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THE WHITE HOUSE

REMARKS OF THE PRESIDENT
TO THE
NATIONAL ASSOCIATION OF FOOD CHAINS

WASHINGTON HILTON HOTEL

12:37 P.M. EDT

Let me say at the outset how grateful I am for the very warm reception and the opportunity to meet a number of you and shake hands and say hello. This means a great deal to me and I am just very, very appreciative.

In the spirit of the express checkout line -- (Laughter) -- I will do something that is very difficult for a person in the political arena, I will try to limit my remarks to 8 items or less. (Laughter)

What I would like to do is, first, compliment the group that is here and the people that you represent for contributing a very meaningful part to the free enterprise system in the United States. During my lifetime I have seen food chains grow locally in my hometown of Grand Rapids and I suspect Henry Meyer and Eberhart are both here someplace, but nevertheless, I have seen not only local chains but our large chains that operate all over the country contribute in a very meaningful, significant way to a better way of life in the United States and I compliment you and congratulate you for this effort.

As I have watched this contribution, it has seemed to me that you have had to be very careful about your costs, you have had to be very careful on how you treated your employees, you had to be extremely careful on the product that you sold and you had to compete with one another in a fair and equitable way. Those are all of the ingredients that I think make America what it is today.

Now it seems to me that we are seeing this development in America being undertaken and copied in many other countries throughout the world. And let me give you one illustration, I was in Yugoslavia several months ago, a country that has a totally different philosophy than that of the United States, and yet I saw an illustration there of how they are seeking to follow what we are doing in marketing, marketing that the food chains have been in the forefront of for a good many years. And I have heard in many other countries throughout the world that what you have done and proven to be right is being imitated on a worldwide basis.

So instead of your operations being condemned by some, I think that all of you, for the contributions you have made, should be complimented in the forefront of the free enterprise system.

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Now, if I might, I would like to use some of the things that you have done to be successful as an analogy of what your Government ought to do to do a better job. I said a moment ago that you had to keep a very close check on expenditures and that you had to make an honest effort to see that the money that was collected and spent was spent wisely. And it seems to me that what I suggested to the Congress and to the American people about ten days ago has a great deal of relevance to some of the objectives and aims that you have had in your industry.

What do we want to do? What are we seeking to accomplish -- to achieve? We are seeking to put a lid on costs, to weed out those programs that are costly, that no longer are up to the criterion. They don't measure up to what we need in the decades of the Seventies, the Eighties, between now and the year 2000, and at the same time give to our taxpayers all over the country a fair break, a fair opportunity. And as a result, ten days ago I suggested to the Congress, and I intend to pressure and push on this combination, because it is my impression, as I travel around the country, that the American people want a lid on the growth of Federal spending and a return to them of their taxes at a lower rate than they have been paying in the past.

Let me illustrate, if I might, very quickly the rate of growth in Federal spending over the last ten or twelve years. Roughly ten years ago the Federal budget involved the expenditure of roughly \$100 billion. In the short span of a decade, or thereabouts, Federal expenditures have gone from roughly \$100 billion to almost \$400 billion. And the rate of growth has been somewhere in the magnitude of ten to fifteen percent. The net result is that if we don't put a lid on Federal spending for the next fiscal year, we will go from an anticipated Federal spending rate of \$370 billion to a Federal spending during a 12-month period of \$425-plus billion; over a \$50 billion increase in the Federal expenditures without any change in programs, without any new programs. And if we continue this rate of Federal expenditure growth, it is anticipated that by the year 2000, half of the American people will be supported by the other 50 percent of the American people. That is without a change in programs or any new Federal spending programs.

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It just seems to me that we ought to take a look at a number of these programs that were put in -- and I give them the benefit of the doubt -- with the best of intentions. But in a period of time when we weren't as concerned about this growth factor, they expanded by one means or another and they are completely and totally out of hand.

Now it seems to me that if we can find a way to sift out the bad and modify those that can't be justified, we, at the same time, ought to give to the people of this country a meaningful tax reduction and, therefore, in return for a \$28 billion lid on Federal spending, the growth of Federal spending, I have suggested that we ought to put a \$28 billion tax reduction program into effect.

And it seems to me that the program makes a lot of sense, 75 percent of the \$28 billion in a tax reduction would go to people. We would hold harmless those at the lower end of the income spectrum. They would not be treated any less well than they are being treated under the existing tax reduction legislation. We would not treat those at the upper end of the income spectrum any differently than they are treated under the present income tax reduction that was approved by the Congress early this year.

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But what we try to do is to give some long overdue equity and relief to the middle income people -- from \$8,000 to \$25,000. We have had inflation for the last 18 to 24 months that has hurt this group more seriously than any other group in our society, and they are deserving of tax relief and benefits at the present time.

