and a new era.

The roll call is exciting, exhilarating, accelerating. We call it the "Revolution of '89," but in Poland, it took about 10 years. Then in Hungary about 10 months. East Germany, 10 weeks. Czechoslovakia, 10 days. And Bulgaria and Romania right behind.

Six nations in 6 months. And from 6 different tongues we heard the same one word -- FREEDOM. The people of Central Europe believed it. They fought for it. And they deserve the credit.

But take that word "FREEDOM" sometime, pick it up out of the newsprint and turn it over. And look on the back. More often than not, you'll find the same proud label that adorns the products you produce: "MADE IN AMERICA."

Eight years ago, Ronald Reagan stood before this very group and issued a bold and simple challenge. He said: "America can serve as the catalyst for an era of unimagined human freedom and dignity." \\\ And the cry of that great President became the "shout heard 'round the world." \\\

Back here, especially in Washington, there may be some still plagued by doubt. \\\ Maybe in Washington. But not in Warsaw. Asked if Radio Free Europe had been important to democracy in Poland, Lech Walesa responded with a question of his own: "Would there be Earth without the Sun?"

Maybe in Washington. But not in Wenceslaus Square. Last month Vaclav Havel praised our resolve as "defender[s] of freedom," telling Congress that Czechoslovakia probably wouldn't exist today if it hadn't been for the Atlantic alliance.

And no quotes are needed to tell you the role of American persistence and American courage in standing for liberty in Panama and Nicaragua. \\\

Yes, these are heady times. But the good news isn't only overseas. Because the Revolution of '89 marks the triumph not only of free ideas -- but also free markets. \\\ And when it comes to free markets, America continues to lead the way. \\\

Here again, there are doubters. Some who worry about a slowdown. True, our economy is not perfect, and I don't want to paint an unrealistic picture. But look at the facts: The U.S. economy is the largest, strongest, most productive economy on Earth. Our standard of living is one-third higher than that of

West Germany or Japan. With less than five percent of the world's people, in 1988 Americans accounted for more than 25 percent of the world's production. Our G.N.P. is more than two and a half times that of the world's No. 2 economy -- Japan.

And when a small percentage of people produce a huge percentage of wealth, there's a word for it. It's called "productivity." And it's spelled "U-S-A." \\\

Thanks in no small part to the commitment and imagination of the people and companies represented here in this room, last year American exports of goods and services hit an all-time high -- over \$600 billion. And today, the United States is once again the world's No.1 exporter.

1989 marked our seventh consecutive year of economic growth. Today, we see GNP -- up. Exports -- up. Personal income -- up.

Now, some would say that every economy has its ups and downs. But take a look at what's down:

The trade deficit is down. The federal deficit -- down. The prime rate -- down. And last year's unemployment rate -- down -- the lowest since 1973.

But we're not just talking about statistics and numbers. As Dick Darman recently reminded me: "Torture numbers -- and they'll confess to anything." \\\

No, we're really talking about people -- people who hold the two and a half million new jobs created since I took office one year ago. For them, it means families and freedom. It means dignity and decency. Because two and a half million American

jobs means two and a half million American futures. \\\

((And, speaking of the future -- earlier I asked one C.E.O. what he sees as the most lucrative growth industry in the 90's. He said: "Being a lawyer connected with the Trump case.")) \\\

Our people and our economy are strong. And so is our resolve. It will soon be tested, as the dramatic new changes in the world produce dramatic new challenges in the world market. We must prepare now to meet these challenges. My Administration is committed to an agenda for growth. It is founded upon investing in our future -- and every sound investment has its yield -- America's yield is the "Growth Dividend." \\\

The growth dividend will provide Americans with jobs and opportunity, higher living standards and a legacy of prosperity. So achieving solid and sustainable growth is my most fundamental domestic priority. It is why I have proposed a strong agenda of growth initiatives.

First, we need to bring more of America's investment capital back into the productive economy. Lowering the cost of capital will assure the continued investment in productive assets and human resources needed to keep our manufacturing sector the most competitive in the world -- a world where virtually none of our competitors fully taxes capital gains.

This is a marathon -- not a sprint. We can't produce the products needed to capture world markets by focusing on results one quarter at a time. We need to return not only to yesterday's values but also yesterday's thinking -- the "long-term thinking"

and "investment-in-the-future" way of doing business that produced the healthy climate we enjoy today.

