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THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AND
QUESTION AND ANSWER SESSION
AT A FORUM OF THE
GREATER HOUSTON BUILDERS
AND CONTRACTORS ASSOCIATION

HYATT REGENCY HOTEL

4:43 P.M. CDT

THE PRESIDENT: John, Senator Tower, Jim Norman, Tom Smith, Vernon Bratten, distinguished guests, ladies and gentlemen:

It is really a great privilege and a very high honor to join you for this meeting of the Houston Builders Association. I congratulate all of you for the part that you have played in the amazing growth of the Houston area in recent years. You know better than I that you have doubled the office space in Houston in just a short span of six years and that you rank third in the Nation in cumulative construction activity over the past 10 years.

With a thousand new residences every week and a generally favorable mortgage interest rate, housing starts here in Houston are among the Nation's most encouraging, with 4,388 in the last quarter alone, and there is an anticipated demand in this great area for 28,000 new units between now and 1978.

Net new savings in Texas thrift institutions in January of this year were 54 percent higher than the same month last year. Twice as many building permits were issued in 1976 as in the first quarter of 1975, and nearly three times as many in March of this year as in March of 1975.

Another stimulus to construction in the Lone Star State is the Federal highway legislation which I will sign next week. This legislation will provide Texas with \$260 million for highway construction and improvements between June of this year and September of 1977, and another \$317 million in fiscal year 1978. That is a lot of money and a lot of construction.

Nationwide, where construction activity has been much slower recently, we are all seeing some very, very encouraging signs of progress. Building permits throughout America in each of the first three months of this year have been 100 percent greater than in the same three months of 1975.

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With a balanced Federal budget -- and I fully intend to get one by fiscal year 1979 -- we can get the Government out of competition with you in the private money market. We can let your business get bigger instead of letting the Federal Government get bigger and bigger.

For the present, your industry is already being helped by the economic recovery that we are enjoying throughout America today. We are making very encouraging progress in combatting both of our most powerful economic enemies -- inflation as well as recession.

The Consumer Price Index for the first quarter of 1976 reported an annual rate of inflation of only 2.9 percent -- the lowest rate of inflation in four years. I can't guarantee it will continue to be that low with every report in the months ahead, but when you look back to the 12.2 percent inflation we were experiencing in 1974 when I first became your President, you can easily see that we have made real solid, dramatic progress against inflation and we are going to keep the pressure on and on and on.

We made a great deal of progress, also, in fighting the recession. More than 86,700,000 Americans are on the job today. That is more than we have ever had in the history of the United States on our work force.

Considering where we started, with the worst recession in 40 years, I would say that is a pretty good come-back by any standard. Furthermore, the Department of Commerce announced last week that the Gross National Product -- the value of all goods and services produced in America -- rose at an annual rate of 7-1/2 percent in the first quarter of 1976.

Real earnings for the American worker are up dramatically over what they were a year ago. Total retail sales are up 17 percent from last year. And the index of consumer confidence is about double what it was 12 months ago.

The fellows who are after my job may try to deny it, but the plain fact of the matter is we are on the road to a new prosperity in the United States of America and we are going to stay on that road in the months and years ahead.

Finally, let me say with this strong recovery, yes, it is gratifying. This Nation has still not come to terms with one of the major causes of the recession itself. I am referring to our dependence on foreign energy sources for domestic energy needs. It is a tragic and very frustrating fact that our dependence has actually increased rather than decreased since the Arab oil embargo of 1973.

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During one week in March, for the first time in America's history, we imported more crude oil and petroleum products than we produced here at home. I have done everything possible -- given the opposition of an uncooperative Congress to remedy this serious situation.

I would like to trace a little history if I might. In my very first State of the Union message, in January of 1975, I laid out a plan to reverse those dangerous trends that have placed not only our energy needs but our economic future in jeopardy.

