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BUSINESS COUNCIL

DECEMBER 11, 1974

I APPRECIATE THIS OPPORTUNITY TO MEET WITH YOU,
AS LEADERS OF COMMERCE AND INDUSTRY, TO DISCUSS SOME OF
THE SERIOUS ECONOMIC PROBLEMS WE ALL FACE.

THE MUTUALITY OF OUR PROBLEMS WAS NEVER MORE CLEARLY STATED THAN WHEN I WAS INTRODUCED AT A BUSINESS CONFERENCE RECENTLY. THE MODERATOR SAID, "THE GREATNESS OF AMERICA IS THAT ANYONE CAN GROW UP TO BE PRESIDENT OF AN AUTO COMPANY; PRESIDENT OF AN AIRLINE, PRESIDENT OF A UTILITY, OR PRESIDENT OF THE UNITED STATES." THEN HE TOOK A LONG PAUSE AND ADDED, "THAT'S JUST ONE OF THE CHANCES THEY HAVE TO TAKE!"

FOUR MONTHS AGO, IN MY FIRST WORDS AS PRESIDENT,
I PROMISED MY FELLOW-CITIZENS FROM TIME TO TIME "A LITTLE
STRAIGHT TALK AMONG FRIENDS."

I HOPE I AM AMONG FRIENDS TONIGHT -- BECAUSE WE ARE
ALL IN THE SAME BUSINESS, TRYING TO KEEP THIS COUNTRY
POLITICALLY AND ECONOMICALLY ~~STABLE~~ AND STRONG, AND TO
BRING ABOUT BETTER LIVES FOR MORE AND MORE PEOPLE THROUGH THE
GENIUS OF OUR AMERICAN SYSTEM.

BUSINESSMEN ARE NOT THE ONLY AMERICANS WORKING
TOWARD THESE GOALS BUT IT IS CERTAIN THEY CANNOT BE
REACHED WITHOUT YOU. .

NOW FOR THE STRAIGHT TALK.

THE ECONOMY IS IN DIFFICULT STRAITS. WE ARE
IN A RECESSION. PRODUCTION IS DECLINING AND UNEMPLOYMENT
IS RISING.

WE ARE ALSO FACED WITH CONTINUED HIGH RATES OF
INFLATION GREATER THAN CAN BE TOLERATED OVER AN EXTENDED
PERIOD OF TIME. THERE IS SOME GOOD ECONOMIC NEWS,
BUT MUCH OF IT IS BAD.

NEVERTHELESS, OUR COUNTRY IS NOT IN AN ECONOMIC
CRISIS.

A CRISIS -- IN THE SENSE OF A NATIONAL CRISIS --

IS SOMETHING THAT DEMANDS IMMEDIATE AND DRASTIC ACTION.

A NATIONAL PROBLEM IS SOMETHING THAT DEMANDS WIDESPREAD

UNDERSTANDING AND CAREFULLY DELIBERATED SOLUTIONS --

CURES THAT ARE NOT WORSE THAN THE DISEASE.

IN MY TWENTY-FIVE YEARS IN THIS CAPITAL, OUR ECONOMY
HAS GONE THROUGH AT LEAST FIVE RECESSIONS. AND WE HAVE
RECOVERED FROM EVERY ONE OF THEM. WE WILL RECOVER FROM
THIS ONE ALSO. THE QUESTION IS NOT ONLY WHEN BUT HOW.
YOUR QUESTION TO ME AS PRESIDENT IS WHAT AM I DOING ABOUT IT.

I CANNOT AND WILL NOT PROMISE YOU A SUDDEN CHANGE
FOR THE BETTER. THERE IS NO PROSPECT THAT I CAN DISCERN
FOR INSTANTANEOUS IMPROVEMENT IN THE ECONOMY. WITHOUT
ENUMERATING THEM, YOU AND I KNOW THAT TODAY'S DIFFICULTIES
STEM FROM POLICIES AND DEVELOPMENTS OF PAST YEARS. THE
EFFECT OF POLICIES ADOPTED TODAY WOULD NOT BE FELT FOR MONTHS TO
COME.

