

FOR IMMEDIATE RELEASE
(To be delivered at 4:30 PM, EST)

FEBRUARY 13, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

TEXT OF REMARKS BY THE PRESIDENT
TO BE DELIVERED
TO THE NEW YORK SOCIETY OF SECURITY ANALYSTS

I understand there have been a lot of rumors going around about the reason for my visit to your organization today. And before I begin, I would like to deny one of them. There is absolutely no truth to the rumor that I have come to deliver CARE packages -- from Alan Greenspan.

It is a great honor and privilege to be speaking to the New York Society of Security Analysts today because in many ways, we have shared the same problems. But we also share the same hopes and a basic optimism. Looking to the future, I am confident that you in your portfolios and me in the polls, have seen our lows for the year.

Of course, I realize that not everyone shares this optimism. Just last Sunday, George Meany was on network television to announce that the sky was falling, and I have to admit that some of the economic forecasts of my own advisers have been strong on clouds and weak on silver linings.

But, if I may paraphrase Mark Twain, the reports of the free enterprise system's death have been greatly exaggerated.

Take a second look at these gloomy forecasts. Even the best forecasters sometimes have trouble. Grim statistics tend to assume a life and momentum of their own. So, when the rate of joblessness has gone up 3 percent in the past year, the tendency among forecasters is to look for a further rise, not a turnaround.

Forecasts are only forecasts. They are not divine commandments, carved upon stone. The thing we should concentrate on now is not what someone has forecast, but what we can do to change things for the better. America's economic future does not depend on paper projections. We are in a difficult situation. But if we approach it with practical, tough-minded optimism, we can cope.

An economic illness is like any other illness. Too much medicine or too little medicine can make it worse. The crucial issue is how much treatment to give.

This was what I had to decide in drawing up a comprehensive economic program. Too small a tax cut would not really help the average citizen. Too large a Federal deficit would soak up too much capital and fan the flames of inflation.

(MORE)

A realistic balance had to be struck. The program I have submitted comes as close as possible under present conditions. The \$16 billion tax cut would not just benefit the individuals and businesses receiving it. It would provide an immediate stimulant to the economy. It would pump fresh money into consumer goods and services and, at the business end, into new jobs and greater productivity.

I am hopeful that we can and will have unemployment moving down by the end of this year.

But in stimulating the economy to create more jobs, neither the Congress nor I can afford to remake past errors. We cannot forget the dangers of adopting policies that will surely set off another round of uncontrolled inflation during 1976 and thereafter.

Unemployment is the biggest concern of the 8.2 percent of American workers temporarily out of work. But inflation is the universal enemy of 100 percent of our people.

We must not fight recessionary problems with inflationary cures. I will work with the Congress to avoid this danger and will use my veto, if necessary, to protect the American people from the effects of new federal spending programs, except for energy.

The budget for fiscal 1976 which I proposed to the Congress calls for a \$16 billion reduction in taxes. It includes an expansion of \$36 billion or 11.5 percent in Federal expenditures. It proposes a deficit in excess of \$52 billion. That is a lot of stimulus. And yet I do not believe it is too much under present circumstances.

I believe that a deficit of this size can be financed in fiscal year 1976. I cannot say the same for a much larger deficit which will result if Congress does not support my recommended \$17 billion cutback in previously programmed spending. That is why I pledge to hold the line on old spending and draw the line on new spending. We cannot afford to lose this battle or our economic recovery will end again in another inflation-recession cycle.

The current recession is compounded by the energy crisis. Neither problem can be ignored; each makes solving the other more difficult.

Some would like to forget about the energy challenge and concentrate all attention and resources on our current recession. I only wish we could. But we simply cannot afford to turn our backs on our growing vulnerability to unreliable foreign supplies of energy. We still can avoid a disaster that could wreck not only our own economy, but the economic structure of all industrialized democracies.

Without question, there is a link between economic problems at home and the world energy situation and the complications posed by the international oil cartel -- and most Americans are well aware of this.

It is my hope that a responsible majority of both parties in the Congress will not only recognize the problem, but agree on a solution. We cannot afford any more wasted time.

(MORE)

Last winter's oil embargo brought widespread agreement that a comprehensive energy policy is needed. We have analyzed and debated the options. Delay will only compound the problem.

We must begin now. Unless we do, our domestic oil and gas supplies will continue to dwindle and costly and unsure imports will grow. We must take immediate steps to reduce our consumption of oil and develop new energy supplies.

Unless we do so, our dollar outlay for petroleum will continue to increase dangerously. In 1970, our dollar outlay was \$2.7 billion; last year it rose to \$24 billion; and if no action is taken by 1977, our dollar outlay could increase to \$32 billion.

The United States consumes one-third the world's total energy output. Prompt positive American leadership is essential to any hope for the world emerging from this crisis.

My Administration has offered the first comprehensive solution to our economic and energy problems ever placed before the Congress. If we do not act now, there will be unacceptable costs to the United States, both domestically and internationally.

Admittedly, my energy proposals may be costly and inconvenient -- as will any program to deal with the problem. But the costs of my energy proposals will be largely offset through:

- a 1975 tax reduction of \$16.5 billion to individual taxpayers and \$6 billion to businesses.
- \$2 billion in payments to needy Americans who pay no taxes.
- Payments of \$2 billion to state and local governments to offset higher energy costs.

Each of these measures was carefully thought out; each is part of a master plan -- an interlocking part.

At the same time, by keeping the lid on all new federal spending programs not connected with energy, the federal deficit would be kept to the lowest possible minimum. Not as low as I would like it to be under ideal circumstances -- but as low as we can allow it to be and still meet the Government's mandated obligations while also mobilizing federal resources to turn back the recession.

National recovery also depends on a decisive and purposeful American energy policy:

- Only by cooperative efforts among the major industrial nations, and a constructive dialogue with the oil producers can an equitable oil price be restored.
- Only by new mechanisms of cooperation and mutual support can the industrial democracies safeguard their economies against a new embargo or international financial disruption.

(MORE)

- Only if the United States takes the lead now will our partners have any hope of an ultimate solution, or any incentive to commit themselves to cooperation with us.
- And only with a determined national effort to reduce and end our growing dependence on imported oil can we and our partners recover control over our economic destiny.

In meeting the energy challenge, I seek cooperation -- not confrontation -- with the Congress. But in order for us to work together, the Congress must do more than criticize. And until the Congress does something more, it will be part of the energy problem, not part of the solution.

The intent of governmental action is to provide the most efficient and open system -- to enable the financial community to respond most effectively. But you must help provide the leadership.

America will meet the challenge. Your success will be essential to the renewal of our overall economic system.

A security analyst once told me that the most frequent request made of your profession is: "Don't tell me what to buy -- tell me when." Well, I'd like to give a very personal answer to that question today: I buy America. And I buy it now.

And I thank you.

#