


TO: Senator Dole
FR: Kerry
Dave Wilson

RE: Semi-Conductor Industry Association
Wednesday, March 29
Willard
8:00

✓
E.S.D.


*Audience of 200-250 executives of semi-conductor industry companies such as Hewlett-Packard, Intel, Motorola, etc.

*They are giving you their "Congressional Leadership Award," and have asked for your thoughts on telecommunications industry issues.

*Ambassador Charlene Barshefsky of USTR, Deputy Secretary of Defense John Deutch, and Congressman Sandy Levin will also receive awards. They will be receiving their awards before you arrive, and will only give brief "thank you's."

SENATOR BOB DOLE

REMARKS

U.S. SEMI CONDUCTOR INDUSTRY

ASSOCIATION

MARCH 29, 1995

THANK YOU.

**IT IS A PRIVILEGE TO BE HERE
TONIGHT AND TO RECEIVE YOUR
CONGRESSIONAL LEADERSHIP AWARD.**

**WHENEVER I'M ASKED TO MAKE
REMARKS AFTER ACCEPTING AN AWARD,
I TRY TO FOLLOW WHAT FRANKLIN
ROOSEVELT CALLED THE "RULE OF 3**

**B'S"-- BE BRIEF. BE SINCERE. BE
SEATED.**

**I DO WANT, HOWEVER, TO TAKE A
FEW MINUTES TO DISCUSS SOME
ISSUES IMPORTANT TO AMERICA'S
ECONOMY, AND IMPORTANT TO YOUR
INDUSTRY.**

THE THEME OF YOUR CONFERENCE

**THIS YEAR IS THAT THE INFORMATION
HIGHWAY IS "PAVED WITH SILICON."**

**THERE IS NO DOUBT THAT
SEMICONDUCTORS--WHICH ARE THE
ENABLING TECHNOLOGY FOR THE \$500
BILLION U.S. ELECTRONICS INDUSTRY--
ARE THE CRITICAL BUILDING BLOCKS FOR
OUR MODERN INDUSTRIAL ECONOMY.**

**COMPUTER CHIPS ARE NOT JUST
IN COMPUTERS ANYMORE. THEY ARE IN
CARS, TELEVISIONS, CELLULAR PHONES
AND SATELLITES. I'VE EVEN STARTED
TO THINK THAT IT'S A COMPUTER CHIP
THAT KEEPS STROM THURMOND GOING
SO STRONG.**

**TODAY, AMERICA STANDS ON THE
THRESHOLD OF A NEW ERA. WHILE**

SOME SEE AMERICA'S POWER

DWINDLING, I SEE IT GROWING. I SEE

OUR RENAISSANCE, AND ITS CALLED THE

INFORMATION AGE. YEARS OF

LEADERSHIP IN TELECOMMUNICATIONS,

WHETHER IT WAS INVENTING THE

TELEGRAPH OR THE MICROCHIP, GIVES

US THE RIGHT TO LAY CLAIM TO THIS

FUTURE. WE HAVE EARNED IT. WE

MUST NOW REACH OUT AND TAKE IT.

**MUCH REMAINS TO BE DONE, BUT
THE SENATE IS PREPARING TO DO JUST
THAT. AS I HAVE SAID BEFORE,
TELECOM REFORM WILL BE THE REAL
JOBS STIMULUS PACKAGE.**

**BUILDING THE NECESSARY
INFRASTRUCTURE WILL REQUIRE
THOUSANDS OF PRIVATE SECTOR JOBS.
AND THAT WILL BARELY SCRATCH THE**

**SURFACE OF THE MILLIONS OF NEW
JOBS CREATED AS A RESULT OF EASIER
ACCESS TO INFORMATION. JOBS THAT
WILL MAKE AMERICA MORE EFFICIENT,
MORE PRODUCTIVE, AND ULTIMATELY
MORE POWERFUL.**

**LOOKING BACK ON CONGRESS'S
TRACK RECORD, A CASUAL OBSERVER
WOULD THINK THAT WE HAVE A GRUDGE**

**AGAINST THE COMMUNICATIONS
INDUSTRY. FORTUNATELY, THIS IMAGE
IS CHANGING AND REPUBLICANS ARE
GLAD TO SEE THAT TRADITIONAL "PRO-
REGULATORS" ARE FINALLY COMING
AROUND TO OUR COMPETITIVE WAY OF
THINKING.**

