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THE PRESIDENT HAS SEEN

*dg.*

## TALKING POINTS

### GOVERNORS' LUNCHEON

### TOPEKA, KANSAS

TUESDAY, FEBRUARY 11, 1975

1. I HAVE TODAY ORDERED THE RELEASE OF  
UP TO TWO BILLION DOLLARS IN ADDITIONAL FEDERAL HIGHWAY  
FUNDS.

MANY OF THE NATION'S GOVERNORS TOLD ME  
THAT THESE FUNDS ARE CRITICALLY NEEDED.        THEY CAN BE  
PUT TO IMMEDIATE USE IN HIGHWAY CONSTRUCTION PROJECTS  
THAT CAN BE UNDERWAY BY JUNE 30, 1975.

THIS ACTION WILL CREATE UP TO ONE HUNDRED AND TWENTY-FIVE THOUSAND DIRECT AND SUPPORTING JOBS IN AN INDUSTRY THAT HAS BEEN HIT HARD BY THE ECONOMIC DOWNTURN.

I REACHED THIS DECISION BECAUSE THESE ADDITIONAL FUNDS WILL QUICKLY AND EFFICIENTLY PROVIDE JOBS.

I URGE STATE GOVERNMENTS TO FOCUS THESE  
ADDITIONAL FUNDS, FIRST, ON PROJECTS THAT WILL PRODUCE  
JOBS QUICKLY; SECOND, ON IMPROVEMENTS THAT WILL ENHANCE  
HIGHWAY SAFETY; AND THIRD, ON PROJECTS THAT WILL COMPLETE  
KEY LINKS IN THE INTERSTATE SYSTEM.

PRIORITY WILL ALSO BE GIVEN TO URBAN MASS  
TRANSPORTATION PROJECTS WHICH STATE AND LOCAL OFFICIALS  
AGREE SHOULD BE SUBSTITUTED FOR LESS CRITICAL HIGHWAY  
PROJECTS.

2. IN MY STATE OF THE UNION AND OTHER ADDRESSES,  
I HAVE SAID THAT NO INDUSTRY OR GEOGRAPHICAL AREA WOULD BE  
ALLOWED TO SUFFER A DISPROPORTIONATE BURDEN OF THE ENERGY  
PROGRAM. THIS APPLIES TO THE FARMER.



THEREFORE, I HAVE INSTRUCTED FEDERAL ENERGY ADMINISTRATOR FRANK ZARB TO DESIGN A REBATE PROGRAM FOR THE AGRICULTURAL COMMUNITY. THIS PROGRAM WILL COMPENSATE THE FARMER FOR INCREASED ENERGY COSTS CAUSED BY OUR CONSERVATION PLAN. WE WILL ANNOUNCE DETAILS OF THIS PROGRAM IN A FEW WEEKS.

3. DEMAND FOR NITROGEN FERTILIZER HAS BEGUN TO  
OUTPACE SUPPLY. REASON: NATURAL GAS SUPPLIERS HAVE NO  
INCENTIVE TO INCREASE -- OR EVEN MAINTAIN -- ADEQUATE  
PRODUCTION AND DISTRIBUTION. THIS IS BECAUSE OF THE  
CURRENT REGULATORY SYSTEM.

ABOUT ONE HUNDRED AND FORTY THOUSAND TONS OF NITROGEN  
FERTILIZER HAVE BEEN LOST SO FAR THIS YEAR BECAUSE OF NATURAL  
GAS CURTAILMENTS. ESTIMATES ON TOTAL LOSS RANGE FROM  
TWO HUNDRED THOUSAND TO FOUR HUNDRED THOUSAND TONS.

TO OFFER AN IDEA OF WHAT THIS COULD MEAN: A LOSS OF  
TWO HUNDRED THOUSAND TONS -- IF CONCENTRATED IN CORN  
YIELD -- WOULD REDUCE THE 1975 CROP BY ONE HUNDRED AND  
SIXTY MILLION BUSHELS. THAT IS ABOUT TWO AND A HALF  
PERCENT OF THE TOTAL CORN CROP. WE MUST HEAD THIS  
PROBLEM OFF. WE MUST DEREGULATE THE NATURAL GAS INDUSTRY.

