

# Remarks at the National Conference of the National Federation of Independent Business

**June 22, 1983**

Well, thank you very much. And thank you very much, Wilson Johnson. Your warm words of welcome touched my heart. And believe me, it's with a happy heart that I join you today for this important mile- stone -- the 40th anniversary of the great National Federation of Independent Business.

You know, I remember the day you started, and a lot of you can't say that. [Laughter] And, like good wine, you just get better and better. [Laughter]

Something else is getting better that gladdens my heart and, I hope, yours, too -- America, the world's brightest jewel of hope and adventure. Our country is the keeper of the dreams that nourish the soul and spark fire in our breast. This good and mighty nation is rising from a decade of neglect to reclaim her noble heritage. America is getting well. She's growing strong. And, together, we'll keep her free.

I confess that looking at you and looking at your faces, I get a lump in my throat, because it's you and so many like you who were messengers of courage during our baptism of fire. You were never sunshine patriots. You didn't cut and run. I heard from a great many of you. And your letters said in various ways, ``Hang-in there, Mr. President. We're sticking with you. A lot of us are hurting, but we're tired of seeing America dragged down. We're tired of empty promises and quick fixes that only make things worse." You gave me priceless words of courage that I'll always remember: ``Do what you know is right. And do it with all your might."

And there's one man here who epitomizes that unselfish courage, that leadership, and commitment. He went to the Congress in 1981 and said spending was out of control. We know a lot of people say that. But he said more. He said that his organization had no sacred cows and that no program should be spared. And to drive home his point, he added, ``Small business volunteers to go first." How much smaller would the deficit be if we had more of that attitude, asking not what our country can do for us, but what we can do for our country?

And I'm sure by now you know who I'm speaking about -- your president and my friend, Wilson Johnson. We've been in communication many times over the past 2\1/2\ years. We could never have accomplished what we have without his and your support. As long as I'm President, the door to the Oval Office will always be open to Wilson Johnson and the NFIB.

Small business is the gateway to opportunity for those who want a piece of the American dream. One of the most exciting trends in our country is the surge in numbers and size of businesses owned by women. You fellows better watch out; you're facing some real competition. [Laughter] Almost 3 million businesses owned by women bring in about \$40 billion a year -- a solid contribution to the health of our economy at every level of society.

At the recommendation of the Small Business Administration, we have reactivated the Interagency Committee on Women's Business Enterprise that was created in 1979. We appointed Bay Buchanan, our United States Treasurer, to be its Chairman. The committee will ensure that the activities of the departments and agencies of the executive branch contribute to the establishment and promotion of women's business enterprise.

Also, I will sign today an Executive order that will create the first President's Advisory Committee on Women's Business Ownership; and we will appoint up to 15 members with particular knowledge and expertise of women's participation in business. They will review the status of businesses owned by women, foster further support for women entrepreneurs, and provide appropriate advice to me and the Administrator of the Small Business Administration.

I'm also directing the Small Business Administration to sponsor a series of conferences across the country that will reach thousands of present and potential women business owners. We want to assist them to compete equitably in the total business environment. We'll be asking both the public and private sector to pitch in and help, and I know that NFIB, as you have so often before, will be there on the frontlines to help us.

The character and conscience of small business built this nation. You know, in his book, ``Wealth and Poverty," George Gilder wrote something about entrepreneurs that I've long believed. He said that, ``Most contribute far more to society than they ever recover, and most of them win no riches at all. They are the heroes of economic life, and those who begrudge them their rewards demonstrate a failure to understand their role and their promise."

Well, wouldn't it be nice to hear a little more about the forgotten heroes of America -- those who create most of our new jobs, like the owners of stores down the street; the faithfuls who support our churches, synagogues, schools, and communities; the brave men and women everywhere who produce our goods, feed a hungry world, and keep our families warm while they invest in the future to build a better America? That's where miracles are made, not in Washington, D.C.

We hear so much about the greed of business. Well, frankly, I'd like to hear a little more about the courage, generosity, and creativity of business. I'd like to hear it pointed out that entrepreneurs don't have guaranteed annual incomes. Before they can turn a profit, they must anticipate and deliver what consumers want. They must risk their money with investments.

