

FOR IMMEDIATE RELEASE

DECEMBER 17, 1975

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

---

THE WHITE HOUSE

REMARKS OF THE PRESIDENT  
UPON HIS VETO OF  
H.R. 5559

THE BRIEFING ROOM

5:30 P.M. EST

Good evening everybody.

I am vetoing the temporary tax cut extension bill sent to me by the Congress today. I have been telling the Congress ever since October that I would veto any tax cut if the Congress failed to cut Federal spending at the same time. Congress has refused to put any limit at this time on spending for the next fiscal year and instead sent me a temporary six month extension of the present temporary 1975 tax levels due to expire on New Year's Eve.

There is no need for your withholding taxes to go up in 1976. There is no need for a prolonged confrontation with the Congress on this question. I believe, and the Congress evidently believes, that our Nation will benefit by giving American taxpayers a break in 1976.

The differences between Congress and me are these: As I proposed last October 6, I want a larger tax cut in 1976 than we have had in 1975 -- \$28 billion to be exact -- while the bill before me would merely extend this year's tax rate which works out to about \$18 billion a year.

As I made clear over two months ago, I want any cut in Federal tax revenues coupled with a cut in the runaway growth of Federal spending. Unless we start doing this now, we will run up larger and larger deficits and get farther and farther away from a balanced budget.

We will risk a new round of double digit inflation which would invisibly tax every dollar you have or you earn in the future by a much higher figure than any relief this bill offers.

The Congress offers only to keep a temporary lid on taxes while leaving the Federal cash register wide open for whatever spending Congress wants to take out in an election year. That I cannot and will not accept.

MORE

I said I would submit a \$395 billion budget for fiscal year 1977 next January and I intend to do so. This represents a \$28 billion reduction in the growth of Federal spending. If Congress will go along on this overall ceiling, not on every detail as to where the cuts should come, we could have a \$28 billion tax cut next year without adding to inflation.

I must return this bill to Congress but this does not mean your taxes must go up next year. The Congress still has time before Christmas to send me back a tax cut extension for 1976 coupled with a clear commitment to cut the growth of Federal spending. Such a signal to the country and to the world that the Federal Government in Washington is at last facing up to its responsibility to control runaway spending would be the best Christmas present over-burdened American taxpayers have had in decades. I am willing and waiting to sign such legislation.

There is only one real issue here and it requires some very plain speaking. The American people want tax relief, need tax relief and deserve Federal tax relief, but they also want uncontrolled Federal spending to stop. Their Government, the officials they entrust with the power to tax and to spend taxes, for years and years have not been playing fair with them. Their Government has been raising Federal benefits knowing full well those benefits have to be paid for by future taxpayers or by the merciless tax of constant inflation.

The American people know this. You know it and I know it. Upon serious second thought I am sure the majority of the Congress will recognize it. The only honest way to reduce taxes is to reduce the spending of tax money.

Thank you.

END

(AT 5:35 P.M. EST)