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THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AT THE
SCOTTISH RITE CATHEDRAL

9:05 A.M. EST

Governor Otis Bowen, it has just been wonderful to have worked with you and those words were, I hope, deserved. They certainly are appreciated.

But it is great to see so many old friends here: Congressman John Myers, Bud Hillis, Bill Hudnut, your fine mayor and, of course, your next United States Senator, Dick Lugar. Then I understand somewhere in the audience is an old and very dear friend of mine, Bill Bray. Bill, thank you.

But equally important, I understand you have some top-notch Congressional candidates: Larry Buell and David Crane. Elect them. I need them. You need them in Washington, D. C.

I am deeply grateful to Mr. McAllister for heading up this wonderful affair, and, of course, I am extremely grateful to Forrest Tucker for being a great master of ceremonies so early in the morning.

There are two friends, I understand, Forrest did introduce, but I would like to express my deep gratitude and appreciation to both of them. They are making an extraordinary effort to be helpful. First, a fellow you have heard about, Joe Garagiola. Joe, where are you?

I am extremely indebted to one of the outstanding Members of the House of Representatives -- I should say really in the Congress -- and I think Bill Bray, Bud Hillis and John Myers, would verify this -- one of the outstanding Members of the United States Congress during my many years there. She and I served together, she on the Democratic side of the aisle and I on the Republican. There was no person in the Congress who was more knowledgeable, more far-sighted, more helpful to education in the Congress on either side of the aisle than former Congresswoman Edith Green, and I want to express my appreciation for her loyal and wonderful support. Thank you very, very much, Edith.

Obviously, it is wonderful to be here in Indianapolis, a city growing stronger under good Republican management and Hoosier pride, a city with a tradition of outstanding leaders from such men as Dick Lugar and Bill Hudnut.

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Before Bill became your mayor, he was a colleague of mine in the House of Representatives. This year it is Dick Lugar's turn to go to Washington and on November 2 you are going to send him there.

Bill Hudnut and Dick Lugar are both so talented that I think we ought to agree to share them. You can keep one here to keep Indianapolis on the right track, as long as we can have the other one in Washington to get Congress back on the right track.

Let me say a word or two about your great Governor. When Doc Bowen came to Indiana to its State House four years ago, that was one house call that helped over 5 million people. His wisdom and his experience have served you so well in the past four years, and I just am so encouraged to see that the voters of the great State of Indiana are apparently going to give him an overwhelming victory. That is a great, great tribute to you, Doc, for the superb job you have done.

Now we have less than a week to go before Election Day. One of the major issues in this Presidential campaign has been the state of our national economy. Of all the differences between Mr. Carter and me, none is more important than our differences over economic policy. These differences have a lot to do with our contrasting views of what the fundamental role of our Government should be in the United States of America.

I was interested to read a recent summary by the National Association of Business Economists. Sixty percent of those professional economists replied that a Ford Administration would be far more likely to pursue economic policies in the national interest. Only 14 percent gave such a vote of confidence to Mr. Carter.

The Ford Administration in the two years-plus has earned the confidence of the American people by addressing our immediate problems while maintaining a long-term view of economic policy.

When I came to office two years ago, the economy was suffering the most disastrous consequences of many years of short-term and short-sighted policies. We had experienced budget deficits in 14 of the last 15 years. Wage and price controls -- they burdened us with a tax structure which did not encourage sufficient capital formation.

We all remember what the consequences were. Inflation was growing, confidence was shrinking among consumers and among businessmen, and our economy was in the early stages of the worst recession in 40 years.

I don't mind admitting I faced considerable pressure from the Congress and elsewhere to try the same old short-term solutions. They sounded good on paper, but, believe me, in the 25 years that I had been in Congress and seen us go through the same experiences, I knew deep in my heart that that was not the road to travel.

The economic downturn, as you will recall, set off a clamor for huge emergency Federal subsidies for more and bigger Federal programs and higher deficit spending. I rejected this policy of panic, and I think we were right.

