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THE WHITE HOUSE

TEXT OF REMARKS OF THE PRESIDENT
TO THE NATIONAL ASSOCIATION OF BROADCASTERS
LAS VEGAS, NEVADA

This convention represents an opportunity for your industry to share problems, technological innovations, and trends in the broadcasting business. Your industry has a unique challenge because of its power and influence in the Nation. But like all other businesses, you are concerned about the stability of our economy, which influences your ability to survive and to serve your customers.

This audience represents the spectrum of American business from the small radio or television stations serving a few thousand to the large stations serving millions. But whether the budget you work with is large or small, you understand the Nation's economic difficulties well.

The first part of my economic recovery recommendations last January, a prompt tax cut, is now law. The second and equally important part was the restraint of Federal spending by cutting back \$17 billion in existing programs and by a one-year moratorium on all new spending, except in the critical field of energy and emergency needs.

I signed the tax cut bill, because it was urgently needed to stimulate the economy. I was concerned about the quality of the legislation Congress passed, because it cost \$7 billion more than requested. That means \$7 billion less in tax revenues and adds that amount to the Federal deficit.

Our continuing concern is the over-stimulation of the economy through excessive Government spending. The Administration's projected deficit was \$52 billion or \$1 billion per week. With the tax cut, the deficit would be closer to \$60 billion if the Congress authorized no new spending.

It now looks as if Congress will undertake an entire series of new spending initiatives despite my request for a moratorium. A possible deficit of \$100 billion is projected. That would be a disaster.

Such a huge deficit is alarming because of the impact it would have on the money market. When the economy is weak and private credit demands are low, the Administration's projected deficit could be financed without encouraging inflation. But when the economy turns up, as we anticipate in the second half of the year, any larger deficit will consume money available for the private sector, drive up the interest rates and regenerate more inflation.

The more Government has to borrow to finance the Federal deficit, the less money is available for individuals and businesses. For example, a recent report in the Wall Street Journal describes the current difficulties of corporations in offering their bonds. Some companies have already been forced to delay planned offerings because of government borrowing. A larger deficit will aggravate the situation. Without these bonds, business will have to reduce anticipated capital expenditures. This, in turn, threatens to delay our economic recovery.

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When Government competes directly with business and individuals for needed funds, the interest rates go back up. When interest rates are high, it becomes difficult for individuals to borrow money to buy new homes, cars or other consumer items. The fall off in the pace of consumer buying then forces industries to cut back production. When production is cut back, jobs are cut back.

When interest rates rise there is a temptation to call for the Federal Reserve to provide even more money and credit to satisfy the demands. As we have seen in the past when this is done, the longer-term result is inevitably more inflation and even higher interest.

Over-stimulation can negate the entire purpose of the tax cut, which is to get the economy producing and the worker back on the job.

The intrusion of Government into the money market must be kept to an absolute minimum, because ultimately, the Nation's businesses determine the health of the Nation's economy. Government handouts and make-work programs cannot go on forever. The best way to get those who want work back on the job is by temporary tax incentives to charge up our free enterprise system.

Government measures are at best limited. Long-range recovery must come from the economic strength of the Nation's businesses.

The potentially larger deficits that loom ahead unless Congress takes a serious look at the Nation's needs in the years, not just the days ahead, could make a solid-sustainable and non-inflationary recovery in our Nation impossible.

Adding to the deficit is like gambling. If the deficit for next year were only \$50 billion, we run a small risk of reigniting the fires of inflation. But, every time your Congressmen and Senators add a new spending program or otherwise increase the deficit by a few billion more, the inflationary odds go against us. Running a deficit of some \$100 billion is gambling with the nation's economic strength.

If there is runaway spending by the Government, we will again be caught up in a destructive inflationary spiral. This inflation will create the same type of consumer uncertainty we saw last fall which caused consumers to reduce discretionary spending. That reduction caused production cutbacks and the ensuing job losses that affect us today.

It requires very careful managing to end the recession without promoting inflation. This task is made more complicated by the present attitude of the Congress to look only at the immediate problems of some of the people instead of looking at the future welfare of some of the people.

This narrow view prompted the inclusion in the tax cut bill of a number of well-intentioned but ill-conceived changes in our tax laws. I share the desire of many in the Congress for tax reform. But meaningful changes must be based on deliberate and thoughtful evaluation of what is fair to all taxpayers.

The Congress voted additional benefits to aid the low income taxpayer. The same people they sought to help will be the first hurt by the return of double-digit inflation. There is little doubt that those who will get a temporary benefit from the new tax cut law will wind up footing the bill through inflation unless Congress acts more responsibly on spending in the coming months.

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We have to stop trading today for tomorrow in our Government spending programs. Unless we do, when tomorrow comes, the Nation will pay a terrible price for yesterday's expediencies.

In recent years, a tendency has developed to look at America as a Nation of fragmented groups. This has produced a patchwork approach that fails to recognize the interdependence of all Americans.

In recent tax cut legislation, Congress concentrated tax reductions in the very lowest income brackets and discriminated against the majority of middle income taxpayers.

I proposed an across the board tax reduction which would have helped all taxpayers with special concern for the forgotten man in the middle. The Congress passed tax reductions that are unfairly concentrated in the very lowest income brackets. Low income people should indeed be helped, but not to the exclusion of the rest of the population.

