

EMBARGOED FOR RELEASE
UNTIL 6:00 A.M., E. D. T.
APRIL 26, 1976

APRIL 25, 1976

Office of the White House Press Secretary

THE WHITE HOUSE

TEXT OF REMARKS BY THE PRESIDENT
TO BE DELIVERED TO THE 64TH ANNUAL
NATIONAL CHAMBER OF COMMERCE CONVENTION

CONSTITUTION HALL

It was exactly one year ago, less a couple of days, that we last met here in Constitution Hall. There were dire predictions by distinguished labor and political leaders that we were headed pell-mell into a deep depression, that unemployment would soon exceed 10%, and that only massive Federal action could avert calamity.

Not all of us knew it then, but most experts now agree that was the very time we hit the bottom of the worst recession in 40 years. Between last April and May things turned around and began getting better instead of worse. Consider what has happened since our last meeting. The rate of inflation has been cut more than half, and for the last three months has held steady at an annual rate of 2.9%. The personal spendable income of American families increased by 100 billion dollars. Farm income is at an all-time high, and so is production.

The Gross National Product rose during the first quarter of this year at an annual rate of 7.5%, while a year ago it was over 1.4 trillion dollars, today it is estimated at over 1.6 trillion dollars. Total retail sales are up more than 17%, automobile sales are up 70% over a year ago, food sales are up more than 9%, general merchandise is up 13%.

Today, more Americans are gainfully employed than ever before in the 200 years of our national history -- a total of 86,700,000 at latest reckoning. That means 2,600,000 more men and women are working today than when we met a year ago. Unemployment is down from a national rate of nearly 9% in May of 1975 to 7½% -- still much too high, but moving in the right direction.

In short, instead of meeting in the gloomy depths of recession, we are assembled this spring in the full surge of recovery. Rather than wondering how much worse things will get, today we see every sign confirming and reconfirming that a strong and stable prosperity is returning across this great land.

The index of consumer confidence is double what it was a year ago. New factory orders have risen from \$77 to \$90 billion. Individuals and businesses are spending and investing their money with faith instead of fear. There has been an explosive release of pent-up energy in the private economy -- America's future looks brighter day by day. Everything that is supposed to be going up is going up, and everything that is supposed to be going down is going down.

And all this has happened because the American people did not panic, because the great American system of free enterprise is working. It is being allowed to work without massive doses of the wrong medicine prescribed by political quick-fixers for far too many years. It is working even better than I hoped when I put my faith in the vitality of private initiative at the onset of the recession.

You are here as representatives of millions and millions of Americans who believe in private initiative and the free economic system. You are the people who make it work. I thank you and salute you for what you have done in the past 12 months but I am not here to celebrate with you a battle that has been won.

(MORE)

I am here to tell you the battle has only begun. We have just begun to fight for the full recovery and lasting prosperity that can be ours, with benefits ever more widely shared among the American people, only if we continue on the straight and narrow course which we are now following. There are many hazards for the helmsman on that course.

On the one side lies inflation, whose cruel rocks have scuttled many great nations of the past. We have halted the runaway double-digit inflation that prevailed when I became President 21 months ago. There are encouraging signs monthly that we are holding inflationary pressures down. But today we face a tougher test, sustaining the economic recovery that has begun and ensuring steady, stable growth without starting another cycle of inflationary boom that leads inevitably to another recessionary bust.

On the other side loom the dread shoals of unemployment. It never did reach 10%, but the unemployment rate is still severe, especially among younger workers, minorities, and in certain key industries and metropolitan areas. The statistics are improving, but the corrosive effect of joblessness cannot be comprehended by statistics alone. Unemployment affects peoples' pride, their hope, their whole attitude toward the free society and political system whose 200th birthday we celebrate this year.

Clearly, the creation of an economic climate in which every American who wants to work has a good job is -- along with the safety and security of our nation in a dangerous world -- a primary concern of every citizen. Certainly it is mine. But putting America to work is not a job for the President alone. Or for the Congress alone, though sometimes Senators and Congressmen seem to think they can abolish unemployment by passing new laws, such as the dangerously deceptive Humphrey-Hawkins Bill now pending.

