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THE PRESIDENT HAS SEEN

TALKING POINTS

GOVERNORS' DINNER AND PRESS BREAKFAST

HOUSTON, TEXAS

FEBRUARY 10 and 11, 1975

1. IMPORTED OIL COST THE UNITED STATES APPROXIMATELY
TWENTY-FIVE BILLION DOLLARS LAST YEAR. THIS REPRESENTS
AN OUTFLOW OF CASH AND JOBS. IN ADDITION, THE NATION'S
MOST PRESSING DOMESTIC ENERGY PROBLEM IS A REAL AND GROWING
SHORTAGE OF NATURAL GAS. THE LACK OF INITIATIVE IN
ENERGY DEVELOPMENT HAS HELPED PRODUCE THE CURRENT SITUATION.

MY ENERGY PROGRAM OFFERS INCENTIVES AND OPPORTUNITIES TO
EXPLORE AND DEVELOP NEW FIELDS OF OIL AND NATURAL GAS.
WE MUST DEREGULATE NEW NATURAL GAS AND OIL PRICES.
THIS MEANS INCREASED DOMESTIC PRODUCTION AND MORE JOBS
IN YOUR AREA.

2. ENERGY INDEPENDENCE IS IMPORTANT. FAILURE

TO TAKE ACTION SIGNIFIES A HOPE THAT THERE WILL NOT BE FUTURE

OIL EMBARGOES. NO ONE CAN GUARANTEE THAT HOPE. ANOTHER

EMBARGO WOULD BE FAR MORE DESTRUCTIVE TO OUR ECONOMY THAN

THE LAST DISRUPTION. WE MUST REGAIN CONTROL OF OUR OWN

FATE.

3. WE ARE VERY CONCERNED ABOUT INCREASING
UNEMPLOYMENT. THE LONG-RANGE ANSWER IS RESTORATION
OF THE NATION'S ECONOMIC HEALTH. AN IMMEDIATE CUSHION
IS THE EMERGENCY UNEMPLOYMENT INSURANCE/PUBLIC SERVICE JOB
PROGRAM PASSED AT MY REQUEST BY THE CONGRESS LAST DECEMBER.

THIS WILL BRING AID TO THE UNEMPLOYED TO A LEVEL WHICH IS
TWELVE POINT SEVEN BILLION DOLLARS HIGHER THAN THAT IN 1974.

4. THE 1974 TAX REBATE OF SIXTEEN BILLION DOLLARS --

FOUR BILLION DOLLARS OF THIS GOING TO BUSINESS AND AGRICULTURE

-- WOULD PROVIDE AN IMMEDIATE STIMULANT TO THE ECONOMY.

THIS WILL HELP IN RECOVERY FROM THE RECESSION.

5. FOR 1975, TO HELP OFFSET THE IMPACT OF HIGHER ENERGY COSTS, I AM PROPOSING A TAX REDUCTION OF SIXTEEN AND A HALF BILLION DOLLARS TO INDIVIDUAL TAXPAYERS -- ALSO TWO BILLION DOLLARS IN PAYMENTS TO NON-TAXPAYERS. THIS WOULD HELP OFFSET THE IMPACT OF HIGHER ENERGY COSTS AND RESTORE PURCHASING POWER AND GROWTH IN JOBS AND PRODUCTION.

6. PAYMENTS OF TWO BILLION DOLLARS TO STATE AND LOCAL GOVERNMENTS ALSO ARE PROPOSED UNDER MY PLAN TO OFFSET HIGHER ENERGY COSTS.

7. THE PLAN IS A NETWORK OF INTERRELATED DECISIONS.

IT WILL COPE WITH ENERGY AND ECONOMIC PROBLEMS ON BOTH A
SHORT AND LONG-TERM BASIS. WE CANNOT SOLVE THE PROBLEMS
IN EITHER AREA WITH TEMPORARY, EXPEDIENT ANSWERS LIKE GASOLINE
RATIONING. IT IS ESSENTIAL TO IMPLEMENT A TOTAL APPROACH.

8. THE PROPOSED BUDGET FOR FISCAL YEAR 1976 WOULD REQUIRE

A DEFICIT OF FIFTY-TWO BILLION DOLLARS. THIS WILL FORCE THE FEDERAL

GOVERNMENT TO BORROW MORE MONEY. SUCH ACTION DRAINS MONEY

FROM OTHER BORROWERS. THE TOTAL BUDGET PROPOSED IS THREE HUNDRED

FORTY-NINE BILLION DOLLARS -- ALMOST ONE BILLION DOLLARS A DAY!

