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# FOIA MARKER

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**Collection/Office of Origin:** Speechwriting, White House Office of  
**Series:** Speech File Draft Files  
**Subseries:** Chron File, 1989-1993

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**OA/ID Number:** 13487  
**Folder ID Number:** 13487-005

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**Folder Title:**  
American Retail Federation, 5/17/89

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Stack:	Row:	Section:	Shelf:	Position:
<b>G</b>	<b>26</b>	<b>15</b>	<b>7</b>	<b>3</b>

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THE WHITE HOUSE  
WASHINGTON

May 15, 1989

MEMORANDUM FOR CHRISS WINSTON  
DEPUTY ASSISTANT TO THE PRESIDENT  
FOR COMMUNICATIONS

FROM: MICHAEL J. ASTRUE   
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Draft Presidential Remarks: American Retail  
Federation

Counsel's Office has reviewed the above-referenced Presidential remarks, and we have no legal objection to them.

Thank you for submitting these draft remarks for our review.

cc: James W. Cicconi

REMARKS: AMERICAN RETAIL FEDERATION  
OEOB -- Room 450  
WEDNESDAY, MAY 17, 1989  
10:00 A.M.

[ THANK YOU. WELCOME TO THE WHITE HOUSE! HOME OF  
MILLIE, AND THE PUPPIES. OH, I'M HAPPY TO STAY IN THE  
WINGS. REALLY -- I CAN TAKE THE COMPETITION.

- 2 -

BUT IT DOES BOTHER ME, AT THE END OF A PRESS  
CONFERENCE, WHEN HELEN THOMAS STANDS UP AND SAYS,  
"THANK YOU, BARBARA'S HUSBAND." ]

WELL, ANOTHER KIND OF COMPETITION HAS BEEN ON MY  
MIND LATELY -- AND I KNOW IT'S BEEN ON YOURS. WE ARE  
MOVING TOWARD A VASTLY DIFFERENT BUSINESS CLIMATE. OUR  
VIEW OF WHAT IT TAKES TO COMPETE MUST CHANGE.

YOU KNOW, I THINK WE'VE HEARD ENOUGH ABOUT THE SHOPWORN, LIBERAL AGENDA OF MORE GOVERNMENT MANDATES, BROAD ATTEMPTS TO RUN YOUR BUSINESS FOR YOU, AND INTRUSIVE CAMPAIGNS TO LEGISLATE COMPETITIVENESS.

THAT TIRED AGENDA DOESN'T WORK ANYMORE. THE NOTION THAT THE GOVERNMENT SHOULD CONTROL BUSINESS DECISIONS HAS NEVER MADE MUCH SENSE. IT MAKES EVEN LESS SENSE TODAY.

IT IS TIME TO MOVE ON TO THE REAL ISSUE: BUILDING A BETTER, MORE COMPETITIVE AMERICA -- NOT THROUGH THE INTRUSIONS OF GOVERNMENT, BUT THROUGH THE ENERGY AND WILL OF THE AMERICAN PEOPLE.

FREE MARKETS WORK. WHAT THE WORLD HAS LEARNED, OVER THE LAST FORTY YEARS, IS THAT GOVERNMENT INTERVENTION CRIPPLES ECONOMIES, CREATES BARRIERS FOR BUSINESS, KILLS INNOVATION, AND COSTS JOBS.

AND YET -- EVEN AS THE WORLD IS BEGINNING TO  
RECOGNIZE THIS TRUTH -- THERE ARE THOSE WHO ARE STILL  
TRYING TO KEEP THE AGENDA OF GOVERNMENT INTERVENTION  
ALIVE HERE AT HOME. MANY ARE WELL-INTENTIONED. BUT  
YOU KNOW WHAT THEY SAY ABOUT GOOD INTENTIONS. LET ME  
ASSURE YOU: WE ARE NOT GOING DOWN THAT ROAD.

WE'VE ALREADY MADE PROGRESS IN LIMITING EXCESSIVE  
PAPERWORK AND REGULATIONS -- AND THAT WORK WILL  
CONTINUE.

DRAWING ON THE CREATIVE ENERGIES OF THE PRIVATE SECTOR,  
WE CAN REACH A REGULATORY BALANCE THAT IS BOTH FLEXIBLE  
AND RESPONSIVE -- AT THE LOWEST POSSIBLE COST TO  
BUSINESS.

THANKS TO AMERICAN ENTERPRISE -- AND A GOVERNMENT  
THAT GOT OUT OF THE WAY -- WE HAVE CREATED ALMOST 20  
MILLION NEW JOBS SINCE THE RECOVERY BEGAN IN 1982.  
EMPLOYMENT IS AT RECORD LEVELS.

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**THIS BRINGS ITS OWN CHALLENGES. WITH LABOR MARKETS GETTING TIGHTER, OPPORTUNITIES FOR JOBS ABOUND. MANY BUSINESSES ARE SCRAMBLING FOR PEOPLE, WITH LABOR SHORTAGES DRIVING UP WAGES.**

**ENTRY-LEVEL JOBS IN SOME REGIONS OF THE COUNTRY WITH LOW UNEMPLOYMENT START AT OVER \$5.00 AN HOUR. THIS IS A CASE WHERE THE MARKET ALONE IS DOING MORE THAN GOVERNMENT EVER COULD.**

**ACROSS AMERICA, THE SKILLS GAP IS ECLIPSING THE WAGE GAP. AND THAT'S THE REAL ISSUE.**

**CAUGHT UP IN THE POLITICS OF THE MINIMUM WAGE, IT'S TOO EASY TO FORGET WHO IT IS WE'RE TRYING TO HELP, AND HOW. THE ISSUE IS NOT THE MINIMUM WAGE. IT'S MINIMUM SKILLS.**

**WE ARE ENTERING A NEW ERA OF OPPORTUNITY. IMPENDING LABOR SHORTAGES OFFER THE PROMISE OF A JOB, FOR EVERYONE WHO WANTS A JOB -- IF THEY ARE PREPARED.**

MY DIFFERENCE WITH THE MAJORITY IN CONGRESS IS NOT ABOUT 30 CENTS AN HOUR. IT'S ABOUT HUNDREDS OF THOUSANDS OF PEOPLE -- LARGELY YOUNG AND UNSKILLED -- WHO WON'T HAVE A JOB TO GO TO, IF H.R. 2 BECOMES LAW.

ARTIFICIAL WAGE HIKES SIMPLY MEAN THAT ENTRY-LEVEL JOBS ARE CUT BACK. THE FIRST TO GO ARE THE YOUNG AND DISADVANTAGED -- WHO ARE JUST BEGINNING TO DEVELOP WORKPLACE SKILLS.

IT IS HAUNTING, HOW THOUSANDS OF YOUNG AMERICANS IN INNER CITIES BELIEVE THEY HAVE NO STAKE IN OUR SYSTEM - - NO FUTURE, NO HOPE. BELIEVING THEY HAVE NOTHING TO LOSE, THEY ACT AS IF THEY HAVE NOTHING TO GAIN. WE CANNOT ALLOW THIS TO CONTINUE. AND IT WON'T -- IF WE MAKE SURE THAT MORE OF THEM CAN FIND JOBS.

THE VAST MAJORITY OF MINIMUM WAGE WORKERS ARE YOUNG, SECONDARY EARNERS FROM FAMILIES WITH INCOMES WELL ABOVE THE POVERTY LINE.

THE FACT IS, FEWER THAN ONE IN TEN MINIMUM WAGE EARNERS ARE HEADS OF HOUSEHOLDS AND IN POVERTY. THEY DESERVE OUR HELP -- AND RAISING THE MINIMUM WAGE MAY HELP SOME OF THEM.

BUT THE COST WILL BE MEASURED IN LOST JOBS. LOSSES THAT WILL WEIGH HARDEST ON THE MINIMUM WAGE EARNERS WHO ARE YOUNG AND DISADVANTAGED, AND MOST NEED THE EXPERIENCE THAT THOSE JOBS CAN PROVIDE.

SO I SAY TO CONGRESS -- IF YOU WANT TO HELP THE POOR, DON'T TAKE AWAY THEIR JOBS.

THERE ARE OTHER, BETTER STRATEGIES TO HELP THE WORKING POOR, THAT WON'T COST THEM THEIR JOBS. I'VE PROPOSED AN EFFECTIVE TRAINING WAGE THAT WOULD PRESERVE JOBS, PROMOTE SKILLS DEVELOPMENT, AND GIVE MORE YOUNG AMERICANS ACCESS TO WORK EXPERIENCE.

**WE'VE PROPOSED A NEW CHILD TAX CREDIT TO ENHANCE THE INCOMES OF POORER WORKING FAMILIES WITH YOUNG CHILDREN, AND ENABLE THEM TO TAKE -- OR TRAIN FOR -- A REAL JOB.**

**THE JOBS WE'RE CREATING DEMAND HIGHER LEVELS OF SKILLS THAN EVER BEFORE. SO WE'VE SENT UP A PACKAGE OF EDUCATIONAL REFORMS TO PROMOTE PARENTAL CHOICE, ENCOURAGE EXCELLENCE, AND MAKE OUR EDUCATIONAL SYSTEM MORE ACCOUNTABLE.**

**WE'VE PROPOSED ALTERNATIVE CERTIFICATION FOR TEACHERS AND PRINCIPALS -- SO THAT INTERESTED, CAPABLE PEOPLE FROM BUSINESS, SCIENTIFIC, ENGINEERING AND OTHER PROFESSIONS CAN SHARE THEIR KNOWLEDGE.**

**AND WE ARE PROPOSING SIGNIFICANT IMPROVEMENTS IN THE JOB TRAINING PARTNERSHIP ACT -- ALREADY SO EFFECTIVE AT LINKING PUBLIC AND PRIVATE EFFORTS -- TO HELP THOSE YOUNG PEOPLE MOST AT RISK GET THE TRAINING THEY NEED FOR PRODUCTIVE LIVES.**

BUT THE BEST WAY TO MAKE DISADVANTAGED YOUTH AND THE WORKING POOR PART OF A COMPETITIVE, OPPORTUNITY-BASED ECONOMY, IS TO CONTINUE TO CREATE JOBS -- AND PREPARE PEOPLE TO FILL THEM. WE MUST LIMIT ANY INCREASE IN THE MINIMUM WAGE SO THAT IT WON'T EXTRACT AN EXCESSIVE COST IN LOST JOBS AND HIGHER INFLATION -- WITH AN EFFECTIVE TRAINING WAGE -- TO PRESERVE OPPORTUNITY FOR THOSE WHO MOST NEED IT.

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I HAVE A CHOICE TO MAKE. I CAN SIGN THE LEGISLATION PENDING IN CONGRESS, AND GO BACK TO THE TIRED AGENDA OF GOVERNMENT INTERVENTION THAT SO OFTEN HURTS THE VERY PEOPLE IT ATTEMPTS TO HELP. OR, WE CAN STEP FORWARD, TO KEEP AMERICA ON THE PATH TO A COMPETITIVE FUTURE -- A FUTURE BRIGHT WITH OPPORTUNITY. THIS CHOICE IS CLEAR.

IF THE MAJORITY IN CONGRESS REJECTS MY OFFER OF A REASONABLE COMPROMISE, A VETO WILL BE INEVITABLE. ONE THING I WILL NOT COMPROMISE IS THE FUTURE OF THE WORKING POOR.

I WILL NOT COMPROMISE A GENERATION OF YOUNG PEOPLE. THEY DESERVE MORE THAN FALSE PROMISES AND FAILED IDEAS THAT HURT THEIR CHANCES TO HAVE AND KEEP A JOB.

THANK YOU. AND GOD BLESS YOU.

# # #



THE WHITE HOUSE

WASHINGTON

MAY 16, 1989

INFORMATION

MEMORANDUM FOR THE PRESIDENT

THROUGH: DAVID DEMAREST *DD*

FROM: MARK LANGE *ML*

SUBJECT: SPEECH TO THE AMERICAN RETAIL FEDERATION

I. SUMMARY

Attached are remarks for your meeting with ARF on Wednesday, May 17, at 10:00 in 450 OEOB.

II. DISCUSSION

Your audience will number about 190 people -- largely senior executives of retail operations ranging from Sears, Roebuck to regional, mid-sized firms.

The speech is a ten-minute address on the minimum wage. It concludes with a pledge to veto H.R. 2, when it comes down from the hill.

(Lange/Wallace)  
May 16, 1989  
10:30 a.m.  
[ARF.DOC]

PRESIDENTIAL REMARKS: AMERICAN RETAIL FEDERATION  
OEOB -- Room 450  
WEDNESDAY, MAY 17, 1989  
10:00 A.M.

