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THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AND
QUESTION AND ANSWER SESSION
AT THE
CHAMBER OF COMMERCE BREAKFAST

ELKS HALL

9:35 A.M. EST

THE PRESIDENT: Thank you very, very much, Ray. Thank all of you for coming here this morning and participating in this very informal and I hope informative get-together in Dover. It is a great pleasure to be in your community. It is a great pleasure to be in New Hampshire. I have been here a good many times over the years and it is a special pleasure to be here on this occasion.

I have a prepared text which I will not use. I will summarize it because I think it is much more important that I get an opportunity to respond to your questions. So what I will do is summarize what we have released to my good friends in the press and then I look forward to the opportunity to answering your questions.

Let me make three points, if I might. I got up this morning, and I am an avid reader of newspapers, and I happened to be looking through one of the Boston papers and I could not help but notice the headline on this story, "Greenspan-Burns optimistic about the pace of recovery." Well, they are both people that I highly respect and their views have turned out to be right, but then, as I read the news story in the second paragraph, I found some astounding support which I think is more indicative than even what Alan Greenspan and Arthur Burns have said.

Let me quote from the news story, which is a quote from this very distinguished Member of the Congress. It goes on: "And they were joined by U.S. Senator Hubert Humphrey, Democrat of Minnesota, who said at a Joint Economic Committee hearing -- I am a little more bullish on the economy than most people I listen to." Well, if he is more bullish than Greenspan and Burns, we are really on the way.

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Well, the facts are we have gone through a tough 12 months because about a year ago we were still at an inflation rate which was far too high. It had been 12 to 14 percent, it was starting down. About 12 months ago we were really on the brink and falling rapidly into the worst recession this country had had since the end of World War II. All of the economic signs were gloomy and dismal.

But in the interim, because of steady, realistic, common sense policies, this economy has turned around and it has turned around not only because of the good policies I think we have, but it has turned around because the American people kept their cool, didn't panic. And what do we see at the present time?

Well, two weeks ago we got some excellent news that the unemployment had dropped and that employment had gone up 800,000 in a one month span and gone up 2 million 100 thousand over a period of about 8 months. Last week we got some additional good news in the battle against inflation. We actually had no increase in the wholesale price index, and if you go back for the last four months actually there is a net decrease in the wholesale price index which is, of course, the forerunner as to what we can anticipate in the consumer price index.

Now I have not seen the figures that are coming out this morning, but from everything we have seen, we are going to get some good news this morning in addition on the consumer price index, which means that instead of 12 to 14 percent inflation 12 to 18 months ago, we are at 6 percent or less and it is going down.

What we have done is to really get a handle on the most insidious of all adverse economic factors. But there are some other things that I think generate the kind of optimism that has now converted Hubert Humphrey to our point of view. (Laughter)

We now have people working longer hours with more productivity. The real wages have gone up. All of these things convince me that our free enterprise system is good, it is the best way to solve our problems--not with some quick fix, make-work Government program--and the net result is America is on the right road and we are going to continue that way.

Now a few other points. I know because of the close proximity of Portsmouth Naval Base that all of you, not only for that reason, but because you are interested in national defense, I would like to say a word or two about national security and the Navy, particularly.

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Last year, in January, I submitted the second highest defense budget in the history of the United States. Unfortunately, the Congress cut it by \$7 billion. I think that was a serious mistake.

This last January, just a month ago, I submitted the largest defense budget in the history of the United States. The question is legitimately asked: Why? The reason is very simple. If we are going to be strong enough to deter aggression and maintain the peace, and if we are going to be strong enough to protect our national interests, the United States must be second to none in military capability.

Some questions have been raised about the capability of the United States Navy. I served four years in the United States Navy. I served on the Appropriations Committee in the House of Representatives, that handled all the money for the Army, Navy, Air Force and Marines, for 12 years so I know something about the Navy as well as the defense programs, policies, personnel and otherwise.

During World War II we built our Navy, in size, tremendously. For a period of some 20 years following World War II we didn't build many capital ships. We rehabilitated them and the net result was we developed what they call bloc obsolescence. About two years ago we started a new Navy shipbuilding program.

In the budget that I submitted for the next fiscal year we put in the most money for the building of Navy capital ships in the history of the United States Navy and the net result is we are on our way to overcoming the problem of bloc obsolescence and to make our Navy as it has been, as it will be and as it must be the best Navy in the whole world.

