Monday, July 7, 1997

Vol. 33, No. 27, ISSN: 0511-4187

Remarks announcing the electronic commerce initiative. (Pres Bill Clinton speech)(Transcript)

July 1, 1997

Thank you very much, Mr. Vice President. For those of you who did not know what he was talking about, we went to a Broadway show last night, and there were three guys in the show who did the Macarena in the show. So after it was over, I thought it only fair when the Vice President spoke they come up and do the Macarena while - it was sort of background music, you know. [Laughter]

Lou Gerstner, thank you for being here. That was a remarkable statement, and the Vice President gave you a remarkable introduction. I never before thought of you as a gazelle, but I always will now. [Laughter]

Thank you, Macadara MacColl, for the work you do and for the fine words you spoke. To the members of the Cabinet and the administration and people here from industry and consumer groups, I thank all of you. I especially want to thank for this remarkable report all the agencies who worked on it and, in particular Ira Magaziner, who did a brilliant job in bringing everybody together and working this out over a very long period of time. And we thank you for what you did on that. Thank you all. I thank the Members of Congress for being here, Congressmen Gejdenson, Gordon, Markey, and Flake, and for their interest in these issues.

I had two disparate experiences in the last few days that would convince a person of limited technological proficiency, like myself, that the world is changing rather dramatically. You have to remember now, the Vice President coined the term information superhighway 20 years ago, back when I didn't even have an electric typewriter. [Laughter] But anyway, I had these two experiences which were very interesting to me. It's sort of a mark of how our world is changing.

As you may have seen in the press, the oldest living member of my family, my great uncle, passed away a few days ago, and so I went back to this little town in Arkansas where I was born. And when I got there late at night, I drove out in the country for a few miles to my cousin's house where the family was gathering. And she has a son who is in his mid-thirties now who lives in another small town in Arkansas, who, after we talked for 5 minutes, proceeded to tell me that he played golf on the Internet several times a month from his small town in Arkansas with an elderly man in Australia who unfailingly beat him. [Laughter] An unheard of experience just a few years ago. He knows this

guy. He's explaining to me how he finds this man.

Then he says, "My brother likes to play backgammon on the Internet, and it got so I couldn't talk to him. But now I know how I can go get him out of his game, and he can go find a place to come have a visit with me, and they can hold the game while we have an emergency talk." I mean, these whole conversations, the way people - it was just totally unthinkable a few years ago.

And then Sunday, the New York Times crossword puzzle - I don't know if you saw it, but it was for people like me. It was entitled "Technophobes." [Laughter] And I'm really trying to overcome my limitations. I'm technologically challenged, and I'm learning how to do all kinds of things on the computer because Chelsea is going off to school, and I need to be more literate. But you ought to go back and pull this, all of you who are now into cyberspace, and see if you can work your way back to another world because they had high-tech clues with common answers. Like floppy disk was a clue; the answer was frisbee. [Laughter] Hard drive was a clue; the answer was Tiger's tee shot. [Laughter] Digital monitor was the clue; the answer was manicurist. [Laughter]

So, anyway, we've come a long way. And I'd like to give you some sense of history about this, because interestingly enough, this gathering at the White House, which I think is truly historic, is in a line of such developments in this house that has shaped our country's history of communications and networking. One hundred and thirty-nine years ago, here at the White House, America celebrated our first technological revolution here in communications. That was the year Queen Victoria sent the very first transatlantic telegraph transmission to President Buchanan, right here. And later, the first telephone in Washington, DC, was located in a room upstairs, the same room in which Woodrow Wilson managed the conduct of America's involvement in World War I. So we've seen a lot of interesting technological developments over time in the White House.

Now we celebrate the incredible potential of the Internet and the World Wide Web. When I first became President, which wasn't so long ago, only physicists were using the World Wide Web. Today, as Lou said, there are about 50 million people in 150 countries connected to the information superhighway. There will be 5 times as many by the year 2000, perhaps more, doing everything conceivable. We cannot imagine exactly what the 21st century will look like, but we know that its science and technology and its unprecedented fusions of cultures and economies will be shaped in large measure by the Internet.