[ Thank you. Welcome to the White House! Home of Millie, and the puppies. Oh, I'm happy to stay in the wings. Really -- I can take the competition. But it does bother me, at the end of a press conference, when Helen Thomas stands up and says, "Thank you, Barbara's husband." ]

Well, another kind of competition has been on my mind lately -- and I know it's been on yours. We are moving toward a vastly different business climate. Our view of what it takes to compete must change.

You know, I think we've heard enough about the shopworn, liberal agenda of more government mandates, broad attempts to run your business for you, and intrusive campaigns to legislate competitiveness.

That tired agenda doesn't work anymore. The notion that the government should control business decisions has never made much sense. It makes even less sense today.

It is time to move on to the real issue: building a better, more competitive America -- not through the intrusions of government, but through the energy and will of the American people.

Free markets work. What the world has learned, over the last forty years, is that government intervention cripples economies, creates barriers for business, kills innovation, and costs jobs.

And yet -- even as the world is beginning to recognize this truth -- there are those who are still trying to keep the agenda of government intervention alive here at home. Many are well-intentioned. But you know what they say about good intentions. Let me assure you: we are not going down that road.

We've already made progress in limiting excessive paperwork and regulations -- and that work will continue. Drawing on the creative energies of the private sector, we can reach a regulatory balance that is both flexible and responsive -- at the lowest possible cost to business.

Thanks to American enterprise -- and a government that got out of the way -- we have created almost 20 million new jobs since the recovery began in 1982. Employment is at record levels.

This brings its own challenges. With labor markets getting tighter, opportunities for jobs abound. Many businesses are scrambling for people, with labor shortages driving up wages.

Entry-level jobs in some regions of the country with low unemployment start at over \$5.00 an hour. This is a case where the market alone is doing more than government ever could. Across America, the skills gap is eclipsing the wage gap. And that's the real issue.

Caught up in the politics of the minimum wage, it's too easy to forget who it is we're trying to help, and how. The issue is not the minimum wage. It's minimum skills.

We are entering a new era of opportunity. Impending labor shortages offer the promise of a job, for everyone who wants a job -- if they are prepared.

My difference with the majority in Congress is not about 30 cents an hour. It's about hundreds of thousands of people -- largely young and unskilled -- who won't have a job to go to, if H.R. 2 becomes law.

Artificial wage hikes simply mean that entry-level jobs are cut back. The first to go are the young and disadvantaged -- who are just beginning to develop workplace skills.

It is haunting, how thousands of young Americans in inner cities believe they have no stake in our system -- no future, no hope. Believing they have nothing to lose, they act as if they have nothing to gain. We cannot allow this to continue. And it won't -- if we make sure that more of them can find jobs.

The vast majority of minimum wage workers are young, secondary earners from families with incomes well above the poverty line. The fact is, fewer than one in ten minimum wage earners are heads of households and in poverty. They deserve our help -- and raising the minimum wage may help some of them.

But the cost will be measured in lost jobs. Losses that will weigh hardest on the minimum wage earners who are young and disadvantaged, and most need the experience that those jobs can

provide. So I say to Congress -- if you want to help the poor, don't take away their jobs.

There are other, better strategies to help the working poor, that won't cost them their jobs. I've proposed an effective training wage that would preserve jobs, promote skills development, and give more young Americans access to work experience. We've proposed a new Child Tax Credit to enhance the incomes of poorer working families with young children, and enable them to take -- or train for -- a real job.

The jobs we're creating demand higher levels of skills than ever before. So we've sent up a package of educational reforms to promote parental choice, encourage excellence, and make our educational system more accountable. We've proposed alternative certification for teachers and principals -- so that interested, capable people from business, scientific, engineering and other professions can share their knowledge.

And we are proposing significant improvements in the Job Training Partnership Act -- already so effective at linking public and private efforts -- to help those young people most at risk get the training they need for productive lives.

But the best way to make disadvantaged youth and the working poor part of a competitive, opportunity-based economy, is to continue to create jobs -- and prepare people to fill them. We must limit any increase in the minimum wage so that it won't extract an excessive cost in lost jobs and higher inflation --

with an effective training wage -- to preserve opportunity for those who most need it.

I have a choice to make. I can sign the legislation pending in Congress, and go back to the tired agenda of government intervention that so often hurts the very people it attempts to help. Or, we can step forward, to keep America on the path to a competitive future -- a future bright with opportunity. This choice is clear.

If the majority in Congress rejects my offer of a reasonable compromise, a veto will be inevitable. One thing I will not compromise is the future of the working poor.

I will not compromise a generation of young people. They deserve more than false promises and failed ideas that hurt their chances to have and keep a job.

Thank you. And God bless you.

# WHITE HOUSE STAFFING MEMORANDUM

DATE: 5/16/89 ACTION/CONCURRENCE/COMMENT DUE BY: -----

SUBJECT: PRESIDENTIAL REMARKS: AMERICAN RETAIL FEDERATION

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input type="checkbox"/>	<input type="checkbox"/>	PORTER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DARMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	STUDDERT	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BATES	<input type="checkbox"/>	<input checked="" type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN	<input type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WINSTON	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PINKERTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input type="checkbox"/>	<input checked="" type="checkbox"/>	BOSKIN	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

**REMARKS:**

The attached has been forwarded to the President.

**RESPONSE:**

James W. Cicconi  
 Assistant to the President  
 and Deputy to the Chief of Staff  
 Ext. 2702

THE WHITE HOUSE

WASHINGTON

1989 MAY 16 AM 10:5

MAY 16, 1989

INFORMATION

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[ARF.DOC]

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Thank you. And God bless you.

THE WHITE HOUSE  
WASHINGTON

May 15, 1989

MEMORANDUM TO CHRISS WINSTON

FROM: JIM PINKERTON  
SUBJECT: American Retail Federation Speech Draft

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A very good, hard-hitting speech. It throws down the gauntlet to an audience that will eat it up -- if you'll pardon the mixed metaphor.

Page 1, para. 3, line 2 We suggest inserting the word "liberal," as in "shopworn liberal agenda [emphasis added]."

1,5,1-2 Good use of tmesis. "Building a better, more competitive America" is a commendable improvement.

2,1,4 We need to seek a broader, international perspective with this graf. A good final sentence would be: "At a time when there is a New Breeze blowing around the world, we can't afford the old hot air from Washington that dries out the spirit of opportunity."

2,4,1-2 "People used to hustle to get jobs." Aside from the word "hustle," which sounds un-Presidential, we don't see why we must personalize the concept of declining unemployment while millions of people are still unemployed. Any Republican is on dangerous ground if he or she even seems to be minimizing unemployment. Better to say something like "Unemployment is not the haunting specter it once was."

2,5,1 "In New Hampshire, fast food workers make \$6.25 an hour." We should make sure this is accurate. To be cautious, we recommend saying either "...some fast food workers....," or "...make as much as \$6.25 a hour."

2,6,3 An excellent line.

2,7,1-2 Another excellent line.

(more)

3,4 This argument works against our position as least as much as it works against H.R. 2: to say that raising the minimum wage will not help those under the poverty line very much suggests the retort that raising the minimum wage will at least help to a degree -- and the Congressional proposal will help to a greater degree than the Bush proposal.

The better argument is the succeeding graf: that entry-level workers suffer under a too-high minimum wage. Therefore, we suggest simply omitting the relevant graf.

3,5,7 Again, this is a good argument. The final sentence, however, carries a subliminal message. To say rhetorically, "So I ask Congress, who are you trying to help," can be taken to imply that the President believes that Congress is out to help Big Labor instead of the working poor. This is a point that will not be lost on the press, which will always be eager to chase down any loose threads our speeches leave dangling.

Therefore, we propose omitting the last sentence, and substituting: "So I say to Congress -- If you want to help the poor, don't take away their jobs."

4,2,2 "...to promote choice,..." We suggest "to promote parental choice of their children's schools" in order to make the point clearer [emphasis added].

4,2,3 "...and make both systems more accountable." It is ambiguous what "both systems" refers to here. Presumably "both" refers to vocational and conventional education, but, as written, the distinction is fuzzy. Therefore, we recommend saying something like "...all education more accountable."

We also suggest referring to the President's proposal for Alternative Certification for Teachers -- to broaden the pool of teaching talent -- because it resonates both among parents concerned about education and qualified Americans, e.g. retired businessmen, who wish to teach but cannot because of heavy-handed credentialism.

5,1,1-4 This paragraph holds us hostage to the historical record of Dr. King's position on the minimum wage. It also leaves us vulnerable to whatever Mrs. King, to name one, might say that Dr. King -- were he alive -- would support. The graf is also a rough transition and appears somewhat tacked-on. We suggest deleting it.

(more)

3-3-3

5,3,1 "I can sign this legislation, and go back to the tired agenda of government intervention...." The way the text reads, it appears that the President is referring to the previous graf (5,1,1), which we suggest deleting, in which he says "Later today I will sign legislation to fund the Martin Luther King Holiday Commission...." Of course, if we delete, 5,1, as we suggest, this question is moot.

5,3,2 "...go back to the tired agenda." The problem with the agenda is not so much that it is tired, but that it is the wrong agenda. We suggest inserting the word "liberal." Thus, "...go back to the tired liberal agenda...." [see also 5,4,5 below]

5,4,5 "...tired promises and tired ideas." Again, our criticism is not that the ideas are tired, it's that they've failed. We certainly believe that the age of an idea does not disqualify it!

Therefore, we suggest "...false promises and failed ideas...."

5,5,2 "...sign a veto of H.R. 2 [not "this legislation]."

#


# WHITE HOUSE STAFFING MEMORANDUM

DATE: 5/15/89

ACTION/CONCURRENCE/COMMENT DUE BY:

2:00 P.M. 5/15/89

SUBJECT: PRESIDENTIAL REMARKS: AMERICAN RETAIL FEDERATION

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	STUDDERT	<input type="checkbox"/>	<input type="checkbox"/>
BATES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UNTERMEYER	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Baskin</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Rogers</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Winston</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Pinkerton</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

**REMARKS:**

Please provide your comments/recommendations directly to Chriss Winston (Ext. 2930, Room 122) with an info copy to my office by 2:00 PM TODAY, MAY 15, 1989. Thank you.

**RESPONSE:**

*See changes*

James W. Cicconi  
 Assistant to the President  
 and Deputy to the Chief of Staff  
 Ext. 2702

(Lange/Wallace)  
May 14, 1989  
9:45 a.m.  
[ARF.DOC]

PRESIDENTIAL REMARKS: AMERICAN RETAIL FEDERATION  
OEOB -- Room 450  
WEDNESDAY, MAY 17, 1989  
10:00 A.M.

[ Thank you. Welcome to the White House! Home of Millie, and the puppies. Oh, I'm happy to stay in the wings. Really -- I can take the competition. But it does bother me, at the end of a press conference, when Helen Thomas stands up and says, "Thank you, Barbara's husband." ]

Well, another kind of competition has been on my mind lately -- and I know it's been on yours. We are moving toward a vastly different business climate. Our view of what it takes to compete must change.

You know, I think we've heard enough about the shopworn agenda of more government mandates, broad attempts to run your business for you, and intrusive campaigns to legislate competitiveness.

That tired agenda doesn't work anymore. The notion that the government should control business decisions has never made sense. It makes even less sense today.

It is time to move on to the real issue: building a better, more competitive America -- not through the intrusions of government, but through the energy and will of the American people.

Raulf  
5044

Free markets work. What the world has learned, over the last forty years, is that government intervention cripples economies, creates barriers for business, kills innovation, and costs jobs.

And yet, there are those who are still trying to keep the agenda of intervention alive. Many are well-intentioned. But you know what they say about good intentions. Let me assure you: we are not going down that road.

Thanks to American enterprise, and government that got out of the way, ~~we've~~ <sup>we've</sup> hit a milestone this month: <sup>nearly</sup> 20 million new jobs have been created since the recovery began in 1982. Employment is already at record levels. *Holen*

But this brings its own challenges. People used to hustle to get jobs. With labor markets getting tighter, the tables are turning. Now businesses are scrambling for people. In many regions, the minimum wage is already irrelevant -- because labor shortages are driving <sup>up</sup> wages. *Mur*

In New Hampshire, fast food workers make \$6.25 an hour. This is a case where the market alone is doing more than government ever could. But across America, the skills gap has eclipsed the wage gap. And that's the real issue.

Caught up in the politics of the minimum wage, it's too easy to forget who it is we're trying to help, and how. The issue is not the minimum wage. It's minimum skills.

My difference with the majority in Congress is not about 30 cents an hour. It's about half a million jobs. Five hundred

thousand people -- largely young and unskilled -- who won't have a job to go to, if H.R. 2 becomes law.