But I think we have to be realistic. In the last five years the Soviet Union has increased their navy tremendously. As a matter of fact, they have some 900 ships. Their tonnage is not as great as ours. Their numbers are greater.

We are in the process of a study conducted by the Secretary of Defense to see whether we should further accelerate our Navy shipbuilding program. Let me assure you that if that study comes back -- and it is supposed to be completed within the next six months -- we will submit the necessary funding to the Congress to accelerate that shipbuilding program.

We cannot and will not let any other nation dominate the world seas. The United States must, and it will.

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Now let me talk very quickly about one other matter. You may have read about or seen something to the effect that I have submitted comprehensive programs for the reorganization of our intelligence community. In the process of that reorganization I had two fundamental objectives: Number one, to strengthen the Central Intelligence Agency and the remainder of the intelligence community.

Under no circumstances will my Administration in any way whatsoever hurt--and the last thing I would do would be to dismantle -- the Central Intelligence Agency. It is a good, fine, excellently operated, totally necessary part of our Federal Government and we are going to have, as we have had, the best intelligence community that any country could possibly have.

Secondly, there were some abuses. Let's be honest and frank. They were minor in total although serious where they were actually committed. Under the new organization with the new restrictions that I have applied there will be no abuses. The Central Intelligence Agency will be precluded from undertaking any of those things that unfortunately got some individuals and the organization in some trouble.

I don't want to go into the details of how it is to be structured but I can assure you we are going to end up with an intelligence capability that will be our best security in peacetime and the best security in case of any difficulties around the world and, at the same time, the private rights of American citizens will be totally protected. It is a good plan and I think the Congress will approve of it.

With those observations, Ray, I will be very glad to respond to any questions.

QUESTION: Mr. President, as a member of the general audience I would like to welcome you to the City of Dover although I do not think you have Hubert Humphrey converted over to your way of thinking. (Laughter)

THE PRESIDENT: Well, it is nice to hear what he says.

QUESTION: It is.

As far as the question goes, you might perhaps not know that the City of Dover and the seacoast community has got a large Greek-American population. The recent Cyprus situation as well as the Aegean situation with Turkey and Greece has left some questions on our minds on how your Administration is handling the situation.

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I am sure you know that you as well as Dr. Kissinger are not the most popular guys in Athens right now but, how are you proposing to improve that particular situation, especially our relationship with the Athens regime at this time?

THE PRESIDENT: Let me say that both myself and Dr. Kissinger have been working since August of 1973 to try and get the Turkish Government and the Greek Government to sit down and negotiate with the Turkish and Greek Cypriots -- Mr. Denktash and Mr. Clerides. And those two gentlemen met February 17 to discuss and to try and resolve some of the difficulties and to solve the problem.

I think we have to go back historically a bit. I don't condone what was done either by the former Greek Government when they tried to assassinate Makarios and to move in -- I don't think that was right. I don't think the Turkish Government was right to move in with 40,000 troops to do what they have done.

What we have to do is convince the Greek and Turkish Cypriots, with the support of the Turkish as well as the Greek Government, to resolve the problems of territory, the refugees which, of course, is the most important problem, and the kind of Government that will actually control Cyprus.

Now what have I done? I have talked personally with the Prime Minister of Turkey on two occasions, Prime Minister Demirel, and told him it was mandatory that there be a settlement, mandatory for a wide variety of reasons -- the welfare of the people on the Island of Cyprus, the strengthening of NATO and the maintenance of the Turkish-U.S. relations.

I have talked twice with Prime Minister Karamanlis urging that he cooperate to the maximum. I think we are making some headway and the present talks that are going on are somewhat encouraging, but I am sure you recognize the tension that has lived in that area not for the last three years but for literally centuries.

We are using our maximum diplomatic capability to not only solve the Cyprus problem but the concurrent problems of the Aegean Sea, and it is one of my deepest concerns because of the reasons that I have indicated. I can assure you that we are going to continue to put pressure on all parties to get a settlement.

QUESTION: Mr. President, I think you know that in New Hampshire energy costs are among the highest in the Nation. Do you feel that the Federal Government is doing enough to develop solar energy and other substitute sources of energy for oil?