Instead, I chose policies designed to build long-term, sustained economic growth without inflation. Instead of trying to buy our way out of the recession by throwing open the doors of the Federal Treasury, we took steps to revitalize American business and American industry. The result has been a recovery built on a very solid base. We cut inflation by more than half. From the frightening annual rate of over 12 percent, our latest monthly figures show it running at 4.8 percent. That is real progress.

Equally important, my Administration is putting America back to work. Since the recession low of March, 1975, total employment has increased by nearly 4 million people. We have more American working today than ever before in the history of the United States, nearly 88 million.

Unemployment is still too high. Let me point out, however, that its failure to drop more sharply this year is the result of an unprecedented increase in the size of the American labor force. That great increase in the size of the labor force is a sign of renewed confidence in the health of our economy and the dramatic increase in job opportunities.

Let me say very strongly, I won't be satisfied until every American who wants a job has a job. Those jobs won't be secure, those pay checks won't be protected unless we keep inflation under control. Inflation hurts all of us, especially our older citizens on fixed incomes. It robs their savings, their purchasing power and everybody else's.

Inflation not only cuts out purchasing power, it ultimately cuts confidence and is the most basic element in a sustained recovery. Consumers, fearful of inflation, hold back on purchases. We vividly recall that in late 1974. Inventories accumulate, production slows down, businessmen defer investment in plants and equipment, and jobs are lost. We know this scenario much too well. We have seen it happen before in our history. We must not let it happen again, and this Administration will not permit it in the next four years.

America's confidence in its economy has been restored. We have shown that inflation can be driven down, can be cured. Now we must keep America's confidence by continuing to hold the line. We must keep raising America's high standard of living. Our economic progress depends, as always, on our ability as a Nation to foster capital investment and increase the productivity of our workers.

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I have proposed reforms to the Congress to stimulate what some call capital formation through tax incentives. That is a big mouthful, but I prefer to use the term -- and it is much more meaningful -- job creation, because that is what the proposals would do as a practical matter.

To meet our employment goals, to create 10 million jobs over the next four years, 2,500,000 each year for the next four years, will require a substantial increase in the share of our Gross National Product committed to the private sector.

Some of the so-called tax loopholes condemned by my opponent are in fact important tools to encourage capital formation. They are incentives for business expansion, for business investment, so our economy can employ more people and produce more goods and more services. America's Government must make it easier, not harder, for American business to find the capital that makes the whole system work.

In our third debate, last Friday -- and I might make a comment about that -- I was asked if I had any suggestions about the debates. I said, number one, they ought to be institutionalized -- and I hope they will in future campaigns -- but I had a personal observation. I hoped that Mr. Carter would answer his questions (Laughter) and that I would question my answers. (Laughter)

As I was saying, I was asked in the debate last Friday -- or my opponent was asked -- what were the reasons behind his rather drastic slippage in the polls. In my view, one very important reason for his precipitous decline in popularity is that since his party Convention he has relied very, very heavily on the discredited old formula of more promises, more programs and more spending.

The American people today are in a very realistic frame of mind. They know that every promise has its price. The price in Governor Carter's case would be a minimum of \$100 billion up to maybe \$200 billion every year out of the Federal Treasury. That is the price of the new spending programs that he endorses.

You and I know that there are only two alternatives: The Federal Government can pay for those programs by increasing taxes or it can borrow the money to pay for them, putting more pressure on the credit markets, making it harder for business and industry to find the money that they need, adding to the deficit and fueling the fires of inflation. That, in my judgment, is the wrong approach altogether, and I will vigorously disapprove of it in the next four years.

We need to hold down the rate of growth in Federal spending, and as the Members of Congress who are here know, when I submitted the budget in January of last year I said we could not afford the 11 percent increase in Federal spending that had been the trend for the last 10 years. So, I submitted a budget that would reduce that rate of growth by 50 percent to an increase of 5-1/2 percent.

Congress didn't respond. They did a little better than they had been doing, but they have a long way to go. Let me say to every Member of Congress, Democrat or Republican, we are going to submit a budget in January of next year that will have the same pressure on Federal spending, and I want their support to keep the lid on that spending.

