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THE WHITE HOUSE

REMARKS OF THE PRESIDENT  
AT THE LUNCHEON IN HONOR OF THE  
DEDICATION CEREMONY OF THE  
SAN JOSE FOREIGN TRADE ZONE

McCABE HALL

1:03 P.M. PDT

Halsey, Congressman Pete McCloskey, Congressman Al Bell, Congressman Mineta, Ev Younger, Mayor Hayes, Paul Mariani, Ron James, and, of course, my old and very dear friend, Dave Patrick, distinguished guests, ladies and gentlemen:

I have always enjoyed the company of Americans who are working to bring more jobs and greater prosperity to our country, and that is why I am especially pleased and very happy to be with you here in San Jose today.

One of my greatest responsibilities as President has been the task of revitalizing our economy. In meeting that challenge, I place full confidence in the ability of our free enterprise system, and you have shown that that kind of faith is fully justified here in San Jose. On your own, with your own enterprise, your own initiative, you have established an international business park that is expected to create millions and millions of dollars in new revenue for this area and provide as many as 12,000 jobs in the forthcoming years.

The new Foreign Trade Zone within the park will also strengthen our participation in the international market. And I wish you the very, very best of luck with your international park, as well as your Trade Zone.

I congratulate wholeheartedly the members of the Chamber of Commerce on your new office building and thank you all for making my job a little bit easier.

Your economic future looks very bright in a city with all this talent and all this energy. I see optimism actually spreading all over our country.

It was not always so, as you will find if you refresh your memories. Just 21 months ago America's prosperity and economic strength were seriously threatened by a chilling combination of recession as well as inflation. Some of America's leading economists and politicians thought it best, for example, to impose wage and price controls to deal with the economic difficulties that we were experiencing. Others insisted that we spend massive amounts of Federal dollars to stimulate the economy.

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Despite the danger, of course, of feeding an always dangerous inflation, I decided the way to real recovery and enduring prosperity in America was not through Government quick fixes. We have tried those in the past. We know they haven't worked and we knew they wouldn't work in 1975 or 1976.

I had faith that America would work its way out of its economic difficulties rather than trying to spend its way out of its difficulties. I proposed, and the Congress accepted, a major tax cut for individuals and tax incentives for business expansion and job production so that we could get the great American free enterprise system working at full speed.

We also began a comprehensive effort to restore the confidence of the American people in themselves, in their Government and in their own future. This effort was absolutely essential to restoring the economic confidence of the consumer -- of course, a very key element in the progress we had to make.

These policies, as we look back, have been very, very successful. America today is in the midst of a strong and surging economic recovery and we should be very proud of that progress.

The real Gross National Product rose during the first quarter -- January, February, March of this year -- at an annual rate of 8-1/2 percent -- far, far above the most optimistic predictions. In dollars and cents, that means the value of America's output of goods and services rose at an annual rate of almost \$200 billion.

The amount of money people have to spend after taxes and other deductions are taken from their paychecks, it is what the economists call real spendable income. This is increased by \$100 billion in the past 12 months.

Farm income is at an all-time high and so is agricultural production. Total resales are up more than 14 percent. Automobile sales are up 34 percent over a year ago. Food sales are up more than 7 percent. General merchandise is up 12 percent.

The prime rate of interest has been reduced from 12 percent when I became the President, to 6-3/4 percent today. As a matter of fact, it looks to me like everything that should be going up is going up and everything that should be going down is going down. Since the bottom of the recession about a year ago, we have gained 3,300,000 new jobs, more than 700,000 new jobs in the last month alone.

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But the most important thing, more Americans -- 87,400,000 of them -- are on the job today, which is an all-time record in the history of the United States. This is progress, meaningful progress. But, most importantly, done the right way.

Consider where we started from 12 months ago when the unemployment rate was nearly 9 percent. That is a good come-back, by any standard. After months and months of higher unemployment and mounting fear, America today is getting back to work and faith in our country's future has been restored.

We are going in the right direction, but this President will not be satisfied until every American who wants a job can find a job. That is my criteria.

We will not achieve full employment by letting the Federal Government plan on the one hand, or control the national economy on the other.

Just over a week ago I proposed a very innovative recommendation to the Congress -- a four-year agenda for action on comprehensive regulatory reform in every major segment of our economy, and this would include, of course, OSHA, EPA--every agency, every department of the Federal Government would get a mandatory review on a four-year basis.

I expect the Congress to respond because it is my feeling that the public in California and in all 49 other States are demanding that somehow we get the workings of the Federal Government analyzed, reviewed and restructured and made better, and the only way that I know is to get the legislation that I have proposed and I think the Congress, when they get the word from the public, will respond, help us out. This is the way to make our Government work for us and work for our country.