Artificial wage hikes simply mean that entry-level jobs are cut back. The first to go are the young and disadvantaged -- who are just beginning to develop workplace skills.

It is haunting, how thousands of young Americans in inner cities believe they have no stake in our system -- no future, no hope. Believing they have nothing to lose, they act as if they have nothing to gain. We cannot allow this to continue. And it won't -- if we make sure that more of them can find jobs.

Some argue that the current minimum isn't enough to support a family of four above the poverty line. (The fact is, only 2.3 percent of minimum wage earners are heads of households. That's xxx workers out of yyy.) ~~They deserve our help. But in the legislation before me, the proposed increase still wouldn't put them above the poverty line. To do that, we'd have to raise the minimum wage to \$7.35. So I ask Congress -- what are we really trying to accomplish?~~

Murr  
4/8/64  
Recommend  
deleting  
because  
it makes  
A R 2  
look  
like a  
good  
Bill

The vast majority of minimum wage workers are young, secondary earners from families with incomes well above the poverty line. Raising the minimum wage may help some of them. But the cost will be measured in lost jobs. Losses that will weigh hardest on the minimum wage earners who are young and disadvantaged, and most need the experience that those jobs can provide. So I ask Congress -- who are you trying to help?

There are other, better strategies to help the working poor, that won't cost them their jobs. I've proposed an effective training wage that would preserve jobs, and give more young Americans access to work experience. We've proposed a new Child Tax Credit to enhance the incomes of poorer working families with young children -- and enable them <sup>to</sup> take, or train for, a real job.

We've sent up a package of educational reforms -- and new reforms in vocational education -- to promote choice, encourage excellence, and make <sup>our educational</sup> ~~both systems~~ more accountable. The jobs we're creating demand higher levels of skills than ever before -- but the jobs will be there, if people have those skills.

And we will soon be suggesting significant improvements in the Job Training Partnership Act -- already so effective at linking public and private efforts -- to help those young people most at risk get the training they need for productive lives.

But the best way to make disadvantaged youth and the working poor part of a competitive, opportunity-based economy, is to continue to create jobs. The cut in the capital gains tax rate I've proposed will do just that.

When John F. Kennedy proposed cutting the income subject to capital gains tax by nearly half in 1963, he said his goal was "to provide a freer and fuller flow of capital funds and to achieve a greater equity." He knew that lower capital gains taxation spurs investment, builds businesses, and creates jobs. And John Kennedy was right -- by 19xx, yy million jobs had been created.

*extend**Raul  
5044*

Later today I will sign legislation to ~~fund~~ the Martin Luther King Holiday Commission. It is right that we honor this man, and his vision for the future. He understood that nobody wants a hand out. They want a hand <sup>out.</sup>up.

For that reason, we must continue to create jobs, and prepare young people to fill them. We must work for a minimum wage increase that won't extract its cost in lost jobs and higher inflation; and that has an effective training wage -- to preserve opportunity for those who most need it.

Today, I have a choice. I can sign this legislation, and go back to the tired agenda of government intervention that so often hurts the very people it attempts to help. Or, we can step forward, to keep America on the path to a competitive future -- a future bright with opportunity. This choice is clear.

Once the majority in Congress rejected my offer of compromise, a veto became inevitable. One thing I will not compromise is the future of the working poor. I will not compromise a generation of young people. They deserve more than tired promises and tired ideas, that hurt their chances to have and keep a job. ✓ *mur*

For that reason, with great conviction, ~~I now sign a veto of~~ *I am vetoing* ✓ this legislation.

There are other, better strategies to help the working poor, that won't cost them their jobs. I've proposed an effective training wage that would preserve jobs, and give more young Americans access to work experience. We've proposed a new Child Tax Credit to enhance the incomes of poorer working families with young children -- and enable them take, or train for, a real job.

We've sent up a package of educational reforms -- and new reforms in vocational education -- to promote choice, encourage excellence, and make both systems more accountable. ~~We've~~ <sup>Proposed</sup> ~~developing~~ alternative certification ~~systems~~ for teachers and principals -- so that ~~more~~ interested, capable people from business, scientific, ~~and engineering~~ <sup>and other</sup> professions can share their knowledge. The jobs we're creating demand higher levels of skills than ever before -- but the jobs will be there, if people have those skills. insert  
A

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## THE WHITE HOUSE

WASHINGTON

We've already made progress in limiting excessive paperwork and regulations -- and that work will continue. Drawing on the creative energies of the private sector, we can reach a regulatory balance that is both flexible and responsive -- at the lowest possible cost to business.

make file - Staffed ✓

(Lange/Wallace)  
May 14, 1989  
9:45 a.m.  
[ARF.DOC]

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OEOB -- Room 450  
WEDNESDAY, MAY 17, 1989  
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You know, I think we've heard enough about the shopworn agenda of more government mandates, broad attempts to run your business for you, and intrusive campaigns to legislate competitiveness.

That tired agenda doesn't work anymore. The notion that the government should control business decisions has never made sense. It makes even less sense today.

It is time to move on to the real issue: building a better, more competitive America -- not through the intrusions of government, but through the energy and will of the American people.

Free markets work. What the world has learned, over the last forty years, is that government intervention cripples economies, creates barriers for business, kills innovation, and costs jobs.

And yet, there are those who are still trying to keep the agenda of intervention alive. Many are well-intentioned. But you know what they say about good intentions. Let me assure you: we are not going down that road.

Thanks to American enterprise, and <sup>a</sup> government that got out of the way, we <sup>are about to</sup> hit a milestone this month: 20 million new jobs ~~have been created~~ since the recovery began in 1982. Employment is already at record levels.

But this brings its own challenges. People used to hustle to get jobs. With labor markets getting tighter, the tables are turning. Now businesses are scrambling for people. In many regions, the minimum wage is already irrelevant -- because labor shortages are driving wages.

In New Hampshire, fast food workers make \$6.25 an hour. This is a case where the market alone is doing more than government ever could. But across America, the skills gap has eclipsed the wage gap. And that's the real issue.

Caught up in the politics of the minimum wage, it's too easy to forget who it is we're trying to help, and how. The issue is not the minimum wage. It's minimum skills.

My difference with the majority in Congress is not about 30 cents an hour. It's about half a million jobs. Five hundred

thousand people -- largely young and unskilled -- who won't have a job to go to, if H.R. 2 becomes law.

Artificial wage hikes simply mean that entry-level jobs are cut back. The first to go are the young and disadvantaged -- who are just beginning to develop workplace skills.

It is haunting, how thousands of young Americans in inner cities believe they have no stake in our system -- no future, no hope. Believing they have nothing to lose, they act as if they have nothing to gain. We cannot allow this to continue. And it won't -- if we make sure that more of them can find jobs.

Some argue that the current minimum isn't enough to support a family of four above the poverty line. The fact is, only 2.3 percent of minimum wage earners are heads of households. That's xxx workers out of yyy. They deserve our help. But in the legislation before me, the proposed increase still wouldn't put them above the poverty line. To do that, we'd have to raise the minimum wage to \$7.35. So I ask Congress -- what are we really trying to accomplish?

The vast majority of minimum wage workers are young, secondary earners from families with incomes well above the poverty line. Raising the minimum wage may help some of them. But the cost will be measured in lost jobs. Losses that will weigh hardest on the minimum wage earners who are young and disadvantaged, and most need the experience that those jobs can provide. So I ask Congress -- who are you trying to help?

There are other, better strategies to help the working poor, that won't cost them their jobs. I've proposed an effective training wage that would preserve jobs, and give more young Americans access to work experience. We've proposed a new Child Tax Credit to enhance the incomes of poorer working families with young children -- and enable them take, or train for, a real job.

We've sent up a package of educational reforms -- and new reforms in vocational education -- to promote choice, encourage excellence, and make both systems more accountable. The jobs we're creating demand higher levels of skills than ever before -- but the jobs will be there, if people have those skills.

And we will soon be suggesting significant improvements in the Job Training Partnership Act -- already so effective at linking public and private efforts -- to help those young people most at risk get the training they need for productive lives.

But the best way to make disadvantaged youth and the working poor part of a competitive, opportunity-based economy, is to continue to create jobs. The cut in the capital gains tax rate I've proposed will do just that.

When John F. Kennedy proposed cutting the income subject to capital gains tax by nearly half in 1963, he said his goal was "to provide a freer and fuller flow of capital funds and to achieve a greater equity." He knew that lower capital gains taxation spurs investment, builds businesses, and creates jobs. And John Kennedy was right -- by 19xx, yy million jobs had been created.

Later today I will sign legislation to fund the Martin Luther King Holiday Commission. It is right that we honor this man, and his vision for the future. He understood that nobody wants a hand out. They want a hand up.

For that reason, we must continue to create jobs, and prepare young people to fill them. We must work for a minimum wage increase that won't extract its cost in lost jobs and higher inflation; and that has an effective training wage -- to preserve opportunity for those who most need it.

Today, I have a choice. I can sign this legislation, and go back to the tired agenda of government intervention that so often hurts the very people it attempts to help. Or, we can step forward, to keep America on the path to a competitive future -- a future bright with opportunity. This choice is clear.

Once the majority in Congress rejected my offer of compromise, a veto became inevitable. One thing I will not compromise is the future of the working poor. I will not compromise a generation of young people. They deserve more than tired promises and tired ideas, that hurt their chances to have and keep a job.

For that reason, with great conviction, I now sign a veto of this legislation.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 17, 1989

REMARKS BY THE PRESIDENT  
TO THE AMERICAN RETAIL FEDERATION

Room 450  
Old Executive Office Building

10:03 A.M. EDT

THE PRESIDENT: Thank you so much for that warm welcome. And let me just say to Don Seibert and Joe O'Neill that I'm delighted to be here. It gives me a chance to express to all of you my appreciation for the support that this organization has given us already and the support that you gave to the previous administration, of which I was very proud to have been a part.

I heard John Sununu refer to the minimum wage, and that's what I wanted to talk to you about and solicit your support on today. We're moving, as you know, toward a very different business climate in this country, and our view of what it takes to compete must change. You know, I think we've heard enough about the shopworn liberal agenda of more government -- mandated government, more broad attempts to run the businesses and intrusive campaigns to legislate competitiveness. That tired agenda doesn't work. The notion that the government should control business decisions has never made much sense, and it makes very little sense to me today.

So it is time to move on to the real issue -- building a better, more competitive United States. And not through the intrusion of government, but through the energy and the will of the American people. And I still believe that free markets work. I know that there is no such thing as pure free trade in the world today, but we believe in free trade, and obviously in fair trade as well.

What the world has learned over the last 40 years is that government intervention cripples economies, creates barriers for business, kills innovation and, in the final analysis, it costs jobs. And yet, even as the world is beginning now to recognize this truth, and you see the changes going on even in many of the socialist economies, there are those who are still trying to keep the agenda of government intervention alive and active here at home. And many are well-intentioned, but you know what they say about good intentions. Let me assure you, we are not going down that road. And we've already made progress in limiting excessive paperwork and regulations, and that work has got to continue. Can't begin to tell you I think it's finished. I'd be thrown out of here by you people that have to wrestle with some of these forms. Drawing on the creative energy of the private sector, I believe we can reach a regulatory balance that is flexible and responsive at the lowest possible cost to business.

And so, thanks to American enterprise and a government that got out of the way, we've created almost 20 million new jobs since the recovery began in 1982. And employment, as you all know, is at record levels. This brings its own challenges. With labor markets getting tighter, opportunities for jobs abound. Many businesses are scrambling for people, with labor shortages driving up wages.

Entry-level jobs in some regions of the country with low unemployment start at \$5.00 an hour. And this is a case where the market alone is doing more than the government could do, or should

MORE

do.

Across America, the skills gap is eclipsing the wage gap. And that's the real problem. And that's a problem where I think the government does have a role. Caught up in the politics in the minimum wage, it's too easy to forget who it is we're trying to help, and how. The issue is not minimum wage, it's a question of minimum skills. And we're entering a new era of opportunity. Impending labor shortages offer the promise of a job for everyone who is serious about wanting a job -- if they're prepared. My difference with the majority in Congress is not about .30 an hour on the minimum wage legislation, it's about hundreds of thousands of people -- largely young people, largely unskilled people -- who won't have a job to go to if the minimum wage legislation before the Congress now becomes law.

Artificial wage hikes simply mean the entry-level jobs are cut back on. The first to go are the young and the disadvantaged who are just beginning to develop workplace skills. It is haunting how thousands of young Americans in the inner cities believe that they have no stake in our system -- no future, no hope. Believing they have nothing to lose, they act as if they have absolutely nothing to gain.

