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Office of the White House Press Secretary

THE WHITE HOUSE

TEXT OF REMARKS BY THE PRESIDENT
TO BE DELIVERED TO
THE MID-AMERICA COMMITTEE FOR
INTERNATIONAL BUSINESS AND GOVERNMENT COOPERATION
CHICAGO, ILLINOIS

If it is true that all roads today lead to America, as they once did to Rome, then it is also true that America's roads lead everywhere. Time, distance, language, and other barriers and boundaries of the past disappear almost daily. We live in a competitive world of swift communication and dynamic change.

This evening, I want to offer you a quieter -- a longer -- look at America and the world -- not a stop-and-go, short-term view of United States' programs and policies -- not the world of immediate answers and instant cures -- but long-term observations on the long-range future of our country.

America's first order of business -- my first order of business -- is full economic recovery. The decline in output and the increase in unemployment have stopped. All signs point to this fact: We are on the road to economic recovery. We must take all necessary steps to make sure this recovery continues.

That means three things: sustained economic growth...curbed inflation... and job opportunities for all Americans -- that is, individual economic opportunity and freedom. Jobs mean individual dignity and I mean to restore that dignity to all American workers.

This is a delicate time, calling for carefully considered, deliberate decisions, for cautiously constructed long-range economic planning. If we are to have sustained growth, we must grow without inflation. And if we are to avoid new, perhaps worse inflation than before, then our recovery policies must be based on fiscal restraint.

We must be moderate in our economic plans and expectations. We must not allow the economy to start...then stop...then start again. We must not permit government pump-priming to break the economic dikes. False hopes must not be paraded before the American people -- the promise of a quick fix -- leaving them with empty illusions.

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To avoid all that, I will continue to steer a firm and steady course in economic policy. I will continue to veto unnecessary spending by the Congress. At this point, let me warn you, however, that the Congress has been playing with fire -- attempting to add huge amounts of spending that will rekindle inflation -- and the veto is the President's constitutional means to put out the flames.

In the short run, some of my vetoes may be unpopular. In the long run, I believe they are the right action to take. I will not spend the American people into more headaches and heartaches for a hollow victory -- a short-term period of economic resurgence that might last a year or two.

I am looking longer range. I am not aiming at tomorrow or next month. I am aiming at re-establishing a stable, solid foundation for the years ahead.

Excessive Federal spending has already inflicted a tremendous toll in taxes, and economic damage to the public.

The roots of the problem date back about forty years. Politicians and theorists advocated massive spending as a cure for just about everything that ailed us.

In the past fifteen years alone, enormous Federal deficits were used to finance record-breaking 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 these programs sought to help -- the poor, the elderly, the disadvantaged -- are now trying to cope with the inflationary crunch of Uncle Sam's spending sprees.

This phrase became a trademark of the Congress in the 1960's and beyond: "Legislate first; perfect later." But the lawmakers rarely -- if ever -- got around to perfection.

What happened is that the Federal Government has been living and dispensing the Nation's treasure beyond its means for too long -- engulfing the economy in the flames of inflation in the process. The American people now realize that benefits cannot be created for some without imposing costs on all.

Moderation and restraint -- these are not exciting words, but they are key words in my economic lexicon. They don't blow your mind. But neither will they blow the salary and savings you have worked hard for all your life. I believe the American people today want to know where they stand -- where the country stands -- what the facts are. I believe the American people are tired of siren songs and would appreciate some simple, straight talk.

I believe today there is a magnificence in simple economic truth because it has been so abused over the years. I believe that much of the discouragement and disillusionment that we have seen in the past several years has been caused by excess -- in word and action -- by some in our society.

I believe that real strength, true courage is found in life's long-distance runners -- and there are many in our Nation -- who have run their businesses and career with a controlled and sometimes painfully agonizing effort. But progress has been steady. These are the qualities of greatness -- not the instant fix or the short-term band-aid. What are the priorities to achieve our economic goals? We must increase production in our Nation. We must not only restore old jobs but create new ones. To accomplish that, we must increase the amount of capital in our society. Our economic difficulties of the past year mask a very serious weakness in our industrial capacity.

