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THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AT THE
GOP FUND RAISING LUNCHEON

ST. FRANCIS HOTEL

1:10 P.M. PST

Ben, Archbishop McGucken, my former colleagues in the House of Representatives, Don Clausen and Andy Hinshaw, my very good friends. Ev Younger, Paul Haerle, Margaret Brock, ladies and gentlemen:

It is a great privilege and a very high honor to have the opportunity of participating in this really unbelievable luncheon.

I think most of you know that I have always enjoyed coming back to California, particularly when it is so close to October 31st -- (Laughter) -- a very special time when we observe the mysterious and supernatural, when people tell strange tales about big empty houses where rooms lay ghostly silent, where lights are never seen and where mortals never tread. In most places it is called Halloween. In California it is called the Governor's Mansion. (Laughter)

May I say most seriously that I can't thank Ben Biaggini sufficiently for his chairmanship of this superlative luncheon.

Ben, I am most grateful and I say it on behalf of all of us who are on the firing line trying to achieve and accomplish what you and all of these fine people represent.

But may I express to all of you who are here, who contributed, who are not only here in your presence but with your contributions, we can do the job better with this kind of support and I thank you very, very much.

I think it would be appropriate to make one observation. We have a lady in this audience this afternoon who has really reached a milestone in 1975 -- her 100th birthday anniversary, Mrs. Alma Walker, Table 25. We should give her a great big hand.

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A visit to San Francisco never fails to bolster my optimism and what I see here today verifies it without any question. When I returned from the Pacific in 1945 and saw the Golden Gate, I realized that I, too, had left my heart in San Francisco. Next year marks the 70th anniversary of the San Francisco fire.

San Francisco passed the ultimate test of the recuperative power of an American city. Local courage and local determination prevailed. The reconstruction of San Francisco was not a Federal bail out, it was a local undertaking. (Laughter) It was the work of dedicated San Franciscans.

American cities which are now quaking from financial fears arising from faults in their own fiscal policies can today profit from the example set by San Francisco. California actually has shown the world what Americans can do, it has demonstrated the unique California spirit of "Can Do" and the unique Republican spirit of "Can Do."

I have a full, full confidence in the capability of the American economic system to come back, just as San Francisco demonstrated that a city can come back. We have had a tough 14 months in this country, economic problems that would have discouraged many and caused expedient answers to problems that needed to be solved by sound solutions.

Last January, in my first State of the Union Message to the Congress, I reported, as Don and Andy know, that the state of our economy was not good. Today I can say that our economy is moving up, not down, forward and not back. And that is because of good policies and dedication and strength of the American people and I thank 214 million Americans for standing steady in their great adversity.

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Let me cite a few examples, if I might. Our Gross National Product for the third quarter increased in real terms to an annually adjusted rate of 11.2 percent. This was the greatest quarterly increase since 1955.

The industrial production index rose at an annual rate of 20 percent between June and September, and some recently released figures indicated that productivity in our society has really surged forward under the stimulant of a free enterprise system and the competition that we face from abroad, as well as with ourselves.

The total number of people employed went up between March and September of this year by 1 million 769 thousand. This is real progress. It means a paycheck and dignity to 1 million 769 thousand individuals, to their families, and real strength to the entire American economy.

Unemployment dropped from 9.2 percent in May to 8.3 percent in September.

Let me say categorically, emphatically, there is no rate of unemployment that I consider acceptable as long as any American wants to work and can't find a job. But, unemployment is going down, and it will continue to go down with the kind of rate, solid policies, that we are pursuing in the Nation's Capitol.

Inflation has been reduced from an annual rate of 12.2 percent in 1947 to 6.8 percent so far in 1975. We have reduced the rate of inflation by almost half. That is not good enough, but we are doing better than the experts predicted or forecast, and I will stick my neck out and say we will continue to do better and better and better.

Every economic indicator suggests we have already been on the road to recovery for approximately six months. But, we must not allow a resurgence of the double-digit inflation, which did so much damage to our economy in recent years.

Two consecutive Federal deficits of \$60 billion or more are bound to rekindle inflation in this great country. That is why I have insisted that the Congress reduce Federal spending by \$28 billion while at the same time reducing taxes by an equal amount -- \$28 billion.

Now, if the Congress would cooperate by combining a tax cut and a reduction in the growth of Federal spending, we could sharply cut the Federal deficit for the fiscal year 1977 while providing equitable and permanent tax reduction and relief in the right way.