We are very fortunate to have with us today, together for the very first time at the White House, the four individuals who gave birth to the Internet: Vincent Cerf and Bob Kahn, who were critical to the development of the Internet in the 1970's; Tim Berners-Lee, who invented the World Wide Web, which brought the Internet into our homes, offices, and schools; and David Duke, who headed the team that invented

the fiber optic cable which made high-speed Internet connections possible. Their groundbreaking work has done more to shape and create the world our children will inherit than virtually any invention since the printing press. And I would like to ask all four of them to stand and be recognized now. [Applause]

The report which is being released and work that has been done is our effort to meet the challenge to make the Internet work for all of our people. Within a generation, we can make it so that every book ever written, every symphony ever composed, every movie ever made, every painting ever painted, is within reach of all of our children within seconds with the click of a mouse - which was "black eye" in the crossword puzzle yesterday. [Laughter]

Now, this potential is nothing short of revolutionary. The Vice President and I are working to connect every classroom and school library to the Internet by the year 2000 so that for the first time, all the children, without regard to their personal circumstances, economic or geographical, can have access to the same knowledge in the same time at the same level of quality. It could revolutionize education in America. And many of you are helping on that, and we are grateful.

We've also included $300 million in our new balanced budget plan to help build the next generation Internet so that leading universities and national labs can communicate in speeds 1,000 times faster than today, to develop new medical treatments, new sources of energy, new ways of working together.

But as has already been said, one of the most revolutionary uses of the Internet is in the world of commerce. Already we can buy books and clothing, obtain business advice, purchase everything from garden tools to hot sauce to high-tech communications equipment over the Internet. But we know it is just the beginning. Trade on the Internet is doubling or tripling every single year. In just a few years, it will generate hundreds of billions of dollars in goods and services.

If we establish an environment in which electronic commerce can grow and flourish, then every computer will be a window open to every business, large and small, everywhere in the world. Not only will industry leaders such as IBM be able to tap in to new markets, but the smallest start-up company will have an unlimited network of sales and distribution at its fingertips. It will literally be possible to start a company tomorrow and next week do business in Japan and Germany and Chile, all without leaving your home, something that used to take years and years and years to do. In this way, the Internet can be and should be a truly empowering force for large- and small-business people alike.

But today, we know electronic commerce carries also a number of significant risks that could block the extraordinary growth and progress from taking place. There are almost no international

agreements or understanding about electronic commerce. Many of the most basic consumer and copyright protections are missing from cyberspace. In many ways, electronic commerce is like the Wild West of the global economy. Our task is to make sure that it's safe and stable terrain for those who wish to trade on it. And we must do so by working with other nations now, while electronic commerce is still in its infancy.

To meet this challenge, I'm pleased to announce the release of our new framework for global electronic commerce, a report that lays out principles we will advocate as we seek to establish basic rules for international electronic commerce with minimal regulations and no new discriminatory taxes. Because the Internet has such explosive potential for prosperity, it should be a global free-trade zone. It should be a place where Government makes every effort first, as the Vice President said, not to stand in the way, to do no harm.

We want to encourage the private sector to regulate itself as much as possible. We want to encourage all nations to refrain from imposing discriminatory taxes, tariffs, unnecessary regulations, cumbersome bureaucracies on electronic commerce.

Where Government involvement is necessary, its aim should be to support a predictable, consistent, legalenvironment for trade and commerce to flourish on fair and understandable terms. And we should do our best to revise any existing laws or rules that could inhibit electronic commerce. We want to put these principles into practice by January 1st of the year 2000.

Today I am taking three specific actions toward that goal and asking the Vice President to oversee our progress in meeting it.

First, I'm directing all Federal department and agency heads to review their policies that affect global electronic commerce and to make sure that they are consistent with the five core principles of this report.