The truth is, before entrepreneurs can take, they must give. And business begins with giving. And I believe business works best, creates the greatest wealth, and produces the most progress for all when we're free to follow the teachings of Scripture: Give and you will be given unto . . . search and you will find . . . cast your bread upon the waters and it will return to you manyfold.

Just think about it. In the Parable of Talents, the man with the small-business spirit who invested and multiplies his talents, his money, was praised. But the rich who hoard their wealth are constantly rebuked in Scripture. I believe we're meant to use wisely what is ours, make it grow, then help others to share and benefit from our success. And the secret of success is understanding that true wealth is not measured in material things, but in the treasures of the mind and spirit.

Oil was worthless until entrepreneurs with ideas and the freedom and faith to take risks managed to locate it, extract it, and put it to work for humanity. Someday, oil itself will be replaced if those driven by great dreams are still free to discover and develop new forms of energy.

In his book, "The Secret Kingdom," Pat Robertson tells the story of when George Washington Carver asked God to explain the mysteries of His universe. But according to Pat's book, God said, "Little man, you're not big enough to know the secrets of My universe. I'll show you the secret of the peanut."

So, Carver began peeling apart the peanut. And from this storehouse of wonders came a stream of food and products that helped revolutionize Southern industry, and all because he invested the gifts of knowledge that God had given him in a spirit of giving to his fellow men.

The principles of wealth creation transcend time, people, and place. Governments which deliberately subvert them by denouncing God, smothering faith, destroying freedom, and confiscating wealth have impoverished their people. Communism works only in heaven, where they don't need it, and in hell, where they've already got it. [Laughter]

When we came to Washington, I said, "Let us renew our faith and our hope. We have every right to dream heroic dreams, to believe in ourselves, to believe that together, with God's help, we can and will resolve the problems which now confront us."

We didn't propose a 20-point Federal plan. We pursued the one sure plan to get America moving again -- a renaissance in enterprise. Everything we've tried to do is guided by three simple words: Trust the people. We wanted to use that special principle of giving by putting America's destiny back in your hands. And this meant slowing the growth of an already bloated government and providing you incentives to save, to invest, and to take risks, so more wealth will be created at every level of our society.

Take a look at what we've done so far just by sticking together: Personal tax rates have been cut for every working American for the first time in almost two decades. In 1985, tax rates will be indexed to protect you from being pushed by inflation into higher brackets. Depreciation schedules have been shortened. Estate taxes on family owned farms and businesses have been cut dramatically to help working wives and mothers. We've reduced the marriage penalty and increased the child care credit. To give small savers a higher rate of return, we've deregulated financial institutions. We've introduced strong, new incentives for Individual Retirement Accounts, extended IRA's to participants in employer-sponsored pension programs, and doubled the maximum Keogh contributions. Further tax breaks for savers will be coming up in 1985, when 15 percent of interest income -- up to \$450 for single taxpayers and \$900 for married couples -- can be excluded from all taxation.

I hope I'll be forgiven for reminding our critics that these tax cuts didn't exist when they were in charge. These critics say the tax cuts are too big. The truth is, they're barely big enough to keep people even. Still, I believe it's fair to say this is the most sweeping program of incentives ever passed to help families and firms lift America up and give us all real hope for our future.

We're doing everything we can to help you rebuild America. Spending growth has been cut. We passed the Prompt Payment Act so that when you deal with the Federal Government, you must get paid promptly. The Small Business Innovation Development Act will direct millions of dollars in research funds to high-tech firms. The Paperwork Reduction Act and the Regulatory Flexibility Act will help your firms.

You don't have the luxury of hiring extra people just to fill out forms and keep track of new regulations. More work needs to be done, but by the end of 1983, American industry will have saved 300 million working hours filling out forms. And that's a pretty good start.

Take a look at the facts: We don't have double-digit inflation anymore. It's down to 3 1/2 percent since a year ago, from May to May. I hope that history will one day judge our progress against inflation as one of the Nation's greatest accomplishments of the early 1980's. And we haven't stopped yet. That terrible 21 1/2 percent prime rate that greeted us has been knocked down to 10 1/2 percent. Real wages are improving for the first time since 1978. And the rates of personal saving and productivity have reversed their declines.