4. FAILURE TO TAKE ACTION ON MY ENERGY PROGRAM

SIGNIFIES A HOPE THAT THERE WILL BE NO FUTURE OIL EMBARGOES.

THOSE WHO SUGGEST DELAYING MY PROGRAM CANNOT GUARANTEE

THAT HOPE.            THEY HAVE NO INSURANCE POLICY.

ANOTHER EMBARGO WOULD BE FAR MORE DESTRUCTIVE TO OUR  
ECONOMY THAN THE LAST DISRUPTION WHEN NEARLY THREE HUNDRED  
THOUSAND PEOPLE LOST JOBS. I DO NOT WANT TO TAKE THAT  
HIGH-RISK GAMBLE ANY LONGER THAN I MUST. WE MUST  
REGAIN CONTROL OF OUR OWN FATE.

5. I AM VERY MUCH CONCERNED ABOUT INCREASING  
UNEMPLOYMENT. THE LONG-RANGE ANSWER IS RESTORATION OF  
THE NATION'S ECONOMIC HEALTH. AN IMMEDIATE CUSHION  
IS THE EMERGENCY UNEMPLOYMENT-PUBLIC SERVICE JOB PROGRAM  
PASSED AT MY REQUEST BY THE CONGRESS LAST DECEMBER,

WHICH WILL BRING AID TO THE UNEMPLOYED TO A LEVEL OF  
TWELVE POINT SEVEN BILLION DOLLARS HIGHER THAN THAT IN  
1974.



6. THE 1974 TAX REBATE OF SIXTEEN BILLION DOLLARS

-- FOUR BILLION DOLLARS OF THIS GOING TO BUSINESS AND

AGRICULTURE -- WOULD PROVIDE AN IMMEDIATE STIMULANT

TO THE ECONOMY. THIS WILL HELP IN RECOVERY FROM THE

RECESSION.

7. FOR 1975, I AM PROPOSING A TAX REDUCTION OF SIXTEEN AND A HALF BILLION DOLLARS TO INDIVIDUAL TAXPAYERS -- ALSO TWO BILLION DOLLARS IN PAYMENTS TO NON-TAXPAYERS. THIS WOULD HELP OFFSET THE IMPACT OF HIGHER ENERGY COSTS AND RESTORE PURCHASING POWER AND GROWTH IN JOBS AND PRODUCTION.

8. PAYMENTS OF TWO BILLION DOLLARS TO  
STATE AND LOCAL GOVERNMENTS ALSO ARE PROPOSED UNDER  
MY PLAN TO OFFSET HIGHER ENERGY COSTS.

9. THE PLAN IS A NETWORK OF INTERRELATED  
DECISIONS. IT WILL COPE WITH ENERGY AND ECONOMIC  
PROBLEMS ON BOTH A SHORT AND LONG-TERM BASIS. WE CANNOT  
SOLVE THE PROBLEMS IN EITHER AREA WITH TEMPORARY,  
EXPEDIENT ANSWERS LIKE GASOLINE RATIONING. IT IS  
ESSENTIAL TO IMPLEMENT A TOTAL APPROACH.

10. THE PROPOSED BUDGET FOR FISCAL YEAR

1976 WOULD REQUIRE A DEFICIT OF FIFTY-TWO BILLION DOLLARS.

THIS WILL FORCE THE FEDERAL GOVERNMENT TO BORROW MORE

MONEY. SUCH ACTION DRAINS MONEY FROM OTHER BORROWERS.

THE TOTAL BUDGET PROPOSED IS THREE HUNDRED AND FORTY-NINE  
BILLION DOLLARS -- ALMOST ONE BILLION DOLLARS A DAY!

THIS ACTION HAS BEEN MOST DIFFICULT FOR ME TO TAKE.

11. THE SIZE OF THE BUDGET -- AND  
ACCOMPANYING DEFICIT -- WAS DICTATED BY THE NEED TO  
PROVIDE FINANCIAL ASSISTANCE TO THE UNEMPLOYED -- ALSO  
TO STIMULATE THE PRIVATE ECONOMY BY A TAX REDUCTION.

