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THE WHITE HOUSE

REMARKS OF THE PRESIDENT
TO THE
BAY AREA COUNCIL

GRAND BALLROOM
ST. FRANCIS HOTEL

9:10 P.M. PDT

Mayor Joe Alioto, distinguished guests, members
of the Bay Area Council:

It is really a great privilege and a very high honor to have the opportunity of meeting so many of you tonight, and particularly the opportunity to express a few views and say a few words to all of you this evening. For that, I am deeply grateful.

I have done a little studying about the Area Council, and I found that for the last 30 years you have been leaders in preserving the economic, social and civic environmental integrity of this great area of the State of California, and the outstanding success of your efforts can be applauded by both resident and visitor alike, and as a visitor, I certainly do.

On behalf of all of you, I thank you most sincerely for the generation of achievement. Frankly, it never takes very much persuading to get me to come to the bay area, a region of infinite charm and boundless beauty.

If I might reminisce a bit about two experiences that I will never forget, forty years ago January 1, 1935, I was honored among a good many others to play the Shrine East-West football game out here in Kezar Stadium.

As a matter of fact, I played 58 minutes because we did not have any other center. (Laughter)

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(OVER)

But nevertheless, I will never forget coming in on the train from Chicago, getting ready for the game, and we pulled up on the dock over here -- I guess it was Oakland or some place, I cannot remember. (Laughter)

I was 21 years of age and had not been out of Michigan very much. We took the ferry boat across the bay, and now you have got a great bay area transportation system that, I suspect, the people who come out here in the future, as I did, won't have to take that ferry boat like I did.

But I think the experience of coming to a great metropolitan area for a very unsophisticated senior of Michigan left an indelible impression on me.

Then, in 1945 -- roughly ten years later -- I came back from overseas, as many in this audience did, in the Pacific and I had the privilege of being in this area for roughly three months, on the way to getting back to civilian life, and the experiences I had, the friends that I made during that period of time, also wrote an indelible impression on me and I thank all of you and those that preceded you for what you have done in trying to make, at least myself, a broader person. And I am deeply grateful.

Obviously, you can tell it is a delight for me to be in the San Francisco Bay area. It is a city that glistens in sunlight and sparkles at night. For life has style and style has life. Even the commonplace becomes an adventure.

All I can say is, if Tony Bennet ever wants his heart back, I have got one to replace it. (Laughter)

I was talking to Gene and Tom up here, and I am sure all of you, as well as they, know the Bay Area has experienced, over history, great adversity. This month marks the 69th anniversary of the disastrous San Francisco earthquake in 1906.

San Francisco was challenged, and passed, the ultimate test of its recuperative vitality. Local courage and local determination prevailed. The Bay Area now offers the world an international center that represents the best of what Americans can do.

Your Council is typical of the genius and the energy that personify the state of mind that is San Francisco, and the Bay Area.

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You are a consistent, constructive force in the fine counties in this great part of California.

You act, as I understand it, not as self-interested individuals, but as a community seeking the improvement and the progress of a region. Your region is a great source of America's pride.

I commend you for this demonstration of Bay Area willpower and Bay Area know-how. I commend you for the success of decision-making processes on a local level. The magic of San Francisco and the Bay Area was not conjured up in the bureaus and agencies of the Federal Government. It developed spontaneously right here on the shores of the San Francisco Bay.

It emerged from the people, from your optimism and your vision.

The Bay Area is a showcase of what can be achieved by returning the decision-making processes to the people. Our economy no longer can afford the waste, duplication, and misunderstandings that occur when a Federal Government tries to do for the local people what they can best achieve for themselves.

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Only this morning, in spite of a small snow storm, I had the privilege of visiting by helicopter the fascinating geothermal power development at the geysers. Fred Hartley and Sherm Sibley and others were my hosts, and I am deeply grateful to them.

They explained how this natural steam from inside the earth already supplies a significant share of the Bay Area's energy needs, saving millions and millions of barrels of oil, imported from foreign sources; millions of dollars of foreign payments.

Government's role in this promising new energy development, I was told -- and I hate to admit it -- has mostly been one of obstructing faster development. I, for myself, to the extent that I have any authority -- I sometimes wonder. (Laughter)

I promise to take care of the Federal Government's share of the red tape. I just came, a few hours ago, from a meeting with a number of Western Governors, where I asked Governor Brown to join me in cutting California's share of that red tape. I think I got a firm promise.

