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THE WHITE HOUSE

REMARKS OF THE PRESIDENT  
TO THE  
OHIO RIVER VALLEY  
WHITE HOUSE CONFERENCE

CINCINNATI CONVENTION CENTER

4:02 P.M. EDT

Governor Jim Rhodes, Governor Carroll, Lieutenant Governor Bill Liggett, Senator Bob Taft, Congressman Bill Gradison, Gene Snyder, John Breckinridge, distinguished guests, ladies and gentlemen:

I am deeply grateful, Jim, for those overly kind and most generous words, and I hope and trust that we can justify your faith in the months ahead.

Obviously, I am most grateful and deeply appreciative of the opportunity to meet here with you today as a part of the Ohio River Valley White House Conference. As you have already heard from other speakers, there are answers to many of our problems, but no easy answers.

The closest we have ever come to an easy answer was the day Secretary Simon took Vice President Rockefeller through the Treasury. As they came to the end of the tour, Bill Simon said, "The Treasury is one of the most important aspects of our economic policy." Vice President Rockefeller said, "I will buy that." (Laughter) Bill Simon said, "Sold." (Laughter)

I know that you have already had a very full day and heard from many a number of my top advisors and key Administration officials on a very wide range of topics. So instead of another lengthy speech covering a lot of the same territory, let me take a few minutes to talk about something I feel very strongly about -- America's domestic well-being.

As each of you are well aware, this past year has been a difficult and a perplexing one. We have been through a series of crises, but we have survived as a Nation and we have become strengthened as a people.

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For three straight months now the index of leading economic indicators has been heading steadily upward. Gains have been impressive in retail sales, personal income, housing starts and in the number of additional Americans at work -- all reflecting the inherent confidence of the people in this country and their confidence in the free enterprise system.

Once again, our people, our political system, and our economy has demonstrated the strength that made us the most bountiful country in the world. Once again, the pessimists have been proven wrong about America.

But we must not allow the good news to obscure some of the pitfalls still ahead. Although indicators say we have brought the recession to a halt, that is not good enough. There are other problems that require prompt attention.

Take inflation -- one of the most pernicious economic ills of the post-war era. When I had the honor to visit Cincinnati last year about this time, inflation was our biggest worry. We were anxious -- and understandably so -- about the double-digit increase in the cost of living -- an annual rate of inflation of more than 12 percent.

Today the rate of inflation has been reduced to less than six percent. By the end of the year we hope it will be even lower.

If we succeed it will be in large measure because we held the line against a number of Federal spending programs that would have fanned the embers of inflation back into a raging fire.

By using the Presidential veto the taxpayers, for example, will have been saved an estimated \$6 billion by 1977. I realize that each time I use the veto there will be some who complain, and I suspect if Governor Carroll does it, he has some good Kentuckians who will complain, and if Jim does it I am sure there will be some good people in Ohio who will object. It is understandable.

Each special interest group in America -- and there are literally thousands of them -- has targeted benefits that it wants from the Federal Government or from your respective State governments. Each group has its good-faith energetic advocates in the Congress or in the State legislatures and well-meaning lobbyists throughout the country.

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This, of course, is the American system. I understand it very well. But I want to make sure the American people understand actually what is happening.

Just as a Congressman has a responsibility to represent the interests of his State and his district -- and I had the privilege and honor of doing that for better than 25 years -- I now have a duty to safeguard the broadest national interest. I refer to the interest of 18 million taxpayers who must pick up the tab for each of these new spending bills, either through a tax or inflation or in some instances both.

I take that responsibility seriously, as I am sure Governor Carroll and Governor Rhodes do. The American people have a right to expect their President to protect their interests. That is one reason the veto power exists in the Constitution and why I will use it when necessary.

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There is another important part of the Presidential veto which has not been adequately discussed. This is the positive side of the veto. The veto is not a negative deadend device. In most cases, it is a positive means of achieving legislative compromise and improvement; better legislation, in other words.

From my 25 years in the Congress and the time I have spent in the White House, I am convinced beyond any doubt that the founding fathers put the veto power in the Constitution as a vital part of our system of checks and balances.

Recent history bears this out. President Truman exercised the veto 250 times and was only overridden 12 times. President Eisenhower used it 181 times. He was only overridden twice. But again and again the result of the initial veto was to bring the President and the Congress together to work out a compromise measure, usually a sounder, more responsible measure than the original one.

Just recently, as an example, I asked the Congress to appropriate \$1 billion 900 million for summer jobs for young people and adequate funding for additional public service jobs to deal with temporary unemployment. Congress, unfortunately, and unwisely, added \$3 billion on to my request for a whole variety of miscellaneous items.

I considered these additions to be too inflationary. They could not be justified. So, I used the veto. That was not the end of the legislative process. After many, many Republicans joined with many discerning Democrats to sustain my veto in the House, the Congress worked out a mutually acceptable compromise with me in the White House.

Most of the so-called "pork barrel" provisions were eliminated and we ended up this summer, some 840,000 Americans will have jobs that I asked for in the original proposal. In addition, the legislation which I request and signed into law last Friday will extend the Public Service Jobs Program and provide \$1.6 billion to make sure that 310,000 Americans have that kind of employment.

So, to sum it up, the result of my Presidential veto was better legislation, which also adhered to the anti-inflationary guidelines I had originally proposed.

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The case of housing is another example. I sent an extravagant multibillion dollar measure back to the Congress which then sustained my veto and proceeded, very promptly, to come up with far more responsible legislation. I signed this much better bill into law yesterday.