Fifteen months ago, I recommended decontrol of oil and natural gas prices. The Congress deliberated, delayed, debated, dawdled all the way from January to December of last year and finally sent me an energy bill. It was a long way from perfect, but at least it was a start.

In that bill, the Congress agreed for the first time to remove controls on oil prices. Unfortunately, the Congress insisted that full decontrol be carried out over a 40-month period.

I indicated last December that I would order immediate steps to remove controls on petroleum products and I also pledged that I would use all of the flexibility in the legislation to allow the increases in crude oil prices that are absolutely necessary to stimulate domestic oil production.

Now we have already sent to the Congress a plan for decontrol of residual oil and this decontrol plan will go into effect June 1. Plans are also in the mill for decontrol of distillates and gasoline. We are moving in the right direction in this area, both to provide the production incentives that we need and to reduce the control of the Federal bureaucracy.

My goal is, has been and will continue to be the removal of all price controls from oil and new natural gas as the best way to achieve energy independence in the United States of America.

Last week I was delighted to read that the Texas Independent Producers and Royalty Owners Association expressed its support for my efforts to achieve energy independence. Naturally, I appreciated that support from one of the largest petroleum associations in Texas, and let me assure you that I intend to keep right on with these efforts for the next four years.

I know that some people didn't like the fact that I signed this energy bill. But there were some others who didn't like the fact that I vetoed the common situs picketing bill, either.

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That veto was a crucial decision but it was decisive action, just like the decision to recapture the MAYAGUEZ when international bandits seized an American merchant ship 11 months ago and we recaptured it.

If we wait for legislation on anything that completely satisfies everybody, this country is in for a long and dangerous period of inaction, and that is something we can't afford.

My Administration, for the past 20 months, has pursued policies that reflect common sense and the pragmatic realism which today's complex problems demand -- not the simplistic proposals that sound so good on the campaign trail. My experience tells me that I must deal with the world as it is if we are to make it the world that we want it to be. This is particularly true when it comes to the life and death decisions concerning our national security.

The decisions made in this very vital area must be the right ones. There are no retakes in the Oval Office.

My record is clear. Since I have been President I have recommended to the Congress the two largest military budgets in the Nation's history. They were needed to make certain, to make positive that our military capabilities continue to be strong in the years ahead, as they must be, if we are able to find the peace and security that we all seek.

I am determined, as I always have been, to keep America's military capability unsurpassed by any nation on this globe.

You know, sometimes when I hear the critics complaining about America's defense policy and America's foreign policy -- always complaining but never offering any programs of their own -- I am reminded of one of the finest Texans I ever had the privilege to know in the United States Congress.

Sam Rayburn served 50 years in Washington with over 3,000 Congressmen and Senators and eight different Presidents. At the end of a long day and after he had worked hard to make a better life for America, when he heard from the chronic complainers he loved to recall what his father once told him, and this is his quote: "Any donkey can kick a barn down but it takes an awfully good carpenter to build one up."

Now, as far as national security policies of this great country are concerned, I am convinced that the American people would rather have a President who is constructively seeking to build the foundations of lasting security than someone who spends most of his time trying to kick them down.

Our policies have been successful and they even promise more success and more progress in the future. That is the reason I ask your support on May 1 and November 2 and in the challenging years ahead.

Thank you very much, and I will be glad to respond to your questions.

QUESTION: Mr. President, the Davis-Bacon Act establishes an unrealistically high floor under the cost of the Federally impacted construction. The GAO is presently making a definitive study of the inflationary cost effect of the Davis-Bacon Act. We estimate that the additional and unnecessary costs due to the Davis-Bacon Act amount to approximately \$6 billion.

Do you favor repeal of the Davis-Bacon Act, and will your Administration suspend the Act for a period of one year to demonstrate the impact in savings to construction?

THE PRESIDENT: When that report comes from the GAO, we will take a look at it and make a decision. I am familiar with the effort that was made in, I think, 1969 or 1970 for a suspension of the Davis-Bacon Act. It was suspended for a relatively short period of time. It was reimposed, I think, within 30 or 60 days, if my memory serves me correctly.

