TALKING POINTS

MEETING WITH GOVERNORS

ATLANTA, GEORGIA

MONDAY, FEBRUARY 3, 1975
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.
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 RETIREMENT 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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