The bottom line: It's time for Congress to pass the capital gains tax cut. \\\

America wants it done right. \\ America wants it done responsibly. \\ And America wants it done NOW. \\\

Second, we need to keep interest rates down. \\ And we're committed to helping that process by going to the heart of the matter: My Administration submitted a budget that will continue to bring the federal deficit down. And today I call on the Budget Committees to fulfill their legal responsibilities -- and come up with a Budget resolution by April 1st. That's two weeks away. It's time to act. It's time to bring the deficit down.\\\

Third, America needs a booster shot of new ideas along with the infusion of new capital our tax cut will provide. Matching investment capital with intellectual capital. And I call on Congress to help sharpen America's competitive edge: double the budget of the National Science Foundation. Bring funding for Research and Development to a record high. Make the Research and Experimentation tax credit permanent. And expand the Eisenhower education grants for math and science.

Fourth, we must stand behind our workforce and the quality of our products. American workers today are good workers -- the best in the world. But we need to keep pace. Their children are the workers of tomorrow, and we owe them a better education, with an emphasis on basic skills, the sciences, math and engineering.

We're going to do this in partnership with America's governors and schools. Giving those in need a fair start through Project Head Start. Raising our high school graduation rates to at least 90 percent. And in science and math our goal is unambiguous -- first in the world by the Year 2000. \\\

We've got to re-establish standards and re-establish expectations -- the kind of "quality control" so essential to everything America produces.

Quality is something you understand. And quality in manufacturing and quality in education are intertwined.

These goals are an important step towards restoring quality in education. They help focus our efforts less on input -- the amount of money that goes into our schools -- and more on output -- the quality of student that comes out.

This kind of basic quality control is also basic to producing quality goods. And it's being spurred on in American manufacturing by steps taken within your own ranks -- steps like the prestigious, high-level competition produced by awards like those named after the late Mac Baldrige.

It's also spurred on by efforts to ensure a literate workforce. We salute manufacturers' efforts like the one Barbara visited recently in Michigan -- a model of cooperation between the Ford Motor Company and the United Auto Workers.

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A drug-impaired workforce is one of the ways in which American competitiveness can suffer from a self-inflicted burden. But it's not the only one.

So next, I call for Congress to act now to make the U.S. marketplace work better through two basic reforms: Product liability reform -- to increase our competitiveness without compromising safety. And anti-trust reform -- to remove obstacles to joint production ventures by U.S. companies. \\\

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McNally/Simon  
March 14, 1990  
Draft Four (B:NAM)

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America wants it done right. \\ America wants it done responsibly. \\ And America wants it done NOW. \\\

Second, we need to keep interest rates down. \\ And we're committed to helping that process by going to the heart of the matter: My Administration submitted a budget that will continue to bring the federal deficit down. And today I call on the Budget Committees to fulfill their legal responsibilities -- and come up with a Budget resolution by April 1st. That's two weeks away. It's time to act. It's time to bring the deficit down.\\\

Third, America needs a booster shot of new ideas along with the infusion of new capital our tax cut will provide. Matching investment capital with intellectual capital. And I call on Congress to help sharpen America's competitive edge: double the budget of the National Science Foundation. Bring funding for Research and Development to a record high. Make the Research and Experimentation tax credit permanent. And expand the Eisenhower education grants for math and science.

Fourth, we must stand behind our workforce and the quality of our products. American workers today are good workers -- the best in the world. But we need to keep pace. Their children are the workers of tomorrow, and we owe them a better education, with an emphasis on basic skills, the sciences, math and engineering.

We're going to do this in partnership with America's

governors and schools. Giving those in need a fair start through Project Head Start. Raising our high school graduation rates to at least 90 percent. And in science and math our goal is unambiguous -- first in the world by the Year 2000. \\\

We've got to re-establish standards and re-establish expectations -- the kind of "quality control" so essential to everything America produces.

Quality is something you understand. And quality in manufacturing and quality in education are intertwined.

These goals are an important step towards restoring quality in education. They help focus our efforts less on input -- the amount of money that goes into our schools -- and more on output -- the quality of student that comes out.

This kind of basic quality control is also basic to producing quality goods. And it's being spurred on in American manufacturing by steps taken within your own ranks -- steps like the prestigious, high-level competition produced by awards like those named after the late Mac Baldrige.

It's also spurred on by efforts to ensure a literate workforce. We salute manufacturers' efforts like the one Barbara visited recently in Michigan -- a model of cooperation between the Ford Motor Company and the United Auto Workers.

And finally, it's essential that we have a drug-free workforce. One way to stop drugs at work is to make sure it never starts. Pre-employment drug screening. Because if you're not part of the solution -- you're part of the problem.

A drug-impaired workforce is one of the ways in which American competitiveness can suffer from a self-inflicted burden. But it's not the only one.

So next, I call for Congress to act now to make the U.S. marketplace work better through two basic reforms: Product liability reform -- to increase our competitiveness without compromising safety. And anti-trust reform -- to remove obstacles to joint production ventures by U.S. companies. \\\

I am also convinced that America's growth need not come at the expense of the environment. Our natural resources are invaluable assets -- and like any other assets, they need to be maintained in order to sustain our ability to grow.