We will have the benefit of that recommendation or those studies by GAO, and when those studies come to me, I will make a decision, but until they do, I think it is premature.

QUESTION: Thank you.

QUESTION: Mr. President, I wanted to tell you I am pleased to be here in your presence today, along with all these industry leaders in this area associated with the construction business.

On the light side, I always read with pleasure when the media reports you have enjoyed a wonderful golf game.

THE PRESIDENT: I hope they don't depend on that as to my score. (Laughter)

QUESTION: I also am a golfer, and as you know, when golfing friends meet occasionally, the first thing they say is, "Hello, how is your backswing?" I don't intend you to answer that, but I would like to extend an invitation to you to play sometime when your campaign activities are not so heavy on some of the many beautiful courses we have here in the Houston-Harris area.

THE PRESIDENT: We get over November 2 and I would be delighted to come back and accept your invitation. (Laughter)

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QUESTION: Mr. President, I am a builder and a lumber dealer. I am concerned about timber and lumber and the availability at reasonable prices. The Monongahela decision in 1975 by the Circuit Court of Appeals upheld in 1973 the lower court decision that defines an 1897 Organic Act for National Forests.

This resulted in limiting the cut to dead, diseased or physiologically matured trees individually marked. Based on reliable information, this has virtually stopped all logging operations in the Fourth Circuit Court area. The United States District Court for Alaska agreed with the Monongahela decision. This court encompasses Alaska, Washington, Oregon, Idaho and Montana and has ordered a halt to the sale of a 50-year, 8.2 billion boardfoot contract with 26 years to run.

National forests provide about one-fourth of the supply and contain about one-half of the available United States soft wood soft timbers. Closing of national forest production could curtail availability of lumber and plywood essentially in homebuilding 75 percent, from 12 billion boardfeet to 3 billion boardfeet.

As we understand the problem, the 1897 Organic Act for National Forests is a law and in order to get relief this law must be repealed or amended. The lumber industry favors a bill introduced by, of all people, Senator Humphrey, known as the Humphrey-Hawkins bill without the Randolph amendment.

At this time, several prominent leaders in the industry are now in Washington working for the passage of this legislation.

Mr. President, my question is (Laughter) please outline your position on this complex problem and, secondly, if such a bill is not passed, what is your position on laying down forest service policy pursuant to the authority given to the Executive Branch via the 1974 Renewable Resources Planning Act?

THE PRESIDENT: I am very familiar with the Monongahela decision and the subsequent decision by a court in Alaska. I know the very adverse impact of that decision on the lumber industry, on the communities that depend -- they get 25 percent of all of the revenue that comes from forestland in the counties in which those forestlands exist.

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So, in those areas counties are losing a substantial amount of revenue, plus the added cost to the building industry.

The Secretary of Agriculture, with my full backing and authority, is working with a Senate committee, with Senator Humphrey, and others, to try and get that committee to come out with legislation that would be the necessary amendment to the Organic Act of 1897.

I know there is a conflict in that committee between the Humphrey bill and the Randolph bill. The Randolph bill would limit clear-cutting to 25 acres or less and the Humphrey bill would put the authority at the discretion of the Secretary of Agriculture and the Forest Service.

I think we favor the Humphrey approach, with some modifications, not significant. I hope we can get some progress on that bill through the committee, through the Senate and hopefully through the House. We are working also with the House Committee on Agriculture on the same problem.

I can tell you that we want some action because we should not be hamstrung by a law passed in 1897 that had a totally different situation to deal with. We should have an updating of that legislation so we can protect our forests on the one hand and provide the necessary timber on the other.

QUESTION: Thank you, Mr. President.