And we can't allow this to continue, and it won't -- if we make sure that more of them can find jobs. I am absolutely, firmly convinced that the best poverty program is a job with dignity in the private sector. And the vast majority of minimum wage workers are young, secondary earners from families with incomes above -- well above the poverty line -- if you look at the statistics. And the fact is, fewer than one in 10 minimum wage earners are heads of households and in poverty. They deserve our help, and raising the minimum wage may help some of them. But the cost will be measured in lost jobs -- losses that will weigh hardest on the minimum wage earners who are young and disadvantaged. And most need the experience that those entry-level jobs can provide.

So I say to Congress, if you want to help the poor, don't take away their jobs. And there are other better strategies to help the working poor that won't cost them their jobs. And I've proposed an effective training wage. We've had a long battle about that. "Minimum wage differential," it used to be called; now we call it a "training wage" that would preserve jobs, promote skills development, and give more Americans access to work experience. We've proposed, also, a new child care tax credit to enhance the incomes of poorer working families with young children, and enable them to take, or train for, a real job.

And I might say that, in the process, we have preserved the concept of parental choice, which I think strengthens the family as opposed to the legislation on child care being proposed by others up there which mandates standards from Washington, D.C., and restricts parental choice. The jobs we're creating demand higher levels of skills than ever before, so we've set up a package of educational reforms to promote parental choice and encourage excellence, and to make our educational system more accountable.

We've proposed alternative certification for teachers and principles so that interested, capable people from business or science or engineering and other professions can go ahead and help teach in the public schools. It's a shame when somebody wants to take a sabbatical out of business or elsewhere is prohibited by almost meaningless regulations that have been promulgated over the year by the education establishment.

So we're trying to move forward in terms of alternative certification, and I would enlist the support of all of you for this worthy goal. We're proposing significant improvements in the Job Training Partnership Act, already so effective at linking public and private efforts to help those young people that are most at risk get the training that they need for productive lives.

But the best way to make disadvantaged youth and the working poor part of a competitive, opportunity-based economy is to continue to create jobs and prepare people to fill them. And we must limit any increase in the minimum wage so that it won't extract an excessive cost in lost jobs and that it won't increase inflation in the United States. And then we have to have that effective training wage to preserve opportunity for those who need it the most.

And I have a choice to make. I can sign the legislation pending in Congress and go back to the tired agenda of government intervention that so often hurts the very people that it attempts to help. Or we can step forward to keep America on the path to a competitive future -- a future that is bright with opportunity. And for me, the choice is very clear: If the majority in the Congress rejects my offer of a reasonable compromise -- and we have made such a proposal -- a veto is going to be inevitable. And one thing I will not compromise -- (applause) -- I will not compromise the future of the working poor. And that is what's at stake in this legislation before Congress today. And I'm not going to compromise either a generation of young people. They deserve more than the false promises and failed ideas that hurt their chances to have a job. They deserve a job in a growing, non-inflationary economy, and I'm going to do my level best to see that everybody has that opportunity.

I thank you, and I refuse to leave here without soliciting your help in sustaining my veto, if that is required. And I would also solicit your help for my parental choice child care initiative that I think many would find far superior to the legislation that's being created on the Hill that would have the government mandate to local communities, to churches, to whatever, all the standards. We cannot go that route in this country if we're to preserve the strength of the family and of the community in our social structure. So I solicit your support for that, and again, looking over my shoulder, I thank you for all the support you've already given us.

Thank you all very, very much. (Applause.)

END

10:14 A.M. EDT

THE WHITE HOUSE

WASHINGTON

MAY 15, 1989

INFORMATION

MEMORANDUM FOR THE PRESIDENT

THROUGH:           CHRISS WINSTON *W*  
FROM:               MARK LANGE *ML*  
SUBJECT:            SPEECH TO THE AMERICAN RETAIL FEDERATION

I.    SUMMARY

Attached are remarks for your meeting with ARF on Wednesday, May 17, at 10:00 in 450 OEOB.

II.   DISCUSSION

Your audience will number about 190 people -- largely senior executives of retail operations ranging from Sears, Roebuck to regional, mid-sized firms.

The speech is a ten-minute address on the minimum wage. It concludes with a veto message, provided the legislation is ready. If the bill doesn't come down, however, the conclusion will be re-worked.

(Lange/Wallace)  
May 15, 1989  
6:15 p.m.  
[ARF.DOC]

PRESIDENTIAL REMARKS: AMERICAN RETAIL FEDERATION  
OEOB -- Room 450  
WEDNESDAY, MAY 17, 1989  
10:00 A.M.

[ Thank you. Welcome to the White House! Home of Millie, and the puppies. Oh, I'm happy to stay in the wings. Really -- I can take the competition. But it does bother me, at the end of a press conference, when Helen Thomas stands up and says, "Thank you, Barbara's husband." ]

Well, another kind of competition has been on my mind lately -- and I know it's been on yours. We are moving toward a vastly different business climate. Our view of what it takes to compete must change.

You know, I think we've heard enough about the shopworn, liberal agenda of more government mandates, broad attempts to run your business for you, and intrusive campaigns to legislate competitiveness.

That tired agenda doesn't work anymore. The notion that the government should control business decisions has never made much sense. It makes even less sense today.

It is time to move on to the real issue: building a better, more competitive America -- not through the intrusions of government, but through the energy and will of the American people.

Free markets work. What the world has learned, over the last forty years, is that government intervention cripples economies, creates barriers for business, kills innovation, and costs jobs.

And yet, there are those who are still trying to keep the agenda of intervention alive. Many are well-intentioned. But you know what they say about good intentions. Let me assure you: we are not going down that road.

We've already made progress in limiting excessive paperwork and regulations -- and that work will continue. Drawing on the creative energies of the private sector, we can reach a regulatory balance that is both flexible and responsive -- at the lowest possible cost to business.

Thanks to American enterprise, and a government that got out of the way, we've hit a milestone this month: nearly 20 million new jobs have been created since the recovery began in 1982. Employment is at record levels.

But this brings its own challenges. Unemployment is not the specter it once was. With labor markets getting tighter, the tables are turning. Now businesses are scrambling for people. In many regions, the minimum wage is already irrelevant -- because labor shortages are driving up wages.

We have fast food operations in some regions of the country with low unemployment and with starting pay over \$5.00 an hour. This is a case where the market alone is doing more than

government ever could. But across America, the skills gap has eclipsed the wage gap. And that's the real issue.

Caught up in the politics of the minimum wage, it's too easy to forget who it is we're trying to help, and how. The issue is not the minimum wage. It's minimum skills.

My difference with the majority in Congress is not about 30 cents an hour. It's about half a million jobs and five hundred thousand people -- largely young and unskilled -- who won't have a job to go to, if H.R. 2 becomes law.

Artificial wage hikes simply mean that entry-level jobs are cut back. The first to go are the young and disadvantaged -- who are just beginning to develop workplace skills.

It is haunting, how thousands of young Americans in inner cities believe they have no stake in our system -- no future, no hope. Believing they have nothing to lose, they act as if they have nothing to gain. We cannot allow this to continue. And it won't -- if we make sure that more of them can find jobs.

The vast majority of minimum wage workers are young, secondary earners from families with incomes well above the poverty line. The fact is, fewer than one in ten minimum wage earners are heads of households and in poverty. That's 490,000 out of 116 million. They deserve our help and raising the minimum wage may help some of them. But the cost will be measured in lost jobs. Losses that will weigh hardest on the minimum wage earners who are young and disadvantaged, and most need the experience that those jobs can provide. So I say to

Congress -- if you want to help the poor, don't take away their jobs.

There are other, better strategies to help the working poor, that won't cost them their jobs. I've proposed an effective training wage that would preserve jobs, and give more young Americans access to work experience. We've proposed a new Child Tax Credit to enhance the incomes of poorer working families with young children -- and enable them to take, or train for, a real job.

We've sent up a package of educational reforms to promote parental choice, encourage excellence, and make our educational system more accountable. We've proposed alternative certification for teachers and principals -- so that interested capable people from business, scientific, engineering and other professions can share their knowledge. We're developing alternative certification systems for teachers and principals -- so that more interested, capable people from business, scientific, and engineering professions can share their knowledge. The jobs we're creating demand higher levels of skills than ever before -- but the jobs will be there, if people have those skills.

And we are proposing significant improvements in the Job Training Partnership Act -- already so effective at linking public and private efforts -- to help those young people most at risk get the training they need for productive lives.

But the best way to make disadvantaged youth and the working poor part of a competitive, opportunity-based economy, is to continue to create jobs. The cut in the capital gains tax rate I've proposed will do just that.

When John F. Kennedy proposed cutting the income subject to capital gains tax by nearly half in 1963, he said his goal was "to provide a freer and fuller flow of capital funds and to achieve a greater equity." He knew that lower capital gains taxation spurs investment, builds businesses, and creates jobs. And John Kennedy was right -- this and other tax cuts helped to create 14 million new jobs by 1970.

We must continue to create jobs, and prepare people to fill them. We must limit any increase in the minimum wage so that it won't extract an excessive cost in lost jobs and higher inflation -- with an effective training wage -- to preserve opportunity for those who most need it.

Today, I have a choice. I can sign this legislation, and go back to the tired agenda of government intervention that so often hurts the very people it attempts to help. Or, we can step forward, to keep America on the path to a competitive future -- a future bright with opportunity. This choice is clear.

Once the majority in Congress rejected my offer of compromise, a veto became inevitable. One thing I will not compromise is the future of the working poor. I will not compromise a generation of young people. They deserve more than

false promises and failed ideas that hurt their chances to have and keep a job.

For that reason, with great conviction, I am vetoing H.R. 2.

Chriss -

Jim would like to attend the meeting  
today re the B.V. speech if possible.

Thanks,

John

SE

89

1989 MAY 15 PM 7:53

MEMORANDUM FOR THE PRESIDENT

THROUGH: CHRISS WINSTON *w*  
FROM: MARK LANGE *ML*  
SUBJECT: SPEECH TO THE AMERICAN RETAIL FEDERATION

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The speech is a ten-minute address on the minimum wage. It concludes with a veto message, provided the legislation is ready. If the bill doesn't come down, however, the conclusion will be re-worked.

Mark -

I consider many of  
these changes to be  
of real importance. If  
questions or problems,  
let's talk.

Thanks  
Jim Criss  
5/16

(Lange/Wallace)  
May 15, 1989  
6:15 p.m.  
[ARF.DOC]

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WEDNESDAY, MAY 17, 1989  
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Well, another kind of competition has been on my mind lately -- and I know it's been on yours. We are moving toward a vastly different business climate. Our view of what it takes to compete must change.

You know, I think we've heard enough about the shopworn, liberal agenda of more government mandates, broad attempts to run your business for you, and intrusive campaigns to legislate competitiveness.

That tired agenda doesn't work anymore. The notion that the government should control business decisions has never made much sense. It makes even less sense today.

It is time to move on to the real issue: building a better, more competitive America -- not through the intrusions of government, but through the energy and will of the American people.

Free markets work. What the world has learned, over the last forty years, is that government intervention cripples economies, creates barriers for business, kills innovation, and costs jobs.

And yet, <sup>even as the world is beginning to recognize this truth,</sup> there are those who are still trying to keep the agenda of <sup>govt</sup> intervention alive <sup>here at home.</sup> Many are well-intentioned. But you know what they say about good intentions. Let me assure you: we are not going down that road.

We've already made progress in limiting excessive paperwork and regulations -- and that work will continue. Drawing on the creative energies of the private sector, we can reach a regulatory balance that is both flexible and responsive -- at the lowest possible cost to business.

Thanks to American enterprise, and a government that got out of the way, we've hit a milestone this month: nearly 20 million new jobs have been created since the recovery began in 1982. Employment is at record levels.

~~And~~ ~~But~~ this brings its own challenges. ~~Unemployment is not the specter it once was.~~ With labor markets getting tighter, ~~the opportunities for jobs abound. Many tables are turning.~~ <sup>opportunities for jobs abound. Many</sup> Now businesses are scrambling for people, <sup>with</sup> ~~In many regions, the minimum wage is already irrelevant --~~ <sup>some areas</sup> because labor shortages ~~are~~ driving up wages.

<sup>even</sup> We ~~have~~ fast food operations in some regions of the country with low unemployment and with starting pay over \$5.00 an hour. This is a case where the market alone is doing more than

find another example: the Democrats always respond w/ the "McJobs" point (next paragraph talks about the real issue being skills -- what skills are involved in flipping burgers?)

government ever could. But across America, the skills gap ~~has~~ <sup>is eclipsing</sup> ~~eclipsed~~ <sup>is beginning</sup> the wage gap. And that's the real issue.

Caught up in the politics of the minimum wage, it's too easy to forget who it is we're trying to help, and how. The issue is not the minimum wage. It's minimum skills.

