

President Reagan's Remarks and a Question-and-Answer Session at a Meeting With Employees of AccuRay Corporation in Columbus, Ohio October 4, 1982

The American Presidency Project

The President. I want to say good afternoon to all of you AccuRay associates, and I want to say thanks for that delicious lunch. You know, if I kept that up every day the Oval Office—they'd have to make it round. [Laughter]

But may I just say after meeting with David Nelson here, and the conversation that we've had here at the table with my hosts at this table, how impressed I am. I understand now the meaning of your words, "The quality company with quality programs, quality products, and quality people." And I think that's what making America number one again is all about.

You know, we hear so much from defeatists in Washington who've given up on America. They say we can no longer compete, we've lost our leadership and productivity, and our best days are behind us. Well, let them come to Columbus and watch the power of this high-tech revolution unfold and see you leading America into her 21st century, proving our best days are still to come.

Being here, even in this short time, is like peeking into a part of America's future, and it looks mighty good. Here we see proof that knowledge is power. And we see something else that a favorite son of yours always talked about. He said that you win with people, and that every person is greater than he or she thinks they are. And that was from a winner. There's never been a bigger winner than Woody Hayes Head coach of the Ohio State University football team.

But I believe with all my heart that the United States is determined to be a winner again. We need only to believe in ourselves and to remember that the true strength of this country lies in the minds, the motivation, and the faith of people like yourselves, not the bureaucracy in Washington, D.C. Now, there are a lot of well-intentioned people working in Washington and many fine people that are sincere and patriotic and all that, but there are just some areas where the Government has been trying to do things that the Government was never set up to do, and those things belong back here in your States and in your communities.

Now, I want to reserve time for you to-so that we can have a dialog before I get out of here, so I'm—but I do just want to make three quick points.

Less than 2 years ago we had inherited an economy that was on the brink of disaster. I don't think anyone can remember any other time in this country when we faced double-digit inflation, 21S-percent prime interest rate, and an unprecedented tax burden, all at the same time. In 1980 inflation hit 18 percent at one point, and for 2 years it was back-to-back, double-digit inflation. Well, now since January 1st it's down to 5.1 for these 8 months so far. And if we take last month's rate—that's an average 5.1 across the 8 months—last month, it dropped again to the point that if it continues at that rate, it will be down around 3 percent in the future. The interest rates that were 21S—the prime rate is down to 13 1/2, and in some places 13, because Bankers Trust just lowered it on their own a short time ago.

The grim results of high taxing and spending between 1976 and 1980 were a decline in the real wages and weekly earnings of all the working people of this country. And yet there were those who called the policies that led to that policies of fairness and compassion. Well, today progress against inflation and the first real tax cut for everyone in nearly 20 years have produced higher savings, higher real earnings for the first time in quite a long period of time, and more purchasing power. The average family today and the average level of income is about \$1,500 better off than would have been if inflation had stayed where it was in the end of 1980.

Rebuilding prosperity, I think, is the true meaning of fairness and compassion. We would be

doing better if the House leadership hadn't left to campaign without passing appropriations bills, holding the line on the '83 budget. October 1st was the first day in the new fiscal year. It was the third straight year that we have gone into the fiscal year without a budget. And they didn't pass the constitutional amendment to balance the budget. And I think it's about time we realize when there's only been one balanced budget in the last 22 years, that Congress needs some help, and that help is, put it in the Constitution where no one can violate it, and it has to be balanced. The most important thing we can do is to bring inflation and interest rates down more, which, in turn, are the keys to creating more jobs. I believe the House leadership let the Nation down badly when it recessed for this campaign.

Now, there's one thing of good news, however. As you know, it's time we started increasing American exports and stopped exporting American jobs. And last Friday the Congress did finally pass a bill that we have supported to create jobs and increase exports—the Export Trading Company Act. This legislation will encourage the formation of trading companies to spur exports, a practice that's already being used with skill against us by our principal trading competitors.

