

**The original documents are located in Box 134, folder “June 17, 1974 - Speech, Grocery Manufacturers' Association, White Sulphur Springs, WV” of the Gerald R. Ford Vice Presidential Papers at the Gerald R. Ford Presidential Library.**

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GROCERY MANUFACTURERS OF AMERICA, INC.

WHITE SULPHUR SPRINGS, WEST VIRGINIA

JUNE 17, 1974

I AM VERY PLEASED TO BE WITH YOU TODAY AT THIS  
IMPORTANT ANNUAL MEETING OF THE GROCERY MANUFACTURERS OF  
AMERICA.



I FEEL A SPECIAL IDENTITY AND AFFINITY WITH THE  
MANUFACTURERS OF "INSTANT" COFFEE, "INSTANT" TEA, "INSTANT"  
OATMEAL, AND MANY OTHER "INSTANT" PRODUCTS BECAUSE I HAPPEN TO  
BE THE NATION'S FIRST "INSTANT" VICE PRESIDENT. I ONLY HOPE  
THAT I PROVE TO BE AS PURE, AS DIGESTIBLE, AND AS APPETIZING TO  
THE CONSUMERS WHO DID NOT HAVE A CHANCE TO SHOP AROUND FOR OTHER  
BRANDS OF VICE PRESIDENT WHEN I WAS PUT ON THE MARKET.





THE GROCERY MANUFACTURERS REPRESENT AN IMPORTANT ASPECT OF WHAT'S RIGHT WITH AMERICA. OUR BOUNTIFUL VARIETY OF NUTRITIOUS AND CONVENIENT GROCERY PRODUCTS HAS FASCINATED THE ENTIRE WORLD. YOU HAVE MADE AVAILABLE, THROUGH CONSTANTLY IMPROVED METHODS OF PRODUCTION AND MARKETING, A WIDER RANGE OF DIET TO THE ENTIRE POPULATION. BY ADVANCED CONCEPTS IN PACKAGING AND PREPARATION, YOUR INDUSTRY HAS SAVED PEOPLE MUCH TIME THAT USED TO BE CONSUMED IN SHOPPING FOR FOOD AND PREPARING MEALS.





YOUR INDUSTRY DESERVES COMMENDATION FOR ITS COMPETITIVE  
SPIRIT IN THE FINEST TRADITION OF THE FREE ENTERPRISE SYSTEM,  
YOU HAVE ACHIEVED HIGH PRODUCTIVITY, YOU HAVE MADE EVERY SUPER-  
MARKET AN ABUNDANT SHOWCASE OF WHAT AMERICA CAN OFFER TO ENHANCE  
THE HEALTH AND HAPPINESS OF OUR PEOPLE.

*You do, however, have some consumer  
problems & as a result there is a strong  
effort being made to push through a  
strong Consumer Protection Agency bill in 1974*

*Cloture Proof Congress - 1974*

*Veto Proof Congress - 1974 elections.*

*Legislature Dictatorship*

*"hold your seat belts if a  
net gain of 50 or more."*



BUT YOU ARE ALSO AWARE OF THE SERIOUS PROBLEMS INVOLVED  
IN FILLING THE NATION'S GROCERY BASKET --- AND OF THE HIGHLY-  
EMOTIONAL IMPLICATIONS. WHEN A PROPAGANDA-MINDED GROUP OF  
EXTREMISTS RECENTLY RESORTED TO BLACKMAIL IN CALIFORNIA, THEY  
MANIPULATED THE REALLY BASIC DOMESTIC ISSUE OF THIS OR ANY  
NATION --- THE ISSUE OF FOOD. THEY DEMANDED, AS YOU KNOW, A  
RANSOM PAID IN GROCERIES.





RESPONSIBLE PEOPLE DENOUNCED THIS TERRORISTIC  
EXPLOITATION OF THE FEARS AND PASSIONS ASSOCIATED WITH FOOD,  
BUT THERE REMAINS A DEEP AND PERVASIVE ANXIETY ABOUT RISING  
FOOD PRICES. WE DO NOT NEED TO CONSULT THE PSYCHOLOGISTS TO  
LEARN THAT THE PROBLEM OF FEEDING ONE'S SELF AND ONE'S FAMILY  
THROUGH THE AGES HAS BEEN THE SOURCE OF SUCH EMOTIONALISM THAT  
GOVERNMENTS HAVE BEEN TOPPLED AND POLITICAL SYSTEMS CHANGED.





THIS, OF COURSE, IS NOT THE SCENARIO FOR THE UNITED STATES. WE ARE ABLE NOT ONLY TO FEED OUR OWN PEOPLE BUT TO EXPORT SUBSTANTIAL FOOD SUPPLIES TO THE REST OF THE WORLD. NEVERTHELESS, AFTER A PERIOD OF INTENSE GROWTH, DEVELOPMENT, AND RISING LIVING STANDARDS, WE, ALONG WITH THE REST OF THE WORLD, ARE GOING THROUGH SOME SERIOUS ECONOMIC DISLOCATIONS. THIS IS MANIFESTED BY INFLATION.