LONG-TERM SUCCESS IS NOT ASSURED BY SHORT-TERM

PANACEAS. THERE APPEARS TO BE A TENDENCY THESE DAYS TO

FOCUS ONLY ON THE IMMEDIATE EFFECTS OF ANY PROPOSED ECONOMIC

REMEDY AND NOT TO EXAMINE ITS LONG-TERM EFFECTS. I DO NOT

BUY THAT.

NOR DO I BELIEVE THAT CONFIDENCE IN THE AMERICAN ECONOMY CAN BE RESTORED WITH RHETORIC -- MINE OR THAT OF OTHER POLITICAL PLAYERS OR SIDELINE SITTERS. I DO NOT BELIEVE IT CAN BE RESTORED BY FEDERAL GOVERNMENT ACTIVITY ALONE. I DO BELIEVE IT CAN BE RESTORED BY THE EFFECTIVE TEAMWORK AND ENLIGHTENED SELF-INTEREST OF ALL THE ELEMENTS OF OUR AMERICAN FREE ENTERPRISE ECONOMY AND OUR REPRESENTATIVE FREE POLITICAL SYSTEM.

NOT JUST THE PRESIDENT, NOT JUST THE CONGRESS,
NOT JUST BUSINESS OR LABOR OR CONSUMER, BUT ALL OF US
MUST ACT TO RENEW AND INVIGORATE OUR ECONOMY AND EVERYBODY'S
FAITH IN IT. HOPEFULLY, WE WILL DO MOSTLY RIGHT THINGS
AND ONLY A FEW WRONG THINGS, BECAUSE JUST DOING SOMETHING --
HOWEVER IT MIGHT PERK UP THE POLITICAL OPINION POLLS --
COULD BE THE WORST COURSE OF ALL.

MEN SURVIVE BY INSTINCT BUT MAKE PROGRESS BY INTELLIGENCE. PERHAPS WE COULD SURVIVE BY MERELY FOLLOWING OUR INSTINCTS NOW: AN IMMEDIATE RETURN TO WAGE AND PRICE CONTROLS, AS SOME DEMAND....IMMEDIATE AND MANDATORY GASOLINE RATIONING, AS OTHERS ADVOCATE....THE ENACTMENT OF OTHER COMPULSORY PROGRAMS THAT TREAT THE SYMPTOMS BUT RETARD THE CURE.

I BELIEVE INSTINCTS MUST BE OVERRULED BY
INTELLIGENCE AND POLITICS MUST YIELD TO PRINCIPLES IF WE
ARE TO MAKE REASONABLE ECONOMIC PROGRESS THAT CAN BE
SUSTAINED. AND THAT IS WHAT I INTEND TO DO.

TODAY, I MET WITH THE BIPARTISAN LEADERS OF THE HOUSE AND THE SENATE AT THE WHITE HOUSE. THE CAMPAIGN IS OVER, THE VOTERS HAVE SPOKEN, AND THE PRESENT CONGRESS IS ABOUT TO ADJOURN. THERE WAS A SPIRIT OF CONCERN FOR THE COUNTRY IN THAT REPRESENTATIVE ROOMFUL OF RESPONSIBLE DEMOCRATS AND RESPONSIBLE REPUBLICANS WHICH I WISH I HAD THE ELOQUENCE TO DESCRIBE.

REALLY, YOU WOULD NOT BELIEVE HOW WELL WE ALL GET
ALONG SOMETIMES WHEN THE DOORS ARE CLOSED.

SO I ASKED MY FORMER COLLEAGUES -- AND I THINK MOST
OF THEM SINCERELY AGREED -- IF WE COULD NOT HAVE A SORT OF
INFORMAL MORATORIUM ON PARTISAN ECONOMICS AT LEAST UNTIL THE
NEW CONGRESS CONVENES IN JANUARY. COULD NOT WE SORT OF
BITE OUR TONGUES WHEN TEMPTED TO SAY THINGS THAT MIGHT FURTHER
WEAKEN CONFIDENCE IN THE ECONOMY AND COMPOUND THE CONFUSION
IN MANY AMERICAN'S MINDS ABOUT THEIR FUTURE?

FOR A START, LET ME SAY THIS TO YOU: DO NOT BELIEVE
I HAVE MADE ANY ECONOMIC DECISIONS UNLESS YOU HEAR IT FROM
ME. I INTEND TO KEEP MY EXPERTS WORKING OVER THE HOLIDAYS
TRANSLATING INTO SPECIFICS A NUMBER OF NEW OR ALTERNATIVE
MEASURES TO AUGMENT AND UPDATE THE ECONOMIC PACKAGE I
PLACED BEFORE THE CONGRESS TWO MONTHS AGO. WE WILL MEET THE
CHANGING PRIORITIES OF PRESENT AND FUTURE REALITIES.

