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KODAK

PRESIDENTIAL REMARKS: EASTMAN KODAK
ROCHESTER, NEW YORK
MAY 17, 1989

Ladies and gentlemen, friends.

Thank you for that introduction, and for your warm reception. It is a pleasure it is to be in the Flower City.

You know, that oft-proclaimed -- and, here at Eastman Kodak, let me say, oft-photographed -- philosopher, Groucho Marx, once said of a friend, "She got her good looks from her father -- he's a plastic surgeon."

Well, today, to all of you gathered here, let me suggest that America gets her good works from an even higher source: The productivity of the American people.

America's productivity evolves from many things -- from creativity to belief in work to common decency. Above all, it springs from cooperation -- partnerships -- between all levels of government, private enterprise, and voluntary organizations.

What we call the Puritan Work Ethic, for instance, has helped Rochester become a bastion of music and commerce. "Do Unto Others" has made you America's ___th-highest city in terms of charitable corporate giving. And teamwork has fashioned such landmarks as the Al Lang Center and, yes, the community-owned Red Wings.

In a sense, this is what George Eastman had in mind when he founded Eastman Kodak in 1888. For he believed in capitalism with a conscience. He knew that cooperation begets productivity. And that productivity begets the profits which make philanthropy possible.

As President, I intend to spur the partnerships which nurture that productivity. For a more productive private sector will create new jobs, unlock new markets, and unleash business' ability to expand and build.

Take deficit reduction, for instance. There are those who suggest that we couldn't reach a bi-partisan budget agreement to slash the Federal deficit. Well, they were wrong -- dead wrong. And thousands of jobs will live because they were wrong.

Recently, I unveiled a partnership with Congress that will narrow the deficit to \$99.4 billion in the Fiscal Year that begins October 1.

Now, this plan's preliminary -- more talks still lie ahead if we're to balance the budget by FY 1993. But no longer are critics crying, "Mission Impossible." Already, we've sliced \$65 billion off the estimated deficit for the current fiscal year. And we've kept my pledge of no new taxes.

Deficit reduction will make us more productive. And so will a second partnership to make more capital available for investment. I refer to restoring the capital gains differential -- a partnership with business.

You know, there's a song kids sing in Sunday school. It's called "The Bible Tells Me So." My friends, when it comes to capital gains, it's history that tells us so.

History tells us that excessively taxing capital gains is like any tax increase -- there's no incentive to invest. But history also tells us that restoring the capital gains differential makes Nations more productive. Hong Kong, Singapore, South Korea, and West Germany exempt capital gains from taxes. And our second-largest trading partner, Japan, taxes them lightly, if at all.

Here, let us learn from our competitors, and also from the past. And adopt our plan which supports reducing the capital gains differential to 15 per cent on long-held assets. According to Treasury estimates, this step will raise \$4.8 billion in new

revenue. And 80 per cent of the people who'll benefit earn less than \$50,000 -- the corner grocier, the repair-shop owner, the local mailman.

Deficit reduction. The tax cut on capital gains. Both partnerships will spur productivity. Well, there's another partnership that can build a better America. In fact, it matters most of all -- for, ultimately, the greatest productivity stems from a creative mind. I'm talking, of course, about education -- a partnership with the future.

Let me share a story with you -- a story about two ways to look at education, told by the French. The master of the house was planning his garden, and told his gardener to plant a certain kind of tree. The gardener objected, explaining that the tree was slow-growing, and would take a hundred years to reach full growth.

But it's the master's response that I find interesting. "In that case," he said, "there's no time to lose. Plant it this afternoon."

My friends, that's the way to look at education -- as the seeds which will bear America's fruit. George Eastman believed that. In 1929, he said, "The progress of the world depends almost entirely on education." And so does Kay Whitmore. Last year she observed, "Our future depends on the workforce."

I agree. Yet here in Rochester, your problems parallel the Nation's. As recently as 1987, the dropout rate was 30 per cent. One out of every 5 students was suspended for poor discipline. A third of all ninth-graders could be expected to drop out before graduating from high school. And nearly two-thirds of all ninth-graders tested one to two years below grade level.

These facts demand action -- and act, we will.

Recently, I sent legislation to Congress which demands accountability. And spurs local flexibility and choice. Above all, our program says that if excellence breeds achievement, then excellence should be rewarded.

We're asking Congress, for instance, to create a \$500-million program to reward America's merit schools -- the schools that improve the most. And a new Magnet Schools of Excellence program. And Alternative Certification will allow talented Americans from every field to teach in America's classrooms.

To help those urban schools hit hardest by drug abuse and trafficking, we want to create Urban Emergency Grants. And we want to give America's youth a special incentive to excel in science, mathematics, and engineering, through a new initiative of National Science Scholarships.

No, our program is not a be-all and end-all. But it is a start. For our goal is to help business and academia help the greater public. Help, not go it alone. For we are a partner, not superior.

Here at Eastman Kodak, you know that. And understand that it is the private sector which has the resources -- the responsibility -- to make us more productive. And you realize, too, that our children will shape the 21st century.

That is why, working together, Rochester's business, community, and academic leaders have unveiled long-term initiatives to help students read, write, and use technology -- in short, to help kids compete in the workplace. For example, you've acted to raise teachers' pay. But to demand longer hours and extra days. To have teachers visit students' homes, acting as a mentor. To encourage parental involvement. And to hold teachers accountable for student achievement.

Now, all the returns aren't in. But U.S. News terms your program "a model for educational reform." Teaching applications are up. And some teachers who left the district are returning. Will standards rise, and stay there? I believe so. And much of the credit belongs to you.

In 1988, the Rochester Brainpower Coalition received the President's Citation for private sector initiatives. This company lies at the heart of that coalition.

For it was you who helped provide the financial and political support for a long-term commitment. And lent people and equipment, at company expense, to teach kids engineering and robotics. Who have given some \$125 million to more than 1,000 colleges and universities. And now have focused on pre-college levels -- helping to restructure city schools, and aiming at urban "at-risk" students.

By giving of yourselves, you have enriched your community. And shown that the business of America isn't only business. My friends, the business of business is America.

For that, I thank you. And I think George Eastman would, too, looking down, no doubt, through the latest telephoto lens. For he knew that giving is a two-way street. And our fate is not divisible.

Even as a young man, he began giving to nonprofit institutions when his salary was only \$60 a week. He helped create the Eastman School of Music, and build the Eastman Theatre. And one day in 1924, he gave away \$30 million to the University of Rochester, M.I.T., Hampton, and Tuskegee.

When he died, The New York Times proclaimed, "Eastman was a stupendous factor in the education of the modern world." He knew that a productive America could be a charitable America -- and that a charitable America could enrich the world.

My friends, through deficit reduction, a lower tax on capital gains, and excellence in education, let us, too, increase America's productivity. So that America's charity can enrich not merely our age -- but generations to come.

Thank you for inviting me, and for this wonderful occasion.
God bless you, and God bless America.

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