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THE PRESIDENT: can tell you that in the budget that I submitted to the Congress for the next fiscal year I increased the research and development funding for solar energy from roughly \$80 million to about \$120 million. It is, what -- 30, 35 percent increase. I put into the budget virtually every penny that any one of the agencies asked for solar energy research and development.

It is a very greatly expanding program and it is covered in the Energy Research and Development Agency and HUD, and in all of the agencies that have any research and development capability if they wanted solar energy research money they got virtually every penny that they asked for even in a tight budget year.

It is one of our great potentials. It is not something that is going to come overnight in a vast way but it has a long range potentiality where we must do the research and development, and we are doing it right now.

I think I am always an optimist. I think we will get a breakthrough quicker than some of the pessimists feel.

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QUESTION: Mr. President, my question to you is how can we stop the environmental freaks from halting construction of a nuclear power plant in Seabrook, New Hampshire?

THE PRESIDENT: I think that all of you recognize that once an application for the construction of a nuclear power plant is in the hands of a regulatory agency--whether I want the issue before that agency to be as protracted or contentious as it is--that it would be inappropriate for the President to interject himself in and tell the five members of the Nuclear Regulatory Agency that they should do something one way or another.

I think it would be unethical, and, furthermore, I think it probably would be illegal. I can only say that I am a strong advocate of nuclear power. I happen to believe that the safety record and the reliability record of the 50 nuclear plants that we have around the country has been good.

In January of 1975, in my State of the Union Message, I said we had to construct 200 more nuclear power plants in the next ten years. I have faith in their reliability and to make sure of that, I added money rather significantly in the budget for the next fiscal year to make certain that the Energy Research and Development Agency would proceed to make certain of safety and reliability.

So, Number one, I am optimistic that we can built them on a nation-wide basis; number two, I think it is absolutely essential that they be built and made operative, but for me to pass judgment in the position I have and tell an agency or an independent agency that they should do this or do that just isn't the right thing to do.

Now, I would like to add it is my observation that the pendulum has swung so that we have many responsible environmentalists who are not taking the positions they did three or four years ago and I think that is encouraging because they know that we now have limitations and restrictions that are responsible and they also know that we must free this country from being held up by the Arab oil cartel and nuclear energy is one way they can do that.

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QUESTION: Mr. President, I would like to ask you what are you going to do to boost the housing program?

THE PRESIDENT: Let me say, first, that in the budget that I submitted in January, on the basis of the persuasion of the Secretary of HUD, Carla Hills, I added approximately 400,000 more housing units that rely primarily on the Federal Government to get going. She made a very good case. I agreed, even though money is tight in the Federal budget, but it is a homebuilding program where the Federal Government can really move in and help. So that is one point.

Number two, if we are going to really get a massive nationwide housing program underway we have to make money available to borrowers at reasonable interest rates. We cannot have the Federal Government, therefore, have such a huge deficit and have to borrow so much money that they crowd out the home buyers in the money markets of this country.

So what we are trying to do is hold down Federal expenditures, reduce the deficit and make more money available in the money markets of this country.

The net result is we have had the greatest inflow in deposits in savings and loans in the last nine months I think in the history of the country, which means there is money now available in the private market and it has been quite encouraging that there is a slight turndown -- slight, but the trend is right -- in conventional mortgage money rates.

I think with the money available and the optimism concerning the economy you are going to see the homebuilding industry do a great deal better in calendar year 1976 than they did in 1975. I would hope that we would build or start approximately 1,600,000 homes which would be about 300,000 more homes this year than last year, and maybe even better.

If you saw the statistics that came out last week, we had a tremendous upsurge in permits being granted which I think is indicative. So between responsible Federal funding and the management of our expenditures and the kind of programs that I indicated earlier, I think the homebuilding industry is going to be actively moving up.

QUESTION: Mr. President, Kittery is in Maine. Portsmouth Navy Yard is in Maine. I think it is unconstitutional that impact aid is going over to that State. We, in New Hampshire, have many workers there.

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Point two, Titles I, II, III, IV, et cetera, are direct and specific aid. I believe revenue sharing for the schools should replace these titles and help the taxpayers of Dover and other cities and States and towns educate their children.

Last, but not least, I am very pleased that you are going to speak to the students at Dover High and I must compliment Mr. Eastlander for the outstanding job in his efforts for preparing the program.

Thank you.

THE PRESIDENT: Thank you very much.