I have been trying to keep that lid on, and we have done that with some 66 vetoes, and saved the American taxpayer -- or saved the American Treasury -- about \$9 billion, averaging about \$200 per family in Federal spending.

In addition, let me say, we can reduce taxes if we act responsibly in restraining the growth of Federal spending. We can reduce taxes for private individuals and corporations as well.

I have proposed -- and I reiterate here -- the increase in the personal exemption by one-third, from \$750 to \$1,000, and trimming the corporate income tax rate at the same time. The most necessary tax reform today is tax relief for the middle income taxpayer, so I submitted a tax reduction bill to the Congress last year that called for the increase in the personal exemption from \$750 to \$1,000.

Congress didn't respond. I don't understand why because I was talking to some workers out in the factory the other day and one of the men legitimately asked me, "What are you doing about my tax burdens? They are going up locally. They are going up statewide." I said, "Well, I proposed that Congress give to you this increase in the personal exemption." I said, "How many children do you have?" He said, "I have three." It turned out he had a wife and three children. I said, "If Congress had been smart, they would have given you that kind of tax relief, which would have given you the opportunity next April when you make out your 1040 return, you would have \$1,250 more in personal income tax exemption." I said, "How could Congress be so stupid not to do it?"

We are going to submit it to them in January. We are going to submit the same proposal to them in January, and if they don't pass it in 1977, we will resubmit it in 1978. If they don't pass it in 1978, I am going out and try to beat them all in the election in 1978.

I have indicated to you that I intend to propose as the first order of business in Washington next January an additional tax cut of \$10 billion. As soon as the Congress is organized, I intend to meet with its leadership -- Democrat and Republican -- so that we can put a tax cut at the top of the legislative agenda for 1977.

In the meantime, I believe that every candidate for Federal office, from the White House to the House of Representatives, has an obligation in the closing days of this campaign to say precisely where he stands on tax cuts. Specifically, I call upon all candidates for the Congress to tell their prospective constituents before the election, not after the election, whether they will support the kind of additional tax cuts that I have proposed.

I pledge to the American people that I will seek tax cuts as the number one priority in the next Ford Administration, and I ask for the help of voters in electing a Congress that will work with me toward that end.

My view is that our Government should return more money and more power to the American people and to the State and local authorities closest to the American people. In recent years, we have seen a trend toward greater centralization, greater power in Washington and less State and local authority in your respective communities and States. This trend has not only hurt the American economy, but it has sapped the American spirit.

The continuing economic crisis in Great Britain -- you may have read yesterday that it was worse yesterday than it has been before -- tells us all we need to know about the dangers of too much Government, too much spending on borrowed money. Just a few days ago the value of the British pound dropped to a new all-time low. Inflation has been running at approximately 25 percent. Government spending in Great Britain now accounts for 60 percent of the entire British economy.

The courageous -- and I emphasize courageous -- British Prime Minister of that troubled nation has gone to the very heart of the problem. Listen to what he said just a few weeks ago to his own Labor Party, the party that played an important role in helping to create the crisis that they face. Prime Minister Jim Callaghan said -- and I quote -- "We used to think that you could spend your way out of a recession and increase employment by cutting taxes and boosting Government spending." He went on to say, "I will tell you in all candor, that option no longer exists and that insofar as it ever did exist, it worked by injecting inflation into the economy. Each time that has happened, the average level of unemployment has risen." He went on to say, "Higher inflation followed by higher unemployment, that is the history of the last 20 years in Great Britain." We must not let that happen in the United States. We can avoid it, and as long as I am President of the United States we will avoid it.

That is but one of the many important reasons I am a candidate for the President in 1976. I need your help and I need your support. I need your vote on November 2.

You know where I stand. You know what I have done. You know what we can do. Under my Presidency in the next four years -- and with your support and our victory here in Indiana and nationwide next November 2 -- I will never let you down.

Thank you very, very much.

END (AT 9:31 A.M. EST)