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THE WHITE HOUSE  
REMARKS OF THE PRESIDENT  
AT THE  
PRESIDENT FORD COMMITTEE LUNCHEON  
THE SHERATON PALACE HOTEL

12:55 P.M. PST

Dave, Congressman Clair Burgener, who is here someplace, Congressman Pete McClockey I know is here, Mary Louise Smith, Ev Younger, Mrs. Paul Harley -- I will see Paul later tomorrow, I guess -- ladies and gentlemen:

It really is a great privilege and a very high honor to be here, and Dave and I were reminiscing about the experiences when he was number two man at the Defense Department under Mel because for 14 years during my career of some 25 in the Congress, I spent on the Defense Subcommittee on Appropriations where we had five months a year, five hours a day, of nothing but witnesses from Secretaries of Defense on down.

I got to know Dave far better than our previous meetings because everybody on that subcommittee -- Democrats as well as Republicans -- had nothing but the greatest admiration for him coming to Washington and devoting that much time to try and help continue and to keep our Army, Navy and Air Force and Marines well-equipped, alert, ready for the protection of this country, and we all thank you very much, Dave.

I do want to express my deep appreciation for all of you individually who are here. I know what you have done, I am very grateful for your support, and let me assure you that Betty and I won't let you down in the next four years.

I am especially glad to be here in a year which marks not only our national Bicentennial, but also the 70th anniversary of the San Francisco earthquake, and I learned coming in here this is the 100th anniversary of the Palace Hotel, so we are really doing things in San Francisco this year.

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But, I think for those of us who have visited this great community over the years, we have just unbelievable respect for the people who built San Francisco, a magnificent city; from the ruins, and all of us know this symbolizes the best in the American spirit.

But, just as San Francisco rose from the ashes, the United States of America within the last 20 months began to also recover from great adversity, and under this Administration our nation in every respect across the spectrum is constructively building for the future, and I, like you, have great faith in what is going to happen for America in the next decade.

But, just as it does in San Francisco, the fog has lifted in America to reveal, as I see the future, a very bright one, a future that will give us a dollar's value for a dollar spent, that will provide a job for everybody who wants to work, that will encourage the growth of business and industry and not take enterprise out of the free enterprise system.

It will give individuals more, more, much more control over their personal life, that will provide a cleaner environment and better health, and will positively assure the United States the continued military strength to preserve our security, as well as the peace.

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Naturally I am very proud of what I think the Administration has achieved and when I look back over the obstacles and the roadblocks and the disappointments of the last 20 months, let me assure you it has not been the easiest job I have ever had.

Furthermore, I don't intend to let any political tremors undermine the Administration's successful and responsible policies, whether at home or abroad. Our prime function, regardless of what happens in any political year, is to stay on the job and work at the job for the country which all of us love.

But I think we have to also have under our system a necessary look at what is going to happen and transpire between now and August in Kansas City, but it is also of vital importance that we take a broader, broader look as to what our ultimate goal is--a victory for the philosophy, the principles and policies that we stand for in November of 1976.

When I became President 19 months ago, I think most of us would recognize that the country was in somewhat serious trouble. The credibility of Government was low; inflation had reached frightening heights. Too many people were out of work and many more were to lose their jobs in the near future. There was no effective energy program. Federal spending was escalating beyond comprehension. The crime rate tragically was rising.

As I sampled the mail that came into the office and as I traveled around the country, I had the distinct feeling that many, many Americans were understandable fearful of the future. Today we have to be honest and frank. We are not yet where we want to be but by any measurement of standard we have made great progress.

We are moving ahead, I think, with new realism and with new effectiveness. And certainly public confidence has been restored, and if any of you read the Wall Street Journal this morning you might have seen a survey put out by the University of Michigan that checks and analyzes the public feeling on a three-month basis. And they said in their report that was published yesterday that there had been a greater restoration of public confidence in the last three months than at any time in recent years.