It's clear that recovery is strengthening and spreading throughout the economy. Venture capital investments have reached record levels. New businesses are being formed at near-record rates. The stock market has awakened from a decade of disappointment to surge into new high grounds. Sunrise industries are springing up like jack rabbits. Production in auto and steel is regaining strength. Housing starts in May climbed to the highest level in 3 1/2 years. Factories in May ran at their highest rate in 15 months. More and more workers are being called back. And, as Al Jolson would have said, "You ain't seen nothin' yet." [Laughter]

But there's an easier way to tell you that the program works, that recovery is here, and that our economy is beginning to sparkle. I've said this a few times before, but I'll say it again. Suddenly, our critics are no longer calling the program Reaganomics. [Laughter]

But just as everything is starting to mesh, just as Americans have spotted the dawn of a new age - strong growth without a return to runaway inflation and interest rates -- the guardians of a graveyard philosophy want to resurrect ideas which should remain dead and buried for all time. They have a kind of layaway plan for your lives which never changes. It's called, "Americans make, government takes." [Laughter]

First they tried to raise taxes on typical, hard-working families by \$3,550 over the next 5 years. We said no, and we stopped them. Now they claim we must cap the third year of the tax cut at \$700 to reduce projected deficits and ensure fairness. Well, forgive me, but truth pierces that story quicker than a hot knife through butter.

They want to tax more so they can spend more, and you and I must say no and stop them again. Last year, they gave me their word there would be \$3 in outlay cuts for every additional dollar of revenue that I agreed to in that tax bill. They are breaking that promise. They voted to balloon domestic spending above our budget request for next year. And this is after they bottled up, then scuttled, a constitutional amendment requiring them to approve a balanced budget -- an idea backed by some 80 percent of you, the American people.

Our critics sob enough about deficits to fill an ocean -- an ocean of crocodile tears. Well, the same holds true for their argument about fairness. Capping the third year of the tax cut won't soak the rich, but it will drown millions of taxpayers in the middle class. The wealthiest earners with incomes above \$110,000 got their full tax cut in 1981. And it was a Democratic amendment to our tax program that lowered the top rate from 70 to 50 percent in one fell swoop. Funny how they all forgot about that. Well, I haven't forgotten about it, because I think it was a great thing to do. The truth of the matter is we're getting more tax revenues at the lower rate from that bracket of people than we were getting when the rate was 70 percent. And that's the secret about good taxes.

But it takes a greater leap of faith to trust the motivation and wisdom of the self-proclaimed champions of fairness who are now attacking the middle class. And make no mistake, capping the third year would raise taxes on millions of two-earner couples earning less than \$50,000.

For example, a working, married couple, who together earn just over \$35,000 in taxable income, will go from a 33-percent tax rate to a 37-percent tax rate under the tax cap plan. I question whether that couple, working to make ends meet, would consider itself rich. Let's remember that just to keep up with inflation, that couple had to double its income in the last 10 years. The couple which earns \$35,000 is no more wealthy today than when it earned \$16,000 in 1973.

Capping the tax cut would also raise taxes on 2.4 million small businesses, including 350,000 family farms, which file personal, not corporate, tax returns. These people will invest in the new jobs, products, and technologies for the 21st century -- a century that will belong to our children and our children's children. Putting a cap on small business would put a cap on our recovery and future growth. The tax cap is not a fairness bill; it's a jobs-destruction bill. It would cut off our nose to spite our face.

Larry Kirby, of Greensboro, North Carolina, wrote me that he and his wife are risking everything they have in a new venture because of the opportunities in our American free enterprise system. He said, "We pay taxes on personal rates and will be hiring another employee this summer. We need every incentive that you can allow us and the loosening of redtape." Well, Larry, I hear you. And believe me, your dreams and your struggle are what this job of mine is all about.

You know, I try to bite my tongue, but I just have to ask: Would you agree that those who saddled this nation with double-digit inflation, the highest interest rates in more than 100 years, and the worst tax burden in our peacetime history are the last people who should be giving sermons about fairness and compassion?

