

Remarks at the Electronic Industries Alliance Dinner
May 8, 2001

Thank you all. Thank you very much. Dave, thank you very much. I thought for a minute he was going to bring up the OU-Texas score, but—[laughter]—he's a diplomat at heart. I appreciate your leadership, and I appreciate your friendship, and I want to thank you for inviting me here to the Electronic Industry Alliance dinner.

I want to thank the chairman, Cliff Smith, for his hospitality as well. I see the Ambassador from our great friend the nation of Israel, here. Ambassador Ivry, good to see you, sir. Thank you very much for being here. I wasn't exactly sure why you were going to be here until I realized that this banquet is going to honor Felix Zandman for his contribution. Mr. Zandman, congratulations, sir. It must be a pretty big deal to get the Ambassador to come to a black-tie dinner like this.

I know Members of the Congress are here: Congressmen Barr, Hutchinson, Issa; Sheila Jackson-Lee from my old hometown of Houston, Texas; and Congressman Nick Smith. It's good to see the Members of Congress who are here, as well.

I'm honored to speak here, and I want to thank you for giving me a chance. First, it gives me a chance to tell you that Laura and I are doing great. I love my job. It's hard to describe the honor I feel every morning walking into the Oval Office. I'm confident that my last day in office will be just like my first—that Oval Office just inspires an awesome sense of responsibility. And I accept it.

On my way out, Laura, the First Lady, said, "Where are you going?" I said, "Well, I'm going to go speak to a banquet of high-tech entrepreneurs and people who are making the economy grow." She said, "Whatever you do, don't try to be charming, witty, or debonair." [Laughter] "Just be yourself." [Laughter] She sends her best. [Laughter]

It is my honor to be with innovators and visionaries, the folks that really epitomize what America is all about. Ours is a land of people who dream big and are willing to work hard to achieve the dreams, which means that Government has got a unique role. And the role of Government is not to create wealth; the role of our Government is to create an environment in which the entrepreneur can flourish, in which minds can expand, in which technologies can reach new frontiers.

And so, tonight I want to talk about three areas where Government can help. And the first comes with understanding the role of taxation in our society. I remember campaigning throughout our great land and talking about the need to cut taxes. And there were a lot of blank stares for quite a while. I suspect some thought that I was just saying that we ought to have tax relief because it might have sounded good.

But I campaigned for tax relief because I thought it was right for America. And I'm pleased to report that we're making good progress. I want to thank both Republicans and Democrats for setting out a budget that understands the projected surplus is not the Government's money. The surplus is the people's money, and we need to share some of that surplus with the people who pay the bills.

It's been an interesting debate. But fortunately, the debate understands the role of the entrepreneur in our society. The budget should be passed here this week, and then the respective committees will begin deciding how to cut the taxes.

My strong suggestion is that we focus first on cutting all marginal rates; that the idea of Congress trying to pick and choose winners and losers in the Tax Code is not fair, and it's not right. We need to reduce every rate on every taxpayer in America, including the top rate.

I'm confident we'll be able to work together to make the code more fair. Our Tax Code is unfair for people who live on the outskirts of poverty. The example I like to use is this one: If you're a single mother in America—by the way, she works the toughest job in America, raising children by herself—and if you're making \$22,000 a year, for every additional dollar this hard-working woman makes, she pays a higher marginal rate on that dollar than someone who is successful in America. And folks, that's not right.

The American experience says to us that the harder you work, the more easy your life ought to be. And therefore, to reduce the high marginal rates on people trying to get ahead, we need to drop the bottom rate from 15 percent to 10 percent and increase the child credit from \$500 to \$1,000 per child. The code will be more fair. It's as if we will eliminate a toll booth that sits right in the road—in the middle of the road to the middle class.

But I want Congress to also understand that it's not only important to drop the bottom rate; it's important to drop the top rate, as well. By dropping the top rate, we encourage growth, capital formation, and the entrepreneurial spirit.

It's important for Congress to understand that many small businesses in our society are sole proprietorships or Subchapter S's. They don't pay the corporate tax rate; they pay high personal rates. And when you drop the top rate, we're sending a strong signal that says we want the small business to flourish. We want the small business to become the big business.

No, tax rates need to be cut. We can afford tax cuts, and the way our economy is behaving today, we can't afford not to have tax cuts. And it's time for the Congress to act.

We need to ban Internet access taxes. We need to understand how powerful the Internet can be to commerce and growth. We need to have a permanent R&D tax credit in our system. You see, it's important

to create certainty. It's important for planners and corporate executives to understand the rules and that the rules won't change. It's important for Congress to understand that tax relief provides consumer confidence. Long-term, steady tax policy is necessary to encourage deployment of capital throughout our society.

I believe we're going to have good tax relief, but I'd like for you to continue to work with us. You're only an e-mail away or a call away. It's important. Now is the time to act.

It's also important for this Nation to develop an energy policy. For too long, we have had no energy policy. And like you, I'm deeply concerned about consumer prices. They're going up. I'm concerned about rolling blackouts in California. I'm concerned what that could mean to entrepreneurial growth and to the high-tech industry.

It is so important for our Nation to work on conservation. And I believe there are new technologies coming aboard that will encourage conservation, that will make it easier for all of us, consumer and business alike, to conserve precious energy. But we can't conserve our way to energy independence, folks. We need a policy that encourages exploration and expansion of the infrastructure, necessary not only to find natural gas that's fueling many of the new plants being brought online but the pipelines necessary to carry that natural gas to places where they'll be used. We need more electricity wires carrying product across the country. It is time for an administration to step up and develop an energy policy that's good for the long-term economic growth of this country. And that's exactly what this administration is going to do.

