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THE WHITE HOUSE

EXCERPTS OF REMARKS BY THE  
PRESIDENT AT THE  
MICHIGAN GOP FUNDRAISER

COBO HALL  
DETROIT, MICHIGAN

We are now at a critical crossroads in our history. We must decide whether we will continue the dangerous trend of recent years -- toward bigger government, higher taxes and higher inflation -- or whether we will move in a responsible new direction.

Earlier this week, I advocated a forward-looking two-pronged program to put our Federal fiscal house in order. The two must be taken together -- not separately -- or they will not work.

First, I proposed a permanent tax reduction of \$28 billion.

Second, I proposed that we halt the alarming growth of government by holding spending in the coming fiscal year to \$395 billion. That means a cut of \$28 billion below projected spending for the 1977 fiscal year.

The tax cuts I proposed can be made only if there is a clear, affirmative decision by the Congress to hold spending next year to \$395 billion. I will not hesitate to veto any new bills which violate this ceiling. Action on both of these proposals must be a first crucial step toward balancing the Federal budget -- within three years.

This program will be of special help to lower and middle income Americans whose earnings have failed to keep pace with rising taxes and ever-rising inflation. You know from experience what your own economic problems have been in recent months. You know what it means to pay more and more of your income merely to feed and clothe your family and to maintain a decent home. You know the sinking feeling when a member of your family or a friend is laid off work. You know the desperation that comes when these forces seem beyond control.

None of us wants to relive the experiences of the past year. All of us want steady prices -- steady jobs -- a chance once again to get ahead on our own initiative. We want to make sure that our destiny is in our own hands.

When I spoke here exactly one year ago tonight, our nation faced some serious difficulties. Inflation was running at an annual rate of over 12%. Unemployment was increasing. We were on our way to serious recession. But we didn't simply throw up our hands. We fought back and we reversed the recessionary trend.

We cut the cost of living sharply, but we still have a long way to go to win the battle against inflation.

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We added 1.6 million workers to the payroll in the last six months, but we have too many people unemployed. The economic indicators are good -- industrial production is climbing at a strong rate. Retail sales are up -- and so are new orders for durable goods. In short, the recovery that began this spring is gathering momentum. If we act wisely, it will continue on an upward path -- providing America with more jobs, more stable prices, more opportunity than ever.

But we must not delude ourselves. Just beneath the surface there are still deep-seated problems in our economy -- problems which have been building for years. They won't go away overnight. The underlying causes of these economic difficulties must be attacked responsibly. We must come up with solutions that serve not only this year but this generation -- and the next.

To see the cause of our underlying problems, we have only to look to Washington where one big spending program piled on another has created a Federal monstrosity. The result -- government now takes a larger share of your personal income, creates record budget deficits, prints more money -- and, inevitably, escalates inflation. This trend must be stopped -- and this trend will be stopped.

Congressional critics of my proposals to cut taxes and spending call them political. But politics is government -- government with the consent of the governed -- for the good of all Americans. That is what representative government is all about. I believe in the right of the American people to spend their own money rather than letting the Congress spend it for them. What could be more political than proposals of the big spenders in the Congress to reduce taxes and increase spending -- to help special interest groups? That's the most obvious politics -- politics concerned only with the next election.

America's greatness was not achieved by taxing people to their limits. It was achieved by free people freely exercising their own ingenuity and their own energies to the fullest. We must once again release the full energies of the American people by getting the government off their backs and out of their pockets and their pocketbooks.

As you here know, the auto industry has a tremendous impact on the economy of this Nation. When American auto sales are down, so in most cases is the economy. When that happens, the car makers don't take it lying down either. They fight back -- and the country benefits. Take gasoline mileage -- and what has been done in less than two years to increase it. The 1976 American cars will average nearly 13 percent better fuel economy than last year's models. That's on top of an improvement of almost 14 percent from 1974 to 1975. American auto makers have gone more than halfway toward achieving the goal I laid down earlier this year: A 40 percent improvement in fuel economy by 1980.

Do you know what this increased gasoline mileage means -- what the enterprise of the auto industry already means -- in terms of our energy crisis? It means -- if every car in America operated with the fuel efficiency of the average 1976 model, America would save more than 17.5 billion gallons of gasoline each year. Even more significant, American motorists would save nearly eleven billion dollars in the cost of their gasoline each year.

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That's a real contribution by auto workers toward our goal of energy independence -- not to mention a mighty good incentive for buying a 1976 model car. I congratulate the auto industry and its workers for this achievement. These remarkable strides were made without Federal funds -- and with certain restrictions laid down by the government. With dedication like that, America has no reason to fear being overwhelmed by problems. The American people are dedicated to problem-solving and progress -- using the individual initiative of our citizens rather than the dictation of government.

Wherever I've gone as President, I've found a deep, abiding faith in the future of America. We have been through some traumatic times in the last few years. But in our 200-year history we have overcome tougher problems and come through darker periods. Despite the doomsayers -- America has always transcended the moment and achieved a better life for its citizens. We'll do it again.

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