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THE WHITE HOUSE

REMARKS OF THE PRESIDENT
TO THE WHITE HOUSE CONFERENCE

EL CORTEZ HOTEL

5:07 P.M. PDT

Congressman Bergener, Congressman Van Deerlin, Congressman Bell, Mayor Pete Wilson, Mr. Cox of the San Diego Chamber of Commerce, Mr. Henning of the AFL-CIO, heads of the many other co-sponsoring organizations that have made this possible, ladies and gentlemen:

It is really a great privilege and honor for me to have the opportunity of joining in this obviously very successful conference.

I am especially delighted to be here again on the beautiful shores of San Diego Bay -- can I say this, I mean it -- America's cleanest bay in terms of size and traffic.

I am especially pleased because this is a showcase of what Americans can do on a local level to solve problems and to respond to the future with creativity and with confidence.

San Diego has demonstrated, Mayor Wilson, that environmental quality is good business, and I commend your carefully managed residential growth. San Diego, as I see it, is truly a city on which others could be modeled.

I am especially proud, however, of the role the United States Navy as a good citizen in San Diego -- I am proud of that role and I am proud of the contributions that the Navy makes. Obviously, all of you know that the Naval installations here are among the greatest in our total Navy complex. I pledge to you today, as one who once sailed from here in World War II, that I remain committed to a Navy second to none in readiness, capability, and dedication to our Nation's highest ideals.

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I know, of course, that the concerns of this area go far beyond your vital Navy installations. Too many Americans are without employment. Prices and taxes are far too high. New sources of energy are absolutely essential.

I also know that local problems are best solved by local people. This Administration responded to your pioneering of growth management strategy to preserve the residential environment.

The Department of Housing and Urban Development has just approved San Diego's application for \$9.1 million under the historic new community development block grant legislation, and an hour or so ago I gave Mayor Pete Wilson the actual documents to know that he has got it in hand.

I don't know what he has done with it, but he had it. (Laughter)

This confirms upon San Diego the distinction of being one of the very first major cities to receive such assistance. Your able Mayor, my good friend, Pete Wilson, tells me that one of the ways that this grant will be used is to speed economic development by attracting new businesses and industries into the San Diego area.

Funds from this new block grant approach are available for the first time to prepare sites and, together with on-the-job training programs of the Department of Labor, offer an extra inducement for new enterprises to locate in your healthy, world-reknowned climate.

This kind of local initiative and planning, as well, proves we are on the right track with block grants instead of trying to run everything from Washington, and demonstrates my firm conviction that the best features of community development should neither be sacrificed in the current economic climate, nor stifled by Federal red tape.

San Diego, I know from my many conversations with your several Members of the Congress, as well as by numerous visits to this great area -- San Diego is a showcase of the good neighbor policy.

The nearby Mexican border is the busiest international crossing in the world, making this a gateway city with a unique challenge. San Diego and Tijuana share the same air and water and seek joint efforts, joint solutions to problems that cross national boundaries.

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I commend Fronteras 1976, the San Diego community's bicentennial project, jointly sponsored by the city and University of California at San Diego. This project that I have looked at and heard about will advance regional and international understanding, demonstrating to the world, as I think we must, the potential of creative cooperation and interdependence among sovereign nations.

Serious problems confront the American people at home. Yet, unemployment and the growth of the economy, as well as our national security, are directly related to the relations with the rest of the world.

In recent weeks we witnessed, unfortunately, discouraging and tragic events in the Middle East, on which we depend far too much for our energy needs. These developments dramatized the urgency of moving ahead in San Diego and throughout America with constructive action to make this Nation independent of foreign sources of energy.

Today, in the presence of three of my former colleagues, I renew the challenge to the Congress to enact before May 1 of this year a comprehensive energy program. It is essential to our national security, and it is more essential today than it was in January, when I proposed it.

The facts are, we can afford no more delays. I am an optimist. I think the Congress will do it. I would not be frank and honest with you if I were to ignore the serious setbacks we have suffered in very recent weeks in our quest for peace in the Middle East and more recently and more dramatically in Southeast Asia.

Even as I speak, the dimensions of the human catastrophe in Southeast Asia increase. Whether from your evening news shows or morning headlines, or from my top secret reports, which I receive on a daily basis, it is impossible not to be moved and shaken by the sudden and tragic developments in South Vietnam.

All Americans, regardless of how they may have felt in months or years in the past, are shocked and saddened and wondering what we can do.

First, we are taking all the humanitarian measures we can to relieve the innocent civilian refugees in South Vietnam, whose plight touches the heart of all Americans. At the same time, we are providing for the safety of all Americans who, from a deep sense of duty, might be endangered by swift changes in the battle zone.