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I call upon the Congress to meet this challenge. It is fair, it is right, it is good for America. When I hear the howls and screams and attitudes that we can't do it, the rules of the House or the Senate won't permit it, or this excuse or that excuse, that is not acceptable when we have a good program that is good for the country.

I know that Don and Andy and our delegation in California understand, as I do, that it is "doable," it can be accomplished. I just hope that you communicate with those who say, "It can't be done." It can and must be done for the benefit of the country.

Now, to keep the economy moving in the right direction, this tax cut is essential, especially for those in the broad middle income area, those who have suffered the most with the inequitable tax policies we have had in this country for too long a time.

To make sure that a tax cut will not add to inflationary pressures, we must have this budget reduction. The combination is the key to it all.

Do you realize that if we don't change the law, and if no other action is taken, in a period of 12 months there will be a \$50 billion increase in Federal spending, period.

I think we checked the figures, and that is five times the total expenditures for the great State of California on an annual basis. That is just the growth in Federal spending.

So, what we are trying to do is to combine equity in a tax reduction and a lid on the spending trends in the Federal Government.

Fortunately, aside from that, we have begun to see more and more good economic news. Coming from the State that I come from -- but I understand you make more automobiles in California than we do in Michigan (Laughter) -- I am delighted at the great upsurge in automobile buying and the popularity of new American cars that use less gas.

The 1976 model averaged nearly 13 percent better in fuel economy than last year's cars. This is on top of an improvement of almost 14 percent from 1974 through 1975.

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It is an interesting statistic, but I think it shows the ingenuity of the American businessman to meet a challenge. This increase in efficiency means that if every car in America operated with fuel efficiency of the average of the 1976 model, America would save 17 billion gallons of gasoline each year.

Even more significant, American motorists would save nearly \$11 billion in the cost of gasoline each year.

We have also had a turnaround from the danger of large foreign trade deficits. We are now achieving \$1 billion a month U.S. trade surplus, and we have accomplished this change from a year ago for the last eight consecutive months, an average of \$1 billion trade surplus for America.

We should be proud that we are competitive in the world, and this is the best indicator of America's products, America's ingenuity and America's labor. But, we are not only progressing at home, but also advancing into a stronger position internationally.

Thirty years ago this month, the charter of the United Nations, drafted here in San Francisco, went into effect. This charter pledged that the peoples of the United Nations were determined to reaffirm faith in the fundamental human rights, in the dignity and the worth of human persons, in the equal rights of men and women, and the nations large and small.

The American people will firmly believe in these principles, and we have had great hopes for the United Nations in the generation since then. The United States has always acted in the UN to defend these principles.

At the beginning of September of 1975, the Seventh Special Session of the General Assembly took place on the subject of economic development and global cooperation. The United States assumed a firm leadership role at this session.

We made clear that economic pressures and attempts at economic blackmail would never succeed. Instead, if any nations, rich or poor, were going to achieve their objectives of progress and well-being, the only possible approach was realism and a cooperative attitude.

In this spirit, the United States offered a series of constructive and realistic proposals in whose implementation the other nations would share a responsibility. Our proposals formed the basis of recommendations that were finally adopted at the end of that session by the world community.

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This was an extraordinary example of reasoned deliberation, consensus, and practical action. There have been other encouraging developments. The UN Security Council recently renewed the mandate of the UN emergency force in the Sinai, with a minimum of debate and acrimony.

This force is vital to the maintenance of peace and of our efforts for further diplomatic progress in that turbulent area of the world.

The original peace-keeping role of the UN is more important now than perhaps at any time in the history of the United Nations. That is why we are disturbed by signs of contrary trends and actions in that world body.

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We have seen bloc voting, and one-sided resolutions and violations of fair procedures and principles of the United Nations Charter. We have seen attempts to interfere, for example, in the affairs of Puerto Rico, flouting the clearly expressed will of the Puerto Rican people, and we have seen a committee of the United Nations vote to characterize Zionism as a form of racism.

The United States, through Secretary Kissinger and Ambassador Moynihan, have made it clear that this resolution undermines the United Nations necessary and valuable campaign against racial discrimination and threatens the UN's crucial role as a mediator in the Middle East.

I take grave exception to any action that weakens the United Nations as an effective forum for peaceful settlement of disputes.

The United States deplores this resolution in the strongest possible terms and will work for its defeat if it comes before the General Assembly.

The UN Charter sets a standard in the basic truth that diversity of principles and beliefs must be respected. We believe in this truth and will defend our values and our principles in the UN without any apology whatsoever. We will participate constructively in UN deliberations and actions and we expect to be met in the very same spirit by others.