Now the program is very simple -- we increase personal exemptions from \$750 to \$1,000. For those that use this standard deduction we take the single person and give him a flat \$1,800; for a family of two we give them a \$2,500 standard deduction. And we make some adjustments in rates so that the people at either end of the economic spectrum are held harmless. But those in the middle, the hard working industrious individuals, families that are trying to improve their lot and have an opportunity, give them a long overdue dose of equity.

Then we turn to business. We have found that the needs and the demands for capital to keep our country prosperous, growing, are almost unbelievable in the next decade and under our existing tax laws affecting business it is almost impossible for the accumulation of capital, and it is our thought that we ought to reduce the corporate tax rate from 48 to 46 percent and make the investment tax credit permanent.

In this way we are recognizing the need for capital formation, and whenever I say capital formation I think we have to add the following: Yes, capital formation is important for business, but it is even more meaningful for the people who want jobs. You can't expand industry or retail establishments if you don't provide jobs. So really what we are talking about is the expansion of business for the providing of jobs for the 1,600,000 people who enter the labor market every year.

So this package in the tax area is well balanced. It is aimed at providing equity for individuals; it is aimed at providing a stimulant for the continued growth of our free enterprise system. I think it is good.

Now I have heard some comments up on the Hill, the House and the Senate, that it can't be done. Having spent 25 years there, I know it can be done if there is a will.

I am familiar enough with the parliamentary procedures to know first it has been done. People say, who don't want to do it, that you can't put a spending limitation and provide for a tax reduction at the same time.

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The facts are there was a combination of a tax bill and a spending limitation twice within the last 10 years. It was done because it was needed -- back in 1967 it was done and again in 1968. So I have no sympathy for those who say it can't be done, Congress can't do it.

The facts are it was done. The facts are they can do it and the facts are they should do it because the American people are demanding this kind of equity as to taxes and this kind of responsible action as far as the expenditure of your tax monies are concerned.

Let me just add one further comment. We have undertaken an effort to try and get Government out of business in a responsible way. We think there is over-regulation by the Federal Government and that includes the Executive Branches of the Federal Government, it includes the so-called independent regulatory agencies.

I had a check made the other day and the Office of Management and Budget came up and told me that there was something like 5,200 forms sent out by all Federal agencies requiring that businessmen file this and report that. I couldn't believe it. And I have ordered the Office of Management and Budget to tell every department and every agency of the Federal Government they had to find a way to get along with fewer. And I have given them a target and a year from now we are going to have fewer of those forms, and I hope simpler ones.

In the process of analyzing these 5,200 forms that the American people have to fill out, they came up with this astounding figure; that if these forms are filled out as required by law businessmen and others would spend nearly 130 million man-hours to complete them each year. It is unbelievable and I don't think in total they justify that kind of extra work on behalf of our society.

What we are really trying to do in the months ahead -- and I hope the Congress will cooperate -- is, one, to get a responsible handle on the growth of Federal spending; at the same time, to develop some greater equity in our tax laws and a stimulant for the long-range growth of this country; and at the same time to give our system a better opportunity to work with less and less unnecessary Federal regulation.

Let me conclude with just a final observation: We have gone through in the last 12 to 14 months a pretty tough time in America. It doesn't do us any good to say that in most other countries of the world they have had reasonably comparable circumstances. The facts are we have had the worst recession since the end of World War II.

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A year ago we were suffering inflation at the rate of 12 to 14 percent per annum. Shortly after that was peaked, we found that we had a soaring unemployment rate. But instead of saying we couldn't do something about it, we have sought to follow policies that will solve the problem, the current one, of an inflation rate of that magnitude and an unemployment rate which is totally unacceptable, by policies that will keep us moving steadily forward toward a solution; not a quick fix, but a solution that will hopefully prevent the recurrence of soaring inflation and far too high unemployment.

Now I know some people have gotten a little impatient. Some people wanted a quick fix here; some people wanted a short answer there. But as we look back over the last 25 or 30 years, whenever those quick fixes were used, they may have appeared to have solved the problem, or problems, then, but the net result has been we have laid ourselves wide open for a recurrence, and as long as I am President we are not going to have any quick fixes.

We are going to try and give you a right answer. It will be tough because there will be all kinds of pressures, but we are headed in the right direction. We are down now to a far more manageable inflation rate, somewhere in the annual rate of about 6 percent.

Our unemployment figure is going down. In the last 6 months 1,600,000 more Americans are gainfully employed. You are going to probably see some very encouraging economic statistics coming out in the next few days. We are on our way to a sensible, constructive, long-range answer to the peaks and the valleys that we have had far too often in the last 25 or 30 years.

I thank you for your warm welcome. I appreciate your support. But more important than almost anything is our joint support for the kind of society that we have in America, the kind of country in which we live.

Every time I travel anyplace around the world I always come back and say, "Thank goodness I am back in the United States" -- a country that was given to us by hard work and good judgment and strength and character and courage.

We have that obligation right now. We have that burden to do as well for those that follow as those who preceded us did for us.

Thank you very, very much.

END (AT 12:57 P.M. EDT)