My difference with the majority in Congress is not about 30 cents an hour. It's about half a million jobs and five hundred thousand people -- largely young and unskilled -- who won't have a job to go to, if H.R. 2 becomes law.

Artificial wage hikes simply mean that entry-level jobs are cut back. The first to go are the young and disadvantaged -- who are just beginning to develop workplace skills.

It is haunting, how thousands of young Americans in inner cities believe they have no stake in our system -- no future, no hope. Believing they have nothing to lose, they act as if they have nothing to gain. We cannot allow this to continue. And it won't -- if we make sure that more of them can find jobs.

The vast majority of minimum wage workers are young, secondary earners from families with incomes well above the poverty line. The fact is, fewer than one in ten minimum wage earners are heads of households and in poverty. That's 490,000 out of 116 million. They deserve our help and raising the minimum wage may help some of them. But the cost will be measured in lost jobs. Losses that will weigh hardest on the minimum wage earners who are young and disadvantaged, and most need the experience that those jobs can provide. So I say to

Congress -- if you want to help the poor, don't take away their jobs.

There are other, better strategies to help the working poor, that won't cost them their jobs. I've proposed an effective training wage that would preserve jobs, and give more young Americans access to work experience. We've proposed a new Child Tax Credit to enhance the incomes of poorer working families with young children -- and enable them to take, or train for, a real job.

We've sent up a package of educational reforms to promote parental choice, encourage excellence, and make our educational system more accountable. We've proposed alternative certification for teachers and principals -- so that interested capable people from business, scientific, engineering and other professions can share their knowledge. We're developing alternative certification systems for teachers and principals -- so that more interested, capable people from business, scientific, and engineering professions can share their knowledge. The jobs we're creating demand higher levels of skills than ever before -- but the jobs will be there, if people have those skills.

And we are proposing significant improvements in the Job Training Partnership Act -- already so effective at linking public and private efforts -- to help those young people most at risk get the training they need for productive lives.

But the best way to make disadvantaged youth and the working poor part of a competitive, opportunity-based economy, is to continue to create jobs. The cut in the capital gains tax rate I've proposed will do just that.

When John F. Kennedy proposed cutting the income subject to capital gains tax by nearly half in 1963, he said his goal was "to provide a freer and fuller flow of capital funds and to achieve a greater equity." He knew that lower capital gains taxation spurs investment, builds businesses, and creates jobs. And John Kennedy was right -- this and other tax cuts helped to create 14 million new jobs by 1970.

We must continue to create jobs, and prepare people to fill them. We must limit any increase in the minimum wage so that it won't extract an excessive cost in lost jobs and higher inflation -- with an effective training wage -- to preserve opportunity for those who most need it.

Today, I have a choice. I can sign this legislation, and go back to the tired agenda of government intervention that so often hurts the very people it attempts to help. Or, we can step forward, to keep America on the path to a competitive future -- a future bright with opportunity. This choice is clear.

Once the majority in Congress rejected my offer of a reasonable compromise, a veto became inevitable. One thing I will not compromise is the future of the working poor. I will not compromise a generation of young people. They deserve more than

Was this  
a cap. gains  
cut, or  
an overall  
tax cut  
(or both?)  
JC

false promises and failed ideas that hurt their chances to have and keep a job.

For that reason, with great conviction, I am vetoing H.R. 2.

*File*

**WHITE HOUSE STAFFING MEMORANDUM**

DATE: 5/15/89

ACTION/CONCURRENCE/COMMENT DUE BY:

2:00 P.M. 5/15/89

SUBJECT: PRESIDENTIAL REMARKS: AMERICAN RETAIL FEDERATION

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	STUDDERT	<input type="checkbox"/>	<input type="checkbox"/>
BATES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Baskin</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Rogers N/C</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Winston</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Pinkerton</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

**REMARKS:**

Please provide your comments/recommendations directly to Chriss Winston (Ext. 2930, Room 122) with an info copy to my office by 2:00 PM TODAY, MAY 15, 1989. Thank you.

**RESPONSE:**

James W. Cicconi  
 Assistant to the President  
 and Deputy to the Chief of Staff  
 Ext. 2702

(Lange/Wallace)  
May 14, 1989  
9:45 a.m.  
[ARF.DOC]

PRESIDENTIAL REMARKS: AMERICAN RETAIL FEDERATION  
OEOB -- Room 450  
WEDNESDAY, MAY 17, 1989  
10:00 A.M.

[ Thank you. Welcome to the White House! Home of Millie, and the puppies. Oh, I'm happy to stay in the wings. Really -- I can take the competition. But it does bother me, at the end of a press conference, when Helen Thomas stands up and says, "Thank you, Barbara's husband." ]

Well, another kind of competition has been on my mind lately -- and I know it's been on yours. We are moving toward a vastly different business climate. Our view of what it takes to compete must change.

You know, I think we've heard enough about the shopworn, liberal agenda of more government mandates, broad attempts to run your business for you, and intrusive campaigns to legislate competitiveness. (Pink)

That tired agenda doesn't work anymore. The notion that the government should control business decisions has never made much sense. It makes even less sense today.

It is time to move on to the real issue: building a better, more competitive America -- not through the intrusions of government, but through the energy and will of the American people.



thousand people -- largely young and unskilled -- who won't have a job to go to, if H.R. 2 becomes law.

Artificial wage hikes simply mean that entry-level jobs are cut back. The first to go are the young and disadvantaged -- who are just beginning to develop workplace skills.

It is haunting, how thousands of young Americans in inner cities believe they have no stake in our system -- no future, no hope. Believing they have nothing to lose, they act as if they have nothing to gain. We cannot allow this to continue. And it won't -- if we make sure that more of them can find jobs.

~~Some argue that the current minimum isn't enough to support a family of four above the poverty line. (The fact is, <sup>fewer</sup> only 2.3 <sup>less than one in ten</sup> percent of minimum wage earners are heads of households. That's xxx workers out of yyy. <sup>and in poverty</sup> They deserve our help.) But in the legislation before me, the proposed increase still wouldn't put them above the poverty line. To do that, we'd have to raise the minimum wage to \$7.35. So I ask Congress -- what are we really trying to accomplish?~~

The vast majority of minimum wage workers are young, secondary earners from families with incomes well above the poverty line. <sup>say to</sup> Raising the minimum wage may help some of them. But the cost will be measured in lost jobs. Losses that will weigh hardest on the minimum wage earners who are young and disadvantaged, and most need the experience that those jobs can provide. <sup>If you want to help the poor,</sup> So I ask Congress -- who are you trying to help?

*don't take away their jobs.*

There are other, better strategies to help the working poor, that won't cost them their jobs. I've proposed an effective training wage that would preserve jobs, and give more young Americans access to work experience. We've proposed a new Child Tax Credit to enhance the incomes of poorer working families with young children -- and enable them <sup>to</sup> take, or train for, a real job.

We've sent up a package of educational reforms -- and new reforms in vocational education -- to promote <sup>parental</sup> choice, encourage excellence, and ~~make both systems~~ <sup>of our educational system</sup> more accountable. <sup>insert A</sup> The jobs we're creating demand higher levels of skills than ever before -- but the jobs will be there, if people have those skills.

And we ~~will soon be suggesting~~ <sup>are proposing</sup> significant improvements in the Job Training Partnership Act -- already so effective at linking public and private efforts -- to help those young people most at risk get the training they need for productive lives.

But the best way to make disadvantaged youth and the working poor part of a competitive, opportunity-based economy, is to continue to create jobs. ~~The cut in the capital gains tax rate I've proposed will do just that.~~

~~When John F. Kennedy proposed cutting the income subject to capital gains tax by nearly half in 1963, he said his goal was "to provide a freer and fuller flow of capital funds and to achieve a greater equity." He knew that lower capital gains taxation spurs investment, builds businesses, and creates jobs.~~

~~And John Kennedy was right -- by 19xx, yy million jobs had been created.~~ <sup>this and other tax cuts helped to create 14 million new jobs by 1970.</sup>

Later today I will sign legislation to ~~fund~~<sup>extend</sup> the Martin Luther King Holiday Commission. It is right that we honor this man, and his vision for the future. He understood that nobody wants a hand out. They want a hand up.

For that reason, we must continue to create jobs, and prepare young people to fill them. We must ~~work for a~~<sup>limit any increase in the</sup> minimum wage ~~increase that~~<sup>so that it</sup> won't extract ~~its~~<sup>an excessive</sup> cost in lost jobs and higher inflation; and that has an effective training wage -- to preserve opportunity for those who most need it.

Today, I have a choice. I can sign this legislation, and go back to the tired agenda of government intervention that so often hurts the very people it attempts to help. Or, we can step forward, to keep America on the path to a competitive future -- a future bright with opportunity. This choice is clear.

Once the majority in Congress rejected my offer of compromise, a veto became inevitable. One thing I will not compromise is the future of the working poor. I will not compromise a generation of young people. They deserve more than ~~tired~~<sup>False</sup> promises and ~~tired~~<sup>Sarcastic</sup> ideas<sup>x</sup> that hurt their chances to have and keep a job.

For that reason, with great conviction, I ~~now sign a veto~~<sup>am</sup> ~~of~~<sup>ing</sup> ~~this legislation.~~  
H. R. 2

THE WHITE HOUSE

WASHINGTON

MAY 15, 1989

INFORMATION

MEMORANDUM FOR THE PRESIDENT

THROUGH:           CHRISS WINSTON *W*  
FROM:                MARK LANGE *ML*  
SUBJECT:             SPEECH TO THE AMERICAN RETAIL FEDERATION

I. SUMMARY

Attached are remarks for your meeting with ARF on Wednesday, May 17, at 10:00 in 450 OEOB.

II. DISCUSSION

Your audience will number about 190 people -- largely senior executives of retail operations ranging from Sears, Roebuck to regional, mid-sized firms.

The speech is a ten-minute address on the minimum wage. It concludes with a veto message, provided the legislation is ready. If the bill doesn't come down, however, the conclusion will be re-worked.

(Lange/Wallace)  
May 15, 1989  
6:15 p.m.  
[ARF.DOC]

PRESIDENTIAL REMARKS: AMERICAN RETAIL FEDERATION  
OEOB -- Room 450  
WEDNESDAY, MAY 17, 1989  
10:00 A.M.

[ Thank you. Welcome to the White House! Home of Millie, and the puppies. Oh, I'm happy to stay in the wings. Really -- I can take the competition. But it does bother me, at the end of a press conference, when Helen Thomas stands up and says, "Thank you, Barbara's husband." ]

Well, another kind of competition has been on my mind lately -- and I know it's been on yours. We are moving toward a vastly different business climate. Our view of what it takes to compete must change.

You know, I think we've heard enough about the shopworn, liberal agenda of more government mandates, broad attempts to run your business for you, and intrusive campaigns to legislate competitiveness.

That tired agenda doesn't work anymore. The notion that the government should control business decisions has never made much sense. It makes even less sense today.

It is time to move on to the real issue: building a better, more competitive America -- not through the intrusions of government, but through the energy and will of the American people.

Free markets work. What the world has learned, over the last forty years, is that government intervention cripples economies, creates barriers for business, kills innovation, and costs jobs.

And yet, there are those who are still trying to keep the agenda of intervention alive. Many are well-intentioned. But you know what they say about good intentions. Let me assure you: we are not going down that road.

We've already made progress in limiting excessive paperwork and regulations -- and that work will continue. Drawing on the creative energies of the private sector, we can reach a regulatory balance that is both flexible and responsive -- at the lowest possible cost to business.

Thanks to American enterprise, and a government that got out of the way, we've hit a milestone this month: nearly 20 million new jobs have been created since the recovery began in 1982. Employment is at record levels.

But this brings its own challenges. Unemployment is not the specter it once was. With labor markets getting tighter, the tables are turning. Now businesses are scrambling for people. In many regions, the minimum wage is already irrelevant -- because labor shortages are driving up wages.

We have fast food operations in some regions of the country with low unemployment and with starting pay over \$5.00 an hour. This is a case where the market alone is doing more than

government ever could. But across America, the skills gap has eclipsed the wage gap. And that's the real issue.

Caught up in the politics of the minimum wage, it's too easy to forget who it is we're trying to help, and how. The issue is not the minimum wage. It's minimum skills.

My difference with the majority in Congress is not about 30 cents an hour. It's about half a million jobs and five hundred thousand people -- largely young and unskilled -- who won't have a job to go to, if H.R. 2 becomes law.

Artificial wage hikes simply mean that entry-level jobs are cut back. The first to go are the young and disadvantaged -- who are just beginning to develop workplace skills.