And the best thing about the legislation is that it can create several hundred thousand permanent jobs in the private sector, and it won't cost the taxpayers a penny. We think that's a far better approach than the temporary make-work public jobs program that was stampeded through the House by the House leadership and which, if it ever gets to my desk, I'll veto. Public works jobs programs have proven to be expensive failures. They were the things that for seven previous recessions the Government has turned to, and it was like a quick fix—stimulated the economy briefly but about 2 years later you fell into another recession. And every one of them was deeper and worse than the one before. Now they'd drag us right back with that kind of program into the swamp that we've been trying so hard to lift ourselves out of. So, I'm looking forward to signing this Export Trading Company legislation as soon as possible. The choice before us is clear: Do we go back to the failed course of raising taxes on working families and giving government a blank check to spend and borrow, which is what our critics so clearly intend to do, or do we keep our trust where it belongs—with you, the people, who are proving in this very plant the great things that a proud people can do if we'd just set you free? I know the way I feel. I just hope you do, too.

And now, I'll stop right here and—well, let me, before I stop, say something. Someone else has had—there he is, down the line there. Did Jim come here, too? Is Jim here? There—your Governor, Jim Rhodes, came in with us.

And sitting over here is a man who is of the greatest help to us in getting our economic recovery program into motion. I have valued his insight and his advice and his support and help. And he was on a committee in Congress, '78 and '79, when they tried to get pretty much of what we now have been able to accomplish by getting this bill through. But at that time against an administration and a majority, they couldn't get it done. But he was a leader in that, and he's still a leader—Bud Brown, who I hope is going to be the next Governor of the State of Ohio. I realize I shouldn't be talking politics here now, but— [laughter] —having been a Governor for 8 years, you know we are trying with a thing called federalism. We're trying to get a plan in Washington that will turn back to the States the authority and the autonomy, and to the local communities, that has been seized by the Federal Government and let a lot of things be run closer to home, as I said earlier in my remarks. And if you're going to do that, then you need someone in the statehouse who's a good manager and who is attuned to that same thing and is going to see that those responsibilities are accepted. And we'll all be better off. But now, let's have that dialog I mentioned, instead of continuing dialog—I understand there are seven microphones scattered out there with monitors that have them. So, find a microphone if

you have a question, and that's how we can have a dialog. And I see a hand back there—there it is.

Financing for Exports

Q. My name is Jeff Tremaine, from the finance area of our company, and I'm very interested in your Export Trading Company Act. We export about 53 percent of our products. My question is this. We recently have received word that the Export-Import Bank has discontinued their discount loan program which has helped us finance quite a number of our projects overseas. And I was curious as to whether or not there are any other programs in the works that might provide some type of financing for our customers on an export basis.

The President. I can't give you all the details on this bill that we're supporting, but I think that it might meet some of the problems. I know that the Export-Import Bank budget was reduced, as a number of others were. And yet we do want to encourage it, because that's the answer to the problems of this great productive country that we have—is export. And I think that you might find an answer in that new piece of legislation that's been passed. Now—and then I'll look this way.

Small Business

Q. I'm Dave Dobos, with the Americas Administrative Marketing Group. My question deals with job creation. In last week's press conference, you noted that unemployment has remained at unusually high levels since the mid-seventies, implying that part of the problem is not attributable to Short-term business-cycle fluctuation. Accelerating the development of high technology industries, which our country seems to enjoy a leading edge in, may help to ease somewhat the long-term unemployment picture. Specifically, what policies and legislation is your administration pursuing to promote innovation and encourage related small business establishment and expansion? [Laughter]

The President. We have a very ambitious program with regard to the—through the Small Business Administration—with encouraging small business, because I think-call it small or call it independent—that is the business force that creates about 80 percent of the new jobs that have to be created to keep up with our growth.

What I said in the press conference and with regard—there are other things that we're doing also. In fact, we have legislation before the Congress that will finance the training of about a million young people a year for jobs. And the difference between this and some of the programs that were canceled, some of the CETA programs, was that those programs—only 20 percent of the budget in those programs went to actual training. In the program that we're trying to push through the Congress and that will—?0 percent of every dollar will go to actual training of the—and mainly young people that we think will probably take advantage of this. But the main thing that we're doing isn't—it doesn't show as spectacular as passing some program to artificially stimulate the economy or something.

What lost us the jobs to begin with, and they did—we have been losing or increasing unemployment steadily back for probably a decade and a half. But it became very pronounced in the years between—well, from '77 on through 1980 and then on into the depths of this recession.

What happened was—well, in the last 6 months of 1980 there was a great, volatile upswing in the money supply. It went up to such a peak that it was the highest or fastest increase in money supply in the history of our country. And with it the interest rates went right on up too, to 21 1/2, because out in the money market they knew that you could not sustain this and that the next thing would be, based on experience, that they'd pull the string on the money supply and bring it way down to where we had tight money. And there wouldn't be enough money available to borrow, so the supply and demand—the interest rates would have to be high.