Let me make a couple of comments. The problem of impact aid is not only controversial but good people can be on both sides. As you know, there are actually four -- what is it -- category A, B, C and D. Impact aid was initiated at the time of World War II and Korea where the Federal Government went in, took over a piece of property, put an installation on it, took it away from the tax base, put people in there with children and put the children as a burden on the local community.

Under category A wherever a person has children, who lives and works on a U.S. Government facility, we fully fund impact aid.

Category B is one where an individual owns a home, we will say in Town A, but works on an installation. He does not live on the installation; he only works there. He pays his real estate taxes in the town. That is a different kind of a situation.

Then, of course, you have the other two that are even less deserving.

We have gone along with full funding of category A, as we should. We have had less enthusiasm about category B and virtually no enthusiasm for C and D, and I think rightly so.

One of the paradoxes of the program is this -- and let me illustrate: Members of Congress who live in Virginia or Maryland--who are paid, I think, well--when their children go to a public school in Maryland or Virginia their children are counted for impact aid. Our four children were. I think that is unconscionable. We should be able to support the schools in Virginia or Maryland.

The taxpayers of Michigan and New Hampshire should not support the education of a Congressman's child in Washington, D. C. or Maryland or Virginia. That kind of a program is so mixed up that we have got to sit down and sort it out, take care of A and maybe some of B, but doggone it we really can't let the program run wild the way it is going at the present time.

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QUESTION: I agree that it is running wild, but I disagree that \$100,000 should be taken from the City of Dover. If you examine the circumstances, sir, you will discover that Maryland is a wealthy area, Dover is not.

THE PRESIDENT: We will take a look at it. Let me add this, if I might. Under my block grant programs for primary and secondary education and vocational rehabilitation, aid to the handicapped, we would put more money into what I think the circumstances you are describing into Dover and you and Dover would have a lot more control on how you spend that money than you do at the present time.

QUESTION: If a large grant means revenue sharing, yes, sir.

Thank you.

THE PRESIDENT: Well, you and I are right on.

QUESTION: Mr. President, I am a Ford dealer in the city and county of Dover. I would like to commend the Government on what they have done in lessening the environmental controls on the automobile which I think has been a big help, or a big boost in our industry, but I would like to see the controls dropped a little bit more because the way we look at 1978 we are going to be in trouble and I think that in this great country of ours -- I was talking to my daughter the other night and we were commenting on the salary that President Ford earned and the salary that the President of General Motors earned. I said, well, this is true, but what could we do without General Motors or Ford or Chrysler in these United States? Our economy would be in trouble.

So I think if they can lessen some of these controls, it would be a big boost to our industry.

THE PRESIDENT: Let me, not because I am a Ford from Michigan (Laughter) -- and the better known Fords won't recognize that we are in any way whatsoever related to them -- but I think the automotive industry has done a fine job in responding to what the public sentiment is.

The net result is the automotive industry, and I hope it is true here in Dover, has really come back tremendously. In the last two months, they have had excellent months. I think their production is 50 percent or more over a year ago. They are on the up hill just like most other segments of our economy.

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Now the real problem is that the pressure is on to too quickly get to too high a standard and the Congress is now in the process of trying to extend that deadline, I think, by two years. I am told by the people from the automotive industry that if they get another two years, they can increase their efficiency by about 40 percent which means less gasoline per mile and at the same time improve the exhaust situation which I think we all recognize had gotten to be pretty unbearable.

Let me add something to that. You know, the Congress put this top deadline in and the industry went to catalytic converters and that solved one problem, but it is now recognized by most analysts that in solving that problem they have created another with sulphur dioxide which, in the minds of many people, is more dangerous than what the other problem was.

So I think we are trying to get some balance now between what was the case and what we have to do, and I trust we won't get into the paradoxical situation of solving one problem and raising the more serious one.

QUESTION: Mr. President, in the wake of Vietnam and Watergate, it seems that our Congress has done very much to limit the powers of the Office of the Presidency. I think this has caused us a tremendous price in international influence and prestige. Would you comment on this and tell us what you can do as President to help us regain some of your international prestige?