THIS ACTION HAS BEEN MOST DIFFICULT FOR ME TO TAKE.

9. THE SIZE OF THE BUDGET -- AND ACCOMPANYING DEFICIT
-- WAS DICTATED BY THE NEED TO PROVIDE FINANCIAL ASSISTANCE TO THE
UNEMPLOYED -- ALSO TO STIMULATE THE PRIVATE ECONOMY BY A TAX
REDUCTION. THE BUDGET INCLUDES NO NEW SPENDING PROGRAMS --
EXCEPT IN ENERGY -- AND I WILL NOT HESITATE TO VETO ANY NEW
SPENDING PROGRAMS INITIATED BY THE CONGRESS.

10. FURTHERMORE, I HAVE PROPOSED SEVENTEEN BILLION DOLLARS IN PROGRAM CUTS. MANY OF THESE CUTS WOULD COME FROM AREAS THAT HAVE, IN THE PAST, BEEN CONSIDERED UNCONTROLLABLE. I REJECT THE IDEA OF UNCONTROLLABLE BUDGETS, AND I URGE THAT WE LOOK AT ALL FORMERLY UNTOUCHABLE AREAS IN THE BUDGETS OF ALL GOVERNMENTS.

11. REVENUE SHARING WILL BE SIX POINT THREE BILLION
DOLLARS IN FISCAL YEAR 1976. I WELCOME YOUR SUGGESTIONS
ON THE AREAS OF POTENTIAL COOPERATION BETWEEN FEDERAL AND STATE
GOVERNMENTS.

12. IN THE FINAL ANALYSIS, WE MUST RESTORE PRODUCTION
INCENTIVES IN THE PRIVATE ECONOMY. INCREASING INTOLERABLE
GOVERNMENT SPENDING WILL WRECK THE PRIVATE ENTERPRISE SYSTEM.
BORROWING HAS ALREADY OVER-BURDENED CAPITAL MARKETS. YET,
THE CONGRESS TALKS OF STILL GREATER DEFICIT FOR 1976. THEY MAY
WELL EXPLODE PRICES AND START REAL RUNAWAY INFLATION.

FISCAL IRRESPONSIBILITY IN THE NAME OF COMPASSION IS HYPOCRISY.

IF OUR ECONOMY IS HURT, IT IS THOSE WHO ARE LEAST ABLE TO BEAR

THE BURDEN OF ECONOMIC DISTRESS WHO ARE HURT MOST. THERE

CAN BE NO TRUE COMPASSION IN TODAY'S WORLD WITHOUT FISCAL

RESTRAINT.

13. AS YOU GOVERNORS KNOW, THE NATION IS NOW HEAVILY
OVERBORROWED AT ALL LEVELS -- FEDERAL, STATE AND LOCAL.
WE ARE BORROWING FROM THE FUTURE. THERE IS EXTREME DANGER
IN SUCH EXCESSES. WE ARE SEEING THE RESULTS OF IT NOW.
YOUR TROUBLE, MY TROUBLE, THE NATION'S TROUBLE HAS BEEN
CAUSED BY EXCESSIVE SPENDING FOR THE PAST DECADE.

14. ONLY A COMPREHENSIVE PLAN CAN DEAL WITH THE
NATION'S BASIC PROBLEMS. IF MY PROGRAM IS DESTROYED --
AND NO COMPREHENSIVE PLAN IS PUT IN ITS PLACE --
THIS COUNTRY WILL PAY FOR A LOT LONGER TIME THAN I AM PROPOSING.
I AM TALKING ABOUT TWO TO THREE YEARS TO LICK THESE
PROBLEMS THAT HAVE BEEN BUILDING UP FOR A DECADE.

MY ASSESSMENT IS HONEST AND DIRECT. ANYONE WHO TELLS YOU
THAT WE CAN BRING EMPLOYMENT DOWN TO THE FIVE PERCENT LEVEL
IN THE NEXT YEAR IS TALKING ABOUT A SHORT-TERM TREMENDOUS
GAMBLE WITH THE NATION'S STABILITY AT STAKE. I AM TALKING
TOUGH TURKEY BUT I HAVE CAREFULLY WEIGHED ALL THE DANGERS.
SOFT-QUICK SOLUTIONS ARE ONLY PROMISES.