This tax bill places an increasingly difficult tax burden upon the most productive members of our society. Half of the families in this country today earn between \$10,000 and \$25,000 per year. One third have earnings in excess of \$15,000 per year. We need tax relief, but we need tax relief that will not strip incentives from these hard-working millions that are struggling to improve their lives. Failure to provide it would effectively put a lid on the ambitions and the enterprise and the hard work of this important segment of Americans to continue up the economic ladder for the sake of their children, if not themselves.

The middle income taxpayer cannot continue to carry an ever-increasing share of the costs of all governments. The importance of these taxpayers in achieving economic stability deserves more attention.

The Congress took some six million Americans off the tax rolls. We cannot afford to have this Nation divided between taxpayers and non-taxpayers. This is most unfair. It places an increasing burden on the middle income taxpayers. And there are very real dangers in increasing the number of Americans who pay no taxes and contribute nothing to the support of governments.

There is a vast difference between enterprises in which we have a personal investment and those in which we do not. When we invest our own time, our own labors and our own money in any venture, we are infinitely more concerned about its success.

Another of my concerns with the tax cut law is the possibility that some of the temporary changes will become permanent, producing a continuing loss of tax revenues. Once enacted, many programs become permanent.

If the present pace of escalating social spending continues, by the year 2000, one half of the Nation will be the producers and supporters for the other half.

The American people are being forced to live within tight budgets to cope with this recession, caused by decades of deficits and ever-expanding Government programs.

The Congress must learn to live within the Nation's means. It should fix an absolute ceiling on Federal spending for the coming year, the \$60 billion limit where I drew the line.

I have urged Congress to put the already enacted procedures of the Congressional Budget and Impoundment Act of 1974 into effect a whole year ahead of schedule, starting this July 1.

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But the urgency of Congressional action to establish a ceiling and to list priorities requires Congress to move the deadline up.

It is reasonable to expect Congress to spend the Nation's money within an ordered budget as you have to in your businesses and at home.

The Federal Government must exercise self-control and self-discipline in expenditures of the taxpayer's dollars. Regrettably, Congressional action so far shows no such control, no such discipline. Instead, committee upon committee is producing budget breaking, deficit building additions to old programs and new spending programs, all in the name of stimulating the economy or helping, group by group, those hurt by the recession.

Congress must promptly take action to impose upon itself limits not only on overall expenditures and deficits but also on spending in each major program area. An overall limit is too easily ignored by committee, vote by vote, bill by bill.

Far too many areas of our national life have been infected by an "us against them" mentality. It is not business versus consumer . . . rich against poor . . . black versus white . . . or America versus the world.

We are one Nation indivisible . . . economically and socially. The solutions we find to our economic problems must be based on unity, not division.

One of the most corrosive concepts to receive popular attention in the past decade is business as the villain. This has produced numerous unfortunate consequences, not the least of which is the growing Government over-regulation of many industries.

You know how Government regulations can stifle economic growth and creativity.

A complex society obviously requires some limited controls, but the proliferation of regulations has strangled far too many industries.

We must re-examine our laws for their applicability and our precepts for their validity in light of changing times.

Periods of crisis can be creative, because they force us to look at new problems in new ways. We are in such a period today at home and abroad.

I am now preparing a report on international policy which I will present before a joint session of the Congress on Thursday. We are re-evaluating our foreign policy. I will not go into details today.

But I will certainly put high on my agenda a firm American commitment to provide humanitarian aid to the helpless civilian victims -- including orphaned children - - - of the war in Vietnam.

Now or in the future, let no potential enemy of the United States be so unwise to wrongly assess the American mood and conclude that the time has come when it is safe to challenge us.

Let no ally or friend fear that our commitments will not be honored.

It is true that we have suffered setbacks at home and abroad. But it is essential that Americans retain their self-confidence and perspective. This is the time to mobilize our assets and to call upon our greatest capacities.

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I appeal to you to share my optimism. In my own life span, I heard the broadcasts of Lindbergh's first flight across the Atlantic. And I first learned of the need for mercy flights of orphans from Vietnam from broadcasts. The media not only tells us what is happening. It is up to us to respond. The news is only hopeless if we give up hope.

America will not give in to self-doubt nor paralysis of willpower. Americans will not dismantle the defense of the United States. And we certainly will not adopt such a naive vision of the world that we dismantle our essential intelligence-gathering agencies. I can assure you that other superpowers are increasing -- not decreasing their military and intelligence capacities.

In our own self-interest, and, more important, in keeping with our basic decency as human beings, we will go on helping people in less fortunate lands. We will assist the victims of Southeast Asia in every appropriate way. And we will not turn our backs on others in any quarter of the world.

There are some who see nothing but a grim future of depression at home and disintegration abroad. I reject that scenario. My vision is one of growth and development worldwide through increasing interdependence of nations of the world. My vision is one of peace. And my vision of Americans is of a people who will retain their self-respect and self-defense so that this vision can emerge.

During my Administration, Americans will neither resign from the world nor abandon hope of peaceful and constructive relationships with all peoples.

America has the will. America has the resources. America has the know-how. And America has the faith. I share your belief in America. Together, we will build a new and better tomorrow.

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