For 13 years, Congress has been unable to pass a new Clean Air Act. Two weeks ago, we reached a breakthrough -- a bipartisan agreement to untangle the web of regional politics that has stopped clean air. I compliment the Senate leadership for their very constructive negotiations. And today I call upon the Senate to now pass Clean Air -- to stand by the agreement -- and to protect our environment without saddling the bill with new subsidies and cumbersome rules. \\\

I mentioned self-inflicted burdens -- and of course -- not all our competitive burdens are self-inflicted. There are also foreign barriers to U.S. exports which must be addressed. And earlier this month Prime Minister Kaifu and I agreed on the need for action on what we call the "Structural Impediments Initiative" to break down non-tariff barriers to the Japanese

market. And we are pressing hard to open Japanese markets to address specific trade categories. \\\

We must and will move aggressively to open markets and expand our share of world trade. \\\

I still believe that -- for far-reaching, fundamental reform -- our best hope is the proposals we've made in the Uruguay Round of the GATT negotiations. We're determined to make a level playing field. Let America compete in an arena of fair trade -- and we'll take on anyone, anytime, anywhere. \\\

As in Berlin, barriers are coming down all over the world. It took years of persistence, but the ideas championed by America -- freedom, democracy, competition, and investment -- are flourishing because they work, because they are the best. It can be the same for American goods.

In 1986, on the eve of July 4th, a single blue laser split the darkness over New York harbor -- a man-made lightning bolt that re-lit the torch of a re-born Statue of Liberty. The torch has been held high ever since. And today that light continues to inspire hope from Panama to Prague, from Moscow to Managua. \\\

Somehow, a recent bit of news seems fitting: The bald eagle -- the American eagle -- may soon come off the endangered species list. \\\ Ladies and gentlemen -- America is back. \\\ And this time, America is back to stay. \\\

God bless you. And God bless the U.S.A.

# # #

THE WHITE HOUSE  
WASHINGTON

March 14, 1990

INFORMATION

MEMORANDUM FOR THE PRESIDENT

THROUGH:           CHRISS WINSTON *cw*  
FROM:               EDWARD McNALLY *EMW*  
SUBJECT:            REVISED NAT'L. ASSOC. OF MANUFACTURERS SPEECH

Attached is a set of revised remarks for tomorrow morning's address to the annual meeting of the National Association of Manufacturers. As Governor Sununu requested, this draft reflects both your initial comments as well as those provided by Roger Porter.

McNally/Simon  
March 14, 1990  
Draft Five (B:NAM)

PRESIDENTIAL REMARKS: NATIONAL ASSOCIATION OF MANUFACTURERS  
RAMADA RENAISSANCE AT TECHWORLD  
THURSDAY, MARCH 15, 1990, 10:30 A.M.

Thank you, Dan [KRUMM, N.A.M. CHAIRMAN]. And I want to salute your president -- Jerry Jasinowski.

I told Barbara I'd be spending some time with people who have risen to the top of the financial world by controlling the disbursement of billions of dollars. She said: "You're addressing the baseball lawyers?" \\\

Baseball's "Opening Day" may not be on the calendar yet. But the truth is, the calendar offers each of us many "opening days" -- convenient launch points for a fresh start. Sometimes it is a new day, a new year. Now, it's a new decade -- a decade born amid shouts of joy and triumph, a decade full of hope, barrelling with confidence towards a new century and a new era.

The roll call is exciting, exhilarating, accelerating. We call it the "Revolution of '89," but in Poland, it took about 10 years. Then in Hungary about 10 months. East Germany, 10 weeks. Czechoslovakia, 10 days. And Bulgaria and Romania right behind.

Six nations in 6 months. And from 6 different tongues we heard the same one word -- FREEDOM. The people of Central Europe believed it. They fought for it. And they deserve the credit.

But take that word "FREEDOM" sometime, pick it up out of the newsprint and turn it over. And look on the back. More often than not, you'll find the same proud label that adorns the products you produce: "MADE IN AMERICA."

Eight years ago, Ronald Reagan stood before this very group and issued a bold and simple challenge. He said: "America can serve as the catalyst for an era of unimagined human freedom and dignity." \\\ And the cry of that great President became the "shout heard 'round the world." \\\

Back here, especially in Washington, there may be some still plagued by doubt. \ \ Maybe in Washington. But not in Warsaw. Asked if Radio Free Europe had been important to democracy in Poland, Lech Walesa responded with a question of his own: "Would there be Earth without the Sun?"

Maybe in Washington. But not in Wenceslaus Square. Last month Vaclav Havel praised our resolve as "defender[s] of freedom," telling Congress that Czechoslovakia probably wouldn't exist today if it hadn't been for the Atlantic alliance.