May I say, also, the Administration has undertaken some of the most fundamental reforms of Government regulations in reporting requirements in the history. Small businesses in this country spend about \$18 billion every year just to comply with Government reporting requirements. Most merchants in America are small businessmen or small businesswomen.

It is time that they got back to working for their customers instead of working for the Federal Government. It is time the Government minded its own business for a while and let you run yourself.

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More Government will not solve America's economic problems. The answer is less Government control, less wasteful Government spending and lower taxes from middle income Americans.

I want to cut Federal income taxes by an additional \$10 billion, starting July 1, 1976, just a few months or a few weeks away. In my proposal to make these reductions in personal income taxes, I believe that we must increase the personal exemption from \$750 to \$1,000 for every individual taxpayer.

But to help provide the kinds of jobs that are needed and necessary, I think we have to enact accelerated depreciation allowances and another investment tax credit and to retain the \$50,000 corporate surtax exemption. I want the American people to keep more of the money that they work so hard to earn. I want them to spend it the way they want to spend it, at the shopping center, on their children's education, for whatever they need, instead of paying more and more for Government programs that obviously we do not need.

As some of you know, I have vetoed some 49 bills sent to me by the Congress in the last 21 or 22 months. Responsible Members of the Congress sustained 42 of those vetoes, and those vetoes, as sustained by the Congress, have saved the American taxpayer \$13 billion.

That is a pretty good record, but as a postscript, let me say if the Congress keeps on sending me those budget busting, big spending proposals, I am prepared to use my veto again and again and again.

Now, if the Congress would act sensibly (Laughter) and with all deference to my former colleagues--that is asking an awful lot (Laughter)--they would enact my tax cut proposals instead of thinking up new fantastic ways to spend your money. We could create such a tremendous demand for goods and services that many, many more Americans jobs and lasting prosperity would be the inevitable result. We could also cut the rate of growth in Federal spending.

My budget for fiscal year 1977, which begins October 1 of this year, would cut the rate of growth of Federal spending by 50 percent, approximately \$28 billion, and set us on a course of a balanced budget by fiscal year 1979, plus another reduction or cut in Federal income taxes.

I think that is a good economic package for America. I need your help in controlling an irresponsible Congress so we can achieve that result. I have done battle with inflation for far too long to let it get out of control again. When I took office in August of 1974, the rate of inflation was 12 percent per annum or higher, the highest rate in more than 50 years.

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In the last 21 months we have cut the rate of inflation by 50 percent or better, and with a little more cooperation from the Congress, we can cut it even more. The best news we have gotten in the first four months of 1976 is that the rate of inflation on an annual basis is 3 percent or less, and if you take 12 percent, as it was 21 months ago, and what the rate of inflation for the first quarter of this year, we have made a 75 percent reduction in the rate of inflation. I think that is a darned good record.

The real progress against inflation is one of the most encouraging of all of the recovery statistics because it means the strong economic recovery we are experiencing across this country will not go bust next year. But the most important economic statistic is the index of consumer confidence. It is double in 1976 what it was in 1975.

In economic terms that means the American people are spending more money, moving more goods and even willing to borrow for major purchases for the future. In broader terms, it means the American people are looking to the future with faith instead of with fear. I deeply appreciate this opportunity to talk with you here this afternoon, to speak to you about some of the policies that in good, honest, deep conviction I have returned peace, and prosperity and trust to America.

Today, America is at peace. There are no American boys fighting anywhere on the face of the globe, and I intend to keep it that way. I will maintain the peace because we have the military capability to do so and the diplomatic skill to accomplish it. I will secure the peace through strength and perseverance and leave the legacy of peace for our children and their children. I will continue my policies of cutting your taxes, expanding the private economy, reducing the bureaucracy and useless regulation and restraining Federal spending.

My policies have brought us from the depths of a recession to a sustained recovery and will insure that runaway inflation will never again rob us or our loved ones of the rewards of honest work and lifetime savings.

Finally, I want to finish my most important job -- the restoration of trust in the Presidency itself. As your President, I will promise no more than I can deliver and I will deliver everything that I promise. I do need your support to insure peace and prosperity and trust for the future, the future that we owe to our children and to their children.

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Americans have always wanted life to be better for our children than it was for us because life has been better than it was for our parents.

What do I see ahead for this great country in which we live and which we love? I see a strong and confident America, secure in a strength that cannot alone be counted in megatons, a nation rejoicing in riches that cannot be eroded by inflation or by taxation.

I see an America where life is valued for its comfort, where the individual is inviolate in his constitutional rights and where the Government serves and the people rule.

Thank you very much.

END (AT 1:20 P.M. PDT)