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AN ADDRESS BY REP. GERALD R. FORD, R-MICH.
REPUBLICAN LEADER, U.S. HOUSE OF REPRESENTATIVES
BEFORE THE NATIONAL RETAIL MERCHANTS ASSOCIATION
7:30 A.M. THURSDAY, SEPTEMBER 17, 1970
AT THE SHERATON PARK HOTEL, WASHINGTON, D.C.

FOR RELEASE IN AM'S OF THURSDAY, SEPT. 17

Gentlemen, may I extend to you my personal welcome to Washington. You have come to Washington at an excellent time of year. You have missed our hot and muggy weather of mid-summer. And you have avoided our August dog-days. Speaking of dogs, did it ever occur to you that a dog is a lot like a politician. He manages to win friends and influence people without ever reading Dale Carnegie's book.

I'm glad you've had your second cup of coffee by this time. That will make you a lot easier to talk to. And since it's still early in the morning, maybe you won't be keeping an eye on the clock. Some people say the United States has become a country of clock-watchers. That's what's wrong with it, they say. My own experience is that the only one who watches the clock during the coffee break is the boss.

I wonder how many of you brought the wife along on this trip. I have always felt that a man who takes his wife to a convention is like a hunter who takes the game warden along on a hunting trip.

You probably expect me to talk about business this morning--and I do intend to do just that.

The first thing I want to say is that things can't be too bad because right now a customer can get almost anything for five bucks down and 12 uneasy payments.

Seriously, business is getting better. The sales and profits outlook throughout the country seems to be improving. Individual income has increased in recent months, and what we need now is an upsurge in consumer optimism. I personally believe we will see a gradual but definite resurgence in consumer spending in the near term.

You will not see a surge in Federal spending, however, despite the efforts of certain members of the Congress. There is too great a risk of reviving inflationary forces. I feel certain that President Nixon will impound recklessly appropriated funds rather than refuel an inflation which now is being dampened down.

The money supply is likely to rise at no more than a 4 to 5 per cent annual rate for some time to come. That is the hint given us by the Federal Reserve Board. The Fed appears determined that overexpansionism be avoided.

However, money is becoming easier. Short-term interest rates already are down by about one percentage point from the start of the year. And we can now expect a moderate easing in longterm interest rates. I therefore look for a sharp advance in residential construction in 1971. And consumer spending for durable goods including appliances and furniture should accelerate as consumer sentiment and income improve.

Inflation is definitely slowing down. The cost of living increased at a seasonally adjusted rate of 0.3 of one per cent in July. That is an annual rate of 3.7 per cent or only about half of the rate of increase recorded last winter.

At the same time the earnings of the Nations rank and file workers rose faster than the cost of living in July--for the third consecutive month. This means the average worker's purchasing power is going up under the present Administration.

I firmly believe that the Administration's policies of fiscal and monetary restraint are producing a victory over inflation. This has been the Administration's game plan all along. It is a game plan which is going to push the ball over the goal line.

I have predicted that the Administration's policies will slow inflation down to a 3 per cent rate. I renew that prediction today. As I see it, the annual rate of consumer price advance will fall from the recent level of 6 per cent to about 3 1/2 per cent by the end of this year and to 3 per cent by the summer or fall of 1971.

Meantime profits are turning up and an economic recovery is getting under way. An upswing in the economy is at hand. An upswing in the economy is beginning because the Administration's policy of a deliberate anti-inflation slowdown in the economy has left plenty of room for the economy to expand before any price strains resume. Our present fiscal and monetary policies are designed to produce a moderate expansion. That is what we can expect--a moderate expansion without a rekindling of inflationary fires.

Now that we have turned the corner in the fight against inflation it is all the more important that Congress refrain from mandatory overspending--refrain from jeopardizing the economic gains that we have made in our transition from a wartime to a peacetime economy.

We cannot afford a Congress which adds billions of dollars to the Federal

budget at a time when American families are fighting inflation at the household level and trying to live within their means.

This is a time for responsibility--a time for responsibility in domestic affairs and in foreign affairs as well.

In foreign affairs I feel we have turned the corner into a new era.

This is what Vice-President Agnew was expounding when he made his recent trip to the countries of the Far East. He was explaining the Nixon Doctrine, the new foreign policy which can provide the framework for a durable peace. I believe the Nixon Doctrine is a policy that contains great promise and hope for future generations.

The Monroe Doctrine said to Europe, "Stay out of the western hemisphere." The Truman Doctrine said to the Soviet Union, "Stay out of countries that want to remain non-Communist." The Nixon Doctrine says to non-Communist nations: "Assume the primary responsibility for staying free, and we will help you do it."

The Monroe, Truman and Nixon Doctrines were enunciated at various turning points in our history. The Monroe and Truman Doctrines were right for their time; the Nixon Doctrine is right for our time.