Geothermal power discoveries in other parts of the West could be a major breakthrough, whether it is in New Mexico, Nevada or other places in our race for energy independence.

Let me turn, if I might, to a somewhat different subject. A criticism I made of the tax reduction bill, which I signed last Saturday, was that it failed to give adequate relief to the millions and millions of middle income taxpayers who contribute the biggest share by far of Federal taxes.

Most people do not understand the significant portion of our total tax payments from individuals comes from the Middle Income group -- school teachers, firemen, policemen, professional people, working people, construction, production line people in unions and otherwise.

These are the people who pay the most in Federal personal income taxes. It was my fear then, and it is tonight, that if we don't give some recognition to their contributions, that their initiative will be punished and the lack of initiative rewarded.

If an emerging philosophy of taxation will develop, known as income redistribution, it will prevail. Frankly, it is my judgment if this does happen -- penalizing the middle income group and redistributing their initiative to those that are not in that category -- it could very well take the freedom out of the free enterprise system.

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What incentive, for example, will remain for upward bound people to improve their status if they are assessed an undue proportion of the Federal taxes? We must, of course, help those least able to help themselves.

I cannot conceive of an America in which half the Nation produces nothing and the other half is expected to provide a free ride. Yet, that is the inevitable result.

By the year 2000 -- not too far away, just a quarter of a century -- if we continue the present pace of escalating social spending, it is my strong conviction that we must put a curb on these transfer payments, or what the technicians call income supplements.

I think we have to do it now. I will never forget, if I might digress a moment, over the 25 years that I had the privilege of serving in the House of Representatives -- and it was a great privilege -- of sitting and listening to the debate when strong, well-motivated Members of the House of Representatives would get up and argue effectively and convincingly and certainly in the highest motivation for this social program or that social program.

Pretty soon, we started to have this proliferation and believe me, it has proliferated. But in the process, we had more and more Federal employees and we had more and more Federal regulations.

I recall most vividly sitting there on many occasions, and thinking to myself, don't they realize that a government big enough to give us everything we want is a government big enough to take from us everything we have?

That is so true.

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But in the process of trying to take a look at some of our Federal spending problems I want to assure to you that I am determined to stop the inflationary impact of runaway spending.

But in the process of trying to achieve that result, I prefer conciliation with the Congress. But as I said last Saturday in the remarks I made to the American people, I must draw a line at a fiscal 1976 deficit of \$60 billion.

That figure shocks me as I am sure it shocks you. But the alternative that is inevitable if we don't show some restraint and good judgment is that it will be not \$60 billion, but \$75 billion, \$90 billion, or \$100 billion. That is the choice.

Now, I was encouraged to hear the distinguished Chairman of the Senate Budget Committee, Senator Muskie, warn that a deficit of \$100 billion might ensue if brakes are not applied by the Congress. I applaud him, and others, regardless of political affiliation, who feel that we are facing a crisis, and I think we are.

Fortunately, our system is flexible and strong enough to work under great stress, but the growth of some of these social assistance programs must remain in a context that we can manage and not enter a new dimension that manages us.

An example of how spending undermines a viable society can be seen in one of our great allies, Great Britain. They are striving to stop the momentum. But let me assure you, I don't want -- and I am sure you don't want -- to see the United States, at some future date, in the same situation.

Now, in the struggle to preserve a free economy, individuals, not special interest groups, will be the real allies. I refer to individual workers and individual professional people. And I am confident that American individualism, regardless of one's status in life, will rise to that challenge.

I happen to deeply believe in the concept of decentralization of government power in providing wider discretionary accountability to locally elected officials and their constituencies.

An example, of course, is the concept of what the good mayor and I know as general revenue sharing. He and his fellow mayors worked with Governors and us in the Congress to approve this legislation which, for the first time, gave to local units of government and to the states Federal funds taken from taxpayers at the local level -- money to be used at the local level with the discretion of locally elected officials.

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I am proud of the fact that the legislation was enacted -- was it 1972, Joe -- and to report to you that the payments to the San Francisco Bay Area from the inception of general revenue sharing, including checks now in the mail -- Joe? (Laughter) -- total well over a quarter billion dollars.

The region, of course, to which I refer includes the country governments and local governing bodies in the nine-county Bay Area. The total taxes returned by Washington to the people of these counties is some \$271,615. Pretty precise, but I think it has been money well spent.

