

Remarks at a Senate Republican Policy Committee Luncheon

June 16, 1987

Thank you all very much. I see that you've already been served, and you go right ahead and eat, and I'll talk loud. I thank you for inviting me here. I guess if this is Tuesday, this must be Capitol Hill.

I was going to say I know I'm keeping you all from lunch, but I see I'm not. By my internal clock, it's already past dinnertime, so I'll keep my remarks brief and, I hope, to the point. I must begin by thanking Bill Armstrong, your chairman, and Bob Dole, your leader. You've provided inspiration and leadership and initiative, keeping the party of ideas in the forefront of the policy debate, and I thank you both.

As you know, we just returned from the economic summit. The meeting was more than a success. It's clear that throughout the world the momentum is growing for progrowth, free-market policies. Economic freedom, increased opportunity, and less government -- that's the wave of the future. Certainly, there were areas of disagreement with our summit partners, but I believe we achieved all of our major objectives in Venice. We've put a new process in place to coordinate macroeconomic policy between our nations, and we agreed to take effective steps to spur world economic growth. We discussed progrowth, proopportunity policies -- how governments must liberate the creative energies of their people by lessening the dead hand of government interference in the economy.

We reconfirmed our strategy on the world debt problem, recognizing that special attention must be given to the poorest debtor nations so that their burden does not become simply unbearable, and we called on the banks to rethink and restructure their approach to the debtor nations. There was agreement, too, on the importance of removing the roadblocks that stand in the way of economic cooperation. We pledged to work against protectionism -- high tariffs, trade barriers, and trade-distorting subsidies that slow growth, shrink world markets, and destroy jobs.

Of course, the trade bill passed by the House recently flies in the face of the progress that we've made. Some of the provisions of this bill are so dangerous to America's economy, indeed to the world economy, that I would have no choice but to veto it in its present form. Its mandatory retaliation requirements could well plunge us into a trade war that would very quickly spiral out of control. Similarly dangerous provisions are proposed in the trade legislation that will be coming to the Senate floor soon. We've been working very closely with Senate committees to come up with a bill that would enhance prospects for U.S. exports without risking a trade war.

The ghost of Smoot-Hawley seems to be rising again, threatening our economic expansion, our prosperity, and our very livelihoods. We must eliminate the worst provisions of both the House and the Senate bills. I hope you'll keep these objectives in

mind as the Senate talks up trade legislation. Unless you do, then I'm afraid the prospects won't be very good for my signing the final product into law. We must continue to go the positive route, opening up markets where they're closed, working to expand world trade and the millions of jobs that it creates, rather than shrink the global economy and throw millions out of work.

At the summit we also made real progress in the area of agricultural subsidies. Perhaps no other economic issue creates more tension between our countries. Disagreements in no other area so threaten the health of our world trading system. And now I've issued a challenge for all our nations to end the "farms race," eliminate agricultural subsidies, and return to free markets in agriculture by the year 2000.

In our discussions, our allies pointed with some justification at our budget deficit. Now, it's true that deficits in Europe are sometimes just as big, or bigger, in proportion to their gross national product, but that doesn't let us off the hook. Deficits are simply a destructive economic force. They are a giant drain on the productive economy like a huge, disguised tax on the private sector. In fact, the only thing worse than deficits is high taxes. But we don't have to choose, and we're not going to choose, between them. Using taxes to cure deficits is like using leeches to cure anemia. We're not going to counter one evil with another; we're going to eliminate them both. Deficits are going the way of high taxes: They're both being mowed down to make way for a new era of growth and opportunity. As I said last night, we've reached the breaking point. Now it's decision time. Some in Congress are caving in to its old temptations, its old tax-and-spend addictions. And if we give in, it will ruin our economy.

The situation is urgent. So what do we propose? Well, to exceed their own spending limits, the Democrats propose to pay for this spending binge by cutting our national security programs to dangerous levels, by dumping \$100 billion in new taxes on the American people over the next 4 years. So, that's why I'm stepping up my commitment to this cause and taking my case to the American people. It won't be a political campaign; it'll be a campaign of all Americans to bring back economic sanity.

Just as we did for tax reform, we're now going to do for the balanced approach in dealing with the budget process. And we're not going to be shy about pointing fingers and placing blame. The American people wanted a fair tax code, and despite all the expert opinion, they won. Now we're calling for reform on the budget process. We're demanding an end to the boondoggles, the waste, and the last-minute resolutions. We want every Member of Congress to stand up and be counted, to vote up or down, yes or no, on an amendment that once and for all will end deficit spending, to once and for all balance the budget.

Now, I know your job hasn't gotten any easier this year. We no longer have the Republican majority in the Senate that was fundamental in opening up a whole new era of pride, patriotism, and economic growth in this country. We may have lost our Senate majority, but the country must look to our side of the aisle for leadership. You're the bulwark that stands against those who would plunge our nation back into the malaise days of economic stagnation at home and weakness abroad. Well, we're not retreating

into the past, and we're not hunkering down in defensive positions just trying to hold onto the ground we've gained. In the coming months, we're going on the offensive in a big way. We're going to be taking our case directly to the American people, because with the American people, there will always be a majority for a strong and growing America.

Now, there's one other development that I want to report to you on. As I told the American people last night, we've reached a full consensus with our allies on our arms reduction negotiating position. Six years ago the U.S. proposed a step called the zero option, the complete elimination of U.S. and Soviet land-based, longer range INF missiles. Many said our proposal was unrealistic. The Soviets, they insisted, would never accept it, and indeed the Soviets walked away from the table. Well, we remained firm and determined, and now the Soviets have adopted a similar position, and they're back at the table. With the support of our allies, we're now also proposing the global elimination of all U.S. and Soviet land-based, shorter range INF missiles, along with deep reductions in, and hopefully the ultimate elimination of, longer range INF missiles.

This is impressive progress, but as our allies agreed, this must be only the beginning of progress across the field, including an agreement to cut U.S. and Soviet strategic nuclear arms by 50 percent. We must redouble our efforts on regional conflicts, in Afghanistan, especially. It didn't take the Soviets very long to invade that country; they should be able to get out even faster.

Last, but not least, we'll continue to press for progress on the Soviets' systematic violations of the Helsinki guarantees on human rights. As I said of the Berlin Wall, a nation that's so frightened of its own people that it treats them like prisoners will always be a source of tension in the world. If Mr. Gorbachev's actions match his words then -- I said it there: Tear down the wall! Open the gate!

Well, thank you all very much. God bless you all.

Note: The President spoke at 12:49 p.m. in the Mansfield Room at the Capitol.

<http://www.reagan.utexas.edu/archives/speeches/1987/061687b.htm>