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THE WHITE HOUSE

REMARKS OF THE PRESIDENT
TO THE
NORTHEASTERN STATES GOP CONFERENCE

TWIN BRIDGES MARRIOTT HOTEL
ARLINGTON, VIRGINIA

1:58 P.M. EST

Mr. Vice President, Mary Louise Smith, Dick Rosenbaum, members of the Republican National Committee, distinguished guests, ladies and gentlemen:

Mr. Vice President, it is fortunate for us Fords that you weren't born in Michigan. (Laughter) That includes Henry, too.

Let me say with the deepest appreciation, I am most grateful for your overly kind and very generous comments, Nelson. I can say without hesitation or equivocation that we try to do what Nelson has said we do do, and I can assure you we are going to do it in the future.

May I add a footnote. I have benefitted immeasurably and the country is better because Nelson Rockefeller has been Vice President of the United States.

But, Mr. Chairman, before I begin, I have some very good economic news that was just released by the Department of Labor. The unemployment rate for January was 7.8 percent. This is down from 8.3 percent in December. Total employment rose by 800,000 and two million one hundred thousand more Americans were working last month than during the month of March 1975.

This means that virtually all of the jobs lost during the recession have now been recovered. This is the largest monthly decline in unemployment in 15 years. This is the largest monthly job increase since 1960. This is good news, but we are going to make it better in the future.

It is a very great personal pleasure for me to participate in this Northeastern Conference of the Republican Party.

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As I look about this room, I see the faces of many, many old friends -- and some new friends as well -- good Republicans that I have met over the years for the first time and many times as I traveled to just about all of your States, to be a part of the enjoyable, enthusiastic, and productive meetings held in your respective areas.

I know how freely you -- and I mean you -- have given of your time, your talent and your enthusiasm, and I applaud you and thank you for it. Let me assure you right now that in the coming months I will do my very best, make my best effort, to help elect Republican candidates for the next Congress and State and local office throughout the Northeast and across America.

There is no doubt in my mind -- and I am sure there is no doubt in yours -- about one thing. As we start our Bicentennial of independence, the two-party system of free choice is still very much alive in America, and we are going to keep it that way in the future.

Our two-party system works best when it presents clear alternatives to the American people as to what course this Nation should take in the future. In this election year, such clear alternatives have already emerged.

The American people in 1976 are not concerned with the polished image of candidates, but rather with the hard issues facing this country. They are concerned about jobs. They are concerned about the cost of health. They are concerned about housing, education, crime and they are concerned about the cost of Government and the price of groceries.

All Americans are concerned about their cost of living and the quality of their lives. But, each of our two major political parties has a different prescription to cure our Nation's ills.

The difference can most dramatically be seen in the respective approaches to economic recovery.

I propose to continue the common sense policies of sound, responsible, self-disciplined growth that have brought America out of its worst recession since the 1930s.

It is all too easy to forget the fog of fear that enveloped our Nation just a year ago because of double-digit inflation. Who in this audience doesn't remember a year ago buying something in a store and finding a little mound of price stickers on it, one above the other, each a few cents higher than the one below? We wondered if it would ever stop.

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In February of 1975 a prominent labor leader warned that everything was pointing downward toward a depression. He forecast that a 10 percent rate of unemployment by July was inevitable but, at the same time, a leading spokesman of the other party went on network TV to say, and I quote, "Unless we take some very concrete and effective action and very quickly within the next 60 to 90 days, I think we would be approaching what you would call the dimension of a depression."

This was a time when it would have been easy to stampede, to turn our backs on the inherent strength of the world's greatest economic machine, to turn instead to quick fix gimmicks and snake oil solutions.

This Administration didn't stampede, nor did we abandon our principles or our convictions under fire. We set a steady course and stuck to it. What happened? Doomsday never came.

American buyers, American investors and American workers regained their confidence in the future. We preserved the integrity of the American dollar and the American economy. Our system works.

Inflation today is just about half of what it was a year ago. It is still too high but the monster of runaway inflation no longer sits down with every breadwinner and every businessman as they make their daily decisions. Runaway inflation no longer imposes a crushing 12 percent a year tax on 215 million Americans. We have got a hold on inflation and I am not about to let it go now under any circumstances.

Industrial production is up at an annual rate of 12 percent since last April. Our real gross national product rose at an annual rate of 8.6 percent in the last half of 1975. Excess business inventories have been worked off. Interest rates have gone down significantly. From a high point of 12 percent the prime lending rate has been cut to 6-3/4 percent.

The Consumer Confidence Index issued by the Confidence Board on February 2 is at the highest level since June of 1975, and it is more than double a year ago. It also indicates that consumer optimism about the state of the economy improved significantly in December and, since good news always bears repeating, as I said earlier, the rate of unemployment for January was 7.8 percent -- one-half of one percent down from 8.3 percent in December but going in the right direction. That is good news and we are going to keep working at it.

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Ninety-six percent of the jobs lost during the recession have now been recovered, and that is good news. Today, 2,100,000 more Americans are working than at the bottom of the recession. Last month total employment rose by 800,000 and, believe me, that is really good news.

But there are still too many Americans who want work and can't find it. Our economic recovery will only be complete when every one of those Americans have a good job.

Here again, there is sharp disagreement between our two major political parties on how to create those vitally needed jobs. A spokesman for the opposition wants the Federal Government to create jobs directly through make-work programs similar to those established in the 1930s, and through public service jobs in State and local governments for which the Federal Government pays the bill.