Now, they did pull it way down—they pulled the string on it—and in the first half of 1981 it was way down below even the Fed's own target line. And it hung on long enough that the unemployment—and this had started—I campaigned here in your own State when it was beginning back in '79 and '80. Those businesses that were dependent on lending—the automobile industry. They began to fall off, because people couldn't pay the interest rate. So, the layoffs began. And as the automobile companies ground down—they by themselves can start a recession—your steelplants began to close; glass companies, the rubber industry, and of course your dealers and salesmen—unemployment spread from there on out. But at the same time people couldn't buy homes. They couldn't afford the mortgage rates which had skyrocketed with those high interest rates.

Now, why the high interest rates in addition to the thing that I gave you about the money supply? You must remember that someone that's going to lend money has to get back not only a return on their money—an interest—but they also have to be sure that when that money comes back to them after—no matter how long it has been loaned—they must get back dollars of the same value, that have the same purchasing power as when they loaned them. So, interest rates are based on inflation plus a return on the money. And as inflation was up at double digit, they had to have an interest rate that covered the fact that every year the dollar was losing 12 or 13 cents more each year.

And so, this gives us as our target, how do we create jobs to get interest rates down. To get interest rates down we have to get inflation down, and this we have been doing. And this is what has been our number one target, is inflation. And as people have—as I gave the figures here—have more money to spend and begin to go into the marketplace and begin to buy again—and the housing industry has had an upturn; it's not up to where it should be, but it's been increasing for several months now—the start of new houses. As that begins, and more money in the market, then the companies out there—the production companies—are going to have to call back their laid-off employees and improve productivity to meet the new market demand.

And this is the program that we're following, and we think it'll work. And we think it won't be a temporary stimulant like the quick fixes of the past. We think that it'll be a solid economic recovery with increased productivity and plenty of jobs.

One last point on that. It is true that the unemployment is not totally due to the recession. There has been, in the last decade or so, a vast increase in the percentage of adults in America who've gone into the job market. And so, we're going to find maybe that normal unemployment rate—which is based on, in normal times, about the people who are between jobs or have quit a job to try for another one, this sort of thing—may, instead of being the 4 percent that we used to talk about, it may be 6 or 6 1/2 percent. But that would not be a reflection of a bad economy. That's just that we have the highest percentage—except for one year we were 2 percentage points higher than we are now—in the percentage of adults that are in the job market.

Way over there. Are you holding microphones? All right.

Busing

Q. Mr. President, my name is Howard Cothorn, and I work in the inspection department. And I'd like to know if it's possible to get the busing issue on the State level to let the people decide whether they actually want busing or not?

The President. On busing. Well, as you know, there's wide feeling in the Congress about this, and there's been great controversy about it. I think that busing has failed of its purpose, and it hasn't been legislated; it's been taken over by the courts. And I believe today that what we're doing in the Justice Department is, where communities themselves are seeking to get a change or modification of the court order, the Justice Department, based on the merits, will align itself with those communities to help them in that case. And why I say "based on the merits" is, we're not going to hold still for some community

just doing it because they don't like the policy of integration. What we want is those places where it's failed and where even the minority communities that it was supposed to benefit have turned against it because—well, as Mrs. Brown said—the woman who got the original decision in the Court—Mrs. Brown took this all the way to the Supreme Court because of her own memories of her childhood when she had to go miles past a school near her home simply because of segregation. And then she had a daughter of her own, and Mrs. Brown is opposed to busing in her own community, because she said now her daughter is bused miles past the school near their home- [laughter] —and she said that wasn't what she had in mind.

So, we're going to stick with protecting the constitutional rights and the gains that we've made in human rights and civil rights in this country. But we do think that, here again, more authority is needed at the local level with the constitutional protections that only the Federal Government can ensure.

Now, if there's—oh, one more, they say. Who are holding microphones and who-you have a question? All right.

Weapons Development

Q. Bob Tinker, industrial engineering department. Mr. President, recent reports indicate that the U.S.S.R. has a significant lead in the development and possible deployment of killer satellites. Could you please outline the United States strategy being adopted to counter this possible threat?

