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THE PRESIDENT HAS SEEN *dfj*

**TALKING POINTS**

**MEETING WITH GOVERNORS**

**ATLANTA, GEORGIA**

**MONDAY, FEBRUARY 3, 1975**

ENERGY

1. THE GOVERNORS AT THIS MEETING REPRESENT STATES WITH A LONG HISTORY OF ENERGY RESOURCE DEVELOPMENT. YOU, ALONG WITH YOUR NEIGHBORS IN THE SOUTHWEST, HAVE MORE EXPERIENCE IN DEALING WITH THE REALITIES OF ENERGY EXPLORATION, DEVELOPMENT AND PRODUCTION -- BOTH ON SHORE AND OFF SHORE -- THAN ANY OTHER GROUP OF GOVERNORS.

2. AS GOVERNOR EDWARDS OF LOUISIANA HAS SAID,  
THE GULF COAST HAS BEEN THE SITE OF OFF-SHORE OIL PRODUCTION  
FOR TWENTY-PLUS YEARS. OFF-SHORE DRILLING RIGS WERE FIRST  
PERFECTED IN THIS PART OF THE COUNTRY. THE GULF OIL RIGS  
HAVE WITHSTOOD VIOLENT WEATHER LIKE HURRICANES AND TORNADOES.  
I WISH MORE PEOPLE WERE AWARE OF THESE SUCCESSES.

3. LAST YEAR, IMPORTED OIL COST THE UNITED STATES  
TWENTY-FIVE BILLION DOLLARS, WHICH REPRESENTS AN OUTFLOW OF BOTH  
CASH AND JOBS. MOVING FROM ENERGY DEPENDENCE TO ENERGY  
INDEPENDENCE MEANS BOTH ENERGY CONSERVATION AND INCREASED  
DOMESTIC ENERGY PRODUCTION. INCREASED DOMESTIC PRODUCTION  
MEANS MORE JOBS AND A STRONGER ECONOMY IN YOUR AREA.

4. RIGHT NOW, THE FOCUS IS ON THE CONGRESS BECAUSE WE NEED THEIR PROMPT ACTION TO DEAL WITH ENERGY. QUITE FRANKLY, CAPITOL HILL HASN'T BEEN VERY RESPONSIVE. THE PROPOSALS COMING FROM VARIOUS CONGRESSIONAL LEADERS HAVE FOCUSED ON RATIONING -- AND ON IMPORT QUOTAS, WHICH IS MERELY ANOTHER WAY OF GETTING TO RATIONING OR FEDERAL ACTION TO ALLOCATE ENERGY.

WE HAVE LOOKED AT THOSE ALTERNATIVES AND FOUND THEM INADEQUATE  
AND INEQUITABLE. BESIDES, THEY WOULD CALL FOR MORE FEDERAL  
INVOLVEMENT, MORE FEDERAL DECISIONS AND A LARGER FEDERAL  
BUREAUCRACY.

5. ENERGY INDEPENDENCE IS IMPORTANT TO ALL AMERICANS, BECAUSE IT MEANS THE NATION WILL NOT BE VULNERABLE TO SEVERE ECONOMIC DISRUPTIONS FROM ANOTHER EMBARGO.



1. WE KNOW YOU ARE CONCERNED ABOUT THE INCREASING UNEMPLOYMENT. THE LONG-RANGE ANSWER IS RESTORATION OF THE NATION'S ECONOMIC HEALTH, BUT THE IMMEDIATE AID TO CUSHION THE PROBLEMS IS THE EMERGENCY UNEMPLOYMENT COMPENSATION PROGRAMS PASSED BY THE CONGRESS LAST DECEMBER.

WE WILL SPEND NINE BILLION DOLLARS MORE TO AID THE JOBLESS  
THIS YEAR AND THE TOTAL WILL GO UP ANOTHER THREE AND A HALF  
BILLION NEXT YEAR.

2. THE IMMEDIATE TAX CUT OF SIXTEEN BILLION DOLLARS --

TWELVE BILLION DOLLARS IN 1974 REBATES FOR INDIVIDUALS AND

FOUR BILLION IN INVESTMENT TAX CREDITS FOR BUSINESS AND

AGRICULTURE -- WOULD PROVIDE AN IMMEDIATE STIMULANT TO THE

ECONOMY TO AID EARLY RECOVERY FROM RECESSION.

3. THE THIRTY BILLION DOLLARS IN HIGHER ENERGY TAXES

WHICH I REQUESTED WOULD BE PLOWED BACK INTO THE ECONOMY --

SIXTEEN AND A HALF BILLION DOLLARS IN LOWER TAXES FOR

INDIVIDUALS BEGINNING IN 1975, TWO BILLION DOLLARS IN

PAYMENTS TO NON-TAXPAYERS, ONE-HALF BILLION DOLLARS IN

TAX CREDITS FOR HOME ENERGY CONSERVATION MEASURES . . .

