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OCTOBER 14, 1975

Office of the White House Press Secretary
(Hartford, Connecticut)

THE WHITE HOUSE

EXCERPTS OF REMARKS TO BE DELIVERED
BY THE PRESIDENT AT THE
CONNECTICUT GOP FUND RAISER
HARTFORD, CONNECTICUT
OCTOBER 14, 1975

If we expect to restore economic stability and develop sustained economic growth, we must first set the United States Government's fiscal house in order. That is exactly what I intend to do.

That is why I insist on a decision from the Congress on the question of whether we will continue in the direction of recent years--the path toward bigger government, higher taxes and higher inflation--or whether we will now take a new direction, bringing a halt to the suffocating growth of government, restoring prosperity and allowing Americans a greater voice in their own future and a greater say in how to spend their own money.

In choosing the new direction, I propose a fresh start for America and for the American people. I propose a permanent tax cut of 28 billion dollars a year starting next January 1 and, at the same time, a matching cut in the growth of Federal spending. As part of this program, I have also set as my goal a balanced Federal budget within three years. Let me emphasize, however: I will work with the Congress to insure that those who deserve help will continue to receive that help--the elderly, the poor, the veterans who have borne this nation's arms. Nor will I permit slashes in our military budget that would jeopardize our national security.

Overall, my proposals to cut taxes and spending will not only lighten your tax load, they will help make up for the ravages of inflation--the cruelest and most pervasive tax of all. They will also help stimulate the economic growth necessary to create new jobs and get America back to work. I have proposed a permanent increase in the investment tax credit for businesses and a two percent reduction in the corporate tax rate.

Both of these proposals are designed to help create jobs in American business and industry--which is the foundation of our private enterprise system.

But if we want this kind of new direction in our tax policies, we must have a new direction in our spending policies as well. We cannot let the Federal budget keep growing as it has for the last 13 years. If we do, by the year 2000 half of the people in this nation will be living off the other half.

In 1962, the budget climbed over the 100 billion dollar mark for the first time. By 1971, it jumped over 200 billion dollars. And without some serious trimming, it will go over 400 billion dollars in the next fiscal year. That is a 300 percent increase in 13 years.

Accordingly, I have proposed that we halt this alarming growth by holding spending to 395 billion dollars in the coming fiscal year. That represents a 28 billion dollar cut from the spending level currently projected if all existing Federal programs are allowed to grow as they have in the recent past.

(MORE)

Special interest groups throughout America may complain when funds are cut as part of this economy drive. But my concern -- and your concern -- is not for the special interests. It's for the people's interests, the taxpayer's interest, the national interest.

The temptation of your Representatives in the Congress to accept the tax cuts but reject the spending cuts will be tremendous. I served in the Congress long enough to know that from personal experience. But if we're really serious about getting both our economy and the Federal government under control, the Congress must commit itself wholeheartedly to a policy of strict fiscal responsibility.

Instead of throwing up its hands and saying it can't be done, I suggest this Democratic-controlled Congress take a good hard look at how the Democratic-controlled 90th Congress placed a ceiling on spending -- and, at the same time, enacted an increase in taxes recommended by a Democratic President. This time, I simply want the Congress to place a ceiling on spending and enact a tax cut. Here's how the 90th Congress did it:

In December of 1967, the Congress wrote into a continuing appropriations bill a provision reducing Federal obligations for Fiscal 1968 by at least \$9 billion and Federal spending by at least \$4 billion.

In 1968, the 90th Congress enacted a 10 percent surtax on corporations and individuals which President Johnson had requested. At the same time, it wrote into the legislation a \$10 billion reduction in outlays in Fiscal 1969 and an \$8 billion rescission of unspent prior-year appropriations.

It was as simple as that. Tonight, I say to the "Can't Do" Congress: It can be done. Why not do it?

Let me be specific about this point as well: if the Congress sends me legislation that exceeds the spending limitation and threatens your tax cut, I will not hesitate to use the constitutional authority available to me -- and veto that legislation. The veto has been described as a "negative" act, but I've used it 39 times and saved the American taxpayers \$6 billion. I will use it 100 times, if necessary, to prevent excessive and inflationary spending increases. And that's about as positive as you can get.

But there is a better way to achieve fiscal solvency. We need -- you and I need -- the full support of the Congress to make this program work. Your help is essential to convince the Congress that the American people support these reforms in our tax and spending policies.

Working together, we can make America's economic future bright and prosperous and vigorous. But if we grow weary in our commitment and weak in our resolve, our economic course will be in danger for years to come.

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