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March 15, 1975
FINAL DRAFT

GOVERNORS' DINNER AT NOTRE DAME UNIVERSITY ON MONDAY,
MARCH 17, 1975

1. The American people need a tax cut -- the sooner the better.

I am ready to compromise between my proposal of a \$16 billion tax cut and the Democrats' somewhat higher figure. The Congress should act now. Each day of delay hurts everyone. It is now two months since I recommended a tax reduction. To entangle the tax cut with non-germane amendments in the Congress is not in the country's best interest.

The Congress must make a clean break from these amendments and come up with a clean bill that will attack our economic problems quickly.

2. I have acted -- not delayed. I have ordered the release of up to \$2 billion in Federal Highway Funds. Such projects can be underway by June. This will provide the country with some 125,000 jobs.

In addition, I have asked for the appropriation of over \$2 billion -- to do two things: extend 310,000 public service jobs through June of 1976 and finance about 760,000 summer jobs for young people -- double last summer's program.

3. I am willing to compromise for the short-term on energy because energy affects the economy. Lack of an energy program is a drag on the economy. Altogether, we are importing more than 6 million barrels of oil a day. This outlay of American funds has skyrocketed from about \$4 billion in 1970 to some \$25 billion last year and the total is expected to be more than \$30 billion by 1977.

4. Our program means business. It is not vague. It spells out specific costs. Energy prices will increase under our proposal. But these increases will be neither large nor sudden. They will not cause a fiscal drag on the economy. Let me explain: I have proposed tax cuts for low and middle income families. Oil excise taxes and windfall profits tax on oil companies need not come before the tax cuts.

5. The entire \$30 billion raised by the Administration's plan will be returned to the economy -- not a dollar goes overseas. The country will thus reduce oil imports. And some \$4 to \$5 billion will be added to our domestic demand for goods and services. That means jobs -- American jobs, not foreign jobs.

6. To say that the country does not need to increase its energy costs means this: That we are willing to settle for dependence on foreigners for much of our energy. You know many of the implications of that. Also the country will offer no incentives for self-help. I mean incentives to develop our own resources here at home -- including alternative sources of energy like solar heating and cooling and nuclear power.

7. The Administration program will help move the Nation to higher levels of energy efficiency. Plants and equipment, autos, homes -- all will become more efficient. This will help the economy in the long run.

Increased American investment in energy technology will give us technological advantages in the future. That may mean not only energy independence but we may even find ourselves exporting this know-how. And that will be good for our economy. I will not compromise about the long-run. We must gain energy involnerability.

8. Not all is bleak in the country. There are some signs of progress.

The Congress is moving on a tax cut and we are approaching an agreement on the immediate, major goals on energy. By the middle of this year, we expect production and employment will be rising again. Inflation is already slowed. The stock market is rising and both the short and long-term interest rates have fallen. The decline in retail sales last year showed signs of having bottomed out in the last two months. Wholesale prices have declined for three straight months. Auto sales recovered in January and February as consumers responded to the rebates. The flow of money into savings and loans has increased sharply, and the availability of mortgage financing is much improved.

9. If we can discipline government spending, we can maintain the momentum we have going.

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