A SIX BILLION DOLLAR CUT IN THE CORPORATE TAX RATE,  
TWO BILLION DOLLARS FOR STATE AND LOCAL GOVERNMENTS TO  
OFFSET HIGHER ENERGY COSTS.

4. THE PLAN IS A NETWORK OF INTERRELATED

DECISIONS TO COPE WITH ENERGY AND ECONOMIC PROBLEMS ON BOTH

A SHORT AND LONG RANGE BASIS. WE CANNOT SOLVE THE

PROBLEMS IN EITHER AREA WITH BAND-AID TYPE SOLUTIONS LIKE

GASOLINE RATIONING. IT IS VERY IMPORTANT TO IMPLEMENT

A TOTAL APPROACH.

5. I KNOW ALL OF YOU ARE CONCERNED

ABOUT FISCAL RESPONSIBILITY OF GOVERNMENT ON ALL

LEVELS. FEDERAL, STATE AND LOCAL GOVERNMENTS MUST

ALL RETURN TO A POLICY OF GETTING MAXIMUM USE

OF TAX DOLLARS AND SLOWING THE GROWTH OF GOVERNMENTS.

MISSISSIPPI GOVERNOR WALLER HAS TOLD ME HIS STATE LIMITS  
ITS BORROWING SO THAT BONDS OUTSTANDING AT ANY ONE TIME  
CANNOT BE IN EXCESS OF ONE AND ONE-HALF TIMES THE REVENUE  
COLLECTED IN ANY ONE OF FOUR PREVIOUS YEARS.      MANY  
SOUTHEASTERN STATES HAVE BEEN LEADERS IN THE FIGHT FOR FISCAL  
RESPONSIBILITY.



BUDGET

1. THE MESSAGE I SENT TO CONGRESS YESTERDAY

RECOMMENDS AN INCREASE IN TOTAL OUTLAYS OF THIRTY-SIX BILLION

DOLLARS OVER LAST YEAR. THE PROPOSED BUDGET WOULD

REQUIRE A MAJOR DEFICIT OF FIFTY-TWO BILLION DOLLARS.

THE DEFICIT WILL FORCE THE FEDERAL GOVERNMENT TO BORROW MORE  
MONEY, WHICH DRAINS MONEY FROM OTHER BORROWERS.

THE TOTAL BUDGET PROPOSED IS THREE HUNDRED FORTY-NINE BILLION  
DOLLARS -- OR ALMOST ONE BILLION DOLLARS PER DAY!

2. SIZE OF BUDGET AND THE ACCOMPANYING DEFICIT

WAS DICTATED BY THE NEED TO PROVIDE FINANCIAL SUPPORT TO  
THE UNEMPLOYED -- AND TO STIMULATE THE PRIVATE ECONOMY BY  
A TAX REDUCTION. THE BUDGET INCLUDES NO NEW SPENDING  
PROGRAMS, EXCEPT IN ENERGY, AND I INTEND TO VETO ANY NEW  
SPENDING PROGRAMS INITIATED BY THE CONGRESS.

3. I REJECT THE IDEA THAT ANY PART OF THE BUDGET CANNOT BE CUT, AND I HAVE PROPOSED SEVENTEEN BILLION DOLLARS IN REDUCTIONS. MANY ARE IN PROGRAMS WHICH IN THE PAST HAVE BEEN CALLED UNCONTROLLABLE.

A MAJOR PART OF THESE REDUCTIONS WOULD COME FROM PAYMENTS FOR INDIVIDUALS WHICH WOULD OTHERWISE CONSUME ONE HUNDRED SIXTY-FIVE BILLION DOLLARS OR ALMOST ONE-HALF OF THE PROPOSED BUDGET.

OF THE SEVENTEEN BILLION DOLLARS IN PROPOSED REDUCTIONS,  
THREE BILLION WOULD BE ACHIEVED BY HOLDING INCREASES IN PAY  
AND RETIRMENT BENEFITS OF FEDERAL EMPLOYEES TO FIVE PERCENT  
THROUGH JUNE 30, 1976. I AM URGING THE PRIVATE SECTOR TO  
FOLLOW THIS EXAMPLE AND MINIMIZE PRICE AND WAGE INCREASES.

YOUR STATES HAVE BEEN AFFECTED BY THE INCREASED COSTS OF  
PROGRAMS IN THIS AREA. I URGE THAT WE TAKE A FRESH LOOK  
AT FORMERLY UNTOUCHABLE AREAS IN THE BUDGETS OF ALL  
GOVERNMENTS.

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