

Remarks at a White House Meeting With the American Retail Federation

May 16, 1984

Good afternoon, I'm glad to welcome you -- I know you've probably been welcomed by others already -- you, the merchants of America, back to the White House.

It's hard to believe that 2 years have passed since we last met -- 2 short years, but what a difference. As you probably remember, when we met in the Rose Garden, I didn't have very much good news to give you. The American people had paid a steep price for years of good intentions badly misdirected. And as a result, our national economy had nearly reached the breaking point. As a result of that crisis that faced us -- well, we weren't, however, pursuing a program based on the shifting sands of government expediency. Another quick fix certainly would have failed. There was only one way to go, and that was use three simple words as our guide: Trust the people.

Lasting economic recovery had to be built on the solid rock of the American free enterprise system. And when I think back to all the critics who cynically said we couldn't possibly get it done, I find myself remembering my previous life in the entertainment world.

You know, back in the days of vaudeville, vaudevillians trying to get bookings and even young ones trying to break into the show business would go into an empty theater, and there'd be an agent sitting out there in about the third row, all alone in the theater, cigar in his mouth, wearing a check suit and -- [laughter] -- the vaudevillian would have to show his wares to this cynic. And one day a young fellow came in -- the agent was sitting out there -- and this young fellow who wanted to break into show business walked down to the stage and the agent said, ``All right, kid, what do you do?" And the kid never answered. He just took off and flew around the ceiling of the theater, made a couple of circles right up there at the top, and then zoomed down and stopped right in front of the agent. The agent took the cigar out of his mouth and says, ``What else do you do besides bird imitations?" [Laughter]

Well, I've felt that way quite a bit about some of the people that were so critical of what we were trying to do here. There are still some of them around, and they think what we're doing are bird imitations. [Laughter] But as far as I'm concerned we've passed the recovery stage; we're well into economic expansion. And from the mess we inherited just a few years ago, I think a strong and vibrant America is taking shape.

Inflation, once out of control -- they said it would take 10 years, at least, to make a dent in it -- it's now down by nearly two-thirds, and we're determined to keep it down.

Purchasing power is back in the hands of the consumers, and that's great news for retailers. And we're doing everything we can to keep it that way. Starting next year, tax rates will be indexed, as you know, so that the Federal Government will no longer be able to profit by inflation. And we're not finished yet.

To provide greater incentives to every hard-working American, we're going to try to make taxes more simple and fair, and we will press for a tax simplification -- not just tinkering here and there -- but a sweeping, comprehensive reform of the entire tax code. One thing I've had to rule out already is one proposal that was sent to me recently. It was a tax form, and it had just two lines on it. The top line said, "How much did you earn?" And the second one said, "Send it." [Laughter] We won't do that.

But I know there's a lot of talk about the monster, inflation, coming back. We don't think that's happening. Consumer prices rose a scant two-tenths of a percent in March, and last month the Producer Price Index didn't rise at all. The pessimists made dire predictions about the economy when it was announced that the gross national product for the first quarter this year expanded at a robust 8.3 percent. Overheating, they warned, would cause a return of inflation. But the economy isn't conforming to their fears.

Housing starts continue to be soft -- or strong, I should say. I looked at the wrong word there. [Laughter] Somebody's probably told you, but if they have, well, I'm going to tell it to you again: At 8:30 this morning, it was announced that housing starts in April rose to an annual rate of 1.96 million, and that's an increase of 19 percent over March. And new housing permits are still holding steady at 1.7 million. New homeowners mean more retail business.

Venture capital is up to four times what it was in 1980. Real fixed business investment increased by 13 percent last year, and that's the best increase in 30 years. Bankruptcies declined some 30 percent in the second half of '83, and that was compared with the second half of '82.

The best news of all has been the steepest drop in unemployment in over 30 years -- 5.4 million more Americans are working -- have jobs -- than just 17 months ago. And it's no wonder that the retail sales last year reached an all time high of \$1.2 trillion. When we talk those figures, we're dealing in deficits. [Laughter]

We must and will go forward to keep opportunities expanding for you and for all Americans. Now, just in case you want to call or talk to someone in a nearby public building while you're in town, there are still a lot of things that we're trying to get done.

We want to see the business community grow and grow. We're working hard to be sensitive to your concerns. The Federal Trade Commission, with Jim Miller at the helm, has built a solid, balanced relationship with your industry. And we're pressing to get passage of legislation which would tighten up consumer credit provisions on Federal bankruptcy laws. I know this issue is important to you, so I hope you'll make your views known.

And we all have an interest in making sure that Federal spending is brought down into line with government revenues. And that's why I strongly favor constitutional reforms like giving the President the right to line-item veto and the balanced budget amendment. I have told repeatedly other groups that have been in here, as a Governor, in 8 years, I had line-item veto. And I line-item vetoed spending items that were attached to legitimate legislation 943 times in those 8 years, and never once when they were faced with having to vote for an override on that particular item and hold it up to view, not buried in some other legislation, they never overrode one of

those 943 vetoes. And yet it took a two-thirds majority for them to send me the proposal in the first place.

So, I have no quarrel with the big spenders, so long as they spend their money at your stores. [Laughter] I just want them to stop spending our money on government programs that don't serve the interests of the American people.

Now, before I close, I want to take this opportunity to thank retailers all across America for the work that you're doing to help our young people find that crucial first job. When America's youth can get their feet on the first rung of the economic ladder, everybody benefits. You're taking advantage of the tax credit for hiring disadvantaged, minority youth. And I'd like to see you take even greater advantage of this program.

And while I'm at it, let me mention that more and more people recognize the problem the minimum wage causes for our unskilled young people. Our youth employment opportunity wage bill will give a much needed boost to those looking for their first summertime job, and it deserves your active support.

We can establish that the imposition of the minimum wage, and then the increases through the years, have been followed in every increase with a further decline in teenage employment in America. And so, we're trying to do something about it. And there's a lot of opposition to it, but I think it's necessary. Those unskilled young people should not have that handicap to overcome.

When it comes to the bottom line, if I can borrow a phrase that's the heartbeat of all retailers, it's a great time to be a merchant. But I believe that the best is yet to come. And I hope that your 46th meeting will be a great success, and thank you all for being here. God bless you.

Note: The President spoke at 1:20 p.m. in the East Room at the White House.