It is haunting, how thousands of young Americans in inner cities believe they have no stake in our system -- no future, no hope. Believing they have nothing to lose, they act as if they have nothing to gain. We cannot allow this to continue. And it won't -- if we make sure that more of them can find jobs.

The vast majority of minimum wage workers are young, secondary earners from families with incomes well above the poverty line. The fact is, fewer than one in ten minimum wage earners are heads of households and in poverty. That's 490,000 out of 116 million. They deserve our help and raising the minimum wage may help some of them. But the cost will be measured in lost jobs. Losses that will weigh hardest on the minimum wage earners who are young and disadvantaged, and most need the experience that those jobs can provide. So I say to

Congress -- if you want to help the poor, don't take away their jobs.

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We've sent up a package of educational reforms to promote parental choice, encourage excellence, and make our educational system more accountable. We've proposed alternative certification for teachers and principals -- so that interested capable people from business, scientific, engineering and other professions can share their knowledge. We're developing alternative certification systems for teachers and principals -- so that more interested, capable people from business, scientific, and engineering professions can share their knowledge. The jobs we're creating demand higher levels of skills than ever before -- but the jobs will be there, if people have those skills.

And we are proposing significant improvements in the Job Training Partnership Act -- already so effective at linking public and private efforts -- to help those young people most at risk get the training they need for productive lives.

But the best way to make disadvantaged youth and the working poor part of a competitive, opportunity-based economy, is to continue to create jobs. The cut in the capital gains tax rate I've proposed will do just that.

When John F. Kennedy proposed cutting the income subject to capital gains tax by nearly half in 1963, he said his goal was "to provide a freer and fuller flow of capital funds and to achieve a greater equity." He knew that lower capital gains taxation spurs investment, builds businesses, and creates jobs. And John Kennedy was right -- this and other tax cuts helped to create 14 million new jobs by 1970.

We must continue to create jobs, and prepare people to fill them. We must limit any increase in the minimum wage so that it won't extract an excessive cost in lost jobs and higher inflation -- with an effective training wage -- to preserve opportunity for those who most need it.

Today, I have a choice. I can sign this legislation, and go back to the tired agenda of government intervention that so often hurts the very people it attempts to help. Or, we can step forward, to keep America on the path to a competitive future -- a future bright with opportunity. This choice is clear.

Once the majority in Congress rejected my offer of compromise, a veto became inevitable. One thing I will not compromise is the future of the working poor. I will not compromise a generation of young people. They deserve more than

false promises and failed ideas that hurt their chances to have and keep a job.

For that reason, with great conviction, I am vetoing H.R. 2.

THE WHITE HOUSE

WASHINGTON

May 15, 1989

MEMORANDUM FOR CHRISS WINSTON

FROM: ROGER B. PORTER <sup>RBP</sup> AND JAMES PINKERTON

SUBJECT: Presidential Remarks: American Retail Federation

This is a strong and hard hitting speech with much to recommend in it. It positions the President well in the minimum wage veto fight. This should be an appreciative audience who will respond well to his arguments.

There are several suggestions we have. Some are factual in nature; others refer to the tone.

1. In the third paragraph on page two reference is made to the creation of 20 million new jobs since the recovery began in December 1982. Unfortunately, last month's unemployment statistics did not produce the magical twenty million new jobs figure. We can, however, say, that more Americans are working today than ever before. Larry Lindsey of our staff would be pleased to work with you in developing some appropriate unemployment-employment statistics. We will save the 20 million number for when it actually happens.

2. At the bottom of page two and the top of page three reference is made to the loss of 500,000 jobs if H.R. 2 becomes law. The reference here should be to "hundreds of thousands" and not be more specific.

3. The reference to the poverty level in the third full paragraph on page three and the use of the \$7.35 example makes H.R. 2 seem moderate. Moreover, the 2.3 percent fact is wrong. Only 2.3 percent of heads of households earn the minimum wage rather than the reverse as is stated in the text. I suggest deleting the entire paragraph.

4. In the fifth paragraph at the bottom of page four reference is made to the Kennedy tax reduction in 1963. The Kennedy tax cut did not involve a cut in the capital gains tax rate. It did produce a large reduction (from 91% to 70% in the highest marginal rate bracket). This paragraph also should be eliminated.

5. In the fourth paragraph on page two reference is made to people hustling to get jobs. Perhaps a more presidential phrase could be found. More importantly, we do not want to

seem to minimize the challenge of unemployment. We could say something along the lines that "Unemployment is not the haunting specter it once was."

6. In the fifth paragraph on page two reference is made to fast food workers in New Hampshire. We need to make sure this is totally accurate. To provide some cover, perhaps it would be better to refer to "some" fast food workers or "make as much as \$6.25 an hour."

7. In the last paragraph on page three it ends with the rhetorical question: "So I ask Congress -- who are you trying to help?" This may imply that Congress is out to help Big Labor instead of the working poor. We propose stating: "So I say to Congress -- If you want to help the poor, don't take away their jobs."

8. In the second paragraph on page 4 the phrase "and make both systems more accountable" is found. It is ambiguous what "both" systems refers to here. Presumably "both" refers to vocational and conventional education, but, as written the distinction is fuzzy. We recommend saying something like "all education more accountable."

9. The paragraph on Martin Luther King at the top of page five may leave us hostage to the historical record of Dr. King's position on the minimum wage. It also leaves us vulnerable to whatever Mrs. King might say that Dr. King -- were he alive -- would support. We suggest deleting this paragraph.

10. Also on the fifth page we recommend indicating that he is or will veto H.R. 2. Since it is problematic whether the legislation will be available to veto, it might be best to simply omit this paragraph.

If you have any questions, please let me know.

cc: James W. Cicconi

Action: Jim Brown

cc MJB  
JBT

WHITE HOUSE STAFFING MEMORANDUM

DATE: 5/15/89

ACTION/CONCURRENCE/COMMENT DUE BY:

2:00 P.M. 5/15/89

RLS

SUBJECT: PRESIDENTIAL REMARKS: AMERICAN RETAIL FEDERATION

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	STUDDERT	<input type="checkbox"/>	<input type="checkbox"/>
BATES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Baskin</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Rosas</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Winston</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Pinkerton</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please provide your comments/recommendations directly to Chriss Winston (Ext. 2930, Room 122) with an info copy to my office by 2:00 PM TODAY, MAY 15, 1989. Thank you.

RESPONSE:

James W. Cicconi  
Assistant to the President  
and Deputy to the Chief of Staff  
Ext. 2702

(Lange/Wallace)  
May 14, 1989  
9:45 a.m.  
[ARF.DOC]

PRESIDENTIAL REMARKS: AMERICAN RETAIL FEDERATION  
OEOB -- Room 450  
WEDNESDAY, MAY 17, 1989  
10:00 A.M.

[ Thank you. Welcome to the White House! Home of Millie, and the puppies. Oh, I'm happy to stay in the wings. Really -- I can take the competition. But it does bother me, at the end of a press conference, when Helen Thomas stands up and says, "Thank you, Barbara's husband." ]

Well, another kind of competition has been on my mind lately -- and I know it's been on yours. We are moving toward a vastly different business climate. Our view of what it takes to compete must change.

You know, I think we've heard enough about the shopworn agenda of more government mandates, broad attempts to run your business for you, and intrusive campaigns to legislate competitiveness.

That tired agenda doesn't work anymore. The notion that the government should control business decisions has never made sense. It makes even less sense today.

It is time to move on to the real issue: building a better, more competitive America -- not through the intrusions of government, but through the energy and will of the American people.

Free markets work. What the world has learned, over the last forty years, is that government intervention cripples economies, creates barriers for business, kills innovation, and costs jobs.

And yet, there are those who are still trying to keep the agenda of intervention alive. Many are well-intentioned. But you know what they say about good intentions. Let me assure you: we are not going down that road.

Thanks to American enterprise, and government that got out of the way, we <sup>have created almost</sup> ~~hit a milestone this month:~~ 20 million new jobs ~~have been created~~ since the recovery began in 1982. Employment is already at record levels. } ✓

But this brings its own challenges. People used to hustle to get jobs. With labor markets getting tighter, the tables are turning. Now businesses are scrambling for people. In many regions, the minimum wage is already irrelevant -- because labor shortages are driving wages.

In New Hampshire, fast food workers make \$6.25 an hour. This is a case where the market alone is doing more than government ever could. But across America, the skills gap has eclipsed the wage gap. And that's the real issue.

Caught up in the politics of the minimum wage, it's too easy to forget who it is we're trying to help, and how. The issue is not the minimum wage. It's minimum skills.

My difference with the majority in Congress is not about 30 cents an hour. It's about <sup>hundreds of thousands of people</sup> ~~half a million jobs.~~ Five hundred } ✓

thousand people -- largely young and unskilled -- who won't have a job to go to, if H.R. 2 becomes law.

Artificial wage hikes simply mean that entry-level jobs are cut back. The first to go are the young and disadvantaged -- who are just beginning to develop workplace skills.

It is haunting, how thousands of young Americans in inner cities believe they have no stake in our system -- no future, no hope. Believing they have nothing to lose, they act as if they have nothing to gain. We cannot allow this to continue. And it won't -- if we make sure that more of them can find jobs.

Some argue that the current minimum isn't enough to support a family of four above the poverty line. The fact is, only 2.3

percent of minimum wage earners are heads of households. That's xxx workers out of yyy. They deserve our help. But in the legislation before me, the proposed increase still wouldn't put them above the poverty line. To do that, we'd have to raise the minimum wage to \$7.35. So I ask Congress -- what are we really trying to accomplish?

heads of households working at the minimum wage account for only about 20% of those in poverty

(paragraph continues)

← The vast majority of minimum wage workers are young, secondary earners from families with incomes well above the poverty line. Raising the minimum wage may help some of them. But the cost will be measured in lost jobs. Losses that will weigh hardest on the minimum wage earners who are young and disadvantaged, and most need the experience that those jobs can provide. So I ask Congress -- who are you trying to help?

delete - This just makes the other side look moderate

There are other, better strategies to help the working poor, that won't cost them their jobs. I've proposed an effective training wage that would preserve jobs, and give more young Americans access to work experience. We've proposed a new Child Tax Credit to enhance the incomes of poorer working families with young children -- and enable them take, or train for, a real job. } sup  
out  
it

We've sent up a package of educational reforms -- and new reforms in vocational education -- to promote choice, encourage excellence, and make both systems more accountable. The jobs we're creating demand higher levels of skills than ever before -- but the jobs will be there, if people have those skills.

And we will soon be suggesting significant improvements in the Job Training Partnership Act -- already so effective at linking public and private efforts -- to help those young people most at risk get the training they need for productive lives.

But the best way to make disadvantaged youth and the working poor part of a competitive, opportunity-based economy, is to continue to create jobs. The cut in the capital gains tax rate I've proposed will do just that.

When John F. Kennedy proposed cutting the income subject to capital gains tax by nearly half in 1963, he said his goal was "to provide a freer and fuller flow of capital funds and to achieve a greater equity." He knew that lower <sup>taxes set</sup> capital gains <sup>set</sup> taxation spurs investment, builds businesses, and creates jobs. And John Kennedy was right -- by 19xx, yy million jobs had been created. } Question:  
DID  
Kennedy  
actually  
purpose this?

↳ this and other tax cuts help to create nearly 14 million jobs by 1970.

NOTE: TAX CUTS were not the only factor at work during this period.

Later today I will sign legislation to fund the Martin Luther King Holiday Commission. It is right that we honor this man, and his vision for the future. He understood that nobody wants a hand out. They want a hand up.

For that reason, we must continue to create jobs, and prepare young people to fill them. We must ~~work for a~~ <sup>limit any increase in the</sup> minimum wage, ~~increase that~~ <sup>so that it</sup> won't extract ~~its~~ <sup>an excessive</sup> cost in lost jobs and higher inflation; and ~~that has~~ <sup>to do this, we must have</sup> an effective training wage -- to preserve opportunity for those who most need it.

Today, I have a choice. I can sign this legislation, and go back to the tired agenda of government intervention that so often hurts the very people it attempts to help. Or, we can step forward, to keep America on the path to a competitive future -- a future bright with opportunity. This choice is clear.

Once the majority in Congress rejected my offer of compromise, a veto became inevitable. One thing I will not compromise is the future of the working poor. I will not compromise a generation of young people. They deserve more than tired promises and tired ideas, that hurt their chances to have and keep a job.

For that reason, with great conviction, I now sign a veto of this legislation.