Fortunately, this money translates into a variety of community programs planned by local people to fill local needs. The City of San Francisco for instance -- general revenue sharing funds provided kitchens to feed school children and rehabilitation of your playgrounds.

In Oakland, revenue sharing funds are used to pay the salaries to your city firemen. Santa Clara County has put its share into new public parks. These are decisions by the locally elected officials, people you either elect or defeat.

The City of Santa Rose buys gasoline to transport handicapped citizens to the doctor. San Mateo County provides a health care demonstration program, a rehabilitation program for drug users, a treatment facility for alcoholics, a subsidy to hospital out-patients unable to pay medical costs.

Contra Costa County designated its revenue sharing funds to cover part of the costs of the Bay Area sewer services agency, and an extensive social service program is conducted by this money in Alameda County. It includes job training, welfare recipients, aid to the mentally retarded, for vocational rehabilitation of ex-convicts legal aid and emergency services to minority groups, suicide prevention activities and other similar programs to help people help themselves.

The point that I think is important is you go through the nine counties and communities in the Bay Area, and those decisions were predicated on what their locally elected officials thought was most important, whatever they were, for those particular governing units.

The list looked good to me, but at least they are locally decided decisions. I think that is the best way for this kind of Federal aid to be spent, rather than by rigidly controlled and dictated Federal categorical grant programs.

As Americans everywhere are showing new determination to help themselves, I am glad to report that our economy is starting to show tentative signs that the worst may be behind us after too long a period of recession and inflation.

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This does not mean that all of our troubles are over. Obviously, a few flowers do not mean that spring has really come. Unemployment remains too high and industrial production remains too sluggish.

Yet, this spring has brought some encouraging indications. There has been an easing in price increases suggesting quite specifically a lessening of inflationary tendencies.

Interest rates have moved downward. Retail sales have held surprisingly well. Inventory liquidation has been moving very rapidly and beginning to show some leveling off.

As this reduction progresses, production in employment will turn upward. My good friends in the automotive industry back in my home state, according to their production schedules, are looking a bit more optimistic. Thousands of unemployed workers in many areas of the country are beginning to be called back.

People are showing a new confidence in the future, and the reports from some of the survey organizations show that consumer confidence is beginning to turn in the right direction and I am optimistic that we will lick the problem of an economic recession and soon be on the road on an upward basis.

Last year I recommended to the Congress, and later signed into law, two new measures that were essential and absolutely mandatory to aid the unemployed workers. One of these measures provided up to some 13 additional weeks of benefits for individuals who tragically, for reasons beyond their control, were part of the unemployment compensation system.

The second measure provided up to 26 weeks of special unemployment assistance to workers whose jobs had not been previously covered. Tragically, as we have moved through this very difficult economic period, people are beginning to exhaust benefits in both of these new programs.

Accordingly I will recommend to the Congress, as soon as it returns from its recess, the following actions. I think they are needed and necessary as we begin to move on the upward part of the curve.

First, an additional 13 weeks of benefits to be made available to those individuals who have exhausted their present entitlement under the new Federal supplemental benefits program. This would raise the overall entitlement of most workers in the unemployment compensation system to a maximum of 65 weeks.

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For the benefit of those 12,000,000 individuals who had not been previously protected by the unemployment compensation program, I am proposing that the present one year, temporary program be extended until the end of 1976.

Now, in the expectation that the economy will show improvement before the year is up, I will ask the Congress that these extended programs have a built-in procedure, which is vitally important, to reduce or to terminate the program when the unemployment rate decreases to a specified level.

This triggering device is absolutely important if we are to get rid of a program that ~~was~~ necessary during a recession but is unneeded when the economy has recovered. This procedure will concentrate the limited resources in those areas experiencing the greatest unemployment.

Speaking of unemployment, unemployment and the growth of our economy are directly related with our international relations. In recent weeks we have experienced serious setbacks in our quest for peace in the Middle East and more recently, and more tragically, in Southeast Asia. Even as I speak this evening, the dimensions of the human catastrophe in Southeast Asia increase. I, I am sure, like you, have frankly been moved and troubled by the developments in South Vietnam and Cambodia. I believe all Americans, regardless of how they may have viewed the situation in years past, are shocked and saddened.

I am especially distressed, as I am sure you are, by the death of so many little children, for example, in the crash of the United States Air Force mercy flight. And I wish to convey my heartfelt condolences to the prospective foster parents and to all relatives and friends of the children and the dedicated American military and civilian men and women who died in that crash. Many of the children were orphans on their way to new homes and to a new life in the United States.

