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THE WHITE HOUSE

REMARKS OF THE PRESIDENT
TO THE
MID-AMERICA COMMITTEE FOR
INTERNATIONAL BUSINESS AND GOVERNMENT COOPERATION

THE PALMER HOUSE

9:26 P.M. CDT

Senator Percy, my former colleagues in the House of Representatives, Brooks McCormick, John Swearingen, distinguished guests, ladies and gentlemen:

Let me say at the outset that Betty and I feel very deeply the warmth of your thoughtfulness and reception, and on her behalf, as well as mine, I thank you very, very much.

This has been a very enjoyable and educational evening with the Mid-American Committee. Coming from Washington, it is good to know there is at least one committee that really works. (Laughter)

With all apologies to you, Chuck, (Laughter) we have a little trouble with them -- not Chuck (Laughter). Some of those committees in Washington really are the best places to do nothing that I know. (Laughter)

If it is true that all roads today lead to America, as they once did to Rome, then it is also true that America's roads actually lead everywhere. Time, distance, language and other barriers and other boundaries of the years in the past disappear almost daily, and the facts of life are that they will disappear more rapidly and more readily in the future.

Whether we like it or not, we live in a competitive world of swift communication and dynamic change. This evening, with your indulgence, I would offer you a quieter and perhaps a longer look at America and the world, not a stop and go, short-term view of the United States programs and policies, not the world of immediate answers and instant cures, but some long-term observations on the long-range future of our country.

America's first order of business, at least my first order of business -- and I think it is that of 214 million Americans -- is full economic recovery.

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I know that many of you in your respective businesses have economists, analysts, forecasters and others, as we do in the Federal Government. And it is the information that I get -- and I think it is reasonably reliable -- that tells me that the decline in output and the increase in unemployment, has stopped, and that is good news for America.

No one can say with certainty -- no one can say that everything points precisely in the way that we want it, but there are far, far more signs on the plus side indicating to us that we are on the road to economic recovery.

On the other hand, as we look at the path ahead of us, it is my judgment that we must take all necessary steps to make sure, to make certain, and to make positive that this recovery continues avoiding some of the pitfalls of the past and the problems that have been not well-handled in the years of a few experiences before.

This means to me three things -- if I might be quite categorical. Sustained economic growth -- we must make a maximum effort to curb inflation, and we must provide job opportunities for the maximum number of Americans, particularly all that want the opportunity and the responsibility.

And this means, as I see it, individual economic opportunity and freedom; jobs mean individual dignity. And I can assure you that I will do my utmost to restore that dignity to all American workers.

This is a very delicate time, calling for carefully considered deliberate decisions for carefully constructed long-range economic planning. If we are to have the absolute necessary, sustained growth for this country, we must have that growth with inflation under control. And if we are to avoid new, perhaps worst inflation than ever before, then our recovery policies of today must be based on responsible fiscal restraint.

I was looking at some figures the other day, and a few weeks after I took office the rate of inflation was between 12 and 14 percent per annum, the worst this country had sustained for a long period of time.

Many people felt that we had no capability of answering or meeting that problem, but some decisions were made and some results have been achieved so that for the last five months -- according to the statistics -- instead of 12 to 14 percent inflation we are down to five to six percent.

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That is not satisfactory, and we will not be satisfied with it. But, I think we have made substantial progress and we have done it in a sound and a constructive way.

I must say it hasn't been easy (Laughter), but the American people have been wise and tolerant, and the consequence is that a policy of fiscal restraint and some strength has brought us to a point where we can look ahead with some optimism.

As we look down the road, I think we must be moderate in our economic plans and expectations. It would be foolhardy, in my honest opinion, to allow the economy to start and then stop, and then start again.

We must not permit Government pump priming to break the economic dikes again, as it did in the past. False hopes, as I see it, must not be paraded before the American people -- the promise of a quick fix -- leaving them with empty illusions.

To avoid all that, to the best of our ability, we will continue to steer a firm and steady course in our Government's economic policy. Obviously, I will continue to veto some unnecessary spending by the Congress.

If I might say so parenthetically, I thank those Members of the House and the Senate, both Democrats as well as Republicans, for the support that they have given in some of these very tough, difficult decisions that they had to make in legislation that had a good title.

I give the benefit of the doubt to good intentions, but they were fundamentally unsound economically.

Those that stood with us when the going was tough -- and I thank them who are here, and those who are not in our audience tonight -- at this point let me say, however, too many in the Congress have been playing with fire, attempting on too many occasions to add huge amounts to spendings that would under any circumstances rekindle inflation.

