

FOR IMMEDIATE RELEASE

December 17, 1975

Office of the White House Press Secretary

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THE WHITE HOUSE

TO THE HOUSE OF REPRESENTATIVES:

I am returning without my approval the bill, H.R. 5559, sent to me today.

I have clearly stated ever since last October 6 that I would veto any tax cut if you failed to cut future Federal spending at the same time. You have refused at this time to put any limit on spending for the next fiscal year and instead sent me a temporary 6-month extension of the present temporary 1975 tax levels due to expire on New Year's Eve.

There is no need for withholding taxes to go up in 1976. There is no need for a prolonged confrontation between us on this question. I believe and you evidently believe that our nation will benefit by giving taxpayers a break in 1976.

The differences between us are these:

As I proposed last October 6, I want a larger tax cut in 1976 than we have had in 1975 -- \$28 billion to be exact -- while the bill before me merely extends this year's tax rate which works out to about \$18 billion a year.

As I made clear over two months ago, I want any cut in Federal tax revenues coupled with a cut in the runaway growth of Federal spending. Unless we start doing this now we will run up larger and larger deficits and get farther and farther away from a balanced budget. We will risk a new round of double digit inflation which would invisibly tax every dollar the American people have or earn in the future by a much higher figure than any temporary relief this bill offers.

I said I would submit my recommendations for a \$395 billion budget for fiscal 1977 to you next January and I intend to do so. This represents a \$28 billion reduction in the projected growth of Federal spending and -- if you will go along with me only on this overall ceiling -- not on every detail as to where the cuts should come -- we could have a \$28 billion tax cut next year without adding to inflation, instead of this \$18 billion cut that contains no spending cut commitment.

The third difference between our positions as represented by the bill I am vetoing is that your smaller tax cut extension does not give middle income taxpayers their fair share of relief. My \$28 billion tax cut proposal would remedy this glaring inequity in the current schedule. While I want even lower Federal income taxes than you have approved in this legislation, I am determined to turn our whole tax policy toward a more fundamental reform. I believe we should leave more and more dollars with the people to spend or save as they please rather than send us more and more dollars to be spent in Washington.

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I must return this bill, but this does not mean that taxes must go up next year. I am aware of the new Congressional budgetary procedures for which I voted when I was a member of the House of Representatives. I know that many Senators and Congressmen are trying in good faith to make them work in order to gain control of the currently uncontrollable growth of Federal spending. You still have time before Christmas to send me back a tax cut extension for 1976 coupled with a clear commitment to cut the growth of spending. Such a signal to the country and to the world that the Federal government in Washington is at last facing up to its responsibility to control runaway inflationary spending would be the best Christmas present overburdened American taxpayers have had in decades. I am willing and waiting to sign such legislation.

There is only one real issue here, and it requires some plain speaking. The American people want tax relief, need tax relief and deserve tax relief. Their government -- the officials they entrust with the power to tax and to spend taxes -- for years and years has not been honest with them. Their government has been cutting Federal taxes with one law and raising Federal benefits with another, knowing full well those benefits have to be paid for by future taxpayers or by the merciless tax of constant inflation, which even taxes the poor.

The American people know this. Upon serious thought, I am sure the majority of this Congress will recognize it. The only honest way to reduce taxes is to reduce the spending of tax money.

I am returning this half-way legislation and asking you to send me a bill that goes all the way, that takes the honest and responsible first step toward a balanced Federal budget, a stable economy, lower taxes and reduced rates of government spending.

GERALD R. FORD

THE WHITE HOUSE,

December 17, 1975.

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