The President. Well, I think you can understand why I have to say I can't— [laughter] —specifically answer that question. [Laughter] I can tell you this: We are very much aware of the Russian development in that field, the experiments they've been conducting, and what they're trying to accomplish. And we aren't going to sit still and let them get away with it.

I know they said that was the last question. Are you all microphone holders? Are you a microphone holder or—

Q. No, I wanted to ask a question.

The President. Oh, we haven't had a lady's question here. May I take one more added—
Federal Assistance Programs

Q. I was going to ask you about the CETA program, but you already kind of answered that in a way. So, I wanted to know: How do you expect to go about educating the public to the benefits of the government-funded manpower programs and how they do keep people off of the welfare rolls? For example, I received my education under a government-funded program, and I'm now a taxpayer and not a welfare recipient.

The President. And that's what the program is intended to do. Actually, in this thing—and we still have loan programs and grant programs to help students go through college, university, and so forth. And much of the talk that we somehow have withdrawn from that program is just not true. What we did find out was that a lot of people whose family income was such that they couldn't really justify the need of this help—we have aimed the programs at people of lower income families who must have that help if they're to get an education. And we have put some restraints and restrictions on people whose income level or family income level was higher.

We found—in the beginning we found, when the interest rates were so high, that there were families that took out the college loan and didn't need to. But because the interest rates were so high they then invested the college loan in Treasury notes that were paying high interest rates and were making a profit off the same government that loaned them the money to begin with by lending it back to the government at a higher interest rate. And at the same time they were sending their son or daughter to school. And we decided

that that isn't what the taxpayers should be paying for.

But the program that we have for job training is based on something I called attention to one day—maybe like this—I don't know whether your State would be a good one to try this in or not. But every time I find myself in a city on a weekend I'm away—and I did this during the campaign—I look in the Sunday paper at the help-wanted ads. And you look at them in the great metropolitan centers, and you count as many as 65 pages of help-wanted ads. And you say, "Wait a minute, you know, 9.8 percent unemployment, but here are employers. They're advertising for people, and they can't get the jobs filled." But this didn't mean that there was anything phony about the unemployment.

And, believe me, my sympathy, having looked for my first job in 1932 in the midst of the Great Depression—only those here who are old enough to remember that know what a traumatic experience that was. I saw my father lose his job on a Christmas Eve in that depression. So, my sympathy goes out—I say that there's too much unemployment if there's even one person who wants a job and can't find it. But these newspaper ads convinced us that there are jobs waiting and people not trained for those jobs. And that's why we are supporting this job-training program.

The CETA program had too much of it going through government. And local governments were employing people in government jobs, which was kind of padding the payroll. And they were jobs without any future and weren't really training them for jobs out in the private sector—jobs such as you have here in this wonderful institution.

Well, now, I know I've got to quit but-and I'm sorry that I couldn't—I answered each one of them too long. I filibustered. [Laughter] But I do have a little surprise before I leave.

It gives me great pleasure to be able to honor you for your contributions in expanding exports. You know that exports mean jobs. And they are an important weapon in our battle against this nation's economic problems. Export expansion and a healthier economy will come from firms like yours-accepting the challenge to seek export markets. So, I congratulate you for your outstanding record and leadership in Ohio. And here is something special in recognition: the President's "E Star" award for continued excellence in exporting. And I present this—as you know', you already have the "E" for excellency award. But the "E Star" award is for excellency above excellency.

President Nelson and to the AccuRay Associates, I'm very proud and happy to be able to present this in person.

Mr. Nelson. Thank you very much, Mr. President.

I've asked Patricia Tremaine, one of our export specialists, to join me in accepting this award. I would like to briefly note that we continue to feel that more than half of the equipment produced at our factory complex here in Columbus will continue to go outside the United States. The reason, of course, in our belief is that we build a superior quality process control system for the worldwide marketplace. Half of our people are located here in Columbus. The other half represent another very important aspect, and that is a 900-man worldwide sales and service organization to market and service our products throughout the world.

Therefore, I wish today, for both Pat and myself, to accept on behalf of the total 1,850 associates worldwide the President's "E Star" award.

It's now my pleasure to extend an invitation for a brief tour of our factory. And I would like to ask all associates to join with me in expressing our pleasure and sincere honor and appreciation for you personally coming and being with us today.

Thank you again.

Note: The President spoke at 1:24 p.m. in the company's cafeteria.

Following his remarks, the President toured several areas of the company, which is a manufacturer of process automation computers and management information systems.