If I might add at this point, in those circumstances the veto is the only Presidential tool that can be used to seek a constructive answer in a compromise with the Congress.

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Too many people have the impression that a veto is a negative action by a President. That is not true at all. The history of a veto over the last 25 years is -- whether it was Mr. Truman, Mr. Eisenhower, Mr. Kennedy, Mr. Johnson, Mr. Nixon or myself -- if a President vetoes a spending bill, eventually the Congress comes back with some moderation, a better put together piece of legislation in language or in dollars.

So, the net result is that a President uses the veto in a constructive way, not in a negative way.

In the shortrun, some of these vetoes may be unpopular, with some at least. In the longrun, I believe they will be seen as the right action to have by the White House. I can assure you tonight, as I have tried on other occasions, to assure the American people that we will not spend them into more headaches and more heartaches for a hollow victory, a short-term period of economic resurgence that might last a year or two if we took the expedient course.

If we look back over the last 25 years of our economic life in this country, you will find we have had too many peaks and valleys. What we really need is sustained growth, and we can have it if we use the right fiscal and monetary policies.

It is my judgment that a President has to look at the longer range. He should not look at tomorrow or the next month. He should aim at a re-establishment of a stable, solid foundation for the years ahead.

Excessive Federal spending has already inflicted a tremendous toll in taxes and economic damage to the public. The roots of the problem, as most of us know, dates back many years. Too many politicians, and some theorists, over the years have advocated massive spending as a cure for just about everything that has ailed us economically in America.

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In the past 15 years alone, enormous, unbelievable Federal deficits were used to finance record-breaking domestic spending, and too many of these expenditures, as we look through the records, have produced short-term benefits for some Americans while inflicting long-term damages on all Americans. And we cannot and will not condone that policy.

Now, many of those programs which sought to help the poor, the elderly, the disadvantaged--these people are now trying to cope with the inflationary crunch of Uncle Sam's spending spree. And this phrase became a trademark of the Congress in the 1960s and beyond. And let me phrase it this way: Legislate first and perfect later.

But, unfortunately, as some in this room know, the law-makers rarely, if ever, got around to perfection.

What happened is that the Federal Government has been living and dispensing the Nation's treasure far beyond its means for far too long, engulfing the economy in the flames of inflation in the process; and I think the American people now realize that benefits cannot be created for some without imposing costs on everybody.

The net result is that moderation and restraints -- and these aren't very exciting words, but they are key words in an economic lexicon. Now some will say they don't blow your mind, but neither will they blow your salary and savings that you worked so hard for all of your life.

It is my judgment that the American people today want to know where they stand, where the country stands, what the facts are, and I believe the American people are tired of siren songs and would appreciate some simple, very straight talk.

I believe there is a magnificence in simple economic truth, because it has been so abused over the years -- it has almost been lost. I believe that much of the discouragement; . much of the disillusionment we have seen in the past several years has been caused by excess in words, in action by some in our society.

I firmly believe that real strength, true courage, is found in life's long-distance runners. And there are many in our Nation who have run their businesses and their careers with a controlled and sometimes painfully agonizing effort, but progress has been steady. These are the qualities of greatness, not the instant fix or the short-term band-aid.

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What are the priorities to achieve our economic goals? You must increase production in our Nation. We must not only restore old jobs but create new ones, and we do this internally as well as internationally.

To accomplish that we must increase the amount of capital in our society. It is an essential ingredient to progress in the future.

Our economic difficulties of the past year mask a very serious weakness in our industrial capacity. Much of our productive machinery is obsolescent and inadequate to meet the demands of a dynamic economy. We run the risk of industrial capacity running out as we meet the demands in the months ahead, particularly if we want to restore the jobs of those Americans that we want gainfully employed -- and we want them all.

As many of you know even better than I, to create a job in private industry today it costs an average of about \$40,000 in our today's market. And I know from all of the advisors I have gotten within and without the Government that American industry faces a great capital short-fall in the present, in the future, and we must do something about it.

In the past decade our industry raised and invested \$1.5 trillion; that is a lot of money. As a matter of fact, it approximates the Nation's total output for one year at the current annual rate.

Looking at the next decade, between now and 1985, our investment needs are stupendous. Estimates given to me show \$4.5 trillion. We know that investment means jobs. To create more jobs, this Administration believes that a number of tax changes and other measures are absolutely necessary to promote investment in capital formation. We must put some muscle into our productivity if the economy is going to make the steady, sure progress we need for full economic recovery.