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Much of our productive machinery is obsolescent and inadequate to meet the demands of a dynamic economy. We run the risk of running out of industrial capacity before we restore all the jobs of our fellow Americans. To create a new job, it costs an average of about \$40,000 in today's markets.

I know that American industry faces great capital shortfalls in the future. In the past decade, our industry raised and invested 1.5 trillion dollars. That's a lot of money -- as a matter of fact, it approximates the Nation's total output for one year at the current annual rate. Looking at the next decade, however, our investment needs seem stupendous -- some estimate 4.5 trillion dollars.

Investment means jobs.

To create more jobs this Administration believes a number of tax changes and other measures are necessary to promote investment and capital formation. We must put some muscle into our productivity if the economy is going to make the steady, sure progress needed for full economic recovery.

The President's Labor-Management Committee recommended a number of tax changes to speed utility construction which I have endorsed wholeheartedly. Special action for this industry is needed for two reasons.

First, adequate energy is key to economic growth. We must start now to assure sufficient energy to support economic growth into the 1980's.

Second, accelerating construction in this vitally needed industry -- one of our largest capital-using industries -- means jobs now. If we really want to put Americans back to work quickly, this is a place to act.

One of the answers to our increased capital needs is greater involvement of America's middle income group in savings -- and in investment. For these Americans are the backbone of investment and ownership in America. I look not only to mid-America for progress but also to middle Americans.

There are two other areas in my long-range plan for full economic recovery and future growth: We must reform the Government's regulatory process which threatens to choke the life out of the private sector. And we must assure our energy future with a clear, long-range commitment to energy independence.

Government red tape has become extremely expensive and time consuming -- flooding business and industry as well as the general public with paperwork. Regulatory agencies have become overly protective of the inefficiencies that have accumulated in the industries they regulate. Their counter-productive rules, the increasing cost to the consumer, the curtailing of competition -- all of this must be curbed. Private initiative must be allowed to function more freely so the economy can reach its full potential. We must give the American businessman back his business. Finally, sound economic recovery requires a commitment to energy independence. No long-term economic growth pattern can develop without an adequate and secure energy base. We can no longer count on abundant domestic oil and gas for continued economic growth. Alternative energy sources must be developed from coal, the atom, and new, as yet unproved alternatives such as solar power. I believe the free enterprise system is our best hope for freeing us from dependence on others for our energy. That is why I have asked the Congress to approve legislation -- for example -- that would allow private enterprise for the first time to enter the business of enriching uranium.

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In speaking this evening, I have used terms like moderation...restraint...reason...savings...investment...and long-term. These are not new ideas or new virtues. They are as old as civilization. They are sound. They are proven. And I am convinced they are essential to our full economic recovery.

I believe that old values are as new as their need. I believe the great scientific discoveries of this century have changed the world but I also believe that basic principles -- such as honor, truth, hard work -- have given it stability. I believe that the wisdom which mankind has learned over time is imperishable and we ignore it at our own risk. And that is why I believe in so-called old-fashioned individual responsibility.

Responsibility is the price of independence. It is the cost of freedom -- be it economic freedom, political freedom or personal freedom.

We believe in the brotherhood of man because we recognize the worthiness of each individual.

I believe we do well to honor history -- to consider carefully our past before deciding our future. America today turns back 200 years to rediscover its birth and youth. We find that our first citizens were indeed a people of principle and truly remarkable perseverance. These principles and that perseverance live in our country still. It is our responsibility -- yours and mine -- to preserve and protect the inheritance of the past two centuries.

Let us this evening pledge to be worthy of that inheritance. Let us, the pioneers of our Nation's third century, carry on these noble ideals and traditions that reflect not only the accomplishments of our past but the promise of our future.

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