I WILL HAVE MY NEW PROPOSALS ON THE DESKS OF THE
NEW MEMBERS OF CONGRESS WHEN THEY CONVENE IN MID-JANUARY,
IF NOT SOONER. IN THE FEW DAYS LEFT OF THIS CONGRESSIONAL
SESSION, I ASSURED THE LEADERS THAT I WOULD COMMUNICATE,
CONCILIATE, COMPROMISE AND COOPERATE TO THE OUTER LIMITS OF
MY FUNDAMENTAL PRINCIPLES IN ORDER TO ENSURE PROMPT
ENACTMENT OF THE MOST URGENT ECONOMIC MEASURES.

AMONG THESE ARE THE LONG-DELAYED TRADE REFORM ACT

AS WELL AS LEGISLATION TO MAKE SURE THAT UNEMPLOYED WORKERS

RECEIVE TEMPORARY ASSISTANCE, INCLUDING PUBLIC SERVICE JOBS

AND EXTENDED UNEMPLOYMENT COMPENSATION TO PROTECT THEIR

BUYING POWER. IF THESE MEASURES REASONABLY APPROXIMATE

THE CRITERIA I SET TWO MONTHS AGO, I WILL SUPPORT ADEQUATE

DOLLAR AMOUNTS NOW INDICATED BY WORSENING EMPLOYMENT STATISTICS,

ESPECIALLY IN SOME INDUSTRIES.

TOMORROW, I INTEND TO MEET WITH LEADERS OF THE
AUTOMOBILE INDUSTRY, ROY CHAPIN (CHAFE-EN) OF AMERICAN
MOTORS, LEE IACOCCA (AYE-AH-KOKA) OF FORD, THOMAS MURPHY
OF GENERAL MOTORS, LYNN TOWNSEND OF CHRYSLER AND LEONARD
WOODSTOCK OF THE U.A.W. THIS WILL BE A FACE-TO-FACE
DISCUSSION OF THE INDUSTRY'S SPECIAL PROBLEMS. MY DOOR
HAS BEEN OPEN AND REMAINS OPEN TO RESPONSIBLE SPOKESMEN
OF ANY SEGMENT OF OUR ECONOMY WHICH HAS BEEN UNDULY DAMAGED
BY OUR ECONOMIC DIFFICULTIES.

I WILL CONTINUE TO PRESS FOR LEGISLATION AND
REGULATORY POLICIES PROVIDING INCREASED INCENTIVES AND
ASSISTANCE FOR INDUSTRIAL MODERNIZATION, REPLACEMENT AND
EXPANSION TO ASSURE A SOUND INDUSTRIAL BASE NOW AND FOR FUTURE
GENERATIONS, [AND IMMEDIATELY,] SO THAT NEW JOBS WILL BE
CREATED. INCREASED PRODUCTIVITY LIES AT THE HEART OF THE
FREE ENTERPRISE SYSTEM WHICH MADE AMERICA WHAT IT IS TODAY /
AND I HAVE BEEN A FIRM BELIEVER IN IT ALL MY ADULT LIFE.

I AM NOT GOING TO CHANGE THAT CONVICTION AS PRESIDENT OF THE UNITED STATES.

IN SHORT, I AM SAYING THAT INSOFAR AS I CAN PREVENT IT, THE FUNDAMENTAL RULES OF THE ECONOMIC GAME ARE NOT GOING TO BE CHANGED EVERY OTHER MONTH OR EVERY OTHER YEAR EITHER IN THE SHORT OR LONG HAUL. BUT I AM ALSO SAYING THAT INSOFAR AS I CAN ACHIEVE IT, THE PROGRAMS AND POLICIES OF THE FEDERAL GOVERNMENT WILL BE RESPONSIVE TO CHANGED CIRCUMSTANCES AND OUR BEST AVAILABLE ECONOMIC FORECASTS.

