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THE WHITE HOUSE

REMARKS OF THE PRESIDENT
TO THE
MIDWESTERN REPUBLICAN CONFERENCE

THE HYATT REGENCY HOTEL

11:06 A.M. EST

Thank you very, very much, Chuck, Governor Milliken, Governor Bennett, Senator Griffin, Congressman Vander Jagt, other distinguished members of the House of Representatives and the Senate, Mary Louise Smith, our wonderful Chairman, members of the National Committee, delegates to the Midwest Republican Conference, I thank you very, very much for this warm welcome and I congratulate you for this tremendous turnout which is important as we move into 1976.

I remember very vividly the warm welcome that many of you gave me two years ago when, as Vice President, I attended the Midwest Conference in Chicago. at the start of the 1974 campaign. Our party was in very low spirits and some people said our party was dead and gone. The burden of my remarks, as I recall, was that we would come back fighting, if we remembered and remained faithful to the historic mission of the two-party system in America.

The parties exist to mobilize the grass roots participation of citizens to forge party principles from a broad spectrum of opinions and goals, and to recruit, train and support candidates who will carry out and advance those principles in public office at all levels.

Over the past two years we have all given freely of our efforts to accomplish this. Thank goodness, as we start our Bicentennial of independence, the whole world knows the two-party system of free choice is still very much alive in American and we must continue to preserve it.

And very early in this landmark year, the contending principles and the basic issues before the voters are coming through loud and clear. Already emerging is a great national debate, not only between our two great political parties, but within both of them, over the role of Government in the lives of individuals, how much Government can or should do for the people and how best to go about it.

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It is very fitting and it is profoundly encouraging that Americans in 1976 are still so deeply concerned and still as heatedly arguing the basic questions that face the founders of our Republic in 1776.

And these are not philosophical abstractions any more than they were then. The political decisions which the American people will make this year will determine our Nation's future course in the kind of a country our children and our grandchildren will inherit just as surely as the decisions made by the colonial legislatures and the Continental Congress in Philadelphia 200 years ago.

The new realism that I spoke of in my State of the Union Message is not the property of any political party, but the prevailing mood of the American people, the length and breadth of our country.

Realism requires that continuing economic recovery and the creation of more meaningful and rewarding jobs must have our highest priority in 1976 and beyond. Here the issue has already been joined and this is how I see it. Without war-time mobilization, there are two main ways the Federal Government can act to put more people to work. The question is which way should we go?

The Federal Government can create the economic climate and the incentives through changes in its tax policies and other programs which encourage and expedite the creation of productive, permanent and private jobs. This is what I propose to do. Or, the Federal Government can try to create jobs itself. This is what the opposition proposes.

The Congress can vote more money to pay people directly for doing things such as the public works projects of the Great Depression. It can provide funds to State and local units of Government to perform public services, as spokesmen for the other side of the question say we should be doing on a more massive scale. Such programs, of course, add substantially to our Federal deficits with all the evils that flow from that danger.

I am not here to argue the opposition's case, but the main objection I have heard is that my proposals to encourage job creation in private business and industry would take too long to show results; that the economic loss we suffer through unemployment levels justifies much greater Federal spending for Federal job programs.

It is true what I am proposing is not going to get the unemployed back to work overnight, but it will get them back to work with lasting and secure jobs, not dead-end jobs supported by the Government.

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Public service jobs or programs have the ring of an instant solution but they won't solve the problems and may very well inhibit the restoration of a healthy economy. First, the record shows that public service jobs largely displace State and local Government jobs which would have been filled anyway. After a year, less than half of such jobs actually add to the total national employment, and after another one or two years, the net additions to jobs is negligible. The record also shows that these make-work programs take months and years to get started, and once begun, even when they fail or are no longer needed, the programs go on and on and on. Such deadend jobs seldom lead to regular promotion or a meaningful career in the way private employment usually does. Even with the immense growth of governmental levels in recent decades, the fact remains that five out of every six jobs in this country are still in the private sector.

Simple arithmetic tells us this is the place to look for new jobs and more better jobs. This is where the people have been laid off and where they must first go back on the payroll.