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QUESTION: Mr. President, my question is that the Wharton School of Business at the University of Pennsylvania has estimated the total cost of the administration alone of the Davis-Bacon Act, not including inflated construction costs, to be approximately \$1.5 million per year. This sum to administer the Davis-Bacon Act is greater than the cost to administer the entire Federal Judiciary system.

Would you support and implement changes to Labor Department regulations to reduce or eliminate these kind of productive administrative costs?

THE PRESIDENT: When I was in the Congress -- and I feel the same way today -- the wage-setting setup was fundamentally unsound, and I can relate it to my own situation in Michigan when they were trying to set area wage rates, or even some of the more far-distant upstate areas in Michigan -- they would go back to the labor rates in the City of Detroit. Now that just doesn't make sense -- and I suspect that was true in many other States. I know it was true in the State of Michigan. I think that is an unrealistic, improper way for those wage rates to be established under the law that exists.

I tried when I was a Member of the Congress to get it done. We made some headway. I can't tell you precisely today what the status is, but if it hasn't changed from what it was four or five or six years ago, it better be changed.

QUESTION: Thank you.

QUESTION: Mr. President, we here, all of us, are seriously interested in knowing if your Administration is going to support the real estate and construction industry in opposing tax reform legislation that would take investment capital away from the developers and builders who are building the office buildings, apartments and shopping centers and other projects that give jobs to millions of Americans and comprises a substantial portion of the Gross National Product of the United States?

THE PRESIDENT: It is my best recollection that the witnesses for the Administration, when appearing before the House Committee on Ways and Means and probably the Senate Committee on Finance, opposed the kind of legislation that you and many others feel would be harmful or detrimental. We went through this controversy on several occasions when I was in the House of Representatives where the so-called reform tax bill was being promoted, and it is my best recollection that those changes were defeated in the House of Representatives and then the Senate.

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My best memory is that witnesses for this Administration take the same position that you take.

QUESTION: Thank you very much.

QUESTION: Mr. President, my question has to do with violence in construction. The Hobbs Act, passed in 1934, made it a felony for anyone to obstruct interstate commerce by committing or threatening to commit acts of violence.

In 1973, however, the Supreme Court ruled that unions were exempt from coverage when committing such crimes in pursuit of collective bargaining goals.

Since this ruling, the construction industry has been plagued with mob violence resulting in property damage, personal injury and even murder. Local and State authorities have, in many cases, been unable to cope with this situation.

There is a proposed amendment to the Hobbs Act sponsored by Congressman Anderson and Senator Bartlett of Oklahoma, which would remove this exemption. But it has been in committee for more than three years, Mr. President.

My question is, will your Administration actively support the passage of this legislation, and is there anything that the Executive Branch can do to expedite this bill from the Judiciary Subcommittee?

THE PRESIDENT: First, let me put this Administration clearly on record that the Department of Justice of this Administration will strongly implement any legislation that calls for criminal action against those people who commit a violent crime. There is no question about that. We have done it and will continue to do it.

We experienced in Michigan some serious problems up in the northern part of our State about three or four years ago, as I recall. I am not personally familiar with this particular legislation but, if it is a way to prohibit and to stop violence -- which I abhor -- then I can tell you that basically this Administration would be sympathetic to it.

I naturally want to take a look at the precise language, and I know Congressman John Anderson and Senator Dewey Bartlett very well. We will look into it, but I have to be realistic with you and say this: That with the complexion of this Congress, the prospects of action on such legislation are probably very, very limited, and the best way to insure some action to correct the conditions that exist will be to make some changes in the Congress in November of 1976.

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QUESTION: Good afternoon, Mr. President. I am not much of a golfer but if you and First Mama want to come back in November we would sure be proud to take you out for some tamales. (Laughter)

THE PRESIDENT: Well, First Mama did better on that than I did. (Laughter)

QUESTION: I understand you gave her some lessons on it.