**WHITE HOUSE STAFFING MEMORANDUM**

DATE: 5/15/89 ACTION/CONCURRENCE/COMMENT DUE BY: 2:00 P.M. 5/15/89

SUBJECT: PRESIDENTIAL REMARKS: AMERICAN RETAIL FEDERATION

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	STUDDERT	<input type="checkbox"/>	<input type="checkbox"/>
BATES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Baskin</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Rogers</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Winston</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Pinkerton</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

**REMARKS:**

Please provide your comments/recommendations directly to Chriss Winston (Ext. 2930, Room 122) with an info copy to my office by 2:00 PM TODAY, MAY 15, 1989. Thank you.

**RESPONSE:**

*See page 5  
JW  
5/15*

**James W. Cicconi**  
Assistant to the President  
and Deputy to the Chief of Staff  
Ext. 2702

(Lange/Wallace)  
May 14, 1989  
9:45 a.m.  
[ARF.DOC]

PRESIDENTIAL REMARKS: AMERICAN RETAIL FEDERATION  
OEOB -- Room 450  
WEDNESDAY, MAY 17, 1989  
10:00 A.M.

[ Thank you. Welcome to the White House! Home of Millie, and the puppies. Oh, I'm happy to stay in the wings. Really -- I can take the competition. But it does bother me, at the end of a press conference, when Helen Thomas stands up and says, "Thank you, Barbara's husband." ]

Well, another kind of competition has been on my mind lately -- and I know it's been on yours. We are moving toward a vastly different business climate. Our view of what it takes to compete must change.

You know, I think we've heard enough about the shopworn agenda of more government mandates, broad attempts to run your business for you, and intrusive campaigns to legislate competitiveness.

That tired agenda doesn't work anymore. The notion that the government should control business decisions has never made sense. It makes even less sense today.

It is time to move on to the real issue: building a better, more competitive America -- not through the intrusions of government, but through the energy and will of the American people.

Free markets work. What the world has learned, over the last forty years, is that government intervention cripples economies, creates barriers for business, kills innovation, and costs jobs.

And yet, there are those who are still trying to keep the agenda of intervention alive. Many are well-intentioned. But you know what they say about good intentions. Let me assure you: we are not going down that road.

Thanks to American enterprise, and government that got out of the way, we hit a milestone this month: 20 million new jobs have been created since the recovery began in 1982. Employment is already at record levels.

But this brings its own challenges. People used to hustle to get jobs. With labor markets getting tighter, the tables are turning. Now businesses are scrambling for people. In many regions, the minimum wage is already irrelevant -- because labor shortages are driving wages.

In New Hampshire, fast food workers make \$6.25 an hour. This is a case where the market alone is doing more than government ever could. But across America, the skills gap has eclipsed the wage gap. And that's the real issue.

Caught up in the politics of the minimum wage, it's too easy to forget who it is we're trying to help, and how. The issue is not the minimum wage. It's minimum skills.

My difference with the majority in Congress is not about 30 cents an hour. It's about half a million jobs. Five hundred

thousand people -- largely young and unskilled -- who won't have a job to go to, if H.R. 2 becomes law.

Artificial wage hikes simply mean that entry-level jobs are cut back. The first to go are the young and disadvantaged -- who are just beginning to develop workplace skills.

It is haunting, how thousands of young Americans in inner cities believe they have no stake in our system -- no future, no hope. Believing they have nothing to lose, they act as if they have nothing to gain. We cannot allow this to continue. And it won't -- if we make sure that more of them can find jobs.

Some argue that the current minimum isn't enough to support a family of four above the poverty line. The fact is, only 2.3 percent of minimum wage earners are heads of households. That's xxx workers out of yyy. They deserve our help. But in the legislation before me, the proposed increase still wouldn't put them above the poverty line. To do that, we'd have to raise the minimum wage to \$7.35. So I ask Congress -- what are we really trying to accomplish?

The vast majority of minimum wage workers are young, secondary earners from families with incomes well above the poverty line. Raising the minimum wage may help some of them. But the cost will be measured in lost jobs. Losses that will weigh hardest on the minimum wage earners who are young and disadvantaged, and most need the experience that those jobs can provide. So I ask Congress -- who are you trying to help?

There are other, better strategies to help the working poor, that won't cost them their jobs. I've proposed an effective training wage that would preserve jobs, and give more young Americans access to work experience. We've proposed a new Child Tax Credit to enhance the incomes of poorer working families with young children -- and enable them take, or train for, a real job.

We've sent up a package of educational reforms -- and new reforms in vocational education -- to promote choice, encourage excellence, and make both systems more accountable. The jobs we're creating demand higher levels of skills than ever before -- but the jobs will be there, if people have those skills.

And we will soon be suggesting significant improvements in the Job Training Partnership Act -- already so effective at linking public and private efforts -- to help those young people most at risk get the training they need for productive lives.

But the best way to make disadvantaged youth and the working poor part of a competitive, opportunity-based economy, is to continue to create jobs. The cut in the capital gains tax rate I've proposed will do just that.

When John F. Kennedy proposed cutting the income subject to capital gains tax by nearly half in 1963, he said his goal was "to provide a freer and fuller flow of capital funds and to achieve a greater equity." He knew that lower capital gains taxation spurs investment, builds businesses, and creates jobs. And John Kennedy was right -- by 19xx, yy million jobs had been created.

Later today I will sign legislation to fund the Martin Luther King Holiday Commission. It is right that we honor this man, and his vision for the future. He understood that nobody wants a hand out. They want a hand up.

For that reason, we must continue to create jobs, and prepare young people to fill them. We must work for a minimum wage increase that won't extract its cost in lost jobs and higher inflation; and that has an effective training wage -- to preserve opportunity for those who most need it.

Today, I have a choice. I can sign this legislation, and go back to the tired agenda of government intervention that so often hurts the very people it attempts to help. Or, we can step forward, to keep America on the path to a competitive future -- a future bright with opportunity. This choice is clear.

Once the majority in Congress rejected my offer of compromise, a veto became inevitable. One thing I will not compromise is the future of the working poor. I will not compromise a generation of young people. They deserve more than tired promises and tired ideas, that hurt their chances to have and keep a job.

For that reason, with great conviction, I now sign a veto of this legislation.

*Still unclear when the senate will act on min. wage bill.*

# SUNUNIU COMMENT

(Lange/Wallace)  
May 15, 1989  
6:15 p.m.  
[ARF.DOC]

PRESIDENTIAL REMARKS: AMERICAN RETAIL FEDERATION  
OEOP -- Room 450  
WEDNESDAY, MAY 17, 1989  
10:00 A.M.

[ Thank you. Welcome to the White House! Home of Millie, and the puppies. Oh, I'm happy to stay in the wings. Really -- I can take the competition. But it does bother me, at the end of a press conference, when Helen Thomas stands up and says, "Thank you, Barbara's husband." ]

Well, another kind of competition has been on my mind lately -- and I know it's been on yours. We are moving toward a vastly different business climate. Our view of what it takes to compete must change.

You know, I think we've heard enough about the shopworn, liberal agenda of more government mandates, broad attempts to run your business for you, and intrusive campaigns to legislate competitiveness.

That tired agenda doesn't work anymore. The notion that the government should control business decisions has never made much sense. It makes even less sense today.

It is time to move on to the real issue: building a better, more competitive America -- not through the intrusions of government, but through the energy and will of the American people.

Free markets work. What the world has learned, over the last forty years, is that government intervention cripples economies, creates barriers for business, kills innovation, and costs jobs.

And yet, there are those who are still trying to keep the agenda of intervention alive. Many are well-intentioned. But you know what they say about good intentions. Let me assure you: we are not going down that road.

Thanks to American enterprise, and a government that got out of the way, we've hit a milestone this month: nearly 20 million new jobs have been created since the recovery began in 1982. Employment is at record levels.

But this brings its own challenges. Unemployment is not the specter it once was. With labor markets getting tighter, the tables are turning. Now businesses are scrambling for people. In many regions, the minimum wage is already irrelevant -- because labor shortages are driving up wages.

~~In New Hampshire, some fast food workers make as much as \$6.00 an hour.~~ This is a case where the market alone is doing more than government ever could. But across America, the skills gap has eclipsed the wage gap. And that's the real issue.

Caught up in the politics of the minimum wage, it's too easy to forget who it is we're trying to help, and how. The issue is not the minimum wage. It's minimum skills.

My difference with the majority in Congress is not about 30 cents an hour. It's about half a million jobs and five hundred

Summary  
Comment  
↓

*We have fast food operations in regions of the country with low unemployment paying over \$5.00 an hour to start.*

thousand people -- largely young and unskilled -- who won't have a job to go to, if H.R. 2 becomes law.

Artificial wage hikes simply mean that entry-level jobs are cut back. The first to go are the young and disadvantaged -- who are just beginning to develop workplace skills.

It is haunting, how thousands of young Americans in inner cities believe they have no stake in our system -- no future, no hope. Believing they have nothing to lose, they act as if they have nothing to gain. We cannot allow this to continue. And it won't -- if we make sure that more of them can find jobs.

The vast majority of minimum wage workers are young, secondary earners from families with incomes well above the poverty line. The fact is, fewer than one in ten minimum wage earners are heads of households and in poverty. That's 490,000 out of 116 million. They deserve our help and raising the minimum wage may help some of them. But the cost will be measured in lost jobs. Losses that will weigh hardest on the minimum wage earners who are young and disadvantaged, and most need the experience that those jobs can provide. So I say to Congress -- if you want to help the poor, don't take away their jobs.

There are other, better strategies to help the working poor, that won't cost them their jobs. I've proposed an effective training wage that would preserve jobs, and give more young Americans access to work experience. We've proposed a new Child Tax Credit to enhance the incomes of poorer working families with

young children -- and enable them to take, or train for, a real job.

We've sent up a package of educational reforms -- and new reforms in vocational education -- to promote parental choice, encourage excellence, and our educational system more accountable. We've proposed alternative certification for teachers and principals -- so that interested capable people from business, scientific, engineering and other professions can share their knowledge. We're developing alternative certification systems for teachers and principals -- so that more interested, capable people from business, scientific, and engineering professions can share their knowledge. The jobs we're creating demand higher levels of skills than ever before -- but the jobs will be there, if people have those skills.

And we are proposing significant improvements in the Job Training Partnership Act -- already so effective at linking public and private efforts -- to help those young people most at risk get the training they need for productive lives.

But the best way to make disadvantaged youth and the working poor part of a competitive, opportunity-based economy, is to continue to create jobs. The cut in the capital gains tax rate I've proposed will do just that.

When John F. Kennedy proposed cutting the income subject to capital gains tax by nearly half in 1963, he said his goal was "to provide a freer and fuller flow of capital funds and to

achieve a greater equity." He knew that lower capital gains taxation spurs investment, builds businesses, and creates jobs. And John Kennedy was right -- this and other tax cuts helped to create 14 million new jobs by 1970.

We must continue to create jobs, and prepare people to fill them. We must limit any increase in the minimum wage so that it won't extract an excessive cost in lost jobs and higher inflation -- with an effective training wage -- to preserve opportunity for those who most need it.

Today, I have a choice. I can sign this legislation, and go back to the tired agenda of government intervention that so often hurts the very people it attempts to help. Or, we can step forward, to keep America on the path to a competitive future -- a future bright with opportunity. This choice is clear.

Once the majority in Congress rejected my offer of compromise, a veto became inevitable. One thing I will not compromise is the future of the working poor. I will not compromise a generation of young people. They deserve more than false promises and failed ideas that hurt their chances to have and keep a job.

For that reason, with great conviction, I am vetoing H.R. 2.

**WHITE HOUSE STAFFING MEMORANDUM**

DATE: 5/15/89

ACTION/CONCURRENCE/COMMENT DUE BY:

2:00 P.M. 5/15/89

SUBJECT: PRESIDENTIAL REMARKS: AMERICAN RETAIL FEDERATION

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	STUDDERT	<input type="checkbox"/>	<input type="checkbox"/>
BATES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Baskin</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Rogos</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Winston</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Pinkerton</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

**REMARKS:**

Please provide your comments/recommendations directly to Chriss Winston (Ext. 2930, Room 122) with an info copy to my office by 2:00 PM TODAY, MAY 15, 1989. Thank you.

**RESPONSE:** MEMORANDUM FOR CHRISS WINSTON

May 15, 1989

The NSC staff has no objection to the Presidential remarks: American Retail Federation.

*Brent Scowcroft*  
Brent Scowcroft

**James W. Cicconi**  
Assistant to the President  
and Deputy to the Chief of Staff  
Ext. 2702

cc: James W. Cicconi

(Lange/Wallace)  
May 14, 1989  
9:45 a.m.  
[ARF.DOC]

1000 MAY 15 11 00

PRESIDENTIAL REMARKS: AMERICAN RETAIL FEDERATION  
OEOB -- Room 450  
WEDNESDAY, MAY 17, 1989  
10:00 A.M.