The President's Labor-Management Committee, of which Arthur Wood is a distinguished member, recommended about a month ago a number of tax changes to speed utility construction, which I have endorsed and this Administration is trying to promote in the House and Senate.

Special action in this industry is needed for two very basic reasons.

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First, adequate energy is essential as a key to economic growth. We must start now to assure sufficient energy to support economic growth for the 1980s.

Second, accelerating construction in this vitally needed industry--one of our largest of capital using industry-- means jobs in the immediate future, and we want meaningful jobs in the private sector in preference to those jobs that are made by Government action. The former are far more important for the well-being of the worker and for our society as a whole.

One of the answers to our increased capital needs is a greater involvement of America's middle income group in savings and investment. I look not only to mid-America for progress, but also to middle-Americans.

There are two other areas in our long-range plan for full economic recovery, and future growth. We must reform the Government's regulatory processes. which threaten to choke the life of our private sector.

If I might, let me make two points. Everybody in Washington who has a reasonably objective view, believes that we have to get the regulatory commissions to do something affirmative in this area. And we took the initiative and we had 24 Members of the House and Senate -- 12 Democrats, 12 Republicans -- down to make sure that the Congress was working with us and we were working with them in trying to get some initiative from the regulatory agencies to do something about their responsibilities.

And then several days ago, I had a meeting with the chairman and all of the commission members of the 15, or thereabouts, regulatory commissions to make sure that they knew that although they are independent, they have a responsibility to the Congress, to the President, but more importantly to the American people, and they better get moving in correcting the time lag, the inefficiencies and the other things that make the American people so unhappy with them. I think we are going to make some headway.

And then I will add this: I made a speech a month or so ago to, I think the Chamber of Commerce or one of the organizations such as the Chamber of Commerce, and I said that Washington was overwhelmed with paperwork.

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And I cited that there were 5,125, as I recollect, forms that were distributed by various agencies of the Federal Government, and this was just too much for society to bear. And that is true. (Laughter) But I also told my staff that a year later there better be less rather than more. (Laughter) There better be about 500 less or we haven't done our job.

But there is another area which I think needs your attention and my attention, and the attention of the Congress, and I speak now about a long-range commitment to energy independence. We have had Government red tape involved in this problem for too long a time. We have had little action and no affirmative results in trying to get the United States to have a meaningful energy program.

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We have had reports. We have had recommendations. I submitted to the Congress early in this year a substantial program for conservation and new sources of energy. Unfortunately, there has been little or no action by the Congress in either conservation on the one hand or new sources on the other.

If we don't do something affirmatively in this area, in the short-range, or in the long haul, this country's vulnerability to outside influences and actions gets worse and worse and worse every single day.

It is obvious that a sound economic recovery in this country demands a firm commitment to energy independence. No long-term economic growth in America can develop without an adequate and secure energy base.

We can no longer count on an abundant domestic oil and gas supply for continued economic growth. Obviously, alternative sources must be developed from coal, the atom, and the new and yet unproven alternatives, such as solar energy.

I happen to believe, however, that the free enterprise system is the best hope for freeing us from dependence on others for our energy in the United States.

For example, I have asked the Congress to approve legislation that would allow private enterprise for the first time to enter the business of enriching uranium and providing the kind of base that is essential and necessary for our nuclear energy in America, as well as for our allies and friends around the world.

In speaking this evening, I have used terms like moderation, restraint, reason, savings, investment, and long-term. They aren't new ideas or new virtues. They are as old as civilization. They are sound, however, and history proves that they are right.

I am convinced they are essential to our full economic recovery in America. I believe that old values are as new as their need. I believe the great scientific discoveries of this century have changed the world, but I also believe that basic principles such as honor, truth and hard work have given it stability.

I believe that the wisdom which mankind has learned over time is imperishable, and we ignore it at our own risk.

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That is why I believe, with no apologies, in so-called old fashioned individual responsibility. Responsibility is the price of independence. It is the cost of freedom, be it economic freedom, political freedom or individual freedom.

We believe in the brotherhood of man because we recognize the worthiness of each individual.

I believe we do well to honor history, to consider carefully our past before deciding our future. America today turns back 200 years to rediscover its birth and its youth. We find that our first citizens were indeed a people of principle and truly remarkable perserverance.

These principles and that perserverance live in our country today.

It is our responsibility, yours and mine, to preserve and to protect the inheritance of the past two centuries and let us, this evening, pledge to be worthy of that inheritance.

Let us, the pioneers of our Nation's third century, carry on these noble ideals and traditions that reflect not only the accomplishments of our past, but the promise of our future.

Thank you very much.

END (AT 9:58 P.M. CDT)