There is concern about our environment in our society, and there should be. Mine is an administration that wants to foster good, commonsense conservation policy. But I believe strongly, with the technological advances we have made in our country, that we can not only find new product,

but we can do so in a way that is sensitive to the environmental concerns of many in America.

And finally, an area that will help create an environment that fosters growth and wealth and expands opportunity to anybody who's fortunate enough to be an American is trade. It is important for our Nation to understand the benefits of open markets around the world. It's important for those who not only create jobs but those who work, to realize that a confident nation that opens up markets is one that will create not only opportunities at home but opportunities abroad.

I've seen the benefits of open trade. As the Governor of the State of Texas, of course, I was deeply concerned about our policies to our neighbor to the south, Mexico. I always felt like Mexico was our friend, and we wanted our friend to be strong and vibrant and successful. We wanted our neighborhood to have opportunity for all.

There are some in our country who want to build walls between the United States and other nations such as Mexico. But those who build walls aren't confident about America and our potential and our ability to compete. Those who build walls don't realize what a wall would do in our own neighborhood. It's time to tear down walls not only in our hemisphere but around the world. It's time to promote open markets. I strongly believe open markets will lead to better lives for people.

I've been questioned about my policy toward China. China is a great emerging nation. I strongly support trade with China. I not only do so because I know it's good for our entrepreneurs, our high-tech folks, our farmers and ranchers, but for those of us—and I know we all share the same thing in America—who adhere to the ideals of freedom of speech, freedom of religion, freedom to—freedom of press.

Open markets eventually will cause folks to demand more freedoms—when they get a taste of the marketplace—inside countries

that restrict freedom. When they get that sense of freedom of demand and freedom to produce, they will eventually demand from their governments the other freedoms that we take for granted. Open trade is good for the promotion of freedom around the world.

And so I ask Congress to give the President something other Presidents have had in the past, and that's trade promotion authority, so an administration can negotiate with confidence free trade agreements, not only in the hemisphere but trade agreements with countries like Jordan and Singapore.

There's a new protectionist sentiment in America that we need to resist. And sometimes it's couched in words like "the environment" or "labor agreements." But I want to remind the skeptics that as we spread wealth around the world, it is more likely that a worker will have better conditions where he or she works. And it is impossible for poor nations to achieve environmental successes. By encouraging wealth in developing nations, it will help those nations improve their own environmental policy. We should resist protectionism, and we should fight those who want to wall off America from the benefits of free trade.

And so I ask for your help. As we get trade promotion authority moving through the Congress, I hope you remind Members of the Congress and the Senate the good benefits that open trade can mean not only to the entrepreneur but to the working people in our country and with those with whom we trade.

And along those lines, during the campaign I promised to lead an effort to reform our export control system so that it safeguards genuine military technology while letting American companies sell items that are already widely available. And we're making good progress. I want to thank Dave for his help.

I've been working with my friend Senator Phil Gramm from Texas to reform the Export Administrative Act, to strengthen both

national security and our high-tech industry. In March, I'm pleased to report, the Senate Banking Committee passed a revised EAA, which my administration strongly supports. It's now time to pass it for the House, so I can sign it into law.

I've got a bigger job than just passing laws, and it's one to really change the tone in Washington. I think that's an important mission for my administration to say to the good folks in this town that, whether you're Republican or Democrat, we need to treat each other with respect. It is so important that all of us work together to develop a culture of respect, so that when people look at our Nation's Capital, they like what they see. And I think we're making some progress. There's still the occasional shrill voice that is trying to tear somebody down. There are those who still believe in zero-sum politics—if so-and-so gets his bill, so-and-so loses. That's not how I view my job, nor how I view good public policy.

I try to separate politics from policy. We've had plenty of politics; it's now time for good public policy. It's time to understand that we'll be judged based upon what we do, not how we talk—thank goodness. *[Laughter]*

I believe when it's all said and done, we will have developed a culture of accomplishment here in Washington, as well. I think people are beginning to realize that this President will share credit, that this President isn't trying to figure out how to one-up somebody, that my focus is on the people, the people of this great land.

Which leads me to my final hope, and that is, we need to develop a culture of responsibility in America, a responsibility that spreads all throughout this great land, where people understand that if you're a mom or a dad, if you're fortunate enough to be a parent, that your main responsibility is to love your children with all your heart and all your soul. That's your most important job.

It's important, in a period of personal responsibility, to understand that you must love a neighbor like you would like to be loved yourself. One of the most important initiatives we're working with the Congress on is a faith-based, community-based initiative that recognizes the limitations of government and also recognizes that there are fantastic programs all across America where somebody has said, "What can I do to help? What can I do to help change somebody's life?"

One of the most important initiatives we're working with Congress on is to provide grant monies to encourage mentoring to children whose parents may be in prison, so that some soul who lives in the greatest land on the face of the Earth will understand there's hope and a future, will understand when somebody puts his arm around them and says, "I love you. I care for you."

Government can't make people love one another. But Government can encourage those who do love, and Government can also set an example. Government can uphold the high responsibilities of the offices to which we have been elected. It's an important task for America, that when they look at their Government, they're proud of what they see. I think we're making progress. I certainly hope so. It is a charge I intend to keep.

Thank you for having me.

NOTE: The President spoke at 6:20 p.m. in the Constitution Ballroom at the Grand Hyatt Washington at a dinner for leaders of Government and industry. In his remarks, he referred to Dave McCurdy, president, and Cliff Smith, chairman, Electronic Industries Alliance; Israeli Ambassador to the United States David Ivry; and Felix Zandman, chairman and chief executive officer, Vishay Inter-technology, Inc.