I don't need to say that twice here in Michigan where automobile workers and all the other jobs that depend upon them have been especially hard hit. The good news, however, is that the United States automobile industry is turning around, and in the first 20 days of 1976, new car sales were up 37.2 percent over 1975, but even the most sincere proponents of Federal public works and public service job programs don't contend that the cure for unemployment in the American automobile industry is to build Federal factories to make Federal cars. (Laughter)

I doubt that the United States Government could make a Model T for less than \$50,000. (Laughter)

But that is where the argument leads you when you take it to extremes. Common sense, however, avoids extremes or arguments or action. One thing the Government in Washington certainly can do and the Congress should do quickly is open up more jobs through my tax incentive proposal for high unemployment areas. Where unemployment is over 7 percent, employers would be given tax incentives for new plant expansion and equipment. This would create new jobs both in the plants that are built and among those who construct the plants and supply the equipment.

And to make sure of prompt results, expansion and modernization would have to start right away, this year. I know this plan will make better jobs faster than another quick fix public jobs program. The clinching argument for stimulating private jobs rather than making public payroll jobs is that it is already working, not fast enough.

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That is why we need to focus on areas of high unemployment right away. The job creation tax incentives I have recommended at the start of the recession have already helped provide a climate in which total employment has risen by 1 million 300 thousand jobs since last March.

We have already recovered three-fifths of the jobs lost during the recession and people are now being hired faster than they are being laid off. In the meantime, of course, we will continue unemployment insurance to cushion the hardship of those who want work and still can't find it.

We will continuing proven job training and opportunity programs as we work our way out of this recession.

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One cannot promise full employment overnight and I hope nobody does in the coming debate, because it is a cruel illusion. I am determined to stick to the steady course that has brought down the unemployment rate from what it was at the bottom of the recession in March or April of this year without reviving the double-digit inflation that was soaring when I became President.

The rate of inflation that surpassed 12 percent during the year ending December 1974 has been cut almost in half. If my recommendations to the Congress are heeded, we can hold it at 6 percent or less in 1976. This will benefit everybody, especially the needy and those on fixed incomes. But if Congress exceeds my budget and enacts spending programs that increase the deficit and add to inflationary pressures, everybody will lose -- particularly the unemployed and the poor and the senior citizens who depend upon retirement pensions.

Although unemployment remains much too high, we are reducing it. Our economy is growing in real terms at over 6 percent a year and we are reducing substantially the rate of inflation. In addition, the real earnings of those who have jobs now -- over 85.2 million -- are now growing instead of shrinking. Sustaining sound economic growth with increased production and greater competition to lower costs must be our primary long-range goal.

This goal was reflected in my State of the Union message and the \$394.2 billion budget I submitted last week, which looked to achieving a balanced budget by 1979. This would permit another major tax cut if we continue the kind of budgetary restraint that I have recommended to the Congress.

The heart and the soul of my program is to hold down the growth of Federal spending, which has been averaging 10 percent or more each year for the last 10 years. By matching Federal spending cuts with Federal tax cuts, we can return to the people who work hard and pay taxes more of their own money to spend for themselves, and that is what we must do.

This is not merely a matter of reversing recent trends which has clearly led to government taking too much money from the people and borrowing even more, it is also a matter of reviving freedom -- the freedom of each individual and family to make day-to-day decisions affecting their own lives.

I recently saw a survey of the 158 nations in the world which concluded that only the United States and 39 other countries provide their citizens with what we call freedom. But even in the free world freedom can be invisibly threatened by overtaxing and overregulating people to the point where they no longer have the time or the money to do anything except make ends meet.

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These are not philosophical abstractions any more than the tax on tea in Boston was 200 years ago. The people are about as fed up with the petty tyranny of the faceless Federal bureaucrats today as they were with their faraway rulers in London in 1776.

But we should remember that our American revolution was unique in that it did not destroy and root up all the institutions of law and representative government which had been implanted on this side of the Atlantic. Instead, it cherished the great principles of the past and improved upon them. The American experiment has been one of trial and error and improvement for its full 200 years, and it is far from finished.