Let me emphasize this. The business of Government is to help, not to interfere with the lives, the businesses, the occupations, the professions, the family life of the American people.

There are times when the President's veto must be used to keep the Federal Government from overextending its operations at the individual's expense -- in terms of such infringements as lost dollars and lost individual rights.

The excessive growth of Federal spending and interferences has already inflicted an incredible toll in taxes, loss of incentive and economic damage to the public.

The roots of the problem date back more than a generation. A trend was set by politicians and theorists who advocated massive spending as a sure-fire cure for everything that ailed us.

In the past 15 years alone, enormous Federal deficits were used to finance unprecedented domestic spending. Too many of these expenditures produced short-term benefits for some Americans while inflicting long-term damage on all Americans.

Many of those whom the program sought to help -- the poor, the elderly, the disadvantaged, are now bearing the inflationary burden of Uncle Sam's 15-year spending spree.

It is my observation that the American people are awakening to this problem and this wonderful attendance here is the best evidence that I have seen. I thank you all for participating.

The American people, as I see it, are beginning to realize that our society, our national economic family, must live by somewhat the same rules that every other family does.

We can't spend more than we earn without endless borrowing. The borrowing and spending, as I see it, must end, and end now.

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I can't promise you it will end tomorrow, but I think we have to keep the pressure on and the screws on, and we must stop calling for short-term solutions at the cost of long-term setbacks.

In addition to overspending, recent years have seen a very dangerous and costly trend toward over-regulation by the Federal Government, as Jim Rhodes indicated in his introduction.

Over a period of 90 years, we have gradually erected a massive Federal regulatory system. Some of the basic regulations, I concede, are necessary, but many, if not most, are not, and the whole regulatory structure is encrusted with contradictions and excesses and rules that have outlived any conceivable value.

Let me give you an example of how over-regulation from Washington affects you right here in the Ohio Valley. Back in the days when natural gas was seemingly an inexhaustible resource, the Congress decided to regulate it.

Since then, conditions have changed drastically, but the Congress has done nothing and this Congressional inaction, this stubborn clinging to an obsolete regulation, has resulted in a serious gas shortage that is damaging your businesses, your industries, and costing our working people jobs.

It will get worse and worse and worse if Congress does not do something about it.

The problem is very basic. For the past 20 years, the Federal Power Commission has set artificially low prices at the wellhead for natural gas sold in interstate markets.

The result has been that gas producers sell as much of their product as they can locally or inside their own State borders at free market prices. Regions like the Ohio Valley that do not have an adequate local supply of natural gas must suffer the consequences.

Let me add a postscript to that, if I might. In the Congress, for the years I was there, I got to know a lot of people from Texas, in the House, and a lot of people from Louisiana in the House.

They used to say to us, "How stupid can some people be. We have got all the natural gas down here, more than we can use, but we are not going to sell it to Michigan and Ohio unless you pay a fair price."

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They said, "If you don't agree through deregulation to pay a fair price, we are going up and get those jobs and those factories from Michigan and Ohio and bring them down to Texas and Louisiana." And that is what they are doing.

I don't understand it. Congress sits and twiddles its thumbs and does nothing, and most of the opposition comes from our Northern States in the House as well as in the Senate. (Laughter)

Wait until you have the shortage in Ohio. I don't know about Kentucky, but in Ohio and Michigan and Indiana, wait until we have that shortage this winter. If we have even a slightly colder winter this year than the last two, we will have interruptible service taken away from industry so that homes will be kept warm and the factories will have to close down and jobs won't be available.

It is just that simple, and all that gas in Louisiana and Texas is just sitting there. I don't understand it.

Starting with my State of the Union address, I have repeatedly urged the Congress to deregulate natural gas and to expand the supply of it nationwide. But the Congress has done nothing, as I have said.

So, the Ohio River Valley and Michigan and Kentucky and Indiana and other areas will continue to pay the price for Government over-regulation.

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To the extent that I can -- and I hope you will help -- I will prod the Congress to take action removing these archaic regulations that make life harder for the millions of American workers, businessmen and taxpayers.

Last week I met with 24 key Members of the House and Senate, Democratic and Republican, to seek modernization of our cumbersome regulatory agencies. We reached agreement in many broad areas, and I am confident that together, the Congress and the White House, we will cut out a good bit of this unnecessary red tape now plaguing our citizens in all 50 States.

I can't think of a better gift for America in our Bicentennial year. After all, Government was intended to help us in the pursuit of happiness -- not to set up obstacles.

America is on the threshold of her third century as a free and independent Nation. One hundred and ninety-nine years ago tomorrow, we officially took the first giant step from a colony to nationhood. A brave new chapter in the history of mankind was begun on that day. A chapter we are still writing by word, by deed, in our own lifetimes, almost two centuries later.

This great country of ours still has so many things, so many wonderful things going for it. We have a fertile land, yielding up rich and bountiful harvests for food and resources. We have an industrial and military might that is second to none in the world.

We have a unique set of freedoms handed down to us by men who met in Independence Hall two centuries ago, a set of freedoms that is still vital, is still alive today.

And, most of all, we have the unsurpassed national resource of the courage, hard work, moral strength and faith of the American people.

On the eve of the celebration of Independence, I pledge to this Nation, as I am sure each of you does, that we will do everything we can to make Government the servant and not the master of the 214 million free men and women in America.

Thank you very much.

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(AT 4:25 P.M. EDT)