The Nixon Doctrine says: "We shall be faithful to our treaty commitments, but we shall reduce our involvement and our presence in other nations' affairs."

Our Vietnam policy corresponds with the Nixon Doctrine. It is part and parcel of it. It fits into a special niche in the general framework of our new foreign policy.

Today there is much talk about reordering our priorities. We are doing just that--both domestically and in our foreign affairs.

In 1961, for instance, we spent 48 per cent of our Federal budget for defense and only 30 per cent for human resources. By 1969, we were still spending 44 per cent for defense and only 34 per cent for human resources. But in President Nixon's budget for fiscal 1971 these priorities are dramatically reversed. Under that budget we are spending 41 per cent for human resource programs and only 37 per cent for defense. This is the first time since 1950 that we are spending more Federal funds on human resource programs than on defense.

One of the priorities that tops everyone's list is getting American manpower and dollar commitments out of the war in Southeast Asia. Where Americans disagree about this, the disagreement involves the speed and the circumstances under which we should withdraw.

When President Nixon took office he was faced with three alternatives in Vietnam. One was further escalation of the war in an effort to "win" it.



The second was to build up the ability of the South Vietnamese to maintain their own defense while American forces in Vietnam were withdrawn over a period of months. The third was immediate withdrawal.

Escalation was out. Patience at home was thin. For that if for no other reason, escalation was impossible. A policy of escalation would have destroyed the new Administration before it even got started.

Immediate withdrawal would have destroyed South Vietnam. It would have turned that nation over to North Vietnam as a reward for Communist aggression. And it would have caused the collapse of American credibility among other nations whether it calmed the American people or not.

The President chose the middle course--Vietnamization of the war. This is a policy which does not write off the previous investment of American lives and treasure in Vietnam. But it will end the U.S. ground combat role in Southeast Asia as our allies take over.

It's true the policy of Vietnamization involved the ability of the North Vietnamese to frustrate the plan. This is why the United States was forced to make a sweep of the Communist sanctuaries in Cambodia even while a policy of winding down the war was being followed in Vietnam itself.

The fighting in South Vietnam now has dropped to a very low level. American casualties are at the lowest point in 3 1/2 years. We have withdrawn 115,000 men from Vietnam and will withdraw another 150,000 by next spring. We will end our front-line ground combat role in Vietnam by May, 1971.

Vietnamization is not just a word. Those who wanted us to pull out immediately have been proved wrong even while they continue their calls for "peace now and never mind the price."

The Cambodian Operation was a tremendous success despite the domestic furor it caused. The Communists lost vast stores of supplies, a fact which is reflected in the current low level of fighting in Vietnam. And now the Communists see a marshalling of South Vietnamese, Cambodian and Thai forces to resist the reestablishment of Communist sanctuaries in Cambodia while U.S. air power continues to interdict their supply routes.

Events in Cambodia have not widened the war. It has been an Indochina War ever since the North Vietnamese violated the neutrality of Laos and Cambodia to pursue their designs on South Vietnam. What has been widened is the commitment of the people of Cambodia and Thailand to resist a threat to their own security which had been tolerated too long.

Now we must place new and fresh emphasis on attempts to gain a negotiated

peace in Vietnam.

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But let us be realistic about any cease-fire agreement entered into with an enemy whose word means nothing. We have seen what happened in the Mideast-- how the Egyptians and Russians took advantage of the cease-fire with Israel to build surface-to-air missile sites closer to the Suez Canal. We must therefore make certain that in any standstill agreement in Vietnam there are adequate guarantees that the cease-fire will not be used to the enemy's advantage. The enemy could use the cease-fire to achieve military gains unless sufficient supervision is written into the cease-fire agreement.

The cease-fire must also be the signal for serious discussions in Paris-- not simply a pause which permits the enemy to strengthen himself for renewed and heavier conflict in the months ahead.

I sense increased confidence among the American people in President Nixon's handling of the Vietnam problem. I think this is reflected in the recent Senate defeat of the so-called Amendment to End the War. To me, the Amendment to End the War was actually an Amendment to Lose the Peace. We will never advance the cause of peace in the world by agreeing to peace at any price. Neville Chamberlain did that at Munich in 1939, and this act of craven appeasement led to a horrible world holocaust.

You can trust President Nixon. His every action in the Presidency has demonstrated that, and nowhere is this more clear than in his conduct of the Vietnam War. He has kept every promise he has ever made on Vietnam--on troop withdrawals, on ending the incursion into Cambodia.

Let us persevere, and we will find that peace with honor is not a light at the end of a tunnel but an achievable reality. Honor is not just a word. It is at the root of the entire American experience. It is synonymous with five other words--the United States of America.

National honor is also synonymous with national conscience, which simply means "what the American people think is right."

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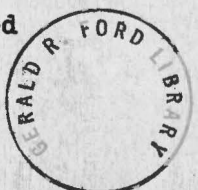
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