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THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AT THE
PRESS BRIEFING ON THE
1976 FISCAL YEAR BUDGET
BY THE OFFICE OF MANAGEMENT AND BUDGET

DEPARTMENT OF STATE AUDITORIUM

10:02 A.M. EST

Thank you very, very much, Roy, and your associates and the Office of Management and Budget, members of the press, guests:

It is a great privilege to be here, even though the news may not be good. I come here this morning following in the footsteps of another President by coming here personally face to face to present my budget proposals for fiscal year 1976.

That President was Harry Truman, and the last such occasion was January 19, 1952, when he met with the press to discuss the budget for fiscal year 1953, a budget, I might add, that had jumped to \$85 billion, described at that time as astronomical.

In the discussion, President Truman said, and I quote, "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." (Laughter)

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 to 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 some of 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 \$349 billion -- almost \$1 billion a day -- during the year starting next July 1. It will result in a large deficit for the year -- \$52 billion -- and this deficit, large as it is, would increase by another \$17 billion to nearly \$70 billion if the Congress does not agree to all of the reductions I have requested in this budget.

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It is essential that the Congress be very mindful of this fact.

I do not like to see deficits of this size, nor any, for that matter. I know most Americans agree. 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 various Executive departments for the inclusion in the budget.

I have concluded that for this year, at least, it would be imprudent to initiate any new spending programs, except for energy. None is proposed. Further, it has been a popular notion to consider some government expenditures as uncontrollable; that is, they would go on and on whether we like it or not.

I categorically reject that view. They are controllable, if the Congress on the one hand and the President on the other do something about them.

My budget proposes significant reductions in a number of programs up to now considered to be uncontrollable. Together, the reductions I am proposing amount to \$17 billion for fiscal year 1976. I urge the Congress to join me to work with me so that we can bring spending under control.

For a 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 the 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 very sharply.

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These factors cushion the economy, but they also cost money. Specifically, aid to the unemployed, including the special measures that I proposed and were enacted, will be \$12.7 billion larger in fiscal year 1976 than they were in fiscal year 1974. This will provide income support for more than 14.5 million beneficiaries and their families.

Federal receipts for fiscal year 1976 would be more than \$40 billion higher if the economy were operating normally. These factors, apart from any other consideration, more than account for the deficit in fiscal year 1976.

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 account for 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 GNP--total government expenditures could slice away more than half of our GNP in two decades.

When I submit my budget for this year, I especially urge the budget committees of the House and the Senate to take advantage of the provisions of the new Congressional Budget Control Act.

This permits them in those two committees to set overall budget goals for the year and live within the totals set. In taking this action, the committees in both the House and the Senate should make a detailed study of the \$349 billion budget for fiscal year 1976.

The two committees should note that unless the goals set by the committees for the Congress hold my \$17 billion in budget cuts; in other words, if they don't keep the budget reductions at the levels that I have suggested, the deficit for fiscal year 1976 will rise to nearly \$70 billion, and for 1975 and 1976 together to about \$100 billion.

I, of course, will work very closely with the Congress in all of these matters. I will walk the extra mile and give all of my strength to getting the national economy in shape. I ask the Congress to walk that extra mile with me so that together we will lead the country with strength and purpose to a fuller life for all Americans.

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In view of the fact that this briefing is under embargo, except for my remarks, which I have just made, I am advised that a question and answer session by me at this time would not be appropriate. However, I will be available to answer questions at a news conference next Tuesday.

It is now my pleasure to turn the meeting over to the Director of the Office of Management and Budget, Mr. Roy Ash.

Let me say at this point I know firsthand what a superb job Roy Ash and his people have done at the Office of Management and Budget. I am particularly grateful for the outstanding service that he has given, and I think the American people should consider themselves most fortunate to have had in this important office, Roy Ash.

I wish to publicly thank him and express my indebtedness to him for doing an outstanding job for me, as well as the country.

I will turn Roy over to you. Ask him all of the tough questions, and I will be glad to answer the easy ones next Tuesday.

Thank you very much.

END (AT 10:15 A.M. EST)