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AN ADDRESS BY REP. GERALD R. FORD, R-MICH.
REPUBLICAN LEADER, U.S. HOUSE OF REPRESENTATIVES
BEFORE THE 5TH ANNUAL MASS RETAILING INSTITUTE CONVENTION
AT THE SHERATON-PARK HOTEL, WASHINGTON, D.C.
12 NOON, TUESDAY, MAY 12, 1970

FOR RELEASE IN TUESDAY PM's

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I am most happy to be here with you today because the timing offers me an opportunity to comment on some most important matters. And I do come before you in my normal frame of mind -- cautiously optimistic.

The chief reason I am cautiously optimistic today in spite of some recent explosive developments is that I see some bright prospects ahead -- for retail business and for the Nation generally.

Despite the tense situation among the Nation's young people, I think the country is going to come out all right. I believe there will be a general cooling of emotions because we will achieve our objectives in our sweep of the Cambodian sanctuaries and then withdraw.

Success in the Cambodian sweep will mean that our Vietnam troop withdrawals will continue on schedule and may even be accelerated.

And here at home I look for a moderate upswing in the economy without great risk of reviving inflationary pressures.

Speaking more specifically, I expect a definite uptrend in retail sales in the months ahead while the economy continues adjusting toward relative price stability.

This is not wishful thinking on my part. It is based on a number of factors which are certain to give moderate stimulus to the economy while prices "settle in."

I am speaking primarily of the 15 per cent rise in Social Security benefits which has already gone into effect, the 6 per cent Federal employe pay raise which becomes effective in mid-May, and the strong likelihood of an additional 5 per cent increase in Social Security.

Add these factors to Presidential lifting of the cutback on State and local spending on Federally-assisted construction and the adopting of a less restrictive

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Federal Reserve policy on money supply. The effect on the economy is bound to be a quickening.

But let me emphasize this. While there has been an easing of the fiscal and monetary brakes, there has been no abandonment of the fight against inflation. I firmly believe our policy-makers have set a course which will restore real economic growth without generating strong inflationary pressures.

The economic pace is now beginning to quicken, and it is reasonable to expect that business news will make better reading as we move through 1970.

But while we have set the tone for some expansion of the economy, we must pursue a non-inflationary course long enough to restore confidence in the dollar's buying power.

There are some who have criticized the Administration's economic policies because they favor a hard, tough dose of deflation. I don't think this kind of action would make sense. Let us not forget for one minute that the unemployment rate for Negroes is nearly double that for white members of the work force.

Price and wage controls don't make much sense, either. Freezing prices would leave many a businessman with his prices at low levels relative to the prices of his raw materials.

Massive distortion would occur if we attempted to freeze prices and wages. And we must remember that once those ceilings are imposed it is no easy task to eliminate them.

Some Americans are wondering whether we actually are making progress in establishing the basis for more orderly and non-inflationary growth. They are concerned about the sustained rise in the price level and wonder whether the Federal budget is drifting toward deficit.

There is no question that the tax-cutting and over-spending the Congress has engaged in has had an unfavorable impact on capital markets, interest rates, mortgage markets and the cost of living generally.

We are also concerned about recent wage settlements. They have clearly been large enough to produce substantial increases in costs. It is elementary that a rising cost level tends to mean a rising price level.

This means that businessmen must make tough decisions -- decisions that offset rising costs and inefficiencies. This is the process that must take place if we are to establish the basis for greater price-cost stability in the years ahead.

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While these concerns are real, there is evidence that much progress has been made.

Fundamental policies of disinflation were put into effect and adhered to. There was sustained restraint in 1969 after years of monetary expansion that was at least double what was required for suitable economic growth.

Currently the Federal budget continues to be consistent with the general game plan.

There is no reason to expect the budget to deflect the orderly course of the economy.

Our monetary policy now is modestly less restrictive. This is consistent with the needs of the economy, for we know the effects of such a change in policy seldom show up for 6 to 12 months. This is the right time for this policy change although it may seem premature to some.

What are the prospects for good gains in production and incomes as we move on through the remaining months of 1970?

Those prospects are bright. Consumers' after-tax incomes will be rising rapidly in the months ahead. This points toward increases in consumer spending and retail sales during the rest of this year. And we do not have a general excess of inventories to work off before the economy can resume more rapid expansion.

So the raw materials are there for a more vigorous and orderly expansion of the economy, while price-level developments are becoming encouraging.

Commodity prices are showing visible effects of measures taken to cool off overheating in the economy.

The price index for all commodities has been rising at the rate of 2.9 per cent per year in 1970, compared with a 5.7 per cent rate in the first half of 1969 and a 5.3 per cent rate in the second half of last year.