And no quotes are needed to tell you the role of American persistence and American courage in standing for liberty in Panama and Nicaragua. \\\ \

Yes, these are heady times. But the good news isn't only overseas. Because the Revolution of '89 marks the triumph not only of free ideas -- but also free markets. \ \ And when it comes to free markets, America continues to lead the way. \ \ \

Here again, there are doubters. Some who worry about a slowdown. True, our economy is not perfect, and I don't want to paint an unrealistic picture. But look at the facts: The U.S. economy is the largest, strongest, most productive economy on Earth. Our standard of living is one-third higher than that of

West Germany or Japan. With less than five percent of the world's people, in 1988 Americans accounted for more than 25 percent of the world's production. Our G.N.P. is more than two and a half times that of the world's No. 2 economy -- Japan.

And when a small percentage of people produce a huge percentage of wealth, there's a word for it. It's called "productivity." And it's spelled "U-S-A." \\\

Thanks in no small part to the commitment and imagination of the people and companies represented here in this room, last year American exports of goods and services hit an all-time high -- over \$600 billion. And today, the United States is once again the world's No.1 exporter.

1989 marked our seventh consecutive year of economic growth. Today, we see GNP -- up. Exports -- up. Personal income -- up.

Now, some would say that every economy has its ups and downs. But take a look at what's down:

The trade deficit is down. The federal deficit -- down. The prime rate -- down. And last year's unemployment rate -- down -- the lowest since 1973.

But we're not just talking about statistics and numbers. As Dick Darman recently reminded me: "Torture numbers -- and they'll confess to anything." \\\

No, we're really talking about people -- people who hold the two and a half million new jobs created since I took office one year ago. For them, it means families and freedom. It means dignity and decency. Because two and a half million American

jobs means two and a half million American futures. \\\

((And, speaking of the future -- earlier I asked one C.E.O. what he sees as the most lucrative growth industry in the 90's. He said: "Being a lawyer connected with the Trump case.")) \\\

Our people and our economy are strong. And so is our resolve. It will soon be tested, as the dramatic new changes in the world produce dramatic new challenges in the world market. We must prepare now to meet these challenges. My Administration is committed to an agenda for growth. It is founded upon investing in our future -- and every sound investment has its yield -- America's yield is the "Growth Dividend." \\\

The growth dividend will provide Americans with jobs and opportunity, higher living standards and a legacy of prosperity. So achieving solid and sustainable growth is my most fundamental domestic priority. It is why I have proposed a strong agenda of growth initiatives.

First, we need to bring more of America's investment capital back into the productive economy. Lowering the cost of capital will assure the continued investment in productive assets and human resources needed to keep our manufacturing sector the most competitive in the world -- a world where virtually none of our competitors fully taxes capital gains.

This is a marathon -- not a sprint. We can't produce the products needed to capture world markets by focusing on results one quarter at a time. We need to return not only to yesterday's values but also yesterday's thinking -- the "long-term thinking"

and "investment-in-the-future" way of doing business that produced the healthy climate we enjoy today.

The bottom line: It's time for Congress to pass the capital gains tax cut. \\\

America wants it done right. \\\ America wants it done responsibly. \\\ And America wants it done NOW. \\\

Second, we need to keep interest rates down. \\\ And we're committed to helping that process by going to the heart of the matter: My Administration submitted a budget that will continue to bring the federal deficit down. And today I call on the Budget Committees to fulfill their legal responsibilities -- and come up with a Budget resolution by April 1st. That's two weeks away. It's time to act. It's time to bring the deficit down.\\\

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We're going to do this in partnership with America's governors and schools. Giving those in need a fair start through Project Head Start. Raising our high school graduation rates to at least 90 percent. And in science and math our goal is unambiguous -- first in the world by the Year 2000. \\\

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These goals are an important step towards restoring quality in education. They help focus our efforts less on input -- the amount of money that goes into our schools -- and more on output -- the quality of student that comes out.

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It's also spurred on by efforts to ensure a literate workforce. We salute manufacturers' efforts like the one Barbara visited recently in Michigan -- a model of cooperation between the Ford Motor Company and the United Auto Workers.

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Initiative" to break down non-tariff barriers to the Japanese market. And we are pressing hard to <sup>get the</sup> open Japanese <sup>govt</sup> markets to address specific trade categories. \\\

We must and will move aggressively to open markets, and expand our share of <sup>global</sup> world trade. \\\

I still believe that -- for far-reaching, fundamental reform -- our best hope is the proposals we've made in the Uruguay Round of the GATT negotiations. We're determined to make a level playing field. Let America compete in an arena of fair trade -- and we'll take on anyone, anytime, anywhere. \\\

As in Berlin, barriers are coming down all over the world. It took years of persistence, but the ideas championed by America -- freedom, democracy, competition, and investment -- are flourishing because they work, because they are the best. It can be the same for American goods.

