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THE WHITE HOUSE

REMARKS OF THE PRESIDENT
TO THE
NATIONAL ASSOCIATION OF BROADCASTERS

LAS VEGAS HILTON HOTEL

1:40 P.M. PDT

Thank you very much, Vince -- and I can pronounce Wasilewski -- President Dickoff, my wife, Betty, Secretary Kissinger, Senator Howard Cannon, Congressman Santini, Andy Ockershausen -- that isn't bad, is it, Andy -- distinguished guests, ladies and gentlemen:

Let me personally express my appreciation for the very warm welcome and reception that you have given to our great Secretary of State, a person of unbelievable wisdom and, I think, the finest background and knowledge in the field of foreign policy of anybody in my lifetime and, of course, his indefatigable dedication.

I am also most grateful for the warm reception that you gave on behalf of my wife, Betty, who celebrates her 39th birthday tomorrow, (Laughter) and, of course, my good friend, Howard Cannon.

Betty could tell you some things about me, but Howard Cannon was Chairman of the committee in the Senate that investigated my life from birth to sometime in 1973. I think he probably knows more about me than anybody in this room, including Betty, so I am glad you didn't ask him to speak. (Laughter)

First, I want to congratulate the members of the National Association of Broadcasters on your courage in holding your convention here in Las Vegas. However, since I am concerned with the economic well being of all of our citizens, I have to offer you this advice: There are some games you just don't play without a helmet. (Laughter)

As a matter of fact, you could be the first broadcasters in history to go from a station break to a station broke. (Laughter)

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I don't mind telling you I have always had a little concern when I appear in Las Vegas, especially with my economic advisers. I would really hate for people to think it is our way of making up the deficit. (Laughter)

This convention represents an opportunity for your industry to share problems, technological innovation and trends in the broadcasting business. Your industry has a unique challenge because of its power and its great influence throughout our 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 an American business from the small radio or television station serving a few thousand, to the larger station serving literally millions.

But whether the budget you work with is large or small, you understand the Nation's economic difficulties very 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 some \$17 billion in existing programs and by a one-year moratorium on all new spending, except in the critical fields of energy and emergency needs.

I signed the tax cut bill because it was urgently needed to stimulate the economy. I was deeply concerned about the quality of the legislation approved because it cost some \$7 billion more than was requested. What that means is \$7 billion less in tax revenues, and that amount is added inevitably to the Federal deficit. Our continuing concern is the overstimulation of the economy through excessive government spending.

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The Administration's projected deficit was \$52 billion in a 12-month period or a \$1 billion per week of deficit. With the tax cut, the deficit would be closer to \$60 billion if the Congress authorized no new spending.

It now looks as if the Congress might undertake an entire series of new spending initiatives despite my request for a moratorium. A possible deficit of \$100 billion in a 12-month period of time -- 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 relatively low, the Administration's projected deficit could be financed without encouraging inflation. But when the economy turns up -- and I think we are seeing some encouraging signs -- and when it turns up, as we more specifically anticipate in the second half of the year, any larger deficit will consume money available for the private sector, drive up interest rates, and unfortunately regenerate more inflation.

The more government has to borrow to finance a Federal deficit, the less money is available for individuals and for businesses. For example, a recent report in the Wall Street Journal describes the current difficulties of corporations in offering their bonds for expansion. Some companies have already been forced to delay planned offerings of government borrowing.

A large deficit will seriously aggravate this situation. Without these bonds, businesses will have to reduce anticipated capital expenditures. This, in turn, threatens to delay our economic recovery.

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, to buy new cars, or other consumer items.

The fall-off in the pace of consumer spending 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 more 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 rates.

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Over-stimulation can negate the entire purpose of the tax cut which is to get the economy producing and the working man back on the job. The intrusion of government into the money market must be kept to an absolute minimum because ultimately, the Nation's business determines the health of our Nation's economy.

Government handouts -- I told my wife, Betty, I knew this speech backwards and I think I am proving it -- (Laughter). The intrusion of the 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 very limited. Long-range recovery must come from the economic strength of the Nation's businesses and this includes farmers, labor, and all other productive segments of our society.

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

Adding to the deficit in times like this is like gambling. If the deficit for the next year were only \$50 billion, we run only a very small risk of re-igniting the fires of inflation. But every time your Congressmen and your 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 in a 12-month period of time is gambling with the Nation's economic strength. If there is runaway spending by the government, we will again be caught up in destructive inflationary spiral.

This inflation will create the same kind of consumer uncertainty we saw last fall which unfortunately caused consumers to reduce discretionary spending. That reduction caused production cutbacks and the ensuing job losses that affect us tragically today.

It requires very careful managing to end the recession without promoting inflation.

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This task is made much more complicated by the present attitude of many Members of the Congress, to look only at the immediate--the immediate problems of some of the people, instead of looking at the future welfare of all 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. Now 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 of our 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 the Congress acts responsibly on spending in the coming months.

