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BUDGET BRIEFING REMARKS

SATURDAY, FEBRUARY 1, 1975

I WAS REMINDED BEFORE COMING HERE THIS MORNING THAT I WAS FOLLOWING IN THE FOOTSTEPS OF ANOTHER PRESIDENT BY COMING HERE PERSONALLY -- FACE TO FACE -- TO PRESENT MY BUDGET PROPOSALS FOR FISCAL YEAR 1976. THE PRESIDENT WAS HARRY TRUMAN AND THE LAST SUCH OCCASION WAS ON JANUARY 19, 1952, WHEN HE MET WITH THE PRESS TO DISCUSS THE BUDGET FOR THE FISCAL YEAR 1953. A BUDGET, I MIGHT ADD, THAT HAD JUMPED TO EIGHTY-FIVE BILLION DOLLARS -- DESCRIBED AT THAT TIME AS ASTRONOMICAL.

IN THE DISCUSSION, PRESIDENT TRUMAN SAID, "THIS
BUDGET HAS BEEN THE BIGGEST HEADACHE I HAVE EVER HAD!"
WELL, AS I LOOK AT THE FEDERAL BUDGET FOR THE FISCAL YEAR 1976,
I CAN ONLY SAY, "HARRY, I HOPE YOU LEFT SOME ASPIRIN FOR ME."

LET ME BEGIN BY SAYING THAT THE PRESIDENT'S ANNUAL BUDGET IS A CAREFULLY CONSIDERED AND INTEGRATED SET OF POLICIES, PROGRAMS AND PRIORITIES THAT A PRESIDENT RECOMMENDS TO THE PEOPLE AND THE CONGRESS TO SET OUR NATIONAL COURSE INTO THE FUTURE. THUS, THE BUDGET IS ONE OF THE PRESIDENT'S MAJOR POLICY PRONOUNCEMENTS EACH YEAR.

I WANT TO TALK TO YOU ABOUT THE KEY FEATURES OF THE BUDGET FOR FISCAL YEAR 1976 WHICH I WILL SUBMIT TO THE CONGRESS NEXT MONDAY.

IT IS A BIG BUDGET, CALLING FOR EXPENDITURES OF
THREE HUNDRED FORTY-NINE BILLION DOLLARS -- ALMOST A
BILLION DOLLARS A DAY -- DURING THE YEAR STARTING NEXT
JULY ONE. IT WILL RESULT IN A LARGE DEFICIT FOR THE
YEAR -- FIFTY-TWO BILLION DOLLARS. AND THIS DEFICIT,
LARGE AS IT IS, WOULD INCREASE BY ANOTHER SEVENTEEN BILLION
DOLLARS -- TO NEARLY SEVENTY BILLION DOLLARS -- IF THE
CONGRESS DOES NOT AGREE TO ALL THE REDUCTIONS I HAVE
REQUESTED IN THIS BUDGET. IT IS ESSENTIAL THAT THE
CONGRESS BE FULLY MINDFUL OF THAT FACT.

I DO NOT LIKE TO SEE DEFICITS OF THIS SIZE NOR ANY
FOR THAT MATTER. I KNOW MOST AMERICANS AGREE.
AND I AM RESOLVED TO TAKE THOSE STEPS THAT WILL MAKE SUCH
DEFICITS UNNECESSARY IN THE FUTURE. THAT REQUIRES --
MOST OF ALL -- THE RESTORATION OF A VIGOROUS ECONOMY
IN THIS COUNTRY.

BUT WE MUST BE REALISTIC: WE MUST RECOGNIZE THAT,
IN TIMES LIKE THESE, IT IS GOOD NATIONAL POLICY BOTH TO PROVIDE
FINANCIAL SUPPORT TO THOSE UNEMPLOYED AND TO INTRODUCE A
MEASURED AMOUNT OF ADDITIONAL STIMULUS INTO THE PRIVATE
ECONOMY BY A TAX REDUCTION. MY BUDGET -- AS AN INTEGRAL
PART OF THE TOTAL ECONOMIC RECOVERY AND ENERGY INDEPENDENCE
PLAN I HAVE PROPOSED TO THE CONGRESS -- DOES JUST THAT.

OVERCOMING THE RECESSION IS, HOWEVER, NOT THE ONLY GOAL OF MY BUDGET. IT IS EQUALLY ESSENTIAL THAT WE NOT REKINDLE THE FIRES OF INFLATION.

I HAVE CAREFULLY GONE OVER THE PROGRAMS PROPOSED BY THE EXECUTIVE DEPARTMENTS FOR INCLUSION IN THE BUDGET. I HAVE CONCLUDED THAT, FOR THIS YEAR AT LEAST, IT WOULD BE IMPRUDENT TO INITIATE ANY NEW SPENDING PROGRAMS -- EXCEPT IN ENERGY. NONE IS PROPOSED.

FURTHER, IT HAS BEEN A POPULAR NOTION TO CONSIDER
SOME GOVERNMENT EXPENDITURES UNCONTROLLABLE. THAT IS,
THEY WOULD GO ON AND ON WHETHER WE LIKE IT OR NOT.

I REJECT THAT VIEW. THEY ARE CONTROLLABLE IF THE CONGRESS
AND THE PRESIDENT DO SOMETHING ABOUT THEM. MY BUDGET
PROPOSES SIGNIFICANT REDUCTIONS IN A NUMBER OF PROGRAMS

UP TO NOW CONSIDERED UNCONTROLLABLE.