In 1986, on the eve of July 4th, a single blue laser split the darkness over New York harbor -- a man-made lightning bolt that re-lit the torch of a re-born Statue of Liberty. The torch has been held high ever since. And today that light continues to inspire hope from Panama to Prague, from Moscow to Managua. \\\

Somehow, a recent bit of news seems fitting: The bald eagle -- the American eagle -- may soon come off the endangered species list. \\\ Ladies and gentlemen -- America is back. \\\ And this time, America is back to stay. \\\

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# # #

# WHITE HOUSE STAFFING MEMORANDUM

90 MAR 14 P2:44

DATE: 3/14/90 ACTION/CONCURRENCE/COMMENT DUE BY: ---

SUBJECT: PRESIDENTIAL REMARKS: NATIONAL ASSOCIATION OF MANUFACTURERS

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input type="checkbox"/>	<input 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"/>	ROGERS	<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 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"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

The attached has been forwarded to the President.

RESPONSE:

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

THE WHITE HOUSE

WASHINGTON

March 14, 1990

1990 MAR 14 AM 10:56

INFORMATION

MEMORANDUM FOR THE PRESIDENT

THROUGH:           CHRISS WINSTON *cw*  
FROM:               EDWARD McNALLY *EM*  
SUBJECT:            NATIONAL ASSOCIATION OF MANUFACTURERS SPEECH

I.    SUMMARY

Attached are draft remarks for Thursday morning's address to the annual meeting of the National Association of Manufacturers.

II.   DISCUSSION

At 10:30 a.m. on Thursday, March 15, 1990, you are scheduled to arrive onstage at the Ramada Renaissance at Techworld in Washington to address approximately 500 executives from manufacturing companies.

The address (16 minutes, TelePrompter) emphasizes the accomplishments and initiatives of your Administration on economic and business issues. It is intended as a significant address, taking stock of the full range of your Administration's many initiatives to maintain America's strong economic leadership.

The tone is upbeat in the first half, emphasizing the good economic news and the spread of freedom around the world.

The second half emphasizes your broad-based, comprehensive proposals for ensuring continued economic growth: The capital gains tax cut, new funding for R & D, the new education goals, and drug-free workplaces. Fundamental reform in trade, product liability, and anti-trust laws. And a pitch for the Clean Air compromise.

McNally/Simon  
March 14, 1990  
Draft Four (B:NAM)

PRESIDENTIAL REMARKS: NATIONAL ASSOCIATION OF MANUFACTURERS  
RAMADA RENAISSANCE AT TECHWORLD  
THURSDAY, MARCH 15, 1990, 10:30 A.M.

Thank you, Dan [KRUMM, N.A.M. CHAIRMAN]. And I want to salute your president -- Jerry Jasinowski.

I told Barbara I'd be spending some time with people who have risen to the top of the financial world by controlling the disbursement of billions of dollars. She said: "You're addressing the baseball lawyers?" \\\

Baseball's "Opening Day" may not be on the calendar yet. But the truth is, the calendar offers each of us many "opening days" -- convenient launch points for a fresh start. Sometimes it is a new day, a new year. Now, it's a new decade -- a decade born amid shouts of joy and triumph, a decade full of hope, barreling with confidence towards a new century and a new era.

The roll call is exciting, exhilarating, accelerating. We call it the "Revolution of '89," but in Poland, it took about 10 years. Then in Hungary about 10 months. East Germany, 10 weeks. Czechoslovakia, 10 days. And Bulgaria and Romania right behind.

Six nations in 6 months. And from 6 different tongues we heard the same one word -- FREEDOM. The people of Central Europe believed it. They fought for it. And they deserve the credit.

But take that word "FREEDOM" sometime, pick it up out of the newsprint and turn it over. And look on the back. More often than not, you'll find the same proud label that adorns the products you produce: "MADE IN THE U.S.A."

Eight years ago, Ronald Reagan stood before this very group and issued a bold and simple challenge. He said: "America can serve as the catalyst for an era of unimagined human freedom and dignity." \\\ And the cry of that great President became the "shout heard 'round the world." \\\

"MADE IN THE U.S.A." Back here, especially in Washington, there may be some still plagued by the demons of doom and doubt.

Maybe in Washington. But not in Warsaw. Asked if Radio Free Europe had been important to democracy in Poland, Lech Walesa responded with a question of his own: "would there be Earth without the Sun?"

Maybe in Washington. But not in Wenceslaus Square. Last month Vaclav Havel praised our resolve as "defender[s] of freedom," telling Congress that Czechoslovakia probably wouldn't exist today if it hadn't been for the Atlantic alliance.

