Valis Praises AWCI and Construction Industry Initiative

Assistant to the President Wayne Valis talks about the President’s Economic proposals in an exclusive interview

Wayne Valis, special assistant to the President, took time from a very busy schedule the week of the crucial House of Representatives vote on the Administration’s economic program to discuss the proposals with Construction Dimension’s Editor Don Thompson.

Valis’ duties include liaison with trade associations and Chambers of Commerce, special projects and other business affairs. He has worked closely with AWCI’s President Ray Boyd and Executive Vice President Joe M. Baker, Jr. in the formation of the “Construction Industry Coalition for the New Beginning.”

Before joining the Reagan White House, Valis worked with the Ford Administration as Assistant to William J. Baroody, Jr., and Melvin Laird on a wide variety of domestic policy initiatives. He has also served as Director of Planning and Research, Office of Public Liaison for the White House and as Director of Opposition Research for the President Ford Committee.

An accomplished editor and author, his The Future Under President Reagan is currently selling briskly in the nation’s bookstores.

DIMENSIONS: According to a Chamber of Commerce poll, 96% of the American people believe that the economic situation in this country is either very serious or somewhat serious. It seems that with those figures getting the economic program through Congress would be a “shoo-in.” Any comment?

VALIS: Well, we think the American public is pretty solidly behind us, but the problem is getting the attention of leaders in Congress. We have this problem of ‘business as usual.’ The President’s approach is a very different one than has ever been tried before. And that’s the difficulty; people’s old habits die hard.

DIMENSIONS: The President has said we are in an economic mess. Can you just address yourself to what extent?

VALIS: It’s pretty serious. Look at any index and compare where we are now and where we were 15 to 20 years ago.

In the last few decades the inflation rate has gone from a yearly rate of one, two or three percent to double digits for the last two or three years.

We have been in a large spiral. Each cycle in that spiral has been worse than the previous cycle.

In terms of unemployment, the
same is true. Fifteen, twenty years ago we had a three percent rate, and that has slowly gotten worse. I’m not even going to discuss interest rates or mortgage rates because your members know better than we do what that situation is.

**DIMENSIONS:** The President wants to cut taxes, and he’s been criticized that there cuts will be inflationary. Can you comment?

**VALIS:** Yes. Our answer is that unless we are able to expand incentives for investment and risk and production, the economy will basically remain stagnant, and until we get an expansion of the whole general GNP, then we are not going to get tax revenues up. We believe that once you get economic activity expanding again, then you will have the tax revenues that can pay for these other programs, and that’s what the tax cuts are designed to do.

**DIMENSIONS:** The other criticism is that the cuts favor the rich.

**VALIS:** The cuts are across the board. We are trying to have equal rate cuts, and in one sense there is some point to the criticism; that is, the people who pay the larger percent of taxes will get a larger percentage of the return. Yes, that’s true. But generally we think it’s equitable because it treats everybody fairly. Now let me say one thing on a practical level. All the studies of savings show that savings come out of the families with incomes of about $20,000 and up. Under that income level at the moment there is negative savings. So the way you get capital formation is to give the money back to people who are taxed. Otherwise, you’re just not going to be able to produce money for savings.

**DIMENSIONS:** We understand the Reagan budget, as it was first presented, will not be considered on the house floor but that the Administration is backing something called the Gramm-Latta amendment. Can you explain?

**VALIS:** Yes, the administration, as you know, sent a proposal to both the House and the Senate. The Senate acted on it, pretty much gave us what we wanted, passed the bill intact by a very large vote, 88 to 10. In the House, the Budget Committee decided on a very different approach than what the President submitted. They’re proposing, on the spending side—which you asked about—about $141 billion more over a three year period than we want to see passed. The Gramm-Latta, or the Bipartisan Substitute, as it’s called, makes deeper cuts than what the President originally sent up, about 3% deeper than what we originally sent up, and we support that. The deeper the cuts, the better on the budget side, as far as we’re concerned.

**DIMENSIONS:** Rep. James Jones of Oklahoma has been critical of the President’s plan for its projected short term deficit. Do you have any comments there?

**VALIS:** Yes, two things. One, he has his set of economic assumptions, we have ours. We believe that there is no way to expand economic activity in the United States in the foreseeable future without incentives and tax cuts. He apparently assures this can happen with “business as usual,” and those are the kind of assumptions that are built into the Jones plan. He also, in some ways, has a self-fulfilling prophecy aspect to his plan, in a sense that he is offering very small tax reductions, small budget cuts and even smaller tax reductions. We believe if there’s one way to guarantee that there won’t be any economic expansion it’s to stick with his plan.

**DIMENSIONS:** Chairman Rostenkowski of the House Ways and Means Committee is pushing for his own tax plan. Can you explain this? We also understand he has said he will get Republican support.

**VALIS:** I don’t explain away other people’s statements.

We will have the President, who is a reasonably articulate fellow, try to explain to the American people what we are about to do. Now, Chairman Rostenkowski, along with Mr. Jones, favors very small targeted tax reductions. We favor broad tax reductions across the board, three years so that people know we’re serious, that we’re not going to pull the rug out from under them next year, so that people can plan so that there’s some stability projected right into the tax code. That’s what we hope to do with our plan.

**DIMENSIONS:** Vice President Bush’s new Task Force on Regulatory Relief has asked for input from trade associations on specific examples of bad regulations that could be changed to increase benefits or decrease costs. Will this Task Force be a permanent type of office and is there any type of timetable for creating regulatory relief?

**VALIS:** There is no timetable. We are going to act as expeditiously as possible. We have been taking action all along. First there was a freeze, then there were a whole series of other actions, withdrawing Federal regulations that were pending. And as the association community provides us with the data and information that we’ve requested, we will take other steps.

This is not a study group. This is an action program to deregulate American business. There is no timetable, we are not having any artificial timetable. We hope to make major and substantive changes across the board in the area of regulation.

**DIMENSIONS:** I was wondering if you could say a few words on the need for groups to band together as was done by the formation of the Construction Industry Coalition for the New Beginning.

**VALIS:** Coalitions are the wave of the future. Individual activities simply can’t have the clout, simply can’t have the effectiveness that coalitions have. The reason the business community has been so successful in the last three or four years in terms of legislation is that they finally have learned as much as possible, as much as you ever can, to put aside their individual differences and to work for common goals and objectives. That’s why they have had influence. At the moment we are at a critical turning point. A fundamental change is afoot. We’re literally putting the government and the whole economy and society on a new direction. The only way to get them there will be if the business community assists this Administration and assists them through a variety of coalition activities.