SOME FACTORS -- ESPECIALLY FUEL AND FOOD PRODUCTION --
CONTRIBUTE FORMIDABLY, AS YOU WELL KNOW, TO OUR CURRENT ECONOMIC
PROBLEMS. AND WHEN I FLY TO MEET THE PRESIDENT OF FRANCE THIS
WEEKEND, I WILL BY NO MEANS BE NEGLECTING OUR DOMESTIC
DIFFICULTIES IF I IMPROVE THE CLIMATE OF COOPERATION AMONG THE FUEL-
CONSUMING INDUSTRIAL NATIONS BY A COMMON EFFORT TO INSURE
ADEQUATE FOOD AND FUEL SUPPLIES AT ACCEPTABLE PRICES.

JUST AS ALL OF YOUR BUSINESSES DEPEND UPON ENOUGH ENERGY,
THEY ALSO DEPEND UPON ENOUGH CUSTOMERS. CUSTOMERS IS A LOVELY
WORD TO YOU AND CONSUMERS SOUNDS LIKE AN ORGANIZED PRESSURE
GROUP. THE FACT IS THEY ARE INTERCHANGEABLE. AND CONSUMERS
IN AMERICA ARE AS CONCERNED ABOUT THE ECONOMY AS EMPLOYEES AND
STOCKHOLDERS -- IN FACT, THEY ARE ONE AND THE SAME PEOPLE.

THIS ADMINISTRATION IS PLEDGED TO PROTECT CONSUMER
BUYING POWER -- OR CUSTOMER PURCHASING POWER -- AS AN ESSENTIAL
ELEMENT OF SUSTAINING AND STRENGTHENING THE FREE ENTERPRISE SYSTEM.
THIS IS WHERE THE VOLUNTARY PART OF MY ECONOMIC PROGRAM COMES
IN -- PRIMARILY IN EACH INDIVIDUAL'S PURPOSEFUL DETERMINATION TO
REDUCE CONSPICUOUS WASTE AND SPEND WISELY.

THE WIN CAMPAIGN, A VOLUNTEER, NON-PARTISAN CITIZENS' EFFORT IS AS YET AN UNEXPLOITED SUCCESS. IT HAS MY FULL SUPPORT AND DESERVES YOURS.

I CAN TELL YOU THIS: I HAVE RECEIVED MORE THAN TWO HUNDRED THOUSAND PIECES OF MAIL IN SUPPORT OF THE WIN PROGRAM, BY FAR THE LARGEST AMOUNT OF FAVORABLE PUBLIC RESPONSE TO ANYTHING I HAVE DONE SINCE TAKING OFFICE.

PERSONALLY, I DON'T CARE WHETHER WIN SPELLS WHIP

INFLATION NOW OR WORK IS NEEDED -- AMERICA NEEDS THE WINNING SPIRIT

TO SURMOUNT ITS PRESENT ECONOMIC DIFFICULTIES, WHATEVER THE

CHALLENGE, AMERICANS LIKE TO WIN.

IF THERE ARE ANY AMONG YOU WHO WANT ME TO TAKE A

180-DEGREE TURN FROM INFLATION FIGHTING TO RECESSIONARY PUMP-PRIMING,

THEY WILL BE DISAPPOINTED.

THE FACT OF THE MATTER IS THAT I AM DEEPLY CONCERNED ABOUT

ALL THREE DOMESTIC DEVILS -- INFLATION, RECESSION AND ENERGY.

THEY ARE ALL PART OF THE SAME ECONOMIC TORMENT THAT NOW AFFLICTS

EVERY INDUSTRIAL NATION. I WILL CONTINUE TO TREAT THIS GENERAL

ECONOMIC AILMENT WITH A BALANCED PROGRAM. WE HAVE NOT,

SHOULD NOT AND WILL NOT CONCENTRATE EXCLUSIVELY ON ANY SINGLE

ASPECT OF OUR COMPLEX ECONOMY. WE ARE CONCENTRATING ON THE

TOTAL PICTURE.

HERETOFORE, I HAVE EMPHASIZED THE DISTORTIONS OF INFLATION BECAUSE PRICE INCREASES MUST BE BLUNTED BEFORE WE CAN REALISTICALLY EXPECT TO RESTORE EMPLOYMENT GAINS AND CAPITAL INVESTMENT.

