

FOR IMMEDIATE RELEASE

FEBRUARY 3, 1975

OFFICE OF THE WHITE HOUSE PRESS SECRETARY
(Atlanta, Georgia)

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AT THE
WHITE HOUSE CONFERENCE ON
DOMESTIC AND ECONOMIC AFFAIRS

PHOENIX ROOM
HYATT REGENCY HOTEL

5:04 P.M. EST

Thank you very much Bill Baroody, Governor Busbee, Senator Talmadge, Mayor Jackson, distinguished Members of the House of Representatives, public officials, ladies and gentlemen:

It is really a privilege and a pleasure to be in Atlanta, and I hope and trust that this Conference, this White House Conference, has been beneficial not only to those of you in government but to you in local government and those of you in labor, management and the professions.

Before I begin, I want Mayor Jackson to know I have come to your great City of Atlanta with both good news and bad news. The good news is, the entire world is talking about the first round k.o. of Muhammad Ali. The bad news is, Muhammad Ali wants a rematch. (Laughter.)

No, I am only kidding, Mr. Mayor. I knew you could handle yourself when I saw those trunks you were wearing. I figured anyone who goes around in pants like that better know how to fight. (Laughter.)

As I said at the outset, it is a real pleasure to attend this year's first White House Conference on Domestic and Economic Affairs. I know that you had a very eventful, productive day, so I will not try to repeat the points that other speakers have already made, but I would like to stress one thing about these conferences, there diversity.

Here in Atlanta, for example, as Bill Baroody indicated, some 15 different Georgia organizations have participated, organizations representing the whole spectrum of labor, business, agriculture, scientific activities.

This being the second such conference that I have attended -- one in Portland, Oregon, and one here -- I know that this diversity is important for two basic reasons. In the first place, it gives me and other Washington officials, who participate, such as Jim Lynn, Cap Weinberger, Bill Seidman, Bill Baroody, Frank Zarb, Tom Kleppe and Mike Duval, a real opportunity to discuss the pressing national issues with the people who are affected by them at the grass roots, and thereby, it improves the communications between national and local leadership.

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And it is my complete and total judgment that only in this way, together, can we generate the kind of mutual confidence and the kind of mutual trust that we will need to turn our economy around and start America back on the road to recovery.

Secondly, this varied representative group is kind of a mini-America, since most of the participants here can agree on the broad problems, the broad challenges, that we face individually and collectively, not necessarily on the details of solution, but on the general thrust, then I think there is good reason to hope for broad national agreement on the solutions as well.

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That is what I would like to discuss with you, some of the shared concerns, the shared ideas that are beginning to emerge from the new and vigorous national dialogue on energy and on the economy.

For me, they represent the common interests that will unite us into action in the crucial days ahead.

Since my television address to the Nation and my State of the Union Message to the Congress two weeks ago, I believe that this process of uniting our people in the face of clear challenges has made substantial headway. I see a broad, national consensus forming in at least five major problem areas -- recession, tax relief and reform, jobs and productivity, energy, and last but not least, inflation.

Today, for the first time since the energy crisis began and recession became a major concern, most Americans are not only solidly agreed on the problem that we must solve, but they are agreed that solutions must be forthcoming soon.

To start us on the road to economic recovery, most of us, for example, now agree that our first order of national business must be an immediate tax relief to help American consumers wage their own personal battles against recession, and I think that most of us also agree that the fifty million hard-hit, middle-income Americans, as well as some five million low-income Americans, deserve a fair tax break.

Quite frankly, I am referring to farmers, teachers, reporters, editors, secretaries, sales people, truck drivers, policemen, firemen, and other hard working middle-income Americans who have carried the bulk of this country's tax burden.

I think it is encouraging to see that labor, business and the general public respond so well to the problems of this recession and joining in the effort to solve them.

Quite frankly, I have been very impressed by the many excellent examples of voluntary actions taken to fight the problems of the recession. In a number of cases, workers in financially pressed plants, financially pressed businesses have agreed to share shorter working hours to prevent layoffs.