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I think this is indicative of how we have turned around affirmatively the attitude and the atmosphere of the American people. And I think for good reason. The rate of inflation has been cut in half, employment is going up, unemployment is going down, real income -- and that is the real thing that people have to judge -- has been increased.

We have started a comprehensive energy program. Congress took much too long in its consideration of it, almost year, in 1975, and its final version was far from perfect, yet better than continued uncertainty and never-ending controversy.

Yes, we have saved quite a few billions of dollars by being firm with the Congress, trying to convince them that excess spending has many bad effects, not only as far as the Treasury was concerned, but the economy as a whole.

I am accused often of not being able to cooperate with the Congress and it is true that I vetoed 46 bills in this relatively short period of time, but 39 of them have been sustained and we went through the other day to check -- we went through the other day the record in those 39 bills. Where the Congress has sustained the vetoes we have saved \$13 billion in spending.

The net result of all that has taken place and transpired is that the American citizen has regained his confidence. It has been restored but we have gone beyond just what has happened here in the United States. We can say that the free world has also moved both economically as well as otherwise.

I can't say that their recovery economically has kept pace with ours, but all of them virtually, including Great Britain, have made some progress in meeting their economic problems at home.

But let me talk for a minute about what we can say and what we will do in the future. From the very day that I was privileged to take the oath of office, I made a fundamental decision that my Administration would promise only what we can deliver, and we will deliver everything we promise. As President, I think the record shows I have challenged those who constantly want to expand the role of the Federal Government tax power from individuals, from local communities and from the States. I don't believe that the Federal Government should just grow and grow and grow.

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And we must never lose sight of one very basic truth, that a Government big enough to give us everything we want is a Government big enough to take from us everything we have.

There are, however, some things that the Federal Government can do and must do and with your support we hope they will do better. And let me mention just two.

It is fundamentally required that the Federal Government have a responsible, equitable taxing program and it is equally important that we have a strong, alert, ready, well-equipped, well-led national security program.

Yesterday I could not help but notice that the new Democrat-dominated House Budget Committee, in its deliberations -- and this is vitally important -- has rejected the additional tax reductions that I recommended to go into effect July 1 of this year, additional tax reductions that would give to individuals and particularly those in the middle income group, greater equity, an opportunity to spend more of their hard-earned dollars rather than coming through the Federal bureaucracy.

And those decisions in that committee also have precluded the additional incentives that I think are vital and required to stimulate business. I hope that we can undo or upset what this committee has done, but it is disappointing, to say the least, that they have already, in this critical committee, made this decision.

But while the committee does not want to cut taxes either individually or for business, it shows no reluctance to cut the defense budget. To preserve our rising prosperity as well as our fundamental freedom, we require, as all of you know, a stable and a peaceful world. A strong defense is essential to achieve that objective.

The two defense budgets that I have submitted to the Congress, one in January of 1975 and the other in January, 1976, were the largest in the history of the United States.

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With the budget I propose for the next fiscal year, which the Congress got in January of this year, we have reversed a decline in real defense resources. The new budget would increase our strategic nuclear forces by \$2 billion 100 million in current dollars. It would increase our conventional forces by \$6 billion 800 million and bolster our defense research and development program by \$1 billion 800 million.

There are other significant increases as well. Now, Californians are especially aware of our national security requirements. You know them not only because of the participation of your colleges and universities in research and development, not only because of your industry that makes significant contributions to our defense and security programs, but you are on the border, so to speak, and everybody in this State has a great stake in what we are trying to do, whether it is in research or development or weapons procurement.

But, what worries me and what should worry all of you is that over the last six years, including one budget that I submitted to the Congress, the Congressional anti-Defense Department group -- you call them budget cutters -- aiming only at the Army, Navy, Air Force and Marines, have slashed defense expenditures by \$32 billion.