And no quotes are needed to tell you the role of American persistence and American courage in standing for liberty in Panama and Nicaragua. \\\

Yes, these are heady times. But the good news isn't only overseas. Because the Revolution of '89 marks the triumph not only of free ideas -- but also free markets. \ And when it comes to free markets, America continues to lead the way. \\\

Here again, there are doubters. So let me speak plainly: The U.S. economy is the largest, strongest, most productive economy on Earth. Our standard of living is one-third higher than that of West Germany or Japan. With less than five percent

of the world's people, in 1988 Americans accounted for more than 25 percent of the world's production. Our G.N.P. is more than two and a half times that of the world's No. 2 economy -- Japan.

And when a small percentage of people produce a huge percentage of wealth, there's a word for it. It's called "productivity." And it's spelled "U-S-A." \\\

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((And, speaking of the future -- earlier I asked one C.E.O. what he sees as the most lucrative growth industry in the 90's. He said: "Being a lawyer connected with the Trump case.") \\\

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The growth dividend will provide Americans with jobs and opportunity, higher living standards and a legacy of prosperity. So achieving solid and sustainable growth is my most fundamental domestic priority. It is why I have proposed a strong agenda of growth initiatives.

First, we need to bring more of America's investment capital back into the productive economy. Lowering the cost of capital will assure the continued investment in physical assets and human resources needed to keep our manufacturing sector the most competitive in the world -- a world where virtually none of our competitors fully taxes capital gains.

This is a marathon -- not a sprint. We can't produce the products needed to capture world markets by focusing on results one quarter at a time. We need to return not only to yesterday's values but also yesterday's thinking -- the "long-term thinking" and "investment-in-the-future" way of doing business that

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Fourth, we must stand behind our workforce and the quality of our products. American workers today are good workers -- the best in the world. But we need to keep pace. Their children are the workers of tomorrow, and we owe them a better education, with an emphasis on basic skills, the sciences, math and engineering.

We're going to do this in partnership with America's

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THE WHITE HOUSE

WASHINGTON

March 13, 1990

INFORMATION

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FROM:               EDWARD McNALLY *EMW*  
SUBJECT:            NATIONAL ASSOCIATION OF MANUFACTURERS SPEECH

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The second half emphasizes your broad-based, comprehensive proposals for ensuring continued economic growth: The capital gains tax cut, new funding for R & D, the new education goals, and drug-free workplaces. Fundamental reform in trade, product liability, and anti-trust laws. And a pitch for the Clean Air compromise.

McNally/Simon  
March 13, 1990  
Draft Three (B:NAM)

PRESIDENTIAL REMARKS: NATIONAL ASSOCIATION OF MANUFACTURERS  
RAMADA RENAISSANCE AT TECHWORLD  
THURSDAY, MARCH 15, 1990, 10:30 A.M.

Thank you, Dan [KRUMM, N.A.M. CHAIRMAN]. [ACKNOWLEDGEMENTS]

I told Barbara I'd be spending some time with people who have risen to the top of the financial world by controlling the disbursement of billions of dollars. She said: "You're addressing the baseball lawyers?" \\\

Baseball's "Opening Day" may not be on the calendar yet. But the truth is, the calendar offers each of us many "opening days" -- convenient launch points for a fresh start. Sometimes it is a new day, a new year. Now, it's a new decade -- a decade born amid shouts of joy and triumph, a decade full of hope, barrelling with confidence towards a new century and a new era.

The roll call is exciting, exhilarating, accelerating. We call it the "Revolution of '89," but in Poland, it took about 10 years. Then in Hungary, about 10 months. East Germany, 10 weeks. Czechoslovakia, 10 days. And Bulgaria and Romania right behind.

Six nations in 6 months. And from 6 different tongues we heard the same one word -- FREEDOM. The people of Central Europe believed it. They fought for it. And they deserve the credit.

But take that word "FREEDOM" sometime, pick it up out of the newsprint and turn it over. And look on the back. More often than not, you'll find the same proud label that adorns the products you produce: "MADE IN THE U.S.A."

Eight years ago, Ronald Reagan stood before this very group and issued a bold and simple challenge. He said: "America can serve as the catalyst for an era of unimagined human freedom and dignity." \\\ And the cry of that great President became the "shout heard 'round the world." \\\

"MADE IN THE U.S.A." Back here, especially in Washington, there may be some still plagued by the demons of doom and doubt.

Maybe in Washington. But not in Warsaw. Asked if Radio Free Europe had been important to democracy in Poland, Lech Walesa responded with a question of his own: "Would there be Earth without the Sun?"

Maybe in Washington. But not in Wenceslaus Square. Last month Vaclav Havel praised our resolve as "defender[s] of freedom," telling Congress that Czechoslovakia probably wouldn't exist today if it hadn't been for the Atlantic alliance.

And no quotes are needed to tell you the role of American persistence and American courage in liberating the peoples of Panama and Nicaragua. \\\

Yes, these are heady times. But the good news isn't only overseas. Because the Revolution of '89 marks the triumph not only of free ideas -- but also free markets.

