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THE WHITE HOUSE

TEXT OF AN ADDRESS BY THE PRESIDENT
TO BE DELIVERED TO A JOINT SESSION OF THE
NEW HAMPSHIRE STATE LEGISLATURE

STATE CAPITOL

It is a great honor to appear here before the distinguished legislature of the great State of New Hampshire -- a deliberative body that is known far and wide as one of the most highly representative, one of the most highly regarded, one of the most highly effective -- and one of the most highly paid -- in the respect and admiration of all its constituents. . . . Your selflessness and dedication is both to be commended and applauded.

I come here today to say a few words about the past, to offer some thoughts about the present and to talk about the future. The people of New Hampshire are rich in historical heritage.

It was at nearby Newcastle that four hundred of your ancestors stormed the British Fort William and Mary and captured its military stores -- four months before the battles of Lexington and Concord. The captured ammunition was used by New Hampshire men who fought at Bunker Hill.

It was New Hampshire that drafted in January 1776, the first Constitution proclaimed in the colonies, and passed a Declaration of Independence three weeks before such action by the Continental Congress. It was at Bennington that General John Stark led New Hampshire troops against the British with these famous words:

"There are your enemies -- the Redcoats and Tories; We must beat them or tonight Molly Stark sleeps a widow." Molly Stark never became a widow. Bennington was an early colonial victory. But John Stark would have fought to the last man, the last rifle, the last round of ammunition -- if necessary.

Let us remember the lesson of General Stark and the men of New Hampshire who fought for us then -- and make sure this nation's defenses are never permitted to deteriorate to the point where an American must ever be called upon to fight without the best weapons and without ample ammunition -- and without the full determination of our government and our people to achieve final victory once committed.

I like your nickname, the "Granite State." It shows the strength of character, firmness of principle and restraint that have long characterized New Hampshire.

Much of the rhetoric in America today tends toward exaggeration, toward over-statement. Such language tends to divide more than unite. It excites more than enriches. It promises more than it can produce.

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This is not the time for extremes or excess in language or in conduct. It is not the moment for exaggeration in any direction. It is a time to think and act with reason and restraint.

You and I share a common interest in a subject where we must avoid extremes and excess. That is the general subject of how we manage our affairs -- as reflected in your State budget and in the Federal budget.

Amid the climbing costs of Federal and State budgets -- particularly in the past decade -- New Hampshire has truly balanced its budget. You grapple with your problems without a general income or sales tax. I admire your spirit of self-discipline and self-reliance. You have gone about your business quietly -- with restraint -- without the exaggerated rhetoric which divides people and without excessive promises that create so much false hope.

In Federal programs and Federal spending, the opposite has been true. In the last quarter-century, Federal payments for individuals climbed from \$31 billion to about \$160 billion in constant dollars. In other words, from less than one-fourth of the Federal budget to nearly one-half.

America is now spending -- if we include comparable figures for State and local governments -- about \$250 billion annually for various payments to individuals. That is approximately 15 percent of today's national income compared to some four percent 25 years ago.

Most of this spending is centered in a few programs. More than one-third of the funds are spent in Social Security payments, Medicare and Medicaid.

Many benefit programs are highly desirable. For example, a generation ago America devised one of the finest Social Security systems in the world and followed it with Medicare and Medicaid -- and recently a Supplemental Income Plan. The American people supported these programs.

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We have done many things over the past generation for the aged, the blind and the disabled--those who cannot help themselves. But it is also true that there has been an astonishing explosion in the number of other Federal programs--and in the number of people administering them. Since the early 1960's, the number of Federal Domestic Assistance programs has grown from about 200 of these social welfare programs in the early 1960's to more than 1,000 today. And there has been a massive increase in the country's bureaucracy--on the Federal, State and local level--from about six million employees in 1950 to 14 million today.

If we continue these trends at anywhere near their present rate of growth--more than twice that of the Gross National Product--the result will be this: In two decades, governments would need to collect in taxes more than half our GNP to meet their commitments.

