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THE WHITE HOUSE

REMARKS OF THE PRESIDENT
TO THE
NATIONAL ASSOCIATION OF LIFE
UNDERWRITERS ANNUAL CONVENTION

DISNEYLAND HOTEL CONVENTION CENTER

9:01 P.M. PDT

President Levine, distinguished guests, ladies and gentlemen:

Let me thank President Norman Levine for that extremely generous and very kind introduction, and may I also, at this point, offer my personal congratulations to Mr. Lester Rosen, who obviously, by his fine record in your industry, by his total dedication to the betterment of society, not only in his home town, but throughout the country, my personal congratulations.

President Levine is a very rare and a very unique gentleman, and there is a story behind that compliment.

A few years ago, I shared a head table at a dinner in New York City with Norman Levine. A few people were good enough to ask me to sign their programs, and in so doing, my pen ran out of ink. So, I borrowed Norm's. Well, a few years went by and the next time I saw Norm was in March of this year, when he came to the Oval Office to ask if I would attend this dinner.

After the meeting was over, I asked Norm to accept a pair of cufflinks as a souvenir of his visit to the Oval Office. Norm was very gracious about it. He thanked me, he declined the offer and said u f U dudb;t : mind he would just like his pen back. (Laughter)

So, I gave Norm a pen and that is why I say he is a very rare and unique gentleman. (Laughter)

How often do you meet anyone who ever got something back from Washington? (Laughter)

It is really great to be here in Anaheim, with so many old friends. Carney Smith, your Executive Vice President, was my neighbor in Alexandria, Virginia until I moved into public housing on Pennsylvania Avenue. (Laughter)

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I am also delighted to see Jack McDonald here, a friend and former colleague in the House of Representatives.

In short, some of my very best friends are in the insurance business, and that is one reason why I am here today and to enjoy your hospitality and the friendship of your wonderful organization. Another is that I want to pay tribute to you who sell life insurance.

Altogether, I am advised that policies sold total more than \$22 billion. That is an impressive figure -- 22 followed by twelve zeros. You typify the free enterprise system, the men and women who go out on your own, with your initiative, your energy and talent working for you.

Obviously, from those I know and from the record of Lester Rosen, you are leaders of your communities. I commend your efforts as participants in public service, including the political arena.

You and your policyholders have a big stake in responsible Government, and I urge you to continue and to expand this effort, and I can assure you from my personal experiences with many on a number of occasions, you should be honored by the fine job that Governor Jim Longley of Maine has been doing and I am sure will continue to do.

That should be a stimulant to all of you to broaden your effort for the public service in your community and your State, as well as in your Nation.

What you do obviously is very important to this country. When you talk insurance to people, you are getting them to think and to plan for their futures, and when they take out insurance, they are not only providing for their families, for their family's security, but for the country's future, as well, because most of the premium money is reinvested by your companies in America.

Altogether, I am advised that these investments total more than \$278 billion, including \$88 billion in mortgages on homes and commercial buildings. I look upon this as an impressive vote of confidence by the insurance industry in the future of America, and that is what it is.

Some economists call it capital formation, but I prefer a much more basic term -- job creation. This money helps to start new businesses. It modernizes and expands our industries. It finances home building. It adds up to one big plus for America in the form of jobs. Savings, investment, jobs -- those are the basic ingredients that make our economy strong and healthy. In turn, they lead to more savings, more investment and more jobs.

There is a phrase in the jargon of economics which has always bothered me. The phrase is "an acceptable rate of unemployment." As far as I am concerned, there is no acceptable rate of unemployment.

So long as there is one American who wants a job and cannot find one, the unemployment rate is too high.

The human tragedy of involuntary unemployment cannot be measured by the graphs, the charts, or the percentages which show up in government reports. How can cold statistics ever adequately portray the trauma of lost jobs, lost savings and, more importantly, lost pride? America's greatest natural resource is its people and I intend to see that this resource is not endangered.

One of the prime goals of this Administration is to sustain the economic recovery now underway and to put out-of-work Americans back on the job. A working American is a buying American, an investing American, a saving American. Unemployment checks are designed simply to maintain life.

Paychecks are to enrich life, to provide not only its necessities but some of its luxuries. No American can successfully engage in the pursuit of happiness until the basic needs, food, clothing, shelter, education and employment are first met.

By the year 1980 -- not too far away -- to meet the employment requirement of an expanding population, we must create over 11 million new jobs -- 11 million new jobs to build the houses, produce the products, harvest the fields and earn the salaries that pay for it all, eleven million new jobs to show the rest of the world that the American dream functions best when we are wide awake.