THE BUDGET INCLUDES NO NEW SPENDING PROGRAMS -- EXCEPT  
IN ENERGY -- AND I WILL NOT HESITATE TO VETO ANY NEW  
SPENDING PROGRAMS INITIATED BY THE CONGRESS.



12. FURTHERMORE, I HAVE PROPOSED SEVENTEEN BILLION DOLLARS IN PROGRAM CUTS. MANY OF THESE CUTS WOULD HAVE COME FROM AREAS THAT HAVE, IN THE PAST, BEEN CONSIDERED UNCONTROLLABLE. I REJECT THE IDEA OF UNCONTROLLABLE BUDGETS. I URGE WE LOOK AT ALL FORMERLY UNTOUCHABLE AREAS IN THE BUDGETS OF ALL GOVERNMENTS.

13. REVENUE-SHARING WILL BE INCREASED TO  
SIX POINT THREE BILLION DOLLARS IN FISCAL YEAR 1976.  
I WELCOME YOUR INPUT ON REVENUE-SHARING OR OTHER AREAS  
OF POTENTIAL COOPERATION BETWEEN FEDERAL AND STATE  
GOVERNMENTS.

14. IN THE FINAL ANALYSIS, WE MUST RESTORE  
PRODUCTION INCENTIVES IN THE PRIVATE ECONOMY. INCREASING  
INTOLERABLE GOVERNMENT SPENDING WILL WRECK THE PRIVATE  
ENTERPRISE SYSTEM. BORROWING HAS ALREADY OVERBURDENED  
CAPITAL MARKETS.

YET, THE CONGRESS TALKS OF A STILL GREATER DEFICIT FOR

1976. THEY MAY WELL EXPLODE PRICES AND START REAL

RUNAWAY INFLATION. I AM TRYING TO ACT WITH COMPASSION

BUT ALSO SOME FISCAL RESTRAINT.

15. AS YOU GOVERNORS KNOW, THE NATION IS  
NOW HEAVILY OVERBORROWED AT ALL LEVELS -- FEDERAL, STATE  
AND LOCAL. WE ARE BORROWING FROM THE FUTURE. THERE IS  
EXTREME DANGER IN SUCH EXCESSES. WE ARE SEEING THE RESULTS  
OF IT NOW. YOUR TROUBLE, MY TROUBLE, THE NATION'S TROUBLE  
HAS BEEN CAUSED BY EXCESSIVE SPENDING FOR THE PAST DECADE.

16. ONLY A COMPREHENSIVE PLAN CAN DEAL WITH THE  
NATION'S BASIC PROBLEMS. IF MY PROGRAM IS DESTROYED --  
AND NO COMPREHENSIVE PLAN IS PUT IN ITS PLACE -- THIS  
COUNTRY WILL PAY FOR A LOT LONGER TIME THAN I AM PROPOSING.  
I AM TALKING ABOUT TWO TO THREE YEARS TO LICK THESE PROBLEMS  
THAT HAVE BEEN BUILDING UP FOR A DECADE.

MY ASSESSMENT IS HONEST AND DIRECT. ANYONE WHO TELLS  
YOU THAT WE CAN BRING EMPLOYMENT DOWN TO THE FIVE PERCENT  
LEVEL IN THE NEXT YEAR IS TALKING ABOUT A SHORT-TERM  
TREMENDOUS GAMBLE WITH THE NATION'S STABILITY AT STAKE.

I AM TALKING TOUGH TURKEY BUT I HAVE CAREFULLY WEIGHED  
ALL THE DANGERS. SOFT QUICK SOLUTIONS ARE ONLY PROMISES.  
AS I HAVE SAID MANY TIMES, I HAVE RULED OUT THE QUICK FIX.  
THERE IS NO QUICK FIX AND DO NOT BUY IT.

