

*July 1 / Administration of William J. Clinton, 1999*

Lady. A tape was not available for verification of the content of these remarks.

## Statement on Export Controls on High-Performance Computers and Semiconductors

*July 1, 1999*

Today I am announcing reforms to the administration's export controls on high-performance computers (HPC) and semiconductors. These policies will strengthen America's high-tech competitiveness, while maintaining controls that are needed to maintain our national security.

These reforms are needed because of the extraordinarily rapid rate of technological change in the computer industry. The number-crunching ability of a supercomputer that once filled a room and cost millions of dollars is now available in an inexpensive desktop computer. Computers that are widely used by businesses and can be manufactured by European, Japanese, and Asian companies will soon exceed the limits that I established on high-performance computers in 1996. These business computers have become commodities, and next year U.S. and foreign vendors are expected to sell 5 million of them.

Maintaining these controls would hurt U.S. exports without benefiting our national security. Moreover, a strong, vibrant high-tech industry

is in America's national security interests. That is why I have decided to raise the licensing threshold of high-performance computers to so-called tier two and tier three countries. For tier three countries, which present the greatest risk from a national security viewpoint, the administration will continue its policy of maintaining a lower threshold for military end-users than civilian end-users. I have also directed my national security and economic advisers to provide me with recommendations to update our export controls every 6 months.

Due to legislation passed by the Congress in 1997, this change will require congressional approval and a 6-month period before it can go into effect. I will work with the Congress to pass legislation that would reduce this period to one month, so that we can keep up with the rapid pace of technological change. I also want to work with the Congress on a bipartisan basis to explore longer term solutions to how we deal with commodities like widely available computers and microprocessors.

## Message on the Observance of Independence Day, 1999

*July 1, 1999*

I am delighted to join my fellow Americans across the nation and around the world in celebrating Independence Day.

Today we gather with family and friends to commemorate the 223rd anniversary of the signing of the Declaration of Independence. In marking this historic event, and in remembering the courage and sacrifice of the patriots and soldiers who fought and died that we might shape our own destiny, we are truly celebrating the birth of our great country.

Every generation of Americans owes a profound debt of gratitude to our Founders for

envisioning a nation that, as President Lincoln so eloquently put it, was "conceived in liberty, and dedicated to the proposition that all men are created equal." Inspired by this same vision, we have built together a society in which freedom and democracy do more than enlighten our laws and political institutions—they permeate our culture and way of life. We have only to look at the recent tragic events in Kosovo to recognize how blessed we are to live in a land where life, liberty, and equality are cherished rights, upheld by courts and custom, and where, as we realize more each day, our

diversity is a source of strength rather than a cause for division.

On this day, as we look back with pride on our heritage of freedom, let us look forward as well with renewed hope for the future. Enjoying the fruits of a robust economy, the stability of a country at peace, and the talents and energy

of an increasingly diverse populace, America is poised to lead the world into a new millennium full of fresh opportunities and challenges.

Hillary joins me in sending best wishes to all for a wonderful Fourth of July.

BILL CLINTON

## Interview With Rick Dunham of BusinessWeek June 29, 1999

### *National Economy*

*Mr. Dunham.* I was wondering if I can sort of start broadly and lead into it. I mean, the new economy, with the increase in productivity that's tied to technology and globalism, has really led the United States to sustained economic expansion that's been amazing in the decade and growth beyond just about anyone's predictions.

I was just wondering if you're a believer in this new economy scenario. And then the second part was, why, if there is such a booming economy, do you think it hasn't trickled all the way down to some of these distressed inner cities and the rural areas?

*The President.* First, I do believe in the new economy. I think that technology is rifling through every sector of economic activity, in ways that have given us dramatic increases in productivity and potential for growth without inflation that I think most models have not accurately measured.

And I think that, therefore, the most important thing for Government policy is to be fiscally responsible, to create the conditions in which people can prosper, and then to try to do things which will accelerate the trends that are already underway. I think that that's what we're trying to do with Internet II, for example, and what we're trying to do with having heavy investments in biomedical research.

Now, why hasn't it trickled down to everybody? I think there are—I'd like to make three points. First of all, there has been a remarkable amount of trickling down. We have the lowest minority unemployment rate, among African-Americans and Hispanics, recorded in the nearly three decades we've been doing racially separate unemployment statistics. And many cities—De-

troit, for example, has an unemployment rate that's roughly half what it was in '93.

On the other hand, I think there are two reasons why it hasn't. One is, there are enormous premiums in this new economy for education and skills, so that people who don't have an education are both more likely to remain unemployed and, even more significantly, more likely to remain underemployed or relatively undercompensated, which I think explains the lion's share of why you've had increasing inequality for over 20 years, which began to abate about the last 2 or 3 years.

*Mr. Dunham.* In the last couple of years.

*The President.* You've begun to see comparable and, in some cases, relatively larger income gains in the lower 40 percent.

I also think the wage inequality is also reinforced by the fact that people at lower income levels are less able to buy stocks, and an enormous amount of increased wealth has come from ownership as opposed to just salaried employment. So you see a lot of the companies, for example, that offer their employees, even their lowest wage employees, stock options, something that Wal-Mart, for example, has done for a long time. Those companies will have a better record of increasing equality because their workers can afford wealth. And I think that that's important. The other thing is, of course, what you're here to talk to me about.

The third point is that I think there are still disincentives to invest in the neighborhoods and communities or people which still need to be brought in. They're either real disincentives or they're imagined ones. There are, you know—we have these—I think there are accumulated preconceptions about where market opportunities exist and don't exist.