For more than 40 years we have experimented with the notion that the Federal Government can effectively control the economy, provide everybody not only with their needs but also with their wants, decide what is best for Michigan in the same sweeping law that decides what is best for Mississippi, and regulate people in California by the same regulations as in Connecticut.

We have found that much of this just does not make sense. We have found that individuals and families and neighborhoods and communities and cities and counties and states and regions have more important things in common but also important concerns that are different. They know what they need and what they don't need. They can solve their own problems better providing they have the resources to do it.

The Federal Government can help them in the following ways:

Through Federal revenue sharing, a concept long advanced by our party, which has returned \$23.5 billion of Federal taxes to State and local authorities to spend as they see fit under local citizen control.

Through consolidating scores of complicated, overlapping, wasteful Federal programs into a few broad and flexible grants. With this Federal money, the fifty States and their subdivisions can better handle their obligations in such fields as health, education and welfare. We are all familiar with the food stamp scandals. We all know about the shocking abuses in other welfare programs.

I have asked the Congress for authority to make reforms that will focus necessary Federal help on the needy instead of the greedy.

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I am shaking up and shaking out inefficiency and waste wherever I find it and I will do even more if the Congress will let me.

Waste and inefficiency are not only rampant in Government, too often they are actually promoted by outworn Government policies. We remove the shackles of Federal regulation from the Nation's farmers with astonishing and beneficial results and we are lucky to have Earl Butz as our Secretary of Agriculture.

But we still cling to Federal price regulations on natural gas which discouraged the development of new supplies and distorts the distribution of our dwindling domestic production. We need my long-range proposed deregulation if we really want to stimulate production and make more jobs.

I say to my old friends in the House of Representatives -- some of who are here today -- who keep talking about stimulating production and making more jobs, let's vote for deregulation and do it now before the winter is over.

Every day this over-regulation of an essential energy resource continues, shortages spread to factories and schools across America. Only a warmer than normal winter in most parts of the country has saved a number of States from critical shortages of natural gas, among them Indiana, Iowa, Kansas, Missouri and Ohio, but the short term crisis can still hit us and certainly the long-range problem remains as long as we have this regulation.

The House of Representatives next week has an opportunity, and I think an obligation, to act affirmatively as the Senate did just before the holidays in 1975. So I urge you to contact your Members of the House because the date for action is next week. Convince them, as you can, that they should vote for deregulation and provide an incentive so we can get over the short as well as the long-range problem.

In all of these practical improvements I propose that we steer the same steady course the patriots of 1776 took in their political revolution. They did not renounce the Magna Carta and we are not going to repeal Social Security.

They did not throw off a distant Government to become 13 totally sovereign nations; rather they brought representative Government and rule closer to home; they devised the Federal system that combined the blessings of freedom with the strength of unity. They were realists and men of experience, practical problem solvers as well as political philosophers. We can be everlastingly grateful that they looked forward instead of backward and we should do likewise. In today's developing debate, I am proud to say that our party is the party of change, and the other party, or at least many of its leading spokesmen, the party of the status quo.

In American politics the pendulum has swung back and forth from the first debates of Hamilton and Jefferson, always coming down on the side of the ultimate wisdom of the people. The first President of our party is remembered more for himself than for his wonderful words. Yet among the wisest advice he ever gave to practicing politicians was that you can't fool all of the people all of the time. Lincoln's advice is just as true today. I believe we are heading in the right direction as a nation and I say to you that we must also head in the right direction as a party.

It was particularly encouraging to me to hear the spokesman for the other party agree that we can't go back to the old days, that we must not be afraid of change and that there be no man made problems that we as people cannot solve.

Yes, this year we are the party of change. We have turned our back on those old ways. We have turned away from the discredited idea that the Federal Government can solve every problem just by spending more of your tax money on it. Yes, we know that a government big enough to give us everything we want is a government big enough to take from us everything we have.

We are on the side of individual freedom. We are on the side of common sense and we are going forward to victory in November of 1976.

Thank you.

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(AT 11:32 A.M. EST)