And when it comes to free markets, America continues to lead the way. \\\

Here again, there are doubters. So let me speak as plainly as I can: The U.S. economy is the largest, strongest, most productive economy on Earth. With less than five percent of the

world's people, in 1988 Americans accounted for more than 25 percent of the world's production. Our G.N.P. is more than two and a half times that of the world's No. 2 economy -- Japan.

And when a small percentage of people produce a huge percentage of wealth, there's a word for it. It's called "productivity." And it's spelled "U-S-A." \\\

Thanks in no small part to the commitment and imagination of the people and companies represented here in this room, last year American exports of goods and services hit an all-time high -- over \$600 billion.

Today, the United States is once again the world's No. 1 exporter. For our families, for our children, that helps keep America's standard of living far and away the highest of any major industrialized country in the world. One-third higher than that of West Germany or Japan.

1989 marked our seventh consecutive year of economic growth. Today, we see GNP -- up. Exports -- up. Personal income -- up.

Now, some would say that every economy has its ups and downs. But take a look at what's down:

The trade deficit is down. The federal deficit -- down. The prime rate -- down. And last year's unemployment rate -- down -- the lowest since 1973.

But we're not just talking about statistics and numbers. As Dick Darman recently reminded me: "Torture numbers -- and they'll confess to anything." \\\

You who run the factories, you who sign the paychecks, you

know what it means to have created two and a half million jobs since I took office one year ago. It means families and freedom. It means dignity and decency. Because two and a half million American jobs means two and a half million American futures. \\\

((And, speaking of the future -- earlier I asked one C.E.O. what he sees as the most lucrative growth industry in the 90's. He said: "Being a lawyer connected with the Trump case.")) \\\

Our people and our economy are strong. And so is our resolve. It will soon be tested, as the dramatic new changes in the world produce dramatic new challenges in the world market. America must prepare now to meet these challenges. And my Administration is pressing forward with our plan to keep America competitive, and to keep America's economy second to none. \\\

First, we need to bring more of America's investment capital back into the productive economy. Lowering the cost of capital will assure the continued investment in physical assets and human resources needed to keep our manufacturing sector the most competitive in the world -- a world where virtually none of our competitors fully taxes capital gains.

This is a marathon -- not a sprint. We can't produce the products needed to capture world markets by focusing on results one quarter at a time. We need to return not only to yesterday's values but also yesterday's thinking -- the "long-term thinking" and "investment-in-the-future" way of doing business that produced the healthy climate we enjoy today.

The bottom line: It's time for Congress to pass the capital

gains tax cut. \\\

America wants it done right. \\  
America wants it done responsibly. \\  
And America wants it done NOW. \\\

Along with this infusion of new capital, America needs a booster shot of new ideas. Matching investment capital with intellectual capital. And I call on Congress to help sharpen America's competitive edge by acting on our new proposals. Doubling the budget of the National Science Foundation. Record-high funding for Research and Development. Making the Research and Experimentation tax credit permanent. A 70 percent expansion of the Eisenhower education grants for math and science.

And as always, our workforce comes first. American workers today are good workers -- the best in the world. But we need to keep pace. Their children are the workers of tomorrow, and we owe them a better education, with more emphasis on basic skills, the sciences, math and engineering.

We're going to do this in partnership with America's governors and schools. Giving those in need a fair start through Project Head Start. Raising our high school graduation rates to at least 90 percent. And in science and math our goal is unambiguous -- first in the world by the Year 2000. \\\

We've got to re-establish standards and re-establish expectations -- the kind of "quality control" so essential to everything America produces.

Quality is something you understand. And quality in manufacturing and quality in education are intertwined.

That's why we need a literate workforce. And we salute manufacturers' efforts like the one Barbara visited recently in Michigan -- a model of cooperation between the Ford Motor Company and the United Auto Workers.

These goals are an important step towards restoring quality in education. They help focus our efforts less on input -- the amount of money that goes into our schools -- and more on output -- the quality of student that comes out.

This kind of basic quality control is also basic to producing quality goods. And it's being spurred on in American manufacturing by steps taken within your own ranks -- steps like the prestigious, high-level competition produced by awards like those named after my old friend Mac Baldrige.

There's one final education goal -- maybe the most important. We need schools that are free from crime. Free from chaos. And that means -- free from drugs. \\\

And what's true for the American school goes double for the American workplace. One way to stop drugs at work is to make sure it never starts. Pre-employment drug screening. Because if you're not part of the solution -- you're part of the problem.