THE PRESIDENT: The Constitution, of course, puts the responsibility, as Commander in Chief and the Chief Executive for foreign policy, in the hands of the President. Our forefathers knew you could not have 535 Commanders in Chief and Secretaries of State, it just would not work, and it won't work. That does not mean that the Congress and the President should not consult and work together. We have, in many cases, but in the last year, there has been a tendency on the part of the Congress to limit and hamstring effective action by the President to move quickly when we should have been able to move and prevent the kind of, I think, disasters that have taken place in Angola, and I am very frank about saying today, because we were hamstrung, the Soviet Union and 12,000 Communist-oriented Cuban mercenaries control Angola.

That is not good for the United States. With a very small investment of dollars supporting two out of the three elements in Angola with no U.S. troops involved, we could have met the challenge and Angolans could have solved their own problem in Angola.

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But that is an illustration of how the Congress, I think, made a serious mistake and refused to join me in meeting the challenge of a Communist Government in Asia and a Communist Government right here in our own hemisphere. That kind of limitation is unwise.

If we face other confrontations -- I hope we don't have those confrontations -- I hope the Congress will recognize that a President, whoever that President is, has to have some flexibility and capability of moving rapidly to help us in maintaining the peace and maintaining the free world throughout the world.

QUESTION: Mr. President, I would like you to share with us some of your thoughts on the educational system in our country; namely, do you feel that after two years of busing, the City of Boston now has a better system than two years ago and what are your thoughts on reintroducing prayer into the educational system of this country?

THE PRESIDENT: Let me answer the last question first. I had the wonderful experience of being the Republican Minority Leader in the House of Representatives at the same time my very dear friend, who has now passed away, Senator Everett Dirksen, was the Minority Leader in the United States Senate. We were close personal friends. He and I both agreed that the decision of the United States Supreme Court in precluding non-denominational prayer in public schools was wrong. I think that it ought to be possible to have that kind of time set aside for a non-denominational reflection and prayer. I think it ought to be permitted. I strongly feel that way.

On the question of busing, the Supreme Court has tried to do two things: It has tried to provide quality education, it has tried to end segregation. Those are worthy objectives, I agree with that. I think the emphasis should be on quality education. The emphasis should be on ending segregation, but I think the Supreme Court, and our courts, particularly -- some courts have used the wrong remedies and I vigorously oppose them.

It is my feeling that there has been a developing attitude on the part of some of the courts, however, to take a more moderate view in exercising their Constitutional authority and handle the problem. Let me illustrate it very quickly. Three years ago we had a Federal judge in Detroit who was going to mass bus children from one county to another, not just from the suburbs to the city. He is no longer the judge handling that case. We now have a Federal judge who is handling it and he has understood the problem and the net result of his order which seeks to achieve quality education and desegregation is accepted by the people of Detroit because it is responsible, it is moderate.

So the courts have the authority, it is just that some judges don't seem to understand that it is counter-productive to go as far as they have gone. Therefore, I support what has been done in some cases and I vigorously oppose what has been done in others.

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QUESTION: Might I add, sir, do you feel, then, that in the case of the City of Boston that Judge Garrity has overgone his limits?

THE PRESIDENT: Well, let me say that I don't think it is appropriate for me to pick a certain Judge, whether he is right or wrong, and comment on his particular decision. I have an obligation. I took an oath of office to uphold the law of the land, and at least at this point what he has decided is the law of the land, whether I agree with his decision or not it is immaterial. I have an obligation to uphold the law of the land.

I have tried to explain my own personal philosophy and illustrate that in some parts of the country other judges have used their Constitutional remedy to be very effective in achieving both quality education, on the one hand, and desegregation on the other.

QUESTION: Mr. President, recently you nominated former Attorney General Warren Rudman to serve down in Washington. In New Hampshire, among the Republican Party, there has been some split over this appointment as to why you chose Attorney General Rudman as opposed to other prominent Republicans who could have possibly served in this post. Would you care to comment?

THE PRESIDENT: I would be very happy to do so. There was a Republican vacancy on the Interstate Commerce Commission. We looked around and found in Warren Rudman an outstanding Attorney General in New Hampshire, a person who had been the president or chairman of all of the States' Attorney Generals throughout the United States.

We understood that he was anxious to have a new challenge. Everything we heard about him was on the plus side. There was a vacancy. I think it is a very natural marrying of a fine man with a very responsible job and we are delighted that he has agreed to come and fill that vacancy, and I think he will make a first class member.

QUESTION: Thank you.

THE PRESIDENT: Thank you all very much. It has been a great privilege and pleasure to be here and I appreciate your coming out.

END (AT 10:15 A.M. EST)