AS I HAVE SAID MANY TIMES, I HAVE RULED OUT THE QUICK FIX.

THERE IS NO QUICK FIX AND DO NOT BUY IT.

END OF TEXT

(Casserly)

February 7, 1975

Second Draft

THE PRESIDENT HAS SEEN *D.J.*

TALKING POINTS FOR HOUSTON: GOVERNORS' DINNER AND
PRESS BREAKFAST - February 10, 1975

1. Imported oil cost the United States approximately 25 billion dollars last year. This represents an outflow of cash and jobs. In addition, the Nation's most pressing domestic energy problem is an upcoming great shortage of natural gas. The lack of initiative in energy development has helped produce the current situation. My energy program offers incentives and opportunities to explore and develop new fields of oil and natural gas. We must deregulate interstate natural gas prices and put a floor under oil prices to create incentive. This means increased domestic production and more jobs in your area.

2. Energy independence is important. We cannot afford 20 years in the courts and two years of delay in the Congress -- this is precisely the case regarding the battle over natural gas prices. When I talk about national security, I mean that no one can guarantee me that we will not have another embargo in three months, six months or a year. We cannot show foreign oil producers that we mean business -- or rally our allies -- unless we take

action here at home. No one else has such a comprehensive plan.

3. We are very concerned about increasing unemployment. The long-range answer is restoration of the Nation's economic health. An immediate cushion is the emergency unemployment insurance/public service job program passed at my request by the Congress last December, which will bring aid to the unemployed to a level \$12.7 billion higher than that in 1974.

4. The 1974 tax rebate of 16 billion dollars -- four billion dollars of this going to business and agriculture -- would provide an immediate stimulant to the economy. This will help in recovery from the recession.

5. For 1975, I am proposing a tax reduction of 16 and a half billion dollars to individual taxpayers -- also two billion dollars in payments to non-taxpayers. This would help offset the impact of higher energy costs and restore purchasing power and growth in jobs and production.

6. Payments of two billion dollars to State and local governments also are proposed under my plan to offset higher energy costs.

7. The plan is a network of interrelated decisions. It will cope with

energy and economic problems on both a short and long-term basis.

We cannot solve the problems in either area with temporary, expedient answers like gasoline rationing. It is essential to implement a total approach.

8. The proposed budget for fiscal year 1976 would require a deficit of 52 billion dollars. This will force the Federal Government to borrow more money. Such action drains money from other borrowers. The total budget proposed is 349 billion dollars -- almost one billion dollars a day! This action has been most difficult for me to take.

9. The size of the budget -- and accompanying deficit -- was dictated by the need to provide financial assistance to the unemployed -- also to stimulate the private economy by a tax reduction. The budget includes no new spending programs -- except in energy -- and I will veto any new spending programs initiated by the Congress.

not hesitate to
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10. Furthermore, I have proposed 17 billion dollars in program cuts.

Many of these cuts would come from areas that have, in the past, been

considered uncontrollable. I reject the idea of uncontrollable budgets, and I urge that we look at all formerly untouchable areas in the budgets of all governments.

11. Revenue sharing will be increased from approximately 6.2 billion dollars to 6.3 billion dollars in fiscal year 1976. Your input on revenue sharing or other areas of potential cooperation between Federal and State governments are welcome.

12. In the final analysis, we must restore production incentives in the private economy. Increasing and intolerable Government spending will wreck the private enterprise system. Borrowing has already overburdened capital markets. Yet, the Congress talks of still greater deficit for 1976. They may well explode prices and start real runaway inflation. I am trying to act with compassion but also some fiscal restraint.

13. As you Governors know, the Nation is now heavily overborrowed at all levels -- Federal, State and local. We are borrowing from the future.

There is extreme danger in such excesses. We are seeing the results of it now. Your trouble, my trouble, the Nation's trouble has been caused by excessive spending for the past decade.

14. Only a comprehensive plan can deal with the Nation's basic problems. If my program is destroyed -- and no comprehensive plan is put in its place -- this country will pay for a lot longer than I am proposing. I am talking about two to three years to lick these problems that have been building up for a decade. My assessment is honest and direct. Anyone who tells you that we can bring employment down to the five percent level in the next year is talking about a short-term tremendous gamble with the Nation's stability at stake. I am talking tough turkey but I have carefully weighed all the dangers. Soft quick solutions are only promises. As I have said many times, I have ruled out the quick fix. There is no quick fix and do not buy it.

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