Now, while slashing away at our military programs, the same group in the Congress, with some exceptions, has added substantial expenditures in a wide variety of marginal domestic programs.

Attacking our new defense budget, the House Budget Committee, the committee I mentioned a minute ago, now wants to cut the budget that I submitted in January by about \$7 billion. This could damage our ability to match Soviet weapons and to maintain technological superiority.

I will not accept that reduction, which could also reduce our readiness by cutting the flying hours of our pilots, reduce the steaming time of our ships, deplete our war reserves and lessen the combat readiness of our equipment and our personnel.

This group in the Congress, if they have their way, could ground tactical aircraft that would have to await repair. They could strain our Navy's capacities by having too many ships waiting too long for overhaul. They could jeopardize the training of our forces and America's ability to respond quickly in emergencies.

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This trend in the Congress, which has started just a few days ago, must not continue, and as long as I have the opportunity we are going to prevent it from continuing.

As I think is obvious, I am particularly disturbed to find that the Chairman of the influential committee in the House of Representatives has recommended this \$7 billion reduction.

It is my fervent hope -- and I make a plea to two Members of the House, but I don't think I have to worry about them -- Clair Burgener and Pete McCloskey -- it is my fervent hope that he and those who want to cut our defense appropriations will reconsider this very serious prospective action.

America's highest priority, as always, is the preservation of peace through strength. It is mandatory, if we want to reduce world tension, especially between thermonuclear powers, and I am determined that we make an honest effort to do so because there is no other rational alternative.

Dave and I were talking about it here at the luncheon table. He knows, I know, many of you here may know, that if we don't get a responsible handle on the growth of thermonuclear weapons, prospective problems -- particularly if you have irrational people -- are unbelievable.

But, to reduce tension we must maintain a defense so adequate and so powerful that no potential aggressors will see America as lacking the will or the capacity to protect its freedom and to secure the peace.

As I have said before, under this Administration, under my Presidency, I can assure you that the United States will never, never be other than at the very top, and when I say the top, I mean not only in military capability, but economic capability, industrial might, agricultural production.

This is what we have to look at as we talk about the United States being number one. It is our economic, industrial, agricultural, our educational capacity, plus our military strength and will that gives America the opportunity to be the leader that it is.

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As I look around the room here, talking about this subject, I think many of us will never forget the lessons of the 1930s and the 1940s and the history that was written on the great ocean that actually touches your coast.

Yet, in this election year, there are some who have forgotten history in the hysteria of a political campaign. I mention the chairman of the House Budget Committee who I think has recommended some very unwise actions. They say they don't want to lock -- or I should say here he says -- he does not want to lock a new Democratic President into continuing my defense programs.

Parenthetically, for his information, I don't think there will be a new Democratic President elected in November. This same committee chairman has asked the nation to put off -- and those are his words -- to put off action on our defense needs until after the election.

He has indicated that my Administration should not be permitted to provide for our defense because it would bind in advance the hands of a Democratic Administration which -- and I quote precisely -- "may have a very different philosophy."

Yet, in this very critical time and crucial period they would try to bind my hands and this Administration in providing the continuity and the credibility so essential to America's defense success. They would play politics with world peace and the national security interest of the United States. They seek a strangling unilateral moratorium on America's security while the Soviet Union increases its defense expenditures.

I am determined, as I have been for 28 years in public life, to provide our Army, our Navy, our Air Force and Marines with the full capability to deter aggression, to maintain our peace and freedom and to protect our national security. The American people are entitled to no less, and we will not play Russian roulette with so basic an issue.

Our challenge, as I see it, yours and mine, is to maintain that 200-year old dedication to our economic system that has done so much for so many people and for such a great nation. Our challenge is to have the courage and the will and the capability to stand tall and strong against any aggressor that would destroy our freedom. I am an optimist. Together we, and many millions like us, will work together to build a better America and a better tomorrow.

Thank you very, very much.

END (AT 1:18 P.M. PST)