House and Senate conferees have approved legislation in Senate Bill 3065 to restructure the Federal Election Commission as mandated by the Supreme Court. The bill extensively rewrites the Federal Election Campaign Act of 1975 and places severe restrictions on trade association political action committees such as the Big 50 Political Action Committee of the Greater Houston Builders Association, and business in general.

The bill would limit solicitations by a trade association political action committee to one per year and would require that each person solicited give approval to the solicitation and provide that the member not approve any other such solicitation from a trade association in a calendar year. It will also not allow businesses or corporations to solicit their employees.

How do you feel about this bill if it is passed with these severe restrictions on businesses and trade associations?

THE PRESIDENT: Let me give you a little history on it, because sometimes history is forgotten.

In 1974, Congress passed the Election Reform Act, a comprehensive new law to take care of Federal elections. The Supreme Court, on January 30 of this year, declared certain very important parts of that law unconstitutional. One of those provisions was the provision that said that the Federal Election Commission is unconstitutional under the way Congress wrote the law.

Two or three days after that Court decision, I had the Democratic and Republican leadership of the House and Senate down to meet with me in the Cabinet Room. I recommended to them early in February that what the Congress should do would be to simply take corrective action to reconstitute the Federal Election Commission so it would not be unconstitutional under the Court decision.

Bear in mind, the decision was made by the Court on January 30 and here it is April 28. There is no bill that has come to my desk yet.

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I was criticized a week or so ago because I wouldn't commit myself to sign the legislation. In the meantime, six Democratic candidates for the Presidency and my Republican opponent went to the Supreme Court and tried to get the Court to release the money that would come to them under the previous law, and the Court said, no, the Congress better move.

Now, when I met with this group of legislators on yesterday morning to review this situation, I had people who were in the conference in the House and the Senate and they showed me a piece of paper, or several pieces of paper, and I said, "Well, now, has the conference approved every word in that proposed compromise?" They said, "No, we are meeting at 2:30 this afternoon to finalize our action."

Wouldn't it have been irresponsible on my part if a week ago I had said, yes, I will sign that bill, when Congress hadn't finalized the thing? I am not suspicious but -- (Laughter) -- if I said I would sign the Conference Report or the amendments to the law, they could have gone back up there and changed it and I would have looked a little silly.

I learned a long time ago, as a lawyer, that you better read the fine print and that is just as true of the fine print that Congress sends down to the Oval Office as it was when I was signing an insurance policy.

And so, until I see that legislation in its final form -- and they probably won't get it down to the White House until the latter part of this week -- I am not going to commit to anything.

I urged them again yesterday that they simply extend the life and make it constitutional of the Federal Election Commission, and the bill they had as a tentative agreement required four pages to do that job and then they added 20 more pages of the kind of amendments that you are talking about -- and they could have changed words, phrases, paragraphs, the whole thing -- and until I see the fine print in black and white passed by both the House and the Senate, I am going to reserve judgment because we might get a bill I could sign.

On the other hand, we might get a bill that I would veto. And until the decision is made by the Congress, I am not in a position to make any commitment. I don't think any one of you would either -- deal with this Congress.

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QUESTION: Certainly. What about the severe restriction, Mr. President? If legislation that comes in front of you does contain these severe restrictions, what would be your attitude toward the bill?

THE PRESIDENT: We have to make sure that the kind of problems you are presenting are not included in that legislation. Now, in talking with the Members of the House and Senate who were in that conference committee yesterday, their description of those provisions does not coincide precisely with the description that you are giving them. That is why in a complicated, controversial area like this, I know you in good faith have gotten a report of what was in there.

These people were telling me what was in there, and there was a difference of opinion, actually, between the House Members and the Senate Members as to what the content was. So, I just urge you that I want equity in that bill. I didn't want any of these provisions. I just wanted a simple extension of the reconstruction of the Election Commission.

I am against what you appear to be saying is in that conference report, but there are so many versions and variations of what was included, I think I can just give you my broad view that we want equity and we don't want any benefit going to one group that another group doesn't have. I can just tell you we are going to be very, very tight and tough on what we decide to do.