TOGETHER, THE REDUCTION^S I AM PROPOSING AMOUNT
TO SEVENTEEN BILLION DOLLARS FOR FISCAL YEAR 1976.
I URGE THE CONGRESS TO JOIN ME -- TO WORK WITH ME --
SO THAT WE CAN BRING SPENDING UNDER CONTROL. FOR
WHILE THE ONE-TIME TAX REDUCTION I HAVE PROPOSED WILL AID
THE ECONOMY IN OVERCOMING THE PRESENT RECESSION, THE
MORE PERMANENT PROGRAM EXPENDITURE REDUCTIONS ARE NECESSARY
IF WE ARE NOT TO EMBARK ON A COURSE OF FUTURE SPENDING
THAT WILL BE HIGHLY INFLATIONARY.

ASIDE FROM THE EFFECTS OF MY PROPOSED TAX REDUCTION,
THE DEFICITS ANTICIPATED FOR BOTH 1975 AND 1976 ARE LARGELY
THE RESULT OF ASPECTS OF THE BUDGET AND TAX SYSTEM THAT
RESPOND AUTOMATICALLY TO CHANGES IN THE ECONOMY. THAT IS,
IN THE CASE OF AN ECONOMIC DOWNTURN, FEDERAL TAX COLLECTIONS
SLOW DOWN AS INCOMES AND PROFITS SLIDE, AND UNEMPLOYMENT
BENEFITS RISE SHARPLY. THESE FACTORS CUSHION THE ECONOMY
BUT THEY ALSO COST MONEY.

SPECIFICALLY, AID TO THE UNEMPLOYED -- INCLUDING
THE SPECIAL MEASURES I PROPOSED AND WERE ENACTED --
WILL BE TWELVE POINT SEVEN BILLION DOLLARS LARGER IN 1976
THAN IN 1974. THIS WILL PROVIDE INCOME SUPPORT FOR
MORE THAN FOURTEEN AND-A-HALF MILLION BENEFICIARIES AND
THEIR FAMILIES. FEDERAL RECEIPTS FOR 1976 WOULD BE
MORE THAN FORTY BILLION DOLLARS HIGHER IF THE ECONOMY
WERE OPERATING NORMALLY. THESE FACTORS -- APART
FROM ANY OTHER CONSIDERATIONS -- MORE THAN ACCOUNT FOR
THE DEFICIT EXPECTED IN 1976.

OR, IN SHORT, IF THE ECONOMY WERE OPERATING
AT THE RATE OF ONLY A YEAR AGO, I WOULD NOT BE FORECASTING
SUCH A LARGE DIFFERENCE BETWEEN REVENUES AND EXPENDITURES;
IN FACT, WE WOULD HAVE BALANCED BUDGETS BOTH THIS YEAR
AND NEXT.

GOVERNMENT EXPENDITURES AT ALL LEVELS -- FEDERAL, STATE
AND LOCAL TOGETHER -- NOW ACCOUNT FOR ALMOST ONE-THIRD OF OUR
GROSS NATIONAL PRODUCT. AN INCREASING PROPORTION OF THESE
EXPENDITURES ARE PAYMENTS FOR INDIVIDUALS, SUCH AS SOCIAL
SECURITY, MEDICARE, PUBLIC ASSISTANCE AND OTHER PROGRAMS.

BUT IF THESE KINDS OF EXPENDITURES CONTINUE AT ANYWHERE NEAR
THEIR PAST RATE OF GROWTH -- MORE THAN TWICE THAT OF THE
G-N-P -- TOTAL GOVERNMENT EXPENDITURES COULD SLICE AWAY
MORE THAN HALF OF OUR G-N-P WITHIN TWO DECADES.

WHEN I SUBMIT MY BUDGET THIS YEAR, I ESPECIALLY
URGE BUDGET COMMITTEES TO TAKE ADVANTAGE OF THE PROVISIONS
OF THE NEW CONGRESSIONAL BUDGET CONTROL ACT. THIS
PERMITS THEM TO SET OVERALL BUDGET GOALS FOR THE YEAR
AND LIVE WITHIN THE TOTALS SET. IN TAKING THIS ACTION,
THE COMMITTEES SHOULD MAKE A DETAILED STUDY OF THE
THREE HUNDRED FORTY-NINE BILLION DOLLAR BUDGET.

THEY SHOULD NOTE THAT, UNLESS THE GOALS SET BY THE COMMITTEES
FOR THE CONGRESS HOLD TO MY SEVENTEEN BILLION DOLLARS IN
BUDGET CUTS, THE DEFICIT FOR 1976 WILL RISE TO NEARLY
SEVENTY BILLION DOLLARS -- AND FOR 1975 AND 1976 TOGETHER,
TO ABOUT ONE HUNDRED BILLION DOLLARS.

I WILL WORK VERY CLOSELY WITH THE CONGRESS ON ALL
OF THESE MATTERS. I WILL WALK THE EXTRA MILE AND GIVE
ALL MY STRENGTH TO GETTING THE NATIONAL ECONOMY IN SHAPE.
I ASK THE CONGRESS TO WALK THAT MILE WITH ME SO THAT TOGETHER
WE WILL LEAD THE COUNTRY WITH STRENGTH AND PURPOSE TO A
FULLER LIFE FOR EVERY AMERICAN.

IN VIEW OF THE FACT THAT THIS BRIEFING IS UNDER
EMBARGO -- EXCEPT FOR MY REMARKS -- I AM ADVISED THAT
A QUESTION-AND-ANSWER SESSION BY ME AT THIS TIME WOULD
NOT BE PARTICULARLY APPROPRIATE. HOWEVER, I WILL BE
AVAILABLE TO ANSWER QUESTIONS AT A NEWS CONFERENCE NEXT
TUESDAY. NOW IT IS MY PLEASURE TO TURN THE MEETING
OVER TO OUR DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET,
ROY ASH. YOU CAN GIVE HIM THE TOUGH QUESTIONS AND
SAVE THE EASY ONES FOR ME. ROY . . .

END OF TEXT