This Administration has already proposed to the Congress reforms which will establish taxing policies necessary to the development of new capital in the creation of new jobs. These reforms will give the United States business and industry some of the necessary incentives our economic expansion requires.

More importantly, they will give job seekers a pay check instead of a raincheck.

The time to act is right now. Because of the recession slowdown our plants and factories are underutilized, but the signs are clear for all to see that America's economy is picking up speed. Today there are 1,500,000 more people working than they were in March of 1975. The unemployment rate has dropped, not far enough, but the trend is downward.

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Industrial production in the last two months has increased at an 11.3 percent annual rate, retail sales from March through August rose at a 20 percent annual rate, real disposable income rose in the second quarter at a 21 percent annual rate.

Now just two days ago I think we got some of the best information and news, and this is very significant. The Department of Labor reported that the cost of living rate in August rose only by two-fifths of 1 percent, the smallest rate increase in three years.

More importantly, this figure represents an annual inflation rate of only two percent instead of the 12 to 14 percent we were confronted with about a year ago. That is good news. But we must not allow the good news to obscure the fact that there is still a lot to do if we are to maintain a strong and healthy economy unfettered by runaway inflation. To make sure inflation doesn't get out of hand, we must hold the line on a number of new Federal spending programs, programs which could well push up the deficit next year and reignite the fires of inflation.

Frankly, that is why I have been using the Presidential veto. Some have mistakenly called this negative action but it is not. It is positive action, the constructive way to achieve better legislation and let me take a moment to explain.

From my 25 years in the House of Representatives and the time that I have spent in the White House, I am convinced that the Founding Fathers put the veto power in the Constitution as a very vital part of our system of checks and balances in this great framework of government.

Recent history bears this out. President Truman exercised the veto 250 times and was overridden only 12. President Eisenhower used it 181 times, he was overridden only twice. But, again, and again the result of the initial veto was to bring the President and the Congress together to arrive at a reasonable middle ground, usually a sounder, more responsible measure than the original proposal that came from Capitol Hill to the Oval Office.

To put it very simply, a veto often compels first the reconsideration by the Congress of the previous action and then, undoubtedly, in most cases, a responsible compromise.

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I can promise you if it is necessary to assure continued progress for this Nation on a sound, economic base, I will continue to use the authority granted in the Constitution to veto legislation I consider unsound as it comes from the Congress.

If we are to continue the momentum in the battle against inflation, your President can not join forces with those who would spend, those who would squander the investments in the future of millions of America's small savers, including your policyholders.

The dynamic burst of productivity we call free enterprise has financed enormous social and economic gain. No one would argue that the human agenda of America is complete. We still have much to do but let no one contend that our free enterprise system has failed us. It has succeeded beyond the wildest dreams of those who came before us.

Our task today is to get the mighty engine of free enterprise running at full throttle again. The quick solution, and the wrong one, would be to load a lot of new spending measures onto the taxpayer and unleash a flood of deficit dollars into the Nation's economic mainstream. That might make the economy leap up and shout hallelujah today, but the recovery would be very shortlived. Soon the patient would be flat on his back, worse off than ever.

I will not be a party to such irresponsible action. From hallelujah to heartbreak in one quick surge is not the responsible way to make our economy healthy in the future. Our task, yours and mine and that of millions of our fellow citizens, must be to smooth out the peaks and the valleys in our economic performance. That takes wisdom, restraint and considerable discipline, it takes an understanding of what will work and what will not work for the long pull. Most of all, it takes an appreciation of the fact that government has a limited capacity to help our economy but an almost unlimited capacity to harm it.

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I have great, tremendous faith in the ability of the American people to perceive what is in their long-range best interest and to act on that perception, that is the gamble. The promise of democracy, it places faith on the increasing understanding of people. And if I might insert something I have said a number of times, but I think it is appropriate to this group, never forget that a Government big enough to give you everything you want is a Government big enough to take from you everything you have.

Democracy does not ask that people agree, it does ask that they think. It is here, not on Capitol Hill, not in the White House, that the essential process of democracy takes place. The real source of power under our system of Government is you. As President, I am but the instrument of that power.

When we meet like this, a chemistry takes place. I give to you my sense of where we stand and where we must go. You give me the power of your reason and the strength of your understanding. Ours is a Government by consent, not command. We would have it no other way. That is why I need you, your wisdom, your strength, your support. Without that, I can do nothing. Together we can move mountains.

President Theodore Roosevelt made this observation with eloquence and with brevity. He said, "The Government is us. We are the Government, you and I. I am ready, are you?"

Thank you very much.

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(AT 9:22 P.M. PDT)