This has happened, for example, in the garment industry, in Los Angeles, and in the newspaper business in Washington, D.C., and there are other examples around the country.

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I commend these enlightened efforts, for they are in the best American tradition. To me, it is very reassuring that our people are still willing to pull together and share hardships in difficult times.

Let me cite another example. As further evidence of the broad-gauged national unity on this problem, many leaders of major national labor organizations, including labor members of the President's united Labor-Management Advisory Board, very strongly supported the need for an improved investment tax credit for American business as well as tax relief for the American worker.

It is this broad approach that I think will restore confidence and bring about success in meeting the challenge of our current recession. Just as personal income tax rebate totaling some \$12 billion will put more money back into the economy, so the \$4 billion tax benefit that I proposed for business and agriculture will provide more capital to create more jobs and greater productivity.

There have been many recessions in our Nation's history. In fact, in my 28 years in Washington, the Nation has undergone at least five recessions, and we have survived each one of them.

We will come through this one as well. But the energy crisis is something new and something very, very different. After so many years of energy abundance, Americans find it very, very hard to understand why we must suddenly take strong measures, measures that are especially difficult during a recession, to make sure, to make positive that we have energy to meet our day-to-day needs.

The answer is simple. We have no choice. The hard decisions have been postponed far too long. We must act now and, as I see it, here is why: Unless Congress enacts a comprehensive energy policy such as I have proposed or some equal comprehensive alternative, by 1977 we will be importing at least 25 percent more foreign oil than we are at the present time.

By 1985 we will be dependent on foreign sources for more than half of our oil needs.

Let me put some figures in perspective for you. In 1973 we were importing roughly six million barrels per day. We were depending on about ten million barrels per day out of domestic production.

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Despite a voluntary effort at conserving today, we are importing a little over seven million barrels per day, primarily because our domestic production is declining.

May I add, parenthetically, that if we had not had a voluntary method of conservation or a program of voluntary conservation, we would have been importing much more.

The facts of life are in the United States that our domestic oil production is declining, and it will continue to decline. Let me give you some other figures that I think put this in perspective.

In 1970, the United States was paying for foreign oil about \$3 billion a year. In 1974 we paid for foreign oil \$24 billion. In four years, from \$3 billion a year to \$24 billion. If we do not do something about conservation as quickly as possible, by 1977 we will be paying \$32 billion a year.

We cannot afford it. We cannot sit idly by and continue to be as vulnerable as we are, and more so we will be.

I don't like to paint a serious picture, but the facts are there. Our vulnerability is getting worse every day to foreign sources of oil, and that crisis requires that we act and act promptly.

Let me add a few comments to that heartening picture. At the time of the 1973-74 oil embargo -- just to put it in another context -- we were dependent on foreign sources for a little more than a third of our total oil consumption.

A serious disruption, which that embargo caused to our economy, is minor, very minor, compared to what will happen if we fail to start right now toward energy independence. We can achieve this independence by 1985 under the program that I have submitted to the Congress, a program which encourages energy conservation as well as a fuller development of our own energy resources right here at home.

The Presidential proclamation, which I signed to raise the tax on imported oil is a start in the direction of conservation. I think it has also helped to move the Congress to affirmative action.

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Yes, I concede there can be honest differences on the details, but I am convinced that if I had not taken this action in the first place, there would be no real movement in the Congress at this time toward the hard and very critical decisions which are vital to our long-range survival.

Today, this is no longer true. Across America, as well as on Capitol Hill, there is a growing national consensus on the critical nature of the energy problems and on a willingness to accept hardship to solve them.

I think this in and of itself is a giant step forward, and if I might, let me give you the three basic fundamental things that I try to do in the submission of a comprehensive plan to the Congress.

Number one, supply. What we are trying to do is stimulate more energy development in the United States so that instead of a decreasing capability, we have an increasing domestic capability to meet the problem of energy.