This Humphrey-Hawkins bill, for which Congress has budgeted start-up money, is a classic example of the way the misguided majority in recent Congresses reacts. Anything that seems wrong with the economy, the Federal government must rush in and fix, mainly by spending more billions of dollars.

This vast election-year boondoggle would decree that unemployment must be no higher than 3% by the end of four years. Never mind that this recession will be long forgotten by then. If not enough private jobs are available, the Federal government will make work. How much all this would cost, how long such public payroll jobs would continue, what the added inflationary impact would be, really defies rational calculation. Never mind, the law would get the Federal government deeper and deeper into social and economic planning on a national scale unprecedented in all our history.

I am against the Humphrey-Hawkins. Instead I have proposed tax reductions and other tax incentives to create more and better jobs in private enterprise. Some were enacted last year and are obviously working. Others are languishing in the Congress and should be passed promptly to accelerate employment in hard-hit areas. My budget provides funds to support adequate unemployment insurance and proven job training programs until every American who wants work can find it. The difference between my approach and that of the Congress couldn't be more clear-cut, and I am glad to join the issue.

Putting America to work is a challenge for all of us who really believe in the free economic system of private enterprise that has developed over 200 years in the free political environment of this country. Preventing a resurgence of inflation as recovery proceeds and our economy expands is also a challenge for all of us. To succeed demands nothing less than reversal of the political trends of recent decades which have brought continuous growth of Federal spending, higher deficits, more borrowing and an ever-increasing economic role for government at the expense of the private economy.

This is perhaps the decisive issue of our Bicentennial year, and this issue is being very clearly drawn on Capitol Hill even as our economic recovery continues.

(MORE)

The best place to examine this issue now, before it becomes wildly exaggerated in election-year oratory, is in the Federal Budgets for fiscal year 1977, which begins next October 1st, as proposed by the President and by the Congress.

This year for the first time there is not one Federal Budget recommendation but two -- mine as President and the Congressional Budget to be adopted by the House and the Senate. The Senate has set its tentative target figures and the House is scheduled to act this week. Since the two budget committees' recommendations differed only slightly, I will refer to the completed Senate version.

As businessmen and businesswomen, you know something about the budgetary process. You know that a budget is sort of real-world substitute for a crystal ball, a careful compilation of current decisions and best estimates that determines the way we want to go in the future. Using dollar figures, it fixes priorities in every area of public policy. These budgets are far more realistic and revealing than political party platforms ever were. My budget and the budget this Congress is about to adopt set forth in stark contrast the difference between the way I want to go and the way they want to go.

In providing funds for new military weapons and overall national security needs, an area of the Federal budget that Congresses have systematically shortchanged by \$50 billion over the past decade, the preliminary Congressional figures are substantially the same as the record \$114 billion defense budget I recommended in January. For the past three months I've worked on the Congress and I'm glad they are getting the word.

The American people want the finest Army, Navy, Air Force and Marine Corps money can buy and they don't want our unsurpassed power for peace to become a political football this year. I am encouraged by the Congress' reflection of this concern. But there are plenty of other differences between Congress' budget and mine. They want to spend \$413 billion next year. I propose \$396 billion, saving \$17 billion in unneeded Federal expenditures. Also, their budget authorizes over the long-term \$455 billion in new spending. Mine would hold this commitment to \$433 billion, saving \$22 billion.

Congress hopes to increase fiscal 1977 revenues by \$2 billion, but won't say how. I want to cut Federal income taxes on July 1 by another \$10 billion.

Congress wants to increase the fiscal 1977 deficit by \$7.2 billion over my budget figure, bringing the national debt to a total of \$726 billion, 511 million dollars. My budget would cut the rate of growth in Federal spending in half, looking toward a balanced budget in fiscal 1979. Simply stated, the budget proposed by Congress is another blueprint for more Federal spending, bigger Federal programs, higher taxes and going deeper in debt. My budget is a balanced plan to cut in half the growth of Federal spending, which has run about \$50 billion annually in recent years, to further reduce taxes, and to start reducing the role of the Federal government in everybody's affairs.