That is my position and I believe it represents the views and the attitudes of 214 million Americans. In my Administration, America will hold its head high in the world. We are proud of the contribution this country has made for peace and I promise you our efforts and our determination in this area will never, never falter.

Earlier this week I had several very important meetings with President Sadat of Egypt. His visit -- the first time a President of Egypt has ever come to the United States -- is one of the most significant new developments in international affairs. American concern for the Middle East is not a matter of choice, it is a matter of vital necessity. It is a strategic part of the world and the source of a significant and growing proportion of our energy resources and those of Western Europe and Japan.

We want to maintain and encourage our friendly relations with the 150 million people of the Arab world. And we have a basic moral commitment to the survival and security -- and I say this with emphasis -- of the State of Israel.

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In October of 1973-4 an oil embargo taught us that conflicts in the Middle East can quickly spread and cause international repercussions. Therefore, our success in beginning the process of negotiations toward peace serves the vital interest of this country while contributing to the well-being of the people of the Middle East and peace of the world as a whole.

The recent Sinai Agreement between Egypt on the one hand and Israel on the other will maintain the momentum of this peace-making process. There is a long, long, hard road ahead with many pitfalls. But I intend to continue what may prove to be one of the most important achievements of American foreign policy in a generation. We Americans -- and I mean all inclusively -- are writing a page of world history that we can all be proud of.

And as I look around the world, I see our alliances with the Atlantic Community and Japan in better shape than at any time in the last decade. And I thank all of you in this great bay area for the hospitality and thoughtfulness you showed to our distinguished guests, the Emperor and the Empress of Japan.

Our cooperation on defense matters in these areas -- the Atlantic Community and Japan -- our cooperation is sound, effective and constantly being improved. But allied cooperation goes far beyond national security and defense. It reaches out to include new areas of energy cooperation and now intensive consultation to expedite our economic recovery.

In two weeks I will meet in Paris with the leaders of the large industrial nations of the free world in an economic summit. If we all coordinate our strategies for economic recovery, it is obvious that our joint efforts will reinforce one another and benefit the peoples of all free nations.

The strength and solidarity of the free world, in my view, is the only basis for seeking a reduction of tensions with our Communist adversaries. It is not we who want confrontations and I have made it clear that my Administration will maintain a national defense second to none. And I will defend the defense budget against all dangerous and ill-considered attacks or cutbacks.

May I say parenthetically, I will resist just as strongly those who want to dismantle our intelligence-gathering community which is a bulwark of America's strength.

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And in dealing with any or all nations, I have made it clear that when we, the United States, are challenged, we will respond with resolution. We have a stable relationship of mutual respect with the People's Republic of China. My visit there this year in a few weeks will be an undeniable demonstration of the continuity of our new relationship on the basis of the principles of the Shanghai communique. With the Soviet Union, we will pursue practical agreements where it serves our mutual interests as a two-way street.

In SALT, the Strategic Arms Limitation area, we will negotiate a balanced and reliable agreement limiting strategic arms on both sides. It will follow the principles of equality. I want a good agreement. If it takes a little more time to negotiate a good agreement, I will spend that time. I will not be rushed by any artificial deadlines.

Earlier this month the United States and the Soviet Union signed a five year agreement for grain purchases. We had gone through previous years, five or six years, where we had had peaks and valleys. One year they would buy little, the next year they would buy much. It was not good for the farmer, it was not good for the consumer, it was not healthy for the Nation as a whole.

But through some hard negotiations, we have achieved a five year agreement. This agreement now insures that grain purchases by the Soviet Union will add roughly a billion dollars each year to the American economy over the next five years and without disrupting American markets or adding inflation to our country here at home.

It will mean jobs for rail employees, longshoremen, port workers, and many, many others in our society.

Twenty-five privately owned American ships that were laid up in port because of the recession are now taking on crews because of this grain agreement. Hundreds of seamen are going back to work as a result. American farmers, workers, consumers, all of us are going to benefit.

In short, we have injected the American spirit of "Can Do" in our policies at home as well as abroad. A strong surge of confidence, I detect as I travel around the country, is moving across the United States. It is a surge of self-confidence well-known to you here in the bay area. It is the spirit that rebuilt San Francisco 70 years ago. It is the spirit that will continue to build America in '75 and the years ahead.

Thank you very, very much.

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(AT 1:37 P.M. PST)