Second, I'm directing members of my Cabinet to work to achieve some of our key objectives within the next year. I'm directing the Treasury Secretary, Bob Rubin, to negotiate agreements where necessary to prevent new discriminatory taxes on electronic commerce. I'm directing our Ambassador of Trade, Charlene Barshefsky, to work within the WTO, the World Trade Organization, to turn the Internet into a free-trade zone within the next 12 months, building on the progress of our landmark information technology agreement and our global telecommunications agreement, which eliminated tariffs and reduced trade barriers on more than one trillion dollars in products and services. I'm directing Commerce Secretary Daley to work to establish basic consumer and copyright protections for the Internet, to help to create the predictable legal environment for electronic commerce that we need and to coordinate our outreach to the private sector on a strategy to achieve this. I'm also directing the relevant agencies to

work with Congress, industry, and law enforcement to make sure Americans can conduct their affairs in a secure electronic environment that will maintain their full trust and confidence. Next week, Secretary Daley and Ira Magaziner will lead a delegation to Europe to present our vision for electronic commerce to our European trading partners.

Third, I call on the private sector to help us meet one of the greatest challenges of electronic commerce, ensuring that we develop effective methods of protecting the privacy of every American, especially children who use the Internet. Many of you have already begun working with Chairman Pitofsky and Commissioner Varney at the Federal Trade Commission on this issue. I urge you to continue that work and to find new ways to safeguard our most basic rights and liberties so that we can trade and learn and communicate in safety and security.

Finally, it is especially important, as I said last week, to give parents and teachers the tools they need to make the Internet safe for children. A hands-off approach to electronic commerce must not mean indifference when it comes to raising and protecting children. I ask the industry leaders here today to join with us in developing a solution for the Internet as powerful for the computer as the V-chip will be for television, to protect children in ways that are consistent with the first amendment.

Later this month, I will convene a meeting with industry leaders and groups representing Internet users, teachers, parents, and librarians to help parents protect their children from objectionable content in cyberspace. Today we act to ensure that international trade on the Internet remains free of new discriminatory taxes, free of tariffs, free from burdensome regulations, and safe from piracy.

In the 21st century, we can build much of our prosperity on innovations in cyberspace in ways that most of us cannot even imagine. This vision contemplates an America in which every American, consumers, small-business people, corporate CEO's, will be able to extend our trade to the farthest reaches of the planet. If we do the right things now, in the right way, we can lead our economy into an area where our innovation, our flexibility, and our creativity yield tremendous benefits for all of our people, in which we can keep opportunity alive, bring our people closer to each other, and bring America closer to the world. I feel very hopeful about this, and I assure you that we will do our part to implement the principles we advocate today.

Thank you very much.

NOTE: The President spoke at 3:08 p.m. in the East Room at the White House. In his remarks, he referred to Louis Gerstner, chairman and chief executive officer, IBM; and Macadara MacColl, managing director, Parent Soup.

Statement on Electronic Commerce

July 1, 1997

As I unveil our electronic commerce initiative, I am also pleased to announce that I signed a memorandum(1) that today implements the Information Technology Agreement concluded at the World Trade Organization in Geneva in March. This historic trade agreement will cut to zero tariffs on a vast array of computers, semiconductors, and telecommunications technology by the year 2000. Trade in these goods covers more than $500 billion in global trade. These products are the essential building blocks of the information superhighway. Combined with the entrepreneurial spirit of people here and throughout the world, they will drive electronic commerce and communication in the 21st century.

Every year, we sell $100 billion in information technology that supports almost 2 million jobs in the United States. Eliminating tariffs on these goods will amount to a $5 billion cut in tariffs on American products exported to other nations. For example, in India and Thailand tariffs on computers are 8 times higher than in the United States. These tariffs will be eliminated, allowing American products to compete on a more level playing field.

America leads the world in information technology. This agreement will create extraordinary new opportunities for American business and workers, so the American people can reap the rewards of the global economy as we enter the new century.