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OCTOBER 14, 1975

OFFICE OF THE WHITE HOUSE PRESS SECRETARY
(Hartford, Connecticut)

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
TO THE
CONNECTICUT ASSOCIATION OF REALTORS

SHERATON-HARTFORD HOTEL

It is a great privilege and pleasure for me to have an opportunity to say just a few words to the Connecticut Realtors.

Herb has indicated my credentials. I can't relate how many times I have met with, discussed with, worked with, first, the realtors from my hometown, Grand Rapids; the Michigan Realtors; the National Association. I have attended many, many, many of the meetings of your organization in the Nation's Capital. Let me say without any hesitation or equivocation I feel at home with people who believe as you do that an investment in a home is an investment in a good America.

Let me say that I had a great privilege and honor to speak to the National Convention of your organization in Las Vegas, Nevada, last year. You all who were there seemed to be having a good time. (Laughter) I wish I could have stayed longer and enjoyed what all of you were doing, working on matters involving real estate, finance, et cetera. But, nevertheless, it was a privilege to address the National Convention. I said then that the country was having serious problems in the economic field -- and we were. I indicated at that time that the home building and the real estate business were both having a very serious time.

I didn't come out and promise you any quick fix or phoney panacea. I don't think that is the way for me to talk to people who know what the facts of life are. And you know that we have had a serious dip in the home ownership effort, whether it is in new homes being built or in the real estate market. But despite the fact that we took a real tough slide, this country is coming out of the most serious economic recession since the end of World War II on the basis of sound policies and those policies are going to continue because they are in the best interest of everybody in this country.

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As I look at the statistics on a national basis, I see encouragement as far as the economy overall is concerned, and I think you will be very pleased with some of the material that will be released within the next few days that indicates that the staunchness of the American people in meeting a challenge and the right policies we are following will give us the encouragement that is needed to keep us going in the right direction in making a better America for everybody.

The improvement in your business is not as spectacular as we would like but you should be encouraged. The improvement we find in the surveys that are made around the country, consumer confidence for good reason is improving.

But we are faced with a very serious crisis. The facts of life are that our Federal Government, yours as well as mine, has been following a policy in the spending of your tax dollars that if we continue that policy, what we believe in will be seriously undermined and, furthermore, if we continue to put the heavy hand of additional taxation or even the present rates of taxation on people today, we could have a diversion of what we think is right in America, a policy that is not healthy for America.

So what I tried to do in a speech to the American people a few days ago was to lay out that if we could put a restraining hand on the growth of Federal spending, and if we, as a result of putting a limitation on the growth of Federal spending of \$28 billion in the next fiscal year, we could honestly say to the American people that they ought to have a \$28 billion tax reduction.

But they have to go hand-in-hand and I hope and trust that every one of you will talk to your Congressmen -- Democratic, Republican -- and say this program is good for America. It is right.

The tax program seeks to give for the first time in a good many years equity to the middle income people in our society. We seek to achieve this by increasing the personal exemption from \$750 per person to \$1,000, to give a flat \$1,800 standard deduction to a single person, a \$2,500 standard deduction to a couple, we try to get some adjustments in rates, we try to give business a fair and equitable break, one-quarter of the total of \$28 billion tax reduction. This is a sound program but it has to be tied to a restraint on the growth in Federal spending.

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So, I plead with you to speak to your members of the House and Senate. Let me tell you what the alternative is. We have had this current growth in Federal spending at the rate of nine to ten percent a year without any **change in law** just because more people become eligible and because there are escalation clauses in the various laws that do exist. And if we don't do something about spending, you are going to have a \$50 billion increase in spending in the next fiscal year without any change in the law. A \$50 billion automatic increase in spending.

What I am saying to you is let's cut it in half and save that money for the benefit of people in the tax brackets. We don't hurt anybody and we give a little more equity to the people in the middle income brackets.

All of you understand the problem of how you are going to finance new homes -- (Laughter) -- and you know there has been a problem not only as to the availability but as to interest rates.

And all of you are sophisticated enough to know that the first borrower is Uncle Sam. He gets priority and if Uncle Sam is going to borrow \$70 billion this year and \$70 billion next year, that is \$140 billion to finance a deficit in a two-year span -- there ain't going to be much left for the private enterprise portion of our economy.

So what my proposal does is to put a lid, as I said, of \$60 billion on this fiscal year and if we have a tax reduction of \$28 billion next year and a spending limitation of \$28 billion in the next fiscal year, we will have a \$40 billion deficit and in three years we will have a balanced budget and you will have plenty of money next year and the following year to sell homes and to build homes and that is what we want.

If we don't have a program of this kind, we are faced with Uncle Sam crowding out people who want to buy a home and interfering with the livelihood of those people who want to sell homes and build homes.

What I am saying to you is we have a good program, they have to go hand-in-hand, and I would appreciate your help.

Thank you.

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