QUESTION: Thank you, Mr. President.

QUESTION: Mr. President, my question is the Clean Air Act bill, which is scheduled to be considered on the Senate floor next week, would in some peoples' opinion create a "no growth" policy for this country.

Mr. President, do you support a "no growth" policy for the United States? (Laughter)

THE PRESIDENT: I categorically am opposed to a "no growth" policy in this country. (Laughter) If that Senate bill or the final version comes down to me and it is a "no growth" policy piece of legislation, I will veto it.

You know this country didn't get where it is today -- and I happen to think it is the greatest country in the history of the world; I love it, as all of you do by having a "no growth" policy. This country got where it is today with all the material benefits, all the moral and spiritual benefits by having a progressive, forward looking policy, and that is the kind of country I want in the future.

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QUESTION: Thank you, Mr. President.

QUESTION: Mr. President, the real estate development and construction industry has recently suffered its worst depression in years. Now that the economy is improving, it appears as though the primary obstacle in the path of recovery in this industry is bureaucratic red tape. The agencies referred to that are basically involved are the HUD, FHA and the HUD interstate land sales.

Real estate developers must spend six to 12 months waiting for FHA to process paperwork for approval prior to being able to fund projects which are critically needed to meet the housing needs of this nation. Because of the large dollar amounts, these delays cost the consumers thousands of dollars per day of added costs. What are your feelings about eliminating these long delays encountered by the real estate industry in dealing with the Federal bureaucracy?

If you are willing to help curtail these long delays, will you support our industry's participation in dealing with this problem or does the industry just have to wait until the bureaucracy corrects itself? Mr. President, we are fortunate enough to be in the greatest business in the whole country. We need your help, the consumer will need your help, sir.

THE PRESIDENT: Let me ask you, are you talking about multifamily housing units, the FHA program for individual units? I am not familiar with any delays of that kind. If you are talking about 235 projects, 236 projects, Section 8 projects, if there is that kind of delay, it is inexcusable.

If you are talking about something that I am not familiar with, if you will give me the dope and the data, we will find out why it takes that long.

QUESTION: Every one you just mentioned, sir, are the ones involved. You hit them categorically, and I thank you. (Laughter)

THE PRESIDENT: If they take that long, it is wrong, and I see no justification for that kind of bureaucratic delay.

I do want to point out we have made significant headway in another area that to a degree affects the building industry. When we recommended and Congress passed and I signed the Community Development Act of 1974, the effort then was to get away from the seven categorical grant programs, urban development, et cetera, and we consolidated them all into one block grant so that cities can get their money and use it as they see fit rather than having seven different bureaucratic agencies telling them how to do it.

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Let me give you some statistics that show how, by that new legislation, the process of handling applications has improved. Under the old program of seven categorical grant programs, it took two years to process an application. Now it takes two months. What used to take, as I recall, ten applications of some 4,000 pages, we now have one application of 50 pages.

In every instance, the city or the community can get its funds much more rapidly, have much more flexibility and it gets the building industry in those communities moving a lot quicker.

Now, we will try to do the best in 235, 236, Section 8. I can promise you I will find out from the Secretary when I get back.

QUESTION: Thank you, Mr. President. Some of us don't have a whole lot of hair to spare, sir. (Laughter)

QUESTION: Mr. President, as our concluding question, Mr. President, nearly all segments of the construction industry applauded your recent veto of common situs picketing legislation. That legislation would have done a terrible disservice to the entire country, as well as to the construction industry. We of the Merit Shop thank you for your veto.

Would you again, Mr. President, veto common situs picketing legislation if it were presented to you?

THE PRESIDENT: The answer is yes.

Let me thank you all again for the opportunity of being with you here in Houston. It has been a privilege and a pleasure and good luck and God bless you. I appreciate your understanding and hope you can give me some support.

Thank you very much.

END (AT 5:24 P.M. CDT)