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UNTIL 3:00 P. M. , PDT -- 6:00 P. M. EDT

APRIL 4, 1975

**Office of the White House Press Secretary
(San Francisco, California)**

THE WHITE HOUSE

**EXCERPTS OF REMARKS BY THE PRESIDENT
TO BE DELIVERED TO THE
SAN FRANCISCO BAY AREA COUNCIL
ST. FRANCIS HOTEL**

It is a great honor to be asked to speak to your very distinguished organization. For the last thirty years, you have been leaders in preserving the economic, social, civic -- and also the environmental integrity of the Bay area.

Let me share with you some feelings about San Francisco -- everybody's favorite city. This month marks the sixty-ninth anniversary of the disastrous San Francisco earthquake. In 1906, San Francisco passed a severe 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 energy that personify the state of mind that is San Francisco. You are a constructive force in the economic, civic, environmental, and social enhancement of the nine counties of the Bay region. You act not as self-interested individuals but as a community seeking the improvement and progress of a region. And your region is a great source of America's pride.

The Bay area has devised new solutions to new problems. San Francisco preserved its cosmopolitan distinction amidst rapid change. The quality of local leadership was demonstrated when San Francisco arose from the debris of a port ravaged by an earthquake to become the center of a beautiful area that fully deserves its reputation as the pacesetter of America's west.

I commend you for this demonstration of Bay area willpower and Bay area knowhow. I commend you for the success of decision-making processes on a local level. The magic of San Francisco was not conjured up in bureaus and agencies of the Federal Government. It developed spontaneously right here on the shores of San Francisco Bay. It emerged from the people, from your optimism and vision.

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

A criticism I made of the tax reduction bill I signed last Saturday was that it failed to give adequate relief to the millions of middle income taxpayers who contribute the biggest share of federal taxes. It is my fear that initiative will be punished -- and the lack of initiative rewarded -- if an emerging philosophy of taxation known as "income redistribution" prevails. It would take the freedom out of the free enterprise system.

What incentive will remain for upward bound people to improve their status if they are assessed an undue proportion of taxes? We must, of course, help those least able to help themselves. But 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, if we continue the present pace of escalating welfare spending. We must put a curb on these transfer payments. And we must do it now.

(MORE)

I am determined to stop the inflationary impact of runaway spending. I prefer conciliation with the Congress. But I must draw the line at a fiscal 1976 deficit of sixty billion dollars. A warning came even from the distinguished Chairman of the Senate Budget Committee, Senator Muskie, who has warned that a deficit of one hundred twenty billion dollars might ensue if brakes are not applied.

Our system is flexible enough and strong enough to work under great stress. But the growth of 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 Great Britain. They are striving to stop the momentum. I do not want to see the United States in that situation.

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. I am confident that American individualism will rise to the challenge.

I deeply believe in the concept of decentralizing government power and providing wider discretionary accountability to locally-elected officials and their constituencies. An example is the concept of general revenue sharing.

Accordingly, I am very pleased to announce tonight that payment to the San Francisco Bay area from the inception of the program in 1972 -- and including checks now in the mail -- total well over one-quarter billion dollars.

The region to which I refer includes the county governments and local governing bodies in San Francisco, Sonoma, Marin, Contra Costa, Alameda, Santa Clara, San Mateo, Napa, and Solano counties. The total taxes returned by Washington to the people of these counties is two hundred seventy-one million, six hundred fifteen thousand dollars.

America's economy is starting to show tentative signs that the worse may be behind us after too long a period of recession and inflation. This does not mean that all our troubles are over. A few flowers do not mean that spring has really come. Unemployment remains too high and industrial production remains to sluggish.

Yet this spring has brought some encouraging indications:

-- There has been an easing in price increases suggesting a lessening of inflationary tendencies.

-- Interest rates have moved in a downward direction.

-- Retail sales have held up surprisingly well. Inventories are rapidly being reduced. As this reduction progresses, production and employment will turn upward.

-- Automobile manufacturers are now planning increased production. They expect new demands this spring and summer. Thousands of unemployed workers are being called back. In two plants, workers have gone on overtime.

-- According to reliable surveys, people appear to be showing new confidence in the future.

I recommended to the Congress and later signed into law two new measures to aid unemployed workers. One of these measures provided up to thirteen additional weeks of benefits for individuals in the unemployment compensation system. The second measure provided up to twenty-six weeks of special unemployment assistance to workers whose jobs had not been previously covered.

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People are beginning to exhaust benefits in both new programs. Accordingly, I will recommend to the Congress as soon as it returns from recess, the following actions:

An additional thirteen 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. The authorization should continue until the end of 1976.

For the benefit of those twelve million individuals who had not been previously protected by the Unemployment Compensation program, I am recommending that the present one-year temporary program be extended until the end of 1976, and that benefits be extended to 39 weeks.

In the expectation that the economy will show improvement before the year is out, I am going to ask that these extended programs have a built-in procedure to reduce or terminate the program when the employment rate decreases to a specified level. The procedures will concentrate the limited resources in those areas experiencing the greatest unemployment.

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