If my plan is followed, we can have a balanced Federal budget and further tax reductions by fiscal 1979. If Congress has its way, there is every reason to expect that our present recovery will be followed by a new round of inflation and then another recession, with higher unemployment in the same old roller-coaster pattern of the postwar years.

Last October, I warned all Americans that we were at a crossroads in our history; that we must decide whether to continue on the path toward bigger government, higher taxes and higher inflation; or choose a new direction, halting the growth of government, restoring prosperity, and allowing individuals a greater voice in their own future. My State of the Union and Budget messages in January provided the details of the new direction I propose.

Now, in its new Budget process, the Congress has also come to the crossroads. And it has deliberately decided to stick to the old road -- a road that leads to ruin.

(MORE)

I supported the idea of a Congressional budget process in the Congress and I welcome it as President. This year each member of the House and Senate, and all committees, are compelled to consider the Federal budget as a whole, and to apportion expenditures in some relation to expected revenues and tolerable deficits. This is the way Presidents -- and taxpayers -- have always had to consider their budgets.

The new law that requires the Congress to impose fiscal limits on itself while it is authorizing and appropriating money certainly should produce a greater measure of responsibility than the time-honored rule of tax and tax, spend and spend, elect and elect. At least I hope it will.

But it does not, and should not, do away with the basic differences of economic principle that exist and must be resolved by our political process. As it turns out, the dual Executive and Legislative branch budgets sharpen those fundamental differences and make them mathematically inescapable.

I welcome the contrasting approaches so clearly revealed in the two budget proposals -- Congresses' and mine. The upcoming battle of the budgets is a crucial showdown and with the support of the American people I mean to fight it out if it takes all summer -- and more and more vetoes.

So far I have vetoed 48 bills sent me by this Congress and 39 of my vetoes have been sustained, saving the American taxpayers some \$13 billion. And there are plenty more vetoes where those came from.

But more important, my position is plain and my budget proposals are precise: the way to sustain economic growth is to encourage our free private economy to expand, to modernize and to produce more goods at lower prices; the way to create more jobs and reach full employment is through the private enterprises where 5 out of 6 jobs are found; real, rewarding, permanent jobs with a purpose and a future.

Furthermore, the position of the majority in the Congress is plain and their budget priorities are precise. They believe that more direct Federal intervention in our economic recovery is required to keep it going. They believe higher Federal spending on a host of social programs will stimulate a more rapid recovery and that the government should provide jobs for everybody if private employers don't do so fast enough.

Somehow the Congressional majority still believes, if their budget can be our guide, that continued massive Federal deficits and borrowings need not be inflationary. Perhaps, now that the cost of living has stopped skyrocketing, what they are really telling us is that just a little more inflation is good for you. Well, they are wrong. These economic theories have been wrong for years, they are wrong now, and we are about to prove how wrong they are. Every economic indicator says we are on the right course.

I don't intend to be sidetracked now. But we Americans are practical people. We are interested in results. The American people won't conclude that Congress is wrong in its economic approach just because I say it is, or you say it is. They want more and better jobs with paychecks that are worth as much next week as they were last week.

Two hundred and fifteen million Americans want unemployment to come down and inflation to stay down. Congress says the answer is another quick-fix like the Humphrey-Hawkins approach. You and I know that won't work. I'll do my part, but the answer is up to you. I call upon you and millions like you who believe in the free private enterprise system to go home and put America back to work. I call upon you and millions of other Americans to demand that Congress help control inflation by cutting Federal spending and returning more tax dollars to the people who earned them.

I challenge the businessmen and businesswomen of America, and all the productive people of this great country, to roll up your sleeves and show the world that our great free enterprise system is still hale and hearty in this Bicentennial year. If we fail now, we may never get another chance.