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Second, as the Congress returns next Monday and I have an opportunity to address them, I will ask the Members of Congress for a firm American commitment to humanitarian assistance for the helpless victims of North Vietnamese aggression in flagrant violation of the Paris accords which sought to end the suffering and bloodshed on a civilized basis.

Finally, I must say with all of the certainty of which I am capable, no adversary or potential enemies of the United States of America should imagine that America can be safely challenged and no allies or time-tested friends of the United States should worry or fear that our commitments to them will not be honored.

The unfortunate confusion and changing situation in Southeast Asia should not give encouragement to our adversaries nor apprehension to our friends. We stand ready to defend ourselves and support our allies as surely as we always have.

As it always has, adversity is creating a new sense of national unity among Americans in these sad and troubled times. I will not engage in recriminations or attempt to assess the blame, nor should any of us. Not all of the facts are known. When they are, the American people will be the jury for the present and historians will write the story for the future.

What is essential now is that we keep our nerve and our essential unity as a powerful, but peace-loving Nation.

As President and Commander-in-Chief, it is my sworn duty to maintain and strengthen the power for peace which the United States possesses, both at home and abroad. The military strength of this Nation depends, as it always has, on its economic strength and the willpower and self-discipline of all of its people.

The credibility of the United States, our credibility throughout the world, both among our allies and our adversaries, depends upon their assessment of our moral, economic and military strength and staying power. All of these elements are extremely essential.

Let me consider briefly the problems of insuring and increasing our economic strength. In this, the obvious priority is to get out of the recession we have been experiencing, and particularly to increase employment and to get the jobless back into productive jobs. That is our highest priority.

But along with that urgent goal goes another priority, less obvious to some, which is to end the recession without adding unnecessarily to the inflationary pressures which have plagued us for many years prior to the recession and which, quite frankly, helped to bring it on. We must make more jobs and reverse the recession without recklessly inviting a new round of double-digit inflation, rising interest rates and higher prices which we all know, in the long run, would cancel out whatever stimulus and expansionary incentive we can apply to the economy in the short-run.

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That is why I am personally determined to hold the line on all massive Federal spending programs which are in various stages moving through the Congress. That is why I have drawn the line at a maximum budget deficit of \$60 billion, which is where we stand at the present time, and it is as far as we dare to go without endangering economic recovery.

I am gratified that many of the responsible Members of the Congress, House and Senate, on both sides of the political aisle, have spoken out publicly of the danger of more massive Federal deficits.

Not merely the Administration, but the country, needs their help, and will need their votes when the showdowns come. But, I have no wish to wage a veto war with the Congress. Quite frankly, we have enough real wars and rumors of wars without getting into one of those.

What I would prefer is for the Congress to exercise its constitutional power of the purse with the responsibility and prudence that the people expect of it.

Congress must cut rather than spend. It must reduce existing programs, instead of creating new ones. As I look at the horrendous figures, I just cannot go on giving away more and more government benefits without considering how to pay for them and the damage that will be done by borrowing to pay for them.

When the American people individually and collectively -- all over the country -- are tightening their belts to get through the worse recession of recent times, because in large part by decades of deficits and ever-growing governmental programs, the Congress should not ask them to suffer consequences of more of the same fiscal folly.

I would like the Congress to fix an absolute ceiling on Federal spending for the coming year, the ceiling where I drew the line. To do this effectively and with meaning, the Congress must go one step further.

Here is my suggestion: You have three Members of Congress here. Put the already enacted procedures of the Congressional Budget and Impoundment Act of 1974 into effect a whole year ahead of schedule, starting this July 1.

Under the current circumstances, when the legislation was passed last year, it was expected that it would not go into effect until fiscal year 1977, and that during this interval, between last year and a year and one-half from now, there would be sort of a practice run.

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I think the urgency of Congressional action to establish a ceiling and to orient priorities requires that Congress do it this year. We don't need a practice session. We need full participation in the ball game, and I hope and trust that Congress will do that. That will be the best evidence that I know of, their total dedication to handling your tax money or the government's borrowing in a responsible way.

In the face of a huge deficit that could reach \$100 billion, if my budget is overridden, it is hard for me to see how the Congress can refuse to move up the implementation date of the Budget and Impoundment Act of 1974. Excessive Federal spending for years has fueled the fires of inflation and imposed the unfairest tax of all on the American people, robbing retired people of their pensions, the elderly of their Social Security, the hard-working majority of their paychecks, full value in the supermarket.

Runaway inflation can ruin the productive growth and essential strength of the free enterprise system and cripple our entire American economy.

That is why my economic policy recommendations contain two elements, each one of them essential to its success.

