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FOR IMMEDIATE RELEASE

DECEMBER 11, 1974

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
TO THE BUSINESS COUNCIL

MAYFLOWER HOTEL

9:06 P.M. EST .

Thank you very much Dave, Anne, members of the Business Council, and guests:

I don't have to tell you I deeply appreciate the opportunity to meet with you tonight, as leaders of commerce and industry, to discuss some very serious economic problems that we all face.

The mutuality of our problems was never more clearly stated than when I was introduced at a business conference quite recently. The moderator said, and I quote, "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, long pause and added, "That's just one of the chances you 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 very certain they cannot be reached -- these goals -- without you.

Now for a little straight talk. The economy is in difficult straits. All the statistics, or most of them, prove that quite conclusively. We are in a recession. Production is declining and unemployment, unfortunately, is rising.

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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 I can concede much or most 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 25-plus years in this capital, our economy has gone through at least five recessions -- five in 25 years. And the facts are that we have recovered from every one of them, and I predict without any hesitation that we will recover from this one also. The question is not when but how. And your question to me as President is what am I doing about it? What am I doing about it as President?

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.

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 elements of our American free enterprise economy and our representative free political system.

Long-term success is not assured by short-term panaceas. There appears to be a tendency these days to focus only on the immediate needs or effects of any proposed economic remedy and not to examine its long-term effects. Speaking only for myself, I do not buy that.

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 that economy.

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Hopefully we will do most things right and only a few wrong things -- maybe some of you have done that in business or had the same experience. But I can assure you this Government, as far as I am concerned, will do nothing deliberately wrong. But just because doing something -- yes, it might perk up political opinion polls, but I think the facts are in some instances that course would 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 happen to believe that instincts must be overruled by intelligence and politics must yield to principles if we are to make reasonable economic progress that can honestly be sustained in the future, whether it is short-term or long-term; and let me say without any hesitation or qualification that is what I intend to do.

Today I met with the bipartisan leaders of the House and Senate at the White House in the Cabinet Room. The campaign is over, the voters have spoken, and the present Congress is about to adjourn. At that meeting 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 when the doors are closed.

So I asked my former colleagues how well we all could get along, and I think most of them sincerely agreed that it would be wise if we could have a sort of an informal moratorium on partisan economics, at least until the next 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.

I was encouraged by the meeting this morning -- I thought it was wholesome, beneficial, and I think it will have an impact. But for a start let me say this: Do not believe I have made any economic decisions unless you hear those decisions from me personally. There can be only one person that makes those decisions, and when I make them I'll announce them.

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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 that I will place before the Congress within the next two months. We will meet the changing priorities in the future of our present and based on future realities.

I will have 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 before 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 assure prompt enactment of the most urgent economic measures.

Among these are long-delayed trade reform legislation 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 automotive industry -- Roy Chapin of American Motors, Lee Iacocca of Ford, Tom Murphy of General Motors, Lynn Townsend of Chrysler, and Leonard Woodcock of the UAW. This will be a face-to-face discussion of the industry's very special problems, but problems that affect our economy on a very broad basis.

My door has been open, and remains open, for the responsible spokesmen of any segment of our economy which has been unduly damaged by our present economic difficulty.

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, so that new jobs will be created. Increased productivity lies at the heart of our free enterprise system which made America what it is today, and I have been a firm believer in that very important ingredient all of my adult life, and I will say without any hesitation I am not going to change that conviction as President of the United States.

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In short, what I am saying is quite precisely this: that insofar as I can prevent it, the fundamental rules of the economic game are not going to be changed every month or every other year in the short or the long haul. But I am also saying that insofar as I can achieve it, the programs and the 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 be by no means neglecting our domestic difficulties if I improve the climate of cooperation among the fuel-consuming industrial nations by a common effort to ensure 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 facts are that they are interchangeable. And consumers in America are concerned about the economy as employees and stockholders -- in fact, they are one and the same people.

This Administration, I can assure you, is pledged to protect the 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 to spend wisely.

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The WIN campaign -- a volunteer, non-partisan citizens' effort -- is yet an unexploited success. It has my full support and it deserves yours.

I can tell you this: I have received more than 200,000 pieces of mail in support of the WIN program, by far the largest amount of favorable public response to anything that I have done since taking office.

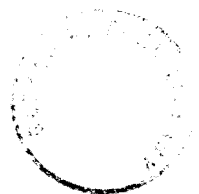
Now personally I don't care whether WIN spells Whip Inflation Now or Work Is Needed. America needs the winning spirit to surmount its present economic difficulties. Whatever the challenge, Americans like to win. If there are any among you who want me to take a 180 degree turn from inflation fighting to recessionary pump priming, they will be disappointed.

The fact of the matter is 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 a single aspect of our complex economy. I think it is wise and I intend to concentrate 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 ease. I expect inflation will move steadily down from the intolerable double-digit level.

The facts and 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 a little history. You and your predecessors were a very key factor in helping the Government mobilize the economy for World War II, and what an incredible record that you wrote -- in top managerial posts, in Government, in industry and in the war itself.

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Gentlemen, you have to -- and we need you to -- mobilize again. This Administration will do its part. I will personally do my part. The country needs your full cooperation and your full support.

What is needed is to unite our entire American leadership in this effort, not to divide ourselves with self-defeating pessimism.

As a most perceptive Washington news columnist recently wrote under the heading "The Calamity Howlers," he said the following, and I quote.

"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 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," he went on to say, "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," he went on to say, "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."

End 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, and as long as I am President I propose to keep them that way.

Thank you very much.

END

(AT 9:30 P.M. EST.)