The price index for all commodities but food has been rising in 1970 at the rate of 1.7 per cent per year. This is a sharp drop from the 4.9 per cent annual rate that prevailed in the first half of 1969.

So the evidence is that we can resume a moderately more rapid rate of economic expansion without pushing prices back into orbit.

We can make no more important contribution to our economic and social welfare in the decade of the Seventies than to follow through with this beginning we have made and establish a firm basis for vigorous growth, a dollar in which we can have confidence, and abundant job opportunities for all.

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Now, since this talk is in the nature of a report to you from Capitol Hill, I would like to turn to a topic of special interest to all businessmen -- crime. I know that businesses are often the targets of burglars, armed robbers, and other criminals.

Let me say first of all that I believe the courts have become too lenient, allowing many criminals to return to the streets to resume crime careers. As a case in point, an FBI study shows that of 18,000 persons released from custody in 1963, 63 per cent were rearrested within five years.

So we have much work to do in combatting crime, and Congress has its task all cut out for it.

How is Congress doing with the 13 anti-crime bills sent to the Hill by President Nixon?

The answer is...only fair. We must hope that the House and Senate committees can speed up their deliberations in the next few months so that a really creditable anti-crime record can be written by the 91st Congress.

Let me run down the list of what the Congress has done to date or has failed to do in the fight against crime.

There is some progress on the organized crime control bill. That's the bill which would create special grand juries to probe organized crime, with the power to issue reports as well as return indictments. This bill permits contempt-of-court citations against reluctant witnesses, sets stiffer penalties for habitual, professional and organized criminals, and allows prosecutors to compel testimony on condition the information will not be used against the witness except in perjury or contempt actions. The Administration's illegal gambling bill has been incorporated into the organized crime control bill.

The Senate passed the bill last Jan. 23, and the House Judiciary Committee will start hearings on it May 20.

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The Senate and House have each passed a bill which would increase the number of Federal judgeships. The Senate bill provided for 13 more new judges than the House bill, and so the difference will have to be worked out. The end result should be between 65 and 70 new permanent and temporary judgeships and should help eliminate some of the large backlog of pending cases.

A bill to increase the penalties of the Sherman Antitrust Act passed the House Feb. 16. The Senate Judiciary Committee will take it up in executive session May 19 or 20.

Although the House has passed the Post Office Committee's anti-obscenity bill aimed at protecting minors, two other Administration anti-obscenity bills are simply marking time in both the House and the Senate.

The Bail Reform Act also is pending in both Houses. Neither has there been any action on the Administration bill aimed at those who have been practicing terrorism by planting bombs in buildings.

As for the five anti-crime bills dealing with the District of Columbia, those were wrapped into one package and have been passed by both Houses. But the House and Senate still have to work out the differences in the two omnibus bills.

There is no more disturbing problem before this Nation today than the ever-rising crime rate. So I urge that Congress face up to its responsibility to help clear the criminal from our streets.

I am concerned because the drug control bill passed by the Senate has languished on the Speaker's desk in the House.

Drug addicts account for 50 to 75 per cent of our street crimes. I believe the Congress should help in the Administration fight against the narcotics traffic

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by giving us the no-knock provision. The Administration is already making the greatest possible effort to halt the importation of illegal drugs into this country.

To sum up congressional action on crime to date, the Senate has acted far more speedily than the House although the Senate has unfortunately weakened some of the Administration's anti-crime proposals. In the House there has been foot-dragging, and the good intentions of some have been overcome by the inertia of others.

We need more anti-crime weapons but the Administration has struck some hard blows at crime with the weapons at hand.

While it is true that the nationwide crime rate rose 11 per cent in 1969, the fact remains that this represented a sharp drop from the rate of rise we had been experiencing throughout the Sixties. Last year's 11 per cent increase, for instance, was a big improvement over 1968, when crime rose by 17 per cent.

So we are making progress. We are making headway in fighting crime and, as I mentioned at the outset, we are making progress in fighting inflation and in establishing the basis for orderly economic growth.

I would also like to touch briefly on another area of interest to you -- consumer legislation. The House Committee on Government Operations has three bills before it -- the Administration and Dwyer bills providing for establishment of consumer affairs offices, and the Rosenthal bill providing for an independent consumer agency.

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I do not despair over temporary setbacks. I believe we can lick inflation and steer our economy to new heights of sound growth. I believe we can sharply reduce crime and make our streets safe again.

But if we are to accomplish these objectives we must have faith. We must believe in what we are doing. We must tell ourselves that we can achieve these goals -- and we must believe it.

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