One, a quick, one-time tax cut to stimulate buying power and new development by business and job producing expansion. The other, spending cuts and a one-year moratorium on new spending by the government, except for energy and emergency needs.

Federal tax cuts alone will not work without simultaneous Federal spending restraints. I am deeply concerned, quite frankly, that some elements of the Congress will try to pay for additional spending programs by dangerously stripping billions from the defense budget.

At a time like this, nothing could be more short-sighted or devastating to our security. Individually, many of the domestic spending programs proposed in the Congress have most attractive aspects. They provide help for some worthy group. It is hard for Members of Congress to oppose those programs.

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It will be very, very hard for me to veto them, if Congress enacts them. But, it is not the individual programs that are unacceptable, but the sum total of them, adding up easily to \$30 billion or more to bring the deficit into the \$100 billion area.

Defense spending, on the other hand, provides no benefits, except the most precious benefit of all -- the freedom of our country and the last hope for peace in the world.

As President Eisenhower so wisely observed, only the strong are free. Certainly we have ample reason to believe this truth today. My budget recommendations for national defense are the minimum, I believe, essential for our safety. It is now a popular idea that because Americans are not fighting anywhere, because we are seeking to broaden every avenue of peace, that we can expand social benefit programs and pay for them out of defense cutbacks.

Simple arithmetic proves otherwise. I have seen careful mathematical projections that show if welfare and other transfer payments continue moving at their present rate of growth, about 9 percent annually for the past 20 years, half of the American people will be living off the other half by the year 2000.

Except for vastly increasing taxes on those who work, the only way such payments can be continued indefinitely is to take them away from our national defense. Other superpowers, I can assure you, are doing nothing of that kind.

I pledge to you today that I will resist stripping America's defense capability in every legal way available to me. If the men and women you send to the Congress fail to face up to these inescapable realities, refuse to accept the balanced judgment of their own new budget committee, which has been set up to enforce the same overall limitations that I had to work with, then -- and this is hard to believe, but it mathematically works out -- by simple arithmetic it will only be a few short decades before our defenses will be down to a single soldier with a single rifle with a single round of ammunition.

That is not good for America and freedom throughout the world. Frankly, I don't think that is going to happen, because I have more faith than that, that America won't tolerate it, and I mean the 213 million Americans of all faiths, all political parties, all backgrounds, and so forth.

My former colleagues in the Congress know I have always been an optimist, and whenever I can get away from Washington and see Americans as they really live and work and play and plan for their children, my sense of what is right with our country is recharged and reinforced.

I am very pleased to be here today in what I found to be an optimistic atmosphere and problem-solving climate of Southern California, and I am delighted to be among people with great experience and great courage in building a great part of our country.

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Many of the heroic POW's who were liberated from North Vietnam are here in San Diego. They know the need for an orderly and peaceful world. They also know, as men who lived on the brink of doom, the danger of pessimism. They know that the objective facts are not as bad as a mood of frustration and futility to which some of our countrymen are tempted to succumb.

Today, I want to appeal to the common sense and the courage of the American people. This is not a moment for despair or for fatalism. Obviously, it is not the time to dismantle our defense capability -- and I say with emphasis -- including our intelligence capacities.

We will go on helping people to help themselves. It is in keeping with our religious heritage, our decency and our own self-interest. We will preserve partnerships with people striving for freedom on a global basis.

I reject the prophets of doom who see nothing but depression at home and despair abroad. I will reject any advice to pull down the Stars and Stripes and sail home from the seas of the world to the safe anchorage of San Diego.

If we do so, this anchorage will no longer be safe. You know it and I know it. Under my Presidency, we will neither furl the flag nor abandon hope. We will maintain constancy and credibility of American foreign policy, both at home as well as abroad.

We are living, obviously, in a complicated and troubled time. Events are moving very rapidly but we will not withdraw inward nor surrender to a state of shock.

America, at this hour, is being put to a test. It is not just a test of our moral authority in the world. It is a test of our will to develop our own energy resources, to reduce bureaucratic waste, to preserve our dollar by guarding against non-essential spending with the same vigilance with which we continue the watchfulness and strength of our armed forces.

It is a test of our will, to provide for the economic security of our families while reassuring the military security of our Nation.

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We can meet this test only by reducing vulnerability to weaknesses in our economy and energy capacities. That is why an adequate security program goes hand in hand with sound, economic policies and prompt, effective energy legislation.

America has the will. America has the resources. America has the knowhow, and America has the faith.

I share, as I look around this room, your belief in America. If you despaired of this Nation and its future, you would not be here today. Together, with the billions like you all over this great country, we will build a new and better tomorrow.

Thank you very much.

END (AT 5:37 P.M. PDT)