We already have on the books and operating a responsible public service jobs program, and it is working as well as such a program can. We also have public works programs providing employment on needed priorities such as rebuilding roadbeds, new housing, construction of sewage treatment plants, land reclamation and others. But Government-sponsored jobs have not solved America's unemployment problems and never will.

Even make-work programs, when they were operating on a massive scale in the 1930s, national unemployment stayed astonishingly high. It was World War II, demanding an economy operating at full speed, that brought America back to full employment.

The WPA of the 1930s is not the answer to unemployment in the 1970s and, obviously, war is not the answer to anything.

To create jobs, real permanent jobs with a future, we need to stimulate growth in private business and industry where five out of every six American jobs are to be found. We need to "rev" up the mighty engines of the free American economic system, which has given this country the greatest prosperity and progress the world has ever known.

The tax cut and incentive programs I proposed would give the private sector the encouragement and the assistance it needs to expand, to grow, to build, to create jobs and to recover its prosperity.

One of my proposals is targeted on those areas where unemployment exceeds seven percent and it requires that plant and job expansion begin now, this year, so that Americans can get back to work faster. There is so much work that needs to be done.

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There are diseases to be conquered, new technologies to be developed, new sources of energy to be found. To accomplish these and other objectives, my Administration is making a major investment in America's future.

The budget I proposed for fiscal year 1977 contains record funds, over \$24.5 billion for research and development in a wide variety of fields -- from desalinization to defense. This is an 11 percent increase in research funds over the present fiscal year.

This money will be used to develop new varieties of wheat and other farm products, to improve our agricultural capacity and export earnings. Some of this money will be spent to support research on the liquefaction of coal, our most plentiful energy source, reducing our reliance on foreign oil.

The other energy research projects include the development of solar and geothermal energy and other exotic forms which will help make America energy independent in the future.

We will continue the search for a cure for cancer and the prevention of heart diseases. New research will be undertaken to develop advanced weapons systems which will keep America's defense second to none.

Much of that research will be done by the great universities and research organizations concentrated in the Northeast section. It will help your local economies. It will help make America's future as exciting and as rewarding as our past.

Another proposal of immediate and vital importance to you is the extension of the general revenue sharing program through 1982, and I have asked the Vice President to head-up, to be the chairman of a Government organization, or a committee, to work to make certain that this program is enacted into law by this Congress, and I know he will succeed.

Now I know that a considerable number of Governors and mayors and county officials from your States and others have been lobbying pretty vigorously for passage of the \$6 billion so-called Counter Cyclical bill passed recently by the Congress. I oppose this bill because it is a one-shot band-aid, uneconomical approach to long-range problems.

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I believe, and believe most deeply, that revenue sharing is far, far more important than effective legislation. Over the last 4 years 22 percent of general revenue sharing funds from the Federal Government to your States and to your local communities have been spent on education. Twenty-four percent has been spent to improve local law enforcement and public safety programs. Fourteen percent was spent for better transportation; seven percent on environmental protection; seven percent on health. This is money spent to make your cities, counties and States cleaner, safer and better places in which to live. This is an important statistic.

Unlike other programs in which the Federal Government is involved, the cost of administering this program is only one-twelfth of one cent on every dollar. That is a good record and that is the kind of a program this Federal Government ought to undertake and carry out.

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I think it is interesting to note as well, fewer than 100 Federal employees are involved in administering this program. By any standard, this is an outstanding record of efficiency and good management in the Federal Government.

General revenue sharing is a \$39 billion 850 million program that would run for the next five and three-quarter years. I think our party can be very proud of the role we played in securing passage of the original revenue sharing program five years ago and, if your memory doesn't bring up this, let me remind you of it.

A great deal of the credit for this program being enacted by the Congress in 1972 goes to then-Governor and now Vice President Nelson Rockefeller.

That program has provided your Northeastern States and subdivisions alone with more than \$6 billion 700 million since 1972. If the Congress passes my bill that I recommended last July to extend the program, your States will get about \$11 billion 500 million more in the next five and three-quarter years.

New York State will get \$4.5 billion. Pennsylvania will get more than \$2 billion; New Jersey more than \$1 billion and there are proportionate amounts for all the other States represented here.

To mention one -- strictly at random -- let's take New Hampshire. (Laughter) New Hampshire will get more than \$125 million in addition to the over \$75 million it has already received from revenue sharing since 1972. I don't want to cut it out. I want to make sure it goes to New Hampshire. (Laughter)

The whole foundation of revenue sharing is to return Federal tax dollars as well as decision-making power to the local level. The better balance we see in the Government and in the economy is not a slogan for an election year. New realism and common sense are not magic words that will work miracles for our people.

They are plain ideas and simple words that speak to the needs of 215 million Americans who are looking for a better life for themselves and for their children. They know, as we know, that Government has certain obligations and powers and abilities to help bring about progress in many, many areas.

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As President, I will fulfill each of these obligations fully and exercise those powers and abilities as justly and responsibly as I can. Yet, we must never lose sight of one very simple truth: That a Government big enough to give us everything we want is a Government big enough to take everything from us everything we have.

The Republican Party is in tune, in touch and in stride with the mood of America, and I am confident that we as the Republican Party are on the road to victory in 1976.

Thank you very much.

END (AT 2:20 P.M. EST)