We are not only going to stimulate more exploration and development of domestic crude oil, but we are going to try and utilize to a greater degree the vast coal reserves that exist in America.

We have increased, for example, in the budget that I submitted today to the Congress research and development on energy from \$1.6 billion in the current fiscal year to \$2.2 billion in the next fiscal year, and if you will compare it to a year ago, when the total energy research and development was about \$700 million to \$800 million, in the next fiscal year, with the concurrence of Congress, we will spend \$2.2 billion on solar, geothermal, et cetera so that we can be less vulnerable to foreign nation action as to the availability of our supply of energy.

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Conservation, the second point. I think it is important that we save a million barrels of foreign oil a day this year and two million barrels by 1977. It is attainable. It is mandatory that we achieve that result and with the program that I have recommended, which I hope the Congress will approve, we can save that much in foreign oil imports.

Equity, the third point. Yes, it is true that we will have some higher energy costs, but the truth is that we will return in tax rebates or tax reduction the money that is collected because of higher energy costs.

State and local units of government, Governor and Mayor Jackson, will get back \$2 billion this year because of higher energy costs under the general revenue sharing formula.

Individual tax payers will get back \$19.5 billion because of the higher energy costs to the individual taxpayers. Business will get back \$6 billion because of higher energy costs to them. Those rebates will come in a reduction in the corporate income tax from 48 to 42 percent.

The individual taxpayer will get his refund or rebate by a change in the withholding schedule. The individual who pays no taxes will get an individual check written to him or to her on the Treasury of the United States.

The Federal Government, whose energy costs will go up about \$3 billion dollars will keep that in the till and Bill Simon needs it. But the point is that we will seek equity so that nobody--government, business, individual taxpayers...will suffer. There will be an equalization of the burden.

The last point, security. If this program is adopted the United States, every day, will get more certain of its invulnerability. It will be more certain of its international security. So I plead with you to work with your Members of the House and Senate to get some action. We have diddled and dawdled too long. We are not going to fiddle while our energy burns. So let's get moving.

Another example, I think, of newly forming national consensus is the growing public awareness of the danger of inflation, and linked to it, the need to exert some sort of brake on runaway government spending. Putting it another way, for a long, long time we have been deferring payment on some of our bills and we now have a whopper that is due.

As you may know, I sent to the Congress before leaving Washington today -- maybe it is a good thing I am out of town -- a proposed budget of \$349.4 billion in expenditures for the fiscal year that begins July 1 of this year.

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A projected deficit for fiscal year 1976 will be \$52 billion, a figure which would have horrified me as a Member of Congress and horrifies me as your President. That is \$1 billion a day deficit -- \$1 billion a week, I mean, not a day. It is bad enough a week.

For my part, I renew my offer to work with the 94th Congress to reach mutually accepted energy and economic programs. I have offered to them and to the American people a plan.

If the Congress will come forward with one of its own-- a full comprehensive program, not just a series of individual criticisms or conflicting pieces of legislation--I am sure that we can iron out our differences.

We have already been apart too long, and the American people I don't think are going to wait forever. I think it is time to launch America on a new course, a recovery course. I have done and will continue to do everything I can to move with the Congress to achieve this vital objective.

We can -- and I happen to think we will -- solve our problems. There are already many encouraging signs that public confidence is rallying. I urge the Congress to join with the President in this new public confidence.

Quick action on the programs I have proposed would do more than anything else to help assure the rapid economic turnaround that all of us seek.

I am delighted to have the opportunity of being here with you today. I hope that each one of you, whatever your differences on some of the specifics of the program that has been proposed, will come out of this conference united in your resolve to come to grips with our common problems and, most importantly, to speak out for action.

Although I have submitted a plan, the United States still does not yet have a program. This will require action by the Congress and support by the American people.

I am confident, as we look at the problem and look at the danger and see what has to be done between the Congress, the American people and the President, we can solve the problem.

Thank you very, very much.

END (AT 5:26 P.M. EST)