WE MUST DEVELOP FLEXIBLE

**POLICY THAT WILL ACCOMMODATE THE
EXPLOSION OF NEW TECHNOLOGY. THAT
POLICY, OF COURSE, IS PROMOTING
COMPETITION. IT WOULD BE
IRRESPONSIBLE, HOWEVER, TO BELIEVE
THAT WE CAN DO ANYTHING MORE.**

**NO ONE KNOWS THE BENEFITS OF
FREE AND OPEN COMPETITION BETTER
THAN THE COMPUTER AND SEMI-**

**CONDUCTOR INDUSTRIES. JUST TAKE A
LOOK AT A FEW OF THE PLAYERS IN THE
U.S. COMMUNICATIONS INDUSTRY.**

**LAST YEAR, THE COMPUTER
INDUSTRY EARNED REVENUES CLOSE TO
\$360 BILLION. TWO THINGS ARE
AMAZING ABOUT THAT FIGURE. FIRST,
IT IS TWICE THE TELEPHONE INDUSTRY'S**

**REVENUES. AND SECOND, REVENUES
FROM THE PERSONAL COMPUTER
INDUSTRY, WHICH FOR ALL INTENTS AND
PURPOSES WAS NON-EXISTENT IN 1980,
ACCOUNT FOR ALMOST HALF OF THAT
FIGURE. IN OTHER WORDS, REVENUES IN
PERSONAL COMPUTERS HAVE GROWN AS
MUCH IN 14 YEARS AS THE ENTIRE
TELEPHONE INDUSTRY DID IN 100.**

**IT ISN'T TOO DIFFICULT TO FIGURE
OUT THAT THE COMPUTER INDUSTRY
BENEFITTED FROM FIERCE COMPETITION
AND MINIMAL GOVERNMENT
REGULATION. PHONE COMPANIES DID
NOT.**

**CABLE TV ALSO EXPLODED AFTER
IT WAS DE-REGULATED IN 1984. AT
THAT TIME, ITS REVENUES WERE \$7.8**

**BILLION AND IT EMPLOYED 67,381
PERSONS. FAST-FORWARD TO 1992.
REVENUES TRIPLED AND EMPLOYMENT
NUMBERS JUMPED TO 108,280. WHILE
THESE NUMBERS ARE ALSO GOOD, I
WOULD SUGGEST THAT THE CABLE TV
INDUSTRY WOULD HAVE DONE MUCH
BETTER IF IT HAD FACED COMPETITION.
MORE IMPORTANTLY, I WOULD SUGGEST
THAT THERE WOULD NOT HAVE BEEN**

**THE ABUSES WHICH PROMPTED
CONGRESS TO ENACT RE-REGULATION IN
1992.**

**YOURS IS ALSO AN INDUSTRY
THAT HAS SUCCEEDED IN
INTERNATIONAL COMPETITION,
OVERCOMING TREMENDOUS OBSTACLES.
UNLIKE MANY OTHER AMERICAN
BUSINESSES, YOU HAVE SUCCESSFULLY**

**RECAPTURED THE WORLDWIDE MARKET
LEAD FROM YOUR JAPANESE
COMPETITORS, HOLDING 43 PERCENT OF
A MORE THAN \$100 BILLION WORLD
MARKET IN 1994. YOUR SUCCESS
HOLDS SOME IMPORTANT LESSONS FOR
U.S. GOVERNMENT AND INDUSTRY
LEADERS.**

FIRST AND FOREMOST, FOREIGN

**MARKETS MUST BE OPEN. YOU CAN'T
GET MARKET SHARE WITHOUT MARKET
ACCESS. AS WAS REPEATEDLY NOTED
DURING OUR DEBATES ON NAFTA AND
GATT, THE UNITED STATES HAS THE
MOST OPEN MARKET IN THE WORLD.**