A drug-impaired workforce is one of the ways in which American competitiveness can suffer from a self-inflicted burden. But it's not the only one. I call for Congress to act now to make the U.S. marketplace work better through two basic reforms: Product liability reform -- to increase our competitiveness without compromising safety. And anti-trust reform -- to

encourage joint production ventures by U.S. companies. \\\

I am also convinced that America's growth need not come at the expense of the environment. Our natural resources are invaluable assets -- and like any other assets, they need to be maintained in order to sustain our ability to grow.

For 13 years, Congress has been unable to pass a new Clean Air Act. Two weeks ago, we reached a breakthrough -- a bipartisan agreement to untangle the web of regional politics that has stopped clean air. I compliment the Senate leadership for their very constructive negotiations. And today I call upon the Senate to now pass Clean Air -- to stand by the agreement -- and to protect our environment without saddling the bill with new subsidies and cumbersome rules. \\\

I mentioned self-inflicted burdens -- and of course -- not all our competitive burdens are self-inflicted. There are also foreign barriers to U.S. exports which must be addressed. And earlier this month Prime Minister Kaifu and I agreed on the need for action on what we call the "Structural Impediments Initiative" to break down non-tariff barriers to the Japanese market. And we are pressing hard to open Japanese markets to American satellites, telecommunications, super computers, forest products, and yes, American semi-conductors. \\\

We must and will move aggressively to open markets and expand our share of world trade. \\\

I still believe that -- for far-reaching, fundamental reform -- our best hope is the proposals we've made in the Uruguay Round

of the GATT negotiations. We're determined to make a level playing field." Let America compete in an arena of fair trade -- and just like in the Olympics -- we'll always bring home our share of gold. \\\

As in Berlin, barriers are coming down all over the world. It took years of persistence, but American ideas were accepted, finally, because they work, because they are the best. It can be the same for American goods.

In 1986, on the eve of July 4th, a single blue laser split the darkness over New York harbor -- a man-made lightning bolt that re-lit the torch of a re-born Statue of Liberty. The torch has been held high ever since. And today that light continues to inspire hope from Panama to Prague, from Sophia to Seoul, from Moscow to Managua... \\\

Somehow, a recent bit of news seems fitting: The bald eagle -- the American eagle -- may soon come off the endangered species list. \\\ Ladies and gentlemen -- America is back. \\\ And this time, America is back to stay. \\\

Thank you for your warm greeting. God bless you. And God bless the U.S.A.

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"MADE IN THE U.S.A." Back here, especially in Washington, there may be some still plagued by the demons of doom and doubt, ~~some who wonder whether that proud label marks American goods and American ideas as best in the world.~~

Maybe in Washington. But not in Warsaw. Asked if Radio Free Europe had been important to democracy in Poland, Lech Walesa responded with a question of his own: "Would there be Earth without the Sun?"

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The prime rate -- down. ~~Mortgage rates -- down from last~~

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*Sketch* ~~((Earlier, I asked one C.E.O. what he sees as the most lucrative growth industry in the 90's. He said: "Being a lawyer connected with the Trump case.")) \\\~~

Our people and our economy are strong. And so is our resolve. ~~They~~ <sup>It</sup> will be tested in the world economy of the future, as the dramatic new changes in the world produce dramatic new challenges in the world market. America must prepare now to meet these challenges. And my Administration is pressing forward with our plan to keep America competitive, and to keep America's economy second to none. \\\

~~And it sure doesn't mean there's a recession ahead.~~

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competitive in the world -- a world where virtually none of our competitors fully taxes capital gains.

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But of course, not all our competitive burdens are self-inflicted. There are also foreign barriers to U.S. exports which must be addressed. And earlier this month Prime Minister Kaifu and I agreed on the need for action on what we call the "Structural Impediments Initiative" to break down non-tariff barriers to the Japanese market. Today, in Tokyo, Secretary of Commerce Bob Mosbacher is pressing hard on our behalf. ✓

And today, in Washington, our Trade Representative, Carla Hills, is pressing hard to open Japanese markets to American satellites, American telecommunications, American super computers, American forest products, and yes, American semi-conductors. \\\

We must and will move aggressively to open markets and expand our share of world trade.

I still believe that -- for far-reaching, fundamental reform -- our best hope is the proposals we've made in the Uruguay Round of the GATT negotiations. We're determined to make a level playing field. Let America compete in an arena of fair trade -- and just like in the Olympics -- we'll always bring home our share of gold. \\\

As in Berlin, barriers are coming down all over the world. ~~That is today's trend. And that is history's verdict.~~

~~And it is no time to turn our backs on the newly prosperous overseas markets that American courage and imagination helped produce.~~ It took years of persistence, but American ideas were

accepted, finally, because they work, because they are the best.  
It can be the same for American goods.

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~~Overseas America is at peace. At home, America is confident. And~~ somehow, a recent bit of news seems fitting ~~Because today we hear that~~ the bald eagle -- the American eagle -- may soon come off the endangered species list.

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# # #