It is my judgment that 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 the recent tax cut legislation, the Congress concentrated tax reductions on the very lowest income brackets and discriminated against the majority of middle income taxpayers.

In my recommendations to the Congress, 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 my judgment, in the very lowest income brackets. Low income people should indeed be helped, but not to the exclusion of the rest of the population.

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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, and they cover the spectrum of productive people in our society.

Teachers, craftsmen in the labor unions, secretaries -- these people are vitally important in our society. What we need -- we need tax relief, but we need tax relief that will not strip incentives from these hard working millions, many of them with young families that are struggling to improve their lives.

Failure to provide tax relief would effectively put a lid on the ambitions and the enterprise and the hard work of this very important segment of Americans as they seek, with their efforts and their brains and their dedication, to continue up the economic ladder for the sake of their children, if not for themselves.

The middle income taxpayer cannot continue to carry an ever-increasing burden, an ever-increasing share of the cost 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, as I see it, to have this Nation divided between taxpayers on the one hand and nontaxpayers on the other.

It is my strong belief and conviction that this is most unfair. It places an increasing burden on the middle income taxpayers, and there are very real dangers, as I see it, in increasing the number of Americans who pay no taxes and contribute nothing to the support of their government.

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 adventure, we are infinitely more concerned about its success, and government is no exception.

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, as Howard Cannon knows, many programs become permanent.

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If the present pace of escalating social spending continues -- and this is a startling statistic -- in other words, if the present growth of social spending continues, as it has for the last two decades, about 9 percent per year, by the year 2000, one-half of our Nation will be producers and supporters for the other half.

That assumes no change in any of the existing laws. It is just a projection of what has happened, what has transpired in the last 20 years.

The American people today are being forced to live within tight budgets to cope with the recession caused by the decades of deficits in 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.

It is my best judgment -- and I am encouraged by what I see in the House and Senate budget committees -- I have urged the 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.

We don't need any practice on this playing field. The time has come for the Congress to use this new legislative enactment to win the game, and if they start July 1, I think great results can be the end of their actions.

The urgency of Congressional action to establish a ceiling and to list priorities requires the Congress to move up the deadline, as I have indicated. It is reasonable to expect the Congress to spend the Nation's money within an ordered budget, just as you have to in your businesses and at your home.

The Federal Government must exercise self-control and self-discipline in the expenditure of your tax dollar. I am disappointed, I must say, that there is substantial evidence that the Congress in various subcommittees, various committees, shows no self-control or no self-discipline.

Instead, committee after committee and subcommittee after subcommittee is producing budget breaking deficits adding 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.

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The 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.

Now, an overall limit is too easily ignored by a committee or by a subcommittee. They act with the best of intentions on the area of their particular responsibility and they vote one program after another, one billion after another.

What we need, I think, is what I mentioned earlier -- their budget committees to force all committees and all subcommittees to act within a framework of a self-determined spending limitation; one within the guidelines that I proposed.

Far too many years or 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 on 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 growing government over-regulation of many, many industries.

You know, firsthand (Laughter) how government regulations can stifle economic growth and in many instances, creativity. A complex society obviously requires some limited controls, but the proliferation of regulations has strangled far too many of our enterprises in recent years in America.

We must re-examine our laws for their applicability and our precepts for their validity in the light of changing times. Periods of crisis, I think history tells us, can be creative because they force us to look at new problems in new ways.

We are in such a period today, both at home and abroad. I am now working on, and in the process of, preparing a full report on international policy which will be presented by me to a joint session of the Congress this Thursday.

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I will not go into the details today, obviously, but I will certainly put high on my agenda a firm American commitment to provide humanitarian aid to the helpless civilian victims, including orphan children, of the war in Vietnam.

Now or in the future -- let me say this with emphasis -- 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.

May I say just as strongly, with as much emphasis, let no ally or friend fear that our commitments will not be honored.

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

I appeal to each and every one of you, and all of your friends and associates and neighbors back in your respective hometowns, to share my optimism.

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In my own lifespan I have heard, for example, the broadcasts of Lindbergh's first flight across the Atlantic. I first learned from broadcasts of the need for emergency mercy flights of the recent Vietnamese orphans.

The media tells us what is happening, but it is up to us to respond. The news is only hopeless if we give up hope. America will not give up to self-doubt nor to paralysis of will power. Americans will not dismantle the defense of the United States, and we certainly will not adopt such a naive vision of this world in which we live that we dismantle our essential intelligence-gathering agencies.

I can assure you, I can reassure 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, as a Nation, 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 other quarter of the world.

Now, I know there are some who see nothing but a grim future of depression at home and disintegration abroad. I reject that scenario. My vision -- and I think it is yours -- is one of growth and development worldwide through increasing interdependence of the 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-discipline so that this great 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, you know and I know, has the will. America has the resources. America has the knowhow, and most importantly, America has the faith.

I share your belief in America. Together we will build a new and better tomorrow.

Thank you very much.

END (AT 2:10 P.M. PDT)