END OF TEXT



(Casserly)

February 7, 1975

THE PRESIDENT HAS SEEN. *df*

TALKING POINTS FOR POSSIBLE INFORMAL REMARKS AT GOVERNORS'  
LUNCHEON, TOPEKA, KANSAS, TUESDAY, FEBRUARY 11, 1975

1. We are very concerned about increasing unemployment. The long-range answer is restoration of the Nation's economic health. An immediate cushion is the emergency unemployment insurance/public service job program passed at my request by the Congress last December, which will bring aid to the unemployed to a level \$12.7 billion higher than that in 1974.

2. The 1974 tax rebate of 16 billion dollars -- four billion dollars of this going to business and agriculture -- would provide an immediate stimulant to the economy. This will help in recovery from the recession.

3. For 1975, I am proposing a tax reduction of 16 and a half billion dollars to individual taxpayers -- also two billion dollars in payments to non-taxpayers. This would help offset the impact of higher energy costs and restore purchasing power and growth in jobs and production.

4. Payments of \$2 billion to State and local governments also are proposed under my plan to offset higher energy costs.

5. The plan is a network of interrelated decisions. It will cope with energy and economic problems on both a short and long-term basis. We cannot solve the problems in either area with temporary, expedient answers like gasoline rationing. It is essential to implement a total approach.

6. The proposed budget for fiscal year 1976 would require a deficit of \$52 billion. This will force the Federal Government to borrow more money. Such action drains money from other borrowers. The total budget proposed is \$349 billion dollars -- almost \$1 billion a day! This action has been most difficult for me to take.

7. The size of the budget -- and accompanying deficit -- was dictated by the need to provide financial assistance to the unemployed -- also to stimulate the private economy by a tax reduction. The budget includes no new spending programs -- except in energy -- and I *will not* *hesitate* will veto any new spending programs initiated by the Congress.

8. Furthermore, I have proposed 17 billion dollars in program cuts. Many of these cuts would come from areas that have, in the past, been considered uncontrollable. I reject the idea of uncontrollable budgets. I urge that we look at all formerly untouchable areas in the budgets of all governments.

9. Revenue-sharing will be increased from approximately 6.2 billion dollars to 6.3 billion dollars in fiscal year 1976. Your input on revenue sharing or other areas of potential cooperation between Federal and State governments are welcome.

10. In the final analysis, we must restore production incentives in the private economy. Increasing and intolerable Government spending will wreck the private enterprise system. Borrowing has already overburdened capital markets. Yet, the Congress talks of a still greater deficit for 1976. They may well explode prices and start real runaway inflation. I am trying to act with compassion but also some fiscal restraint.

11. As you Governors know, the Nation is now heavily overborrowed at all levels -- Federal, State and local. We are borrowing from the future. There is extreme danger in such excesses. We are seeing the results of it now. Your trouble, my trouble, the Nation's trouble has been caused by excessive spending for the past decade.

12. Only a comprehensive plan can deal with the Nation's basic problems. If my program is destroyed -- and no comprehensive plan is put in its place -- this country will pay for a lot longer than I am proposing.

I am talking about two to three years to lick these problems that have been building up for a decade. My assessment is honest and direct.

Anyone who tells you that we can bring employment down to the five percent level in the next year is talking about a short-term tremendous gamble with the Nation's stability at stake. I am talking tough turkey but I have carefully weighed all the dangers. Soft quick solutions are only promises. As I have said many times, I have ruled out the quick fix. There is no quick fix and do not buy it.

13. Imported oil cost the United States approximately 25 billion dollars last year. This represents an outflow of cash and jobs. In addition, the Nation's most pressing domestic energy problem is an upcoming great shortage of natural gas. The lack of initiative in energy development has helped produce the current situation.

My energy program offers incentives and opportunities to explore and develop new fields of oil and natural gas. We must deregulate

incentive. This means increased domestic production and more jobs in your area.

14. Energy independence is important. We cannot afford 20 years in the courts and four years of delay in the Congress -- this is precisely the case regarding the battle over natural gas prices. When I talk about national security, I mean that no one can guarantee me we will not have another embargo in three months, six months or a year. We cannot show foreign oil producers that we mean business -- or rally our allies -- unless we take some action here at home. No one else has such a comprehensive plan.

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