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U. S. HOUSE
OF REPRESENTATIVES

REPUBLICAN POLICY COMMITTEE

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HOUSE REPUBLICAN POLICY COMMITTEE PLEDGES ACTION TO ESTABLISH PRIORITIES, REDUCE SPENDING AND REVISE AND REFORM EXISTING PROGRAMS

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The deepening fiscal crisis at home and abroad demands courage, leadership and candor.

Unfortunately, the Johnson Administration has failed to demonstrate any of these qualities. Instead, it has sown the seeds for yet another spending explosion. The proposed expenditures of \$186.1 billion in the 1969 budget and the estimated deficit of \$8 to \$21.2 billion are evidences of a government slipping out of control. Action must be taken by this Congress to impose spending priorities, reduce governmental expenditures and reestablish fiscal credibility.

The spending policies of the Johnson Administration have fed the inflationary fires, skyrocketed interest rates and created large deficits. They have led to a marked reduction in the purchasing power of the dollar, caused a catastrophic drain on the gold supply of this Country and endangered the world monetary system.

Secrecy, improvisation and politically inspired estimates have become the hallmark of the Great Society economic planning.

The Johnson Administration has stubbornly insisted that this Country could fight a major war and escalate nondefense spending. The results - devastating inflation, a dollar under attack, proposed controls on travel and investment abroad, a plea for a 10 percent surtax, the threat of wage and price controls and a request that the 25 percent gold cover be removed.

Under the new unified budget concept, the President proposes expenditures of \$186.1 billion in fiscal 1969. If Congress enacts his tax proposals, he anticipates revenues of \$178.1 billion and a deficit of \$8 billion. Without the tax increase, a deficit of \$21.2 billion is forecast.

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Under the 1969 Budget, new obligational authority would increase by nearly \$18 billion compared to an increase of \$7.4 billion in the current year. Total budget authority would increase by over \$15 billion compared to less than \$4 billion in the current year. Net obligations incurred would increase by \$15.7 billion compared to \$10.8 billion in the current year.

Based on the pattern of the past, there is reason to believe that the 1969 budget may present a misleading picture both as to income and outgo. Thus, even with the enactment of the surtax, the budget deficit may be nearer \$15 billion than the \$8 billion the President has predicted.

For example, the President's budget assumes that the war in Vietnam will cost \$26.3 billion. This may be at least \$4 billion low just as the 1968 estimate has proven to be. Also, the President has asked for only a 10 percent increase in grants to the States for public assistance. In each of the last three budgets, the Administration's estimate has been off several hundred million dollars. In fiscal 1968 the Administration has had to ask for an increase of some 26 percent over the original request.

The overall expenditure estimates of the past three budgets have been incredibly wide of the mark. In 1966, the first administration estimate was a full \$10.4 billion less than actual spending. In 1967, the spread between the original and final estimate was \$10 billion. This year's budget document projects a \$4 billion increase over last January's estimate and fiscal 1968 is only half over. Also, the original estimate for the deficit in fiscal 1968 was \$8 billion. Now the President estimates that the deficit may be \$19.8 billion with a tax increase and \$22.8 billion without.

It is little wonder that the Chairman of the House Appropriations Committee has warned: "History strongly cautions us to assume that the budget will turn out for the worse rather than the better; that it is wise to hedge against the uncertainties, the slippages, the failures."

The dramatic increase in spending under the Johnson Administration is reflected in the fact that in fiscal 1965 the Administrative budget expenditures
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totalled \$96.5 billion. At that time, defense costs were \$50.2 billion. In fiscal 1969, administrative budget expenditures are estimated to total \$147.3 billion. Of this amount, \$76.9 billion will be for defense. While defense costs have increased by \$26.7 billion from 1965 to 1969, nondefense spending has increased \$24.2 billion. Thus, on a percentage basis, both defense and nondefense spending have increased by 52 percent from 1965 to 1969.

In 4 years, full-time permanent employment in the executive branch will have increased by 454,747 to a total of 2,687,500 civilian employees. This represents an increase of more than 20 percent. In this period employment has decreased in only one agency, the National Aeronautics and Space Administration and then by only 1.5 percent. Now, in spite of the fiscal crisis, the budget anticipates a further increase in 1969 over 1968 of 45,600 full-time permanent employees in the Executive Branch.

Certainly no significant effort has been made by the Johnson Administration to restrain other Government spending when Vietnam defense costs were clearly escalating. On the contrary, in 1965 and again in 1966 when the Republicans were outnumbered two to one, President Johnson and his rubber stamp Democratic majority in Congress hastily enacted a flood of new and extremely costly programs. The next installments on these programs are now due.

This then may be the true measure of the 1969 budget as well as the Johnson Administration. It is a business as usual approach. It is characterized by fast talk and glib promises. It is so committed to the Great Society Programs and increased spending that it has neither the will nor the competency to face up to our mounting economic problems and our new and pressing needs.

In the First Session of the 90th Congress, Republicans were instrumental in saving the American taxpayers \$4.1 billion in proposed spending and in cutting \$5.8 billion from the President's new appropriation requests. A Republican expenditure limitation of \$131.5 billion was adopted by the House of Representatives. In a series of 23 roll call votes on specific reductions, Republican Members of the House of Representatives averaged 85 percent support while Democrats averaged only 17

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percent support.

In the Second Session, we pledge an even greater effort to establish priorities, reduce spending and revise and reform existing programs. This Country must win the battle of the budget so that it may emerge from the present fiscal crisis strong and better equipped to meet its obligations and challenges at home and abroad.