**LOOK AT LAST YEAR'S \$166
BILLION TRADE DEFICIT. NAFTA OPENED
UP MEXICO'S MARKET FOR OUR GOODS,**

**AND GATT MADE SOME IMPROVEMENTS
IN THE WORLD TRADING SYSTEM LIKE
PROTECTING INTELLECTUAL PROPERTY
RIGHTS AND BEGINNING TO IMPOSE
DISCIPLINE ON OUR TRADING PARTNERS'
AGRICULTURE SUBSIDIES. WORLDWIDE
TARIFFS WERE REDUCED BY OVER A
THIRD.**

YET, SIGNIFICANT PROBLEMS

**REMAIN. WE CONTINUE TO RUN HUGE
TRADE DEFICITS WITH JAPAN -- \$66
BILLION LAST YEAR. EUROPE CONTINUES
TO IMPOSE HIGH TARIFFS ON KEY U.S.
ELECTRONICS EXPORTS LIKE
SEMICONDUCTORS. AND DESPITE THE
RECENT AGREEMENT ON INTELLECTUAL
PROPERTY PROTECTION, CHINA REMAINS
A WORRY, ESPECIALLY AS IT SEEKS TO
JOIN THE NEW WORLD TRADE**

**ORGANIZATION WITHOUT FIRST FULLY
REFORMING ITS ECONOMIC POLICIES.**

**LET ME ALSO ADD THAT I KNOW
THIS INDUSTRY HAS BEEN ADVOCATING
FASTER DEPRECIATION OF
SEMICONDUCTOR MANUFACTURING
EQUIPMENT. I SUPPORT EFFORTS TO
ENSURE THAT THE TAX DEPRECIATION
RULES ACCURATELY REFLECT THE**

**USEFUL LIFE OF BUSINESS EQUIPMENT,
AND WOULD URGE YOU, AS I URGED
PETE WILSON, TO CONTINUE TO WORK
WITH SENATOR PACKWOOD.**

**AMERICA IS AT THE CROSS
ROADS. TELECOMMUNICATIONS REFORM
WILL CHANGE THE HISTORY OF AMERICA
FOREVER. BUT LET'S NOT FOOL
OURSELVES. IF WE GET IT WRONG, IT**

**WILL BE THE MOST DESTRUCTIVE PIECE
OF LEGISLATION PASSED IN OUR
NATION'S HISTORY. AS I SEE IT, THE
MOST IMPORTANT QUESTION WE MUST
ASK OURSELVES IS, "WHO WILL DECIDE
THE COMMUNICATIONS INDUSTRY'S
FUTURE."**

**UNDER THE CLINTON
ADMINISTRATION, GOVERNMENT**

**BUREAUCRATS WILL DECIDE. I SAY WE
ALLOW THE REAL TECHNICAL EXPERTS,
YOUR EMPLOYEES, DECIDE. IT SEEMS TO
ME THAT THE SPECIALISTS IN THE FIELD
WILL DO A FAR BETTER JOB FOR THEIR
COMPANIES AND FOR OUR COUNTRY IF
BIG GOVERNMENT LEAVES THEM ALONE.**

I, FOR ONE, CANNOT ALLOW

**GOVERNMENT TO BECOME THE BIGGEST
PLAYER IN THE TELECOMMUNICATIONS
INDUSTRY. TOO MUCH IS AT STAKE. IT
IS NONSENSE TO GAMBLE AWAY
MILLIONS OF NEW JOBS. IT IS
NONSENSE TO GAMBLE AWAY
AMERICA'S ABILITY TO COMPETE, AND
WIN, AROUND THE WORLD. AND IT IS
NONSENSE TO GAMBLE AWAY THE
SPOILS THAT THE INFORMATION AGE**

WILL BRING.

**I HOPE THAT AMERICAN BUSINESS
AGREES AND WILL HELP US FIGHT FOR A
PRO-COMPETITIVE, DE-REGULATORY BILL.
IT IS ONLY THEN THAT WE CAN CLOSE
THE GAPS THAT CURRENTLY FACE
CONGRESS. AND IT IS ONLY THEN THAT
WE CAN MAKE AMERICA'S RENAISSANCE
A REALITY.**