Let me assure you that our mission of mercy is going to continue, and survivors and other orphans will be flown to this great country. Out of this tragedy must come new hope for the living, and I am very, very confident Americans will join to help these Vietnamese orphans in the best and the very fastest way. I can assure you that we are taking all possible humanitarian measures to relieve the innocent civilian refugees in South Vietnam. We are also providing for the safety of all Americans in the battle zone.

When I have the privilege of addressing the Congress upon its return from the Easter recess, I will ask the Congress, in a joint session, for a firm, American commitment to provide humanitarian aid to the helpless civilian refugees.

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There is a special point I wish to emphasize tonight. Let no adversary or potential enemies of the United States imagine that America can be safely challenged, and just as important, let no allies or friends fear that our commitments will not be honored.

We, as a great nation, today stand ready to defend ourselves and support our allies, as surely as we always have, and as we always will.

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In this hour of sadness, and I am sure frustration, let us not dispel our energies with recrimination or assessments of blame. The facts, whatever they may be, will speak for themselves, and historians will have plenty of time to judge later on.

What is now essential is that we maintain our balance as a Nation and as people, and that we maintain our unity as a powerful but peace-loving Nation.

While we have suffered setbacks, both at home and abroad, it is essential for Americans to retain their self-confidence and their perspective and I, through you and others, appeal to all Americans to share my optimism in the future of the United States of America.

This, it is my judgment, is a time to return to fundamentals; to mobilize our assets and to believe in the great capacities of America.

Let us not, in this time of travail, succumb to self-doubts and despondency. This obviously is not the point in history to dismantle our defenses nor can we adopt such a naive view of the world that we cripple our vital intelligence agencies.

I am convinced that (applause) -- I am glad you feel that way -- those of us who believe that a strong intelligence community in the Federal Government is essential to the proper implementation and execution of foreign policy have not been too popular lately.

But let me assure you that Presidents in the past have made good decisions because we had a good intelligence community, and Presidents in the future, regardless of who that person might be, will make better decisions because we have a strong, wise, superior intelligence community.

Presidents have to have that information. So, I hope and trust that you express yourselves to those who may seek to destroy this great asset because it is important to a President to have that kind of help and assistance.

Now, I am convinced that Americans are determined to go on helping people in less fortunate lands to help themselves. We retain our religious heritage, our decency as human beings and our own self-interest.

Of course, those are the fundamentals. We will assist the refugees of Vietnam in any appropriate way, and we will not turn our backs on any other peoples who are victims of comparable disasters.

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There are some who see nothing but a grim future of depression at home and disintegration abroad. I, I am sure, like you, reject that scenario. My vision is one of growth and development worldwide through increasing interdependence of nations of the world, including the United States.

My vision is one of peace, and my vision of Americans is of a people who will retain their self-respect and self-defense so that this vision can emerge.

During the period of my Administration, Americans will neither resign from the world, nor abandon hope of peaceful and constructive relations with all people. That is the mission of America today and the one it must have in the future.

We will maintain credibility and constancy in all our policies at home, as well as abroad. Obviously, we live in a complicated and a tense moment in world history. Events are moving with shocking speed, but we will not withdraw inward, nor become paralyzed by a state of anxiety.

We have the world's greatest capacities, and we will mobilize them in the best American tradition. As I have said, I am an optimist. We can meet the test. It is not merely the latest test of our moral influence throughout the world. It is a test of our will to develop our own resources, to reduce bureaucratic waste and to control nonessential spending with the same vigilance that we maintain the power of our defense forces.

This task can be met only by reducing vulnerability to weaknesses in our economy and energy capacities. An adequate security program is directly dependent upon sound economic and energy policies.

In 1906, San Francisco survived doomsday. In 1975 some people may quake, but the earth will remain solid under our feet. The basic strength of America is unshaken. San Francisco is a showcase of a city that endured a disaster, but returned to a greater glory.

America has suffered nothing remotely comparable to the devastation that struck suddenly on April 18, 1906. America has the will. America has the resources. America has the knowhow. Most importantly, America has the faith.

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I share your belief in America. If you
despaired of this Nation and its future, you would not
be here tonight. Together we will build a new and a
better America and a better world.

Thank you very much.

END (AT 9:50 P.M. PDT)