THERE ARE NOW EARLY SIGNALS THAT PRICE PRESSURES ARE BEGINNING TO LOSE. I EXPECT INFLATION WILL MOVE STEADILY DOWN FROM THE INTOLERABLE DOUBLE-DIGIT LEVEL.

CONDITIONS ARE CHANGING RAPIDLY. ONLY BY ACTING IN
A RESPONSIBLE MANNER CAN WE STRENGTHEN CONFIDENCE AND MOVE TOWARD
RECOVERY WITHOUT DESTROYING THE ACCUMULATED ANTI-INFLATION
PRESSURES THAT ARE JUST NOW BEGINNING TO WORK.

I KNOW THAT THE BUSINESS COUNCIL CAN RISE TO THIS
CHALLENGE AND I WILL TELL YOU WHY. I REMEMBER YOUR HISTORY.
YOU AND YOUR PREDECESSORS WERE A KEY FACTOR IN HELPING THE
GOVERNMENT MOBILIZE THE ECONOMY FOR WORLD WAR TWO. AND WHAT
AN INCREDIBLE RECORD YOU WROTE -- IN TOP MANAGERIAL POSTS IN
GOVERNMENT, IN INDUSTRY AND IN THE WAR ITSELF.

GENTLEMEN, YOU NEED TO MOBILIZE AGAIN. THIS

ADMINISTRATION WILL DO ITS PART. I WILL DO MY PART.

THE COUNTRY NEEDS YOUR FULL COOPERATION AND SUPPORT.

WHAT IS NEEDED IS TO UNITE OUR ENTIRE AMERICAN

LEADERSHIP IN THIS EFFORT -- NOT TO DIVIDE OURSELVES WITH

SELF-DEFEATING PESSIMISM.

news columnist

AS A MOST PERCEPTIVE WASHINGTON VETERAN, RECENTLY

WROTE IN A COLUMN HEADED: "THE CALAMITY HOWLERS":

"NOW THE SITUATION IS AWKWARD, AND IN THE AUTOMOBILE TOWNS IT IS ALARMING, BUT THE CALAMITY HOWLERS ARE ADDING TO THE DEPRESSION PSYCHOLOGY AND MAKING THINGS EVEN WORSE THAN THEY NEED TO BE.

"FOR EXAMPLE, MANY COMPANIES NOW SEEM TO BE HOLDING BACK ON ESSENTIAL PURCHASES FOR FEAR OF WHAT MIGHT HAPPEN IN 1975, AND THERE IS UPWARD PRESSURE ON BOTH PRICES AND WAGES IN THE BELIEF THAT PRESIDENT FORD WILL FINALLY BE FORCED TO ADOPT WAGE AND PRICE CONTROLS. IN SHORT, MANY PEOPLE ARE BEGINNING TO ACT ON THEIR FEARS, WHICH ARE WORSE THAN THE FACTS.

"WASHINGTON IS A LITTLE JITTERY TOO. BECAUSE
EVERYBODY WHO HAS A PAIN SOONER OR LATER COMES HERE TO COMPLAIN
ABOUT IT, THE CAPITAL HAS A TENDENCY TO THINK EVERYBODY HAS A
PAIN

"SO THINGS ARE A LITTLE MIXED UP AND EVERYBODY IS
LOOKING FOR PAINLESS SOLUTIONS AND HOPING TO GET BACK TO WHERE
WE WERE BEFORE, WITH CHEAP GAS AND 96 FANCY NEW MODELS TO CHOOSE
FROM. BUT IT'S NOT ON, FOLKS. THAT WORLD IS GONE.
WE'RE GOING TO HAVE TO MAKE DO AND MEND FOR A WHILE, BUT THIS IS
A VERY STRONG COUNTRY AND IT WILL GET ALONG IF WE DON'T TALK
OURSELVES INTO A MESS."

THAT IS THE END OF THE QUOTE.

AS MR. RESTON RIGHTLY CONCLUDED, THIS IS A VERY
STRONG COUNTRY. IT STARTED WEAK AND DISUNITED, BUT TWO
CENTURIES LATER OUR FREE ECONOMIC SYSTEM AND OUR FREE POLITICAL
SYSTEM ARE BOTH THE STRONGEST AND THE MOST ENDURING IN THE WORLD.
AS LONG AS I AM PRESIDENT, I PROPOSE TO KEEP THEM THAT WAY.

THANK YOU.

END OF TEXT