[ Thank you. Welcome to the White House! Home of Millie, and the puppies. Oh, I'm happy to stay in the wings. Really -- I can take the competition. But it does bother me, at the end of a press conference, when Helen Thomas stands up and says, "Thank you, Barbara's husband." ]

Well, another kind of competition has been on my mind lately -- and I know it's been on yours. We are moving toward a vastly different business climate. Our view of what it takes to compete must change.

You know, I think we've heard enough about the shopworn agenda of more government mandates, broad attempts to run your business for you, and intrusive campaigns to legislate competitiveness.

That tired agenda doesn't work anymore. The notion that the government should control business decisions has never made sense. It makes even less sense today.

It is time to move on to the real issue: building a better, more competitive America -- not through the intrusions of government, but through the energy and will of the American people.

Free markets work. What the world has learned, over the last forty years, is that government intervention cripples economies, creates barriers for business, kills innovation, and costs jobs.

And yet, there are those who are still trying to keep the agenda of intervention alive. Many are well-intentioned. But you know what they say about good intentions. Let me assure you: we are not going down that road.

Thanks to American enterprise, and government that got out of the way, we hit a milestone this month: 20 million new jobs have been created since the recovery began in 1982. Employment is already at record levels.

But this brings its own challenges. People used to hustle to get jobs. With labor markets getting tighter, the tables are turning. Now businesses are scrambling for people. In many regions, the minimum wage is already irrelevant -- because labor shortages are driving wages.

In New Hampshire, fast food workers make \$6.25 an hour. This is a case where the market alone is doing more than government ever could. But across America, the skills gap has eclipsed the wage gap. And that's the real issue.

Caught up in the politics of the minimum wage, it's too easy to forget who it is we're trying to help, and how. The issue is not the minimum wage. It's minimum skills.

My difference with the majority in Congress is not about 30 cents an hour. It's about half a million jobs. Five hundred

thousand people -- largely young and unskilled -- who won't have a job to go to, if H.R. 2 becomes law.

Artificial wage hikes simply mean that entry-level jobs are cut back. The first to go are the young and disadvantaged -- who are just beginning to develop workplace skills.

It is haunting, how thousands of young Americans in inner cities believe they have no stake in our system -- no future, no hope. Believing they have nothing to lose, they act as if they have nothing to gain. We cannot allow this to continue. And it won't -- if we make sure that more of them can find jobs.

Some argue that the current minimum isn't enough to support a family of four above the poverty line. The fact is, only 2.3 percent of minimum wage earners are heads of households. That's xxx workers out of yyy. They deserve our help. But in the legislation before me, the proposed increase still wouldn't put them above the poverty line. To do that, we'd have to raise the minimum wage to \$7.35. So I ask Congress -- what are we really trying to accomplish?

The vast majority of minimum wage workers are young, secondary earners from families with incomes well above the poverty line. Raising the minimum wage may help some of them. But the cost will be measured in lost jobs. Losses that will weigh hardest on the minimum wage earners who are young and disadvantaged, and most need the experience that those jobs can provide. So I ask Congress -- who are you trying to help?

There are other, better strategies to help the working poor, that won't cost them their jobs. I've proposed an effective training wage that would preserve jobs, and give more young Americans access to work experience. We've proposed a new Child Tax Credit to enhance the incomes of poorer working families with young children -- and enable them take, or train for, a real job.

We've sent up a package of educational reforms -- and new reforms in vocational education -- to promote choice, encourage excellence, and make both systems more accountable. The jobs we're creating demand higher levels of skills than ever before -- but the jobs will be there, if people have those skills.

And we will soon be suggesting significant improvements in the Job Training Partnership Act -- already so effective at linking public and private efforts -- to help those young people most at risk get the training they need for productive lives.

But the best way to make disadvantaged youth and the working poor part of a competitive, opportunity-based economy, is to continue to create jobs. The cut in the capital gains tax rate I've proposed will do just that.

When John F. Kennedy proposed cutting the income subject to capital gains tax by nearly half in 1963, he said his goal was "to provide a freer and fuller flow of capital funds and to achieve a greater equity." He knew that lower capital gains taxation spurs investment, builds businesses, and creates jobs. And John Kennedy was right -- by 19xx, yy million jobs had been created.

Later today I will sign legislation to fund the Martin Luther King Holiday Commission. It is right that we honor this man, and his vision for the future. He understood that nobody wants a hand out. They want a hand up.

For that reason, we must continue to create jobs, and prepare young people to fill them. We must work for a minimum wage increase that won't extract its cost in lost jobs and higher inflation; and that has an effective training wage -- to preserve opportunity for those who most need it.

Today, I have a choice. I can sign this legislation, and go back to the tired agenda of government intervention that so often hurts the very people it attempts to help. Or, we can step forward, to keep America on the path to a competitive future -- a future bright with opportunity. This choice is clear.

Once the majority in Congress rejected my offer of compromise, a veto became inevitable. One thing I will not compromise is the future of the working poor. I will not compromise a generation of young people. They deserve more than tired promises and tired ideas, that hurt their chances to have and keep a job.

For that reason, with great conviction, I now sign a veto of this legislation.

Breedon

THE WHITE HOUSE  
WASHINGTON

As VP, I helped lead efforts to control excessive regulations and govt. paper work. I intend to continue efforts as Pres. Regulations are often restrictive, but they should be cost effective and they should be flexible as possible. ~~in using~~ <sup>The</sup> creative energies of the private sector can help to define the way to achieve regulation requirements at the lowest cost ~~to~~ and cost for production

THE WHITE HOUSE  
WASHINGTON

May 15, 1989

MEMORANDUM FOR CHRISS WINSTON

FROM; DENISE SCHWARZ  
OFFICE OF CABINET AFFAIRS

SUBJECT; PRESIDENTIAL REMARKS; AMERICAN RETAIL FEDERATION

LOG # 036075SS

We have reviewed the attached and have incorporated our suggested changes.

Attachment

cc: Jim Cicconi

# WHITE HOUSE STAFFING MEMORANDUM

DATE: 5/15/89

ACTION/CONCURRENCE/COMMENT DUE BY:

2:00 P.M. 5/15/89

SUBJECT: PRESIDENTIAL REMARKS: AMERICAN RETAIL FEDERATION

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	STUDDERT	<input type="checkbox"/>	<input type="checkbox"/>
BATES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Baskin</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Rogers</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Winston</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Pinkerton</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

**REMARKS:**

Please provide your comments/recommendations directly to Chriss Winston (Ext. 2930, Room 122) with an info copy to my office by 2:00 PM TODAY, MAY 15, 1989. Thank you.

**RESPONSE:**

James W. Cicconi  
 Assistant to the President  
 and Deputy to the Chief of Staff  
 Ext. 2702

Commerce - Joe Casper. 377-8582

Labor - John Heinbush 523-8271

(Lange/Wallace)  
May 14, 1989  
9:45 a.m.  
[ARF.DOC]

PRESIDENTIAL REMARKS:

AMERICAN RETAIL FEDERATION  
OEOB -- Room 450  
WEDNESDAY, MAY 17, 1989  
10:00 A.M.

[ Thank you. Welcome to the White House! Home of Millie, and the puppies. Oh, I'm happy to stay in the wings. Really -- I can take the competition. But it does bother me, at the end of a press conference, when Helen Thomas stands up and says, "Thank you, Barbara's husband." ]

Well, another kind of competition has been on my mind lately -- and I know it's been on yours. We are moving toward a vastly different business climate. Our view of what it takes to compete must change.

You know, I think we've heard enough about the shopworn agenda of more government mandates, broad attempts to run your business for you, and intrusive campaigns to legislate competitiveness.

That tired agenda doesn't work anymore. The notion that the government should control business decisions has never made sense. It makes even less sense today.

It is time to move on to the real issue: building a better, more competitive America -- not through the intrusions of government, but through the energy and will of the American people.

Free markets work. What the world has learned, over the last forty years, is that government intervention cripples economies, creates barriers for business, kills innovation, and costs jobs.

And yet, there are those who are still trying to keep the agenda of intervention alive. Many are well-intentioned. But you know what they say about good intentions. Let me assure you: we are not going down that road.

Thanks to American enterprise, and government that got out of the way, we hit a milestone this month: 20 million new jobs have been <sup>✓</sup>created since the recovery began in 1982. Employment is already at record levels.

But this brings its own challenges. People used to hustle to get jobs. With labor markets getting tighter, the tables are turning. Now <sup>opportunities for employment abound.</sup> ~~businesses are scrambling for people.~~ ~~In many regions, the minimum wage is already irrelevant.~~ ~~-- because labor shortages are driving wages.~~ <sup>✓</sup>

In New Hampshire, fast food workers make \$6.25 an hour. This is a case where the market alone is doing more than government ever could. But across America, the skills gap has eclipsed the wage gap. And that's the real issue.

Caught up in the politics of the minimum wage, it's too easy to forget who it is we're trying to help, and how. The issue is not the minimum wage. It's minimum skills.

My difference with the majority in Congress is not about 30 cents an hour. It's about half a million jobs. Five hundred

thousand people -- largely young and unskilled -- who won't have a job to go to, if H.R. 2 becomes law.

Artificial wage hikes simply mean that entry-level jobs are cut back. The first to go are the young and disadvantaged -- who are just beginning to develop workplace skills.

It is haunting, how thousands of young Americans in inner cities believe they have no stake in our system -- no future, no hope. Believing they have nothing to lose, they act as if they have nothing to gain. We cannot allow this to continue. And it won't -- if we make sure that more of them can find jobs.

Some argue that the current minimum isn't enough to support a family of four above the poverty line. The fact is, <sup>less than 9%</sup> only ~~2.3~~ percent of minimum wage earners are heads of households. <sup>and in poverty.</sup> That's ~~xxx~~ <sup>336,000</sup> workers out of ~~yyy~~ <sup>3.9 million</sup>. They deserve our help. <sup>But in H.R. 2 the</sup> ~~But in the~~ <sup>legislation sent to me some low wage workers profit from</sup> legislation before me, the proposed increase ~~still wouldn't put~~ <sup>the misery caused by throwing other low wage workers out</sup> them above the poverty line. ~~To do that, we'd have to raise the~~ <sup>of their hard earned jobs.</sup> minimum wage to \$7.35. So I ask Congress -- what are we really ~~trying to accomplish?~~ <sup>(stet)</sup>

The vast majority of minimum wage workers are young, secondary earners from families with incomes well above the poverty line. Raising the minimum wage may help some of them. But the cost will be measured in lost jobs. Losses that will weigh hardest on the minimum wage earners who are young and disadvantaged, and most need the experience that those jobs can provide. So I ask Congress -- who are you trying to help?

There are other, better strategies to help the working poor, that won't cost them their jobs. I've proposed an effective training wage that would preserve jobs, and give more young Americans access to work experience. We've proposed a new Child Tax Credit to enhance the incomes of poorer working families with young children -- and enable them <sup>to</sup> take, or train for, a real job.

We've sent up a package of educational reforms -- and new reforms in vocational education -- to promote choice, encourage excellence, and make both systems more accountable. The jobs we're creating demand higher levels of skills than ever before -- but the jobs will be there, if people have those skills.

And we <sup>are proposing</sup> ~~will soon be suggesting~~ significant improvements in the Job Training Partnership Act -- already so effective at linking public and private efforts -- to help those young people most at risk get the training they need for productive lives.

But the best way to make disadvantaged youth and the working poor part of a competitive, opportunity-based economy, is to continue to create jobs. The cut in the capital gains tax rate I've proposed will do just that.

When John F. Kennedy proposed cutting the income subject to capital gains tax by nearly half in 1963, he said his goal was "to provide a freer and fuller flow of capital funds and to achieve a greater equity." He knew that lower capital gains taxation spurs investment, builds businesses, and creates jobs. And John Kennedy was right -- by 19xx, yy million jobs had been created.

Later today I will sign legislation to fund the Martin Luther King Holiday Commission. It is right that we honor this man, and his vision for the future. He understood that nobody wants a hand out. They want a hand up.

For that reason, we must continue to create jobs, and prepare young people to fill them. We must work for a minimum wage increase that won't extract its cost in lost jobs and higher inflation; and that has an effective training wage -- to preserve opportunity for those who most need it.

Today, I have a choice. I can sign this legislation, and go back to the tired agenda of government intervention that so often hurts the very people it attempts to help. Or, we can step forward, to keep America on the path to a competitive future -- a future bright with opportunity. This choice is clear.

Once the majority in Congress rejected my offer of compromise, a veto became inevitable. One thing I will not compromise is the future of the working poor. I will not compromise a generation of young people. They deserve more than tired promises and tired ideas, that hurt their chances to have and keep a job.

For that reason, with great conviction, I now sign a veto of this legislation.