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THE WHITE HOUSE

REMARKS OF THE PRESIDENT  
TO THE  
MEMBERS OF THE NATIONAL INDUSTRIAL COUNCIL

THE EAST ROOM

5:10 P.M. EDT

Let me thank you all for coming, and let me most warmly welcome you to the White House.

I do like to meet with groups such as this, make a few comments and then chat with you informally, so, when we are through, I would like to invite you all into the State Dining Room for a little reception and maybe some refreshments.

It is nice to meet with the National Industrial Conference. I come from a family that was not a very big industrial organization, but it was an organization that participated in our industrial society. My father started a small paint factory back in 1929. (Laughter.)

He was lucky to survive, but he did because he seemed to have that knack of working hard and convincing people that he had a good product. And he apparently was a sufficiently good salesman to make enough to keep the business going, and it never got very big, but it was a big part of the Ford family background.

I used to go over there and clean cans and fill cans and get pretty dirty during the process, but I learned a few things that did pay off later, as a part of my education in growing up. But at least, that was my first exposure to our industrial society, and it was significant to me. And it was a darn good education, as far as I am concerned.

What I would like to say this afternoon involves the three major issues that I think are on the country's agenda in 1975. Those three are in the domestic area, energy, the economy and the budget.

Jim Lynn probably just filled you in on the details of the budget, but let me add one or two observations, if I might. I never anticipated I would ever be in a position of endorsing a deficit of some \$60 billion. It was totally contrary to my philosophy of fiscal or financial affairs, as far as the Federal Government was concerned.

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But when we took a look at all the facts and the figures, the existing laws, the status of the economy, we came to the conclusion that there was no alternative for the submission of the budget in January of this year with anything other than a deficit of \$52 billion, which has subsequently expanded to a figure of approximately \$60 billion. We are going to hold the line, and as of today, I think, we are, according to the latest figures, \$59.9 billion. It is pretty close, but we have drawn the line.

We have held the line as far as the Congress is concerned, despite some of the tremendous efforts to go above it. I hope that the veto that was sustained last week will help to create an environment in a fiscal sense that will keep us within the \$60 billion deficit figure.

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The vote last week was very close. I think we prevailed with a margin of some five votes. That is not very many when you are talking about the vote of 400-plus.

But I think the American people are beginning to realize that anything above a \$60 billion deficit is a real danger area, and when we look at some of the proposals that are coming from subcommittees and full committees in both the House and the Senate, unless we stop them we are going to have a \$100 billion deficit, and that, of course, is an area which is really treacherous.

So I just hope and trust that as we struggle in trying to have a responsible and a reasonable restraint on Federal spending, we can get some help and assistance from all of you.

Now let me turn to energy. It is becoming more and more obvious that we have to stimulate new sources of energy and we have to conserve the energy that we have.

I presented a very comprehensive program to the Congress in January. It is still the only energy program in town. (Laughter.) We started out with figuratively 535 energy programs up on Capitol Hill. It has now been winnowed down to roughly five, six, maybe ten. We are going to keep the pressure on because this country cannot stand increasing vulnerability to foreign sources of oil.

Now we had a very close vote up there today. (Laughter.) We thought we would do better, but other pressures that wanted to curtail coal production and make us more and more vulnerable to foreign sources of oil really put the pressure on. We persuaded enough people to stand fast under this kind of pressure.

Now, we do have to find an answer to the energy program. We are going to submit a recommendation for decontrol of old oil which I think will be a reasonable and a responsible proposal. If we don't raise the price of old oil and stimulate additional production in this country, every day the clock ticks America becomes more and more vulnerable.

Now we don't anticipate -- and we certainly want to preclude -- any developments in the Middle East that would end up with another oil embargo. But if you look at the statistics that come to my desk and maybe to yours, we are much more vulnerable right today if an international cartel should impose another oil embargo than we were in October, November and December of 1973.

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We are much more vulnerable. And it would have not only serious implications to the strength of the country but it would have a terribly bad effect on our capability to come out of the current recession and move into a more prosperous economy in the months ahead.

I just hope that you can help persuade Members of Congress that if they can't buy the good program that we submitted, they ought to at least come up with a program of their own. And as of today, there has been nothing but backward movement rather than forward movement.

Now let's talk about the economy. I think that the statistics today are encouraging. I don't mean to imply that every report that I get is the kind I want to see, but when you look at the problems we have had for the last five months and see where we are today, and look at the forecast for the months ahead, we have made a lot of headway.

In the last five months we have done very well in cutting back the inflationary problems that we have today; or over the last five months the rate of inflation has been about 5.6, 5.7, which is roughly half of what it was in the last few months of 1974.

Unemployment is too high. We had five months in a row where we lost approximately 400,000 employees, gainfully employed in our civilian economy. It was a precipitous slide but the last two months, even though unemployment rates have increased, we started to climb up again with a total number of people gainfully employed.

In the last two months we have added approximately 400,000 -- 450,000 to those gainfully employed,

It is the consensus that we are on our way out, just beginning to get out of this recession.

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But, if you look at the consumer confidence figures, if you look at the wide range of other economic indicators, including those that came out of the Department of Commerce last week, there is good reason for us to believe the strength of this economy is such that we are going to be looking at a much better picture in the third and fourth quarters of 1975 and increasingly better in 1976. This has been a hard, tough period, whether it is in the budget, whether it is energy, or whether it is in the economy, but wherever I go, I find the spirit of America good.

Adversity seems to strengthen us, gives us the feeling that we will stand up to the pressures and meet the challenges, and this is the kind of spirit that I think is essential and necessary if our country is to continue to be the leader at home as well as abroad.

We have got a great system. We have wonderful people. We have an industrial capacity that is not matched by any elsewhere in the world, and if we keep the faith, I am convinced that America can and will be the leader in the months and years ahead that we have been in the past.

Thank you very much.

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(AT 5:20 P.M. EDT)