Almost three-fourths of all Federal spending is currently in a category called "uncontrollable." I categorically reject the view that Federal spending is "uncontrollable" and that we must add each year to the national debt. Federal spending is controllable. There are two levers of such control:

The first is with the American people. They can say "no" to those still spreading the notion that it is possible to get something for nothing. Or they can say "yes" to those of us who are trying to curb the increasing burden of taxation and who want to restore fiscal responsibility.

The second lever is the exercise of leadership by the President and the Congress in the control of Federal spending. As President, I have drawn the line on spending. But the Congress is threatening to go far beyond the line. For example: The House of Representatives passed just two days ago its first regular appropriation bill for fiscal 1976. It amounted to one billion dollars more than my request of \$6.2 billion for the major Federally-aided education programs. Apparently, the American people must educate the Congress.

The Nation now faces new Congressional multi-billion dollar initiatives. How much are the American people willing to tax themselves to pay for these new proposals? And for how long?

It took this Nation more than 180 years to reach a Federal budget of \$100 billion annually. It took only nine more years for that budget to hit \$200 billion a year--and only four years beyond that for the annual total to climb to \$300 billion.

The Federal Government expects to spend about \$322 billion this fiscal year. With the cooperation of the Congress, I plan to hold the budget for fiscal 1976 to approximately \$356 billion. I am seriously concerned about the borrowing we must do to support these levels of spending.

In these troubled economic times, however, I believe it is necessary to help the unemployed and to stimulate the economy by a limited tax reduction.

In perspective, Federal receipts for fiscal 1976 would be more than \$40 billion higher if the economy were operating normally. This accounts for the most of the deficit in fiscal 1976. If the economy were operating at the rate of only one year ago, the Nation would have balanced budgets both this year and next.

Some believe that this country can continue government spending--Federal, State and local--on most if not all present programs and at least at the current rate of outlays. Others take the position that America is not spending enough to meet social and other needs.

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Most of these requests come from increasingly discredited rhetoric -- one promise after another. And this is the heart of our financial dilemma today. It is the endless stream of promises made to the American people -- in the last generation and continuing today -- that the government can and will satisfy most of their needs -- and even their wants. It is a language that has now become one of extremes and excess. It is that the government will make your dreams come true -- all you have to do is file an application. The American people cannot live on promises. We must live on production. All of this raises a question -- a question of utmost simplicity and yet of profound significance to the American people: How long can the United States afford to run continuous budget deficits?

All levels of government have contributed much to progress during the past generation. But many new programs have failed -- leading not only to waste but disillusionment and despair. We have come to a time -- in my judgement -- where the American people will and must take a closer look at where their money is going. The reason is simple. The built-in momentum of the Federal budget and unanticipated other demands have produced excessive expenditure growth rates. These growth rates are not only rising faster than current revenues but are absorbing our anticipated future growth. This is no time for fiction or false promises. The American people want to know where they stand.

I believe it is time to reassess our domestic policies. I am convinced that the people of the United States do not know where their money is going -- and just as important, WHY. This is the 1974 Catalog of Federal Domestic Assistance -- some 800 pages of programs -- much of it in fine type. It weighs almost four pounds and is a complex maze of programs. Let us look at these programs. Are we getting our money's worth? If not, why not?

It is time to re-examine not only the American budget but the American Conscience and the basic American virtues. We must get our house in order. Instead of more promises, the American people must ask who will pay for these promises.

The United States is now spending -- among Federal, State and local governments -- hundreds of billions of dollars for social programs. Many are uncoordinated and ineffective. They must be reassessed. We must take a close look at these and any other programs that may be questionable. The American people understand that they pay for all this spending either through their taxes or inflation -- or both. This country is not great because of what the Federal Government has done, but what American individuals have accomplished.

We must take the American people back into our confidence and tell them the truth. And the truth is this: The Federal Government can no longer increase spending at the rate it has done in the past. I sound this warning to the American people -- here in this Legislature because you are a remarkable example of the early principles and policies that made this country great. You have lived and worked within your means. New Hampshire is more than a State. It is a state of mind. It is the true new frontier of America -- because ideas and principles and virtues have no boundaries. You have offered us the horizons -- of free men and women -- not those burying this Nation and our people in debt. Voltaire once said:

"Common sense is not so common."

Neither are Granite principles and Granite beliefs. Thank you for your invitation to meet with you here today.