Would you agree that if we're to rebuild our beloved land, then those who practice the politics of envy, who pit one group against another, must rise above their rancor and join us in a new dialog -- to encourage, honor, and reward every citizen who strives to excel and make America great again?

I have one other request. As representatives of Main Street America, would you please send Washington a message: "Get your hands out of our pockets, get control of your own budget, and let us get on with the job of rebuilding America."

I promise you the full and final portion of the tax cut -- the 10 percent due July 1st -- will go into effect in 9 days, and it will be followed by indexing in 1985.

But I must and will oppose the congressional budget resolution. It's not good enough to reduce the deficit on paper when, in reality, you're running up the white flag on controlling domestic spending. The last thing we need is more taxes for more spending. And if they can't get that through their heads, then I am prepared to veto their budget-busting bills again and again and again.

Tax rates are prices -- prices for working, saving, and investing. And when you raise the price of those productive activities, you get less of them and more activity in the underground economy -- tax shelters and leisure pursuits. You in small business understand that you can't force people to buy merchandise that isn't selling by raising your price. But too many in Washington and across the country still believe that we can raise more revenues from the economy by making it more expensive to work, save, and invest in the economy.

We can't repeal human nature. President John Kennedy said in 1963: ``The most urgent task facing our nation at home today is to end the tragic waste of unemployment and unused resources. . . . It has become increasingly clear," he said, ``that the largest employment" -- or -- ``single barrier" -- I should say ``to full employment . . . and a higher rate of economic growth is the unrealistically heavy drag of Federal income taxes on private purchasing power, initiative, and incentive." I would only add that the total tax burden on working Americans is higher today than it was when John Kennedy said that.

We cannot compromise on fundamental principles without compromising ourselves and our future. We're not asking the Congress to do what's easy; we're asking them -- Democrats and Republicans alike -- to work with us to do what's right. On that note, let me interject a word about our bipartisan responsibility to reduce the risks of war so that our societies can truly prosper in peace.

We're determined to assure the effectiveness of our deterrent through the modernization of our aging strategic forces and to do everything we can to achieve deep reductions to equal and more stable levels of U.S. and Soviet nuclear forces. We are taking important and positive steps in the negotiations in Geneva on intermediate and strategic forces. Regarding the intermediate force negotiations, I have stated that, while we continue to favor the complete, global elimination of the entire class of land-based, intermediate-range missiles, we will agree to any proposed equal number of warheads on which [such] U.S. and Soviet missiles and upon which we can agree.

Two weeks ago, I announced that Ambassador Ed Rowny, our negotiator in the strategic arms reduction talks, the ones we call START, was going to Geneva with new instructions to give us greater flexibility in the talks. Our proposal incorporates the recommendations of the Scowcroft commission on strategic forces. It reflects a growing consensus and support crucial to effective negotiations. The Soviet Union has not yet responded positively. We sincerely hope they will. The aspirations for genuine arms reductions, stability, and peace are shared by all mankind. And I pray the day will come when nuclear weapons no longer exist anywhere on Earth.

I thank you again for all your courage and support. We've worked too hard, struggled too long, and come too far to turn back now. We're not going back to that old road where government decides it knows better than us what should be done with our earnings and how we should live our lives. We're not going back to fear, envy, and failure. We're going forward on a new road that's bold and filled with hope and opportunity.

So, let us remain united and true to our vision of progress, a vision that begins with your families, your churches, your synagogues, and schools, and neighborhoods. We don't ask you to trust us. We say, ``Trust yourselves. Trust the values that made us a good and loving people." Working together, giving, and trusting each other and trusting in God, we'll do what is right to preserve our freedom and America -- the last, best hope of man on Earth.

And now, I'm delighted to sign the Executive order creating the first Presidential Advisory Commission on Women's Business Ownership.

[At this point, the President signed Executive Order 12426.]

It's a funny thing, these government pens. It takes three of them to write one name. [Laughter]

Thank you, and God bless you all.

*Note: The President spoke at 1:08 p.m. in the International Ballroom at the Washington Hilton Hotel.*