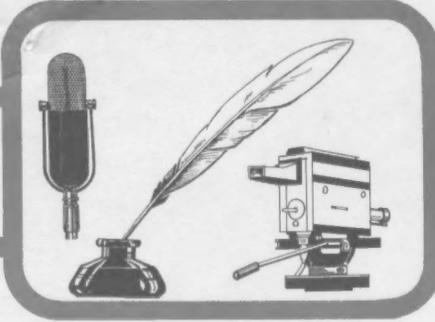


The original documents are located in Box D23, folder “69th Annual Convention, National Association of Retail Druggists, Houston, TX, November 1, 1967” of the Ford Congressional Papers: Press Secretary and Speech File at the Gerald R. Ford Presidential Library.

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*Distribution: Mailing + 20 Copies Mr. Ford
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CONGRESSMAN
GERALD R. FORD
HOUSE REPUBLICAN LEADER

**NEWS
RELEASE**

--FOR RELEASE IN WEDNESDAY PMs--
November 1, 1967

Excerpts from an Address by Rep. Gerald R. Ford, House Republican Leader, at the 69th annual convention of the National Association of Retail Druggists, for delivery at 12 noon Wednesday, Nov. 1, at the Civic Center, Houston, Texas.

It's time to cut through all the fuss and feathers surrounding the spending debate now raging in the Congress and get to the heart of the issue.

The key issue is what course our government will take in the years immediately ahead. It is not simply a matter of whether federal spending will be cut \$5 billion this fiscal year but whether the sharp upward trend in federal outlays will be brought under control for the foreseeable future.

That is the real meaning of the behind-the-scenes struggle now taking place in Washington.

The federal government faces a frightening fiscal crisis, and the American people are caught up in the toils of inflation.

Much can be said about how we got there, and fingers can be pointed in assessing the blame. But today I want to tell you where we appear to be going and to ask you whether that's the direction you would choose.

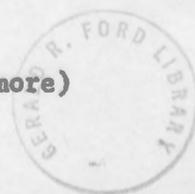
To see where we're headed let's first take a look at where we've been. In the years 1960 through 1967 we experienced eight consecutive federal deficits. In every one of those years the federal government spent more than it took in.

In the Soaring Sixties, federal spending has run wild. While the population grew 10 per cent, the civilian bureaucracy of the government grew 25 per cent, the cost of federal civilian payrolls rose 75 per cent, and total federal spending went up 80 per cent.

Is this because of the Vietnam War? While defense spending rose by 68 per cent during the Sixties, nondefense spending went up 97 per cent--from \$48.6 billion in fiscal 1960 to an estimated \$95.6 billion for fiscal 1968. For example, health and welfare spending as a category jumped 210 per cent.

During the five years that the present Administration has been in power, the federal government has paid out \$60.4 billion more than it has received in revenue. The interest just on this deficit alone will cost the American taxpayer \$2.8 billion a year for every year it remains unpaid.

(more)



We have been financing a \$2 billion-a-month war in Vietnam and at the same time the Administration has been pushing expensive domestic programs with built-in cost escalators. These programs were rushed through in the 89th Congress and the price tags now are giving us financial heart failure.

For three years the Administration understated the cost of the Vietnam War. Some say this was done deliberately to remove the chief obstacle to proposed Great Society programs. The course that was laid out was one of guns and butter. Now we're in a jam, because all pleas for a setting of priorities were ignored.

This Great Society spending combined with war costs so overheated the economy last year that we still are riding an inflationary spiral. Currently the cost of living is rising at an annual rate of 4.4 per cent.

I submit that the primary cause of inflation is excessive federal spending.

That is why I am deeply concerned when I look down the road and see that by the time this decade ends the federal budget will have doubled to \$160 billion and the deficits of this decade will have totalled nearly \$100 billion. In consequence, the National Debt will have climbed to about \$400 billion--and we're now paying \$14.2 billion interest a year on it.

This sharp upward trend in federal spending and federal debt must be checked. We can catch up with it only if there is an early and penetrating appraisal of existing programs to determine which of them are justified and which should be abandoned. Perhaps some should be expanded while others are reduced. This is a task for a Hoover-type commission. I have long been urging the formation of just such a study group.

Meantime I and other economy-minded members of Congress have been seeking immediate cuts in federal spending--cuts substantial enough to have a sizable impact on the projected federal deficit of \$25 to \$30 billion and on inflation.

Republicans have taken the lead in this fight, and the distinguished chairman of the House Ways and Means Committee has joined us. We have sought to impose a spending ceiling on the Administration--not because we seek to shift the responsibility for spending reductions but because the Budget Bureau and its experts are in a much better position to make selective spending cuts. This is not a meat-axe approach to federal spending reduction. It is, in fact, just the opposite. And the appropriate followup by the Congress next year should be to re-examine federal programs and have a thorough-going reappraisal made.

We have refused to consider President Johnson's proposed income tax increase

(more)

before substantial spending cuts are made. The reason is that we remember only too well the pledge made by the President and by Congress when income taxes were cut in 1964.

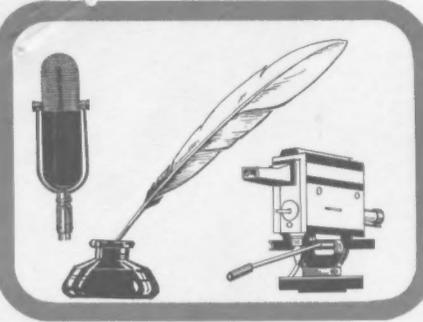
That promise, as enunciated in the preamble to the Revenue Act of 1964, was that all increases in revenue stimulated by the tax reductions would "first be used to eliminate the deficits in the administrative budgets and then to reduce the public debt."

Congress went on to say: "To further the objective of obtaining balanced budgets in the near future, Congress by this action recognizes the importance of taking all reasonable means to restrain Government spending and urges the President to declare his accord with this objective."

President Johnson did declare his accord with that objective. But you have seen what has happened since the 1964 Revenue Act was passed. In retrospect, the preamble to that piece of legislation serves as a blunt object lesson.

That is why I say the time for Congress to consider the President's proposed tax increase is after he has cut federal spending.

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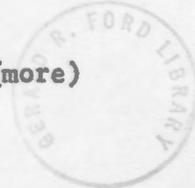
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