AS THE HOLDER OF PUBLIC OFFICE IN WASHINGTON, I AM AWARE  
OF THE POLLS REPORTING DISTRUST OF PUBLIC OFFICIALS. *Congress / President / Judiciary* I AM ALSO

AWARE THAT THE PUBLIC IS VERY SKEPTICAL OF THE ROLE OF THE AMERICAN

FOOD INDUSTRY. THE AVERAGE CONSUMER ROLLS HIS CART UP TO THE

CHECK-OUT COUNTER OF THE SUPERMARKET EVERY TWO OR THREE DAYS. PRICES

GO UP AND THE CONSUMER DOES NOT KNOW WHO TO BELIEVE. A CREDIBILITY

GAP IS TO BE FOUND ON THE SHELF OF EVERY GROCERY STORE IN THIS

NATION.



THE CASHIER, HOPEFULLY, PATIENTLY EXPLAINS TO COMPLAINING  
CUSTOMERS THAT <sup>the</sup> YOU MANUFACTURERS HAVE RAISED THE PRICES AND THAT  
SHE ~~OR HE~~ IS HAVING TROUBLE FEEDING HER OWN FAMILY. YOU ARE NOT  
AFFORDED A CHANCE TO EXPLAIN THE INTRICATE INTERRELATIONSHIPS AND  
BALANCES THAT MAKE SUCH AN EXPLANATION TOO SIMPLE. YOU ARE NOT  
GIVEN A CHANCE TO EXPLAIN ABOUT THE INCREASED COSTS OF ELECTRICITY,  
GASOLINE, AND SO FORTH.





YOU REALLY HAVE A PUBLIC RELATIONS PROBLEM. THE GOVERN-  
MENT HAS JUST REPORTED THAT THE WHOLESALE PRICE INDEX CONTINUED  
TO RISE SHARPLY IN MAY DESPITE THE THIRD STRAIGHT MONTHLY DECLINE  
IN THE PRICES OF FARM PRODUCTS AND PROCESSED FOODS AND FEEDS. THESE  
PRICES DECLINED 2.2 PER CENT DURING MAY, THE THIRD MONTH IN A ROW  
OF DECLINE OF MORE THAN 2 PER CENT. THE MOST RECENT INDEX ALSO  
SHOWED A CONTINUED TAPERING OFF IN PRICE INCREASES OF FUELS AND  
POWER.



YOUR PROBLEM APPEARS TO BE THE GAP BETWEEN THESE REPORTS,  
WHICH THE CONSUMER READS IN HIS PAPER OR SEES ON TV, AND THE PRICE  
TAGS WHICH HE CONTINUES TO SEE ON THE SUPERMARKET SHELVES.

IT IS UP TO YOU TO EXPLAIN TO CONSUMERS THAT LAST YEAR  
THE PROFITS FOR BOTH FOOD PROCESSORS AND RETAILERS --- WHETHER  
MEASURED AGAINST SALES OR EQUITY --- WERE BELOW THE INDUSTRIAL  
AVERAGE. IT IS UP TO YOU TO EXPLAIN THAT THESE VERY PROFITS HOLD  
THE KEY TO CONTROLLING FOOD PRICES IN THE FUTURE.





IF AMERICAN INDUSTRY CAN MAKE MORE PRODUCTIVE USE OF THE  
INPUTS WHICH ARE INCREASING IN COST, THEN THOSE COST INCREASES CAN  
BE TEMPERED SO THAT NOT ALL OF THEM WILL HAVE TO GO ON TO THE  
CONSUMER. RECOGNIZING THIS, THE ADMINISTRATION ESTABLISHED THE  
NATIONAL COMMISSION ON PRODUCTIVITY TO HELP INDUSTRIES MAKE MORE  
EFFECTIVE USE OF THEIR RESOURCES. THE FOOD INDUSTRY HAS BEEN ONE  
OF THE PRINCIPAL BENEFICIARIES OF THE COMMISSION'S WORK.







BUT PRODUCTIVITY-INCREASING MEASURES COST MONEY. A

PRINCIPAL SOURCE OF THAT MONEY IS PROFIT. THAT IS WHY I SAY THAT  
PROFIT IS THE KEY TO CONTROLLING FOOD PRICES IN THE FUTURE. TO CUT  
PROFITS TOO DRASTICALLY IS TO KILL THE GOLDEN GOOSE BY ELIMINATING  
THE JUSTIFICATION AND CAPITAL FOR PRODUCTIVITY-INCREASING INVESTMENTS.

ALL THIS MEANS THAT CONSUMERS HAVE A RESPONSIBILITY DURING  
CURRENT ANXIETIES OVER FOOD PRICES. AND SO DO YOU.

WHEN I SPEAK OF PROFITS, I MEAN REASONABLE PROFITS. IT  
IS IN YOUR ENLIGHTENED SELF-INTEREST TO KEEP PROFITS REASONABLE.  
NOW THAT CONTROLS HAVE BEEN LIFTED, IF YOU LET PROFITS SOAR  
IRRESPONSIBLY, THE OUTCRY OF THE PUBLIC TO CUT OR ELIMINATE THOSE  
PROFITS WILL REACH SUCH A CRESCENDO, POLICY MAKERS WILL HEED THEIR  
CONSTITUENTS. IF AND WHEN THAT HAPPENS, WE WILL ALL HAVE PROBLEMS  
OF A MAGNITUDE THAT I WOULD PREFER TO AVOID.





WE ARE ALL IN THE SAME BOAT TOGETHER. I SPEAK OF THE  
FARMER, THE PROCESSOR, THE WHOLESALER, THE RETAILER, THE CONSUMER,  
AND EVERYONE ELSE. WE CAN CHART A COURSE OUT OF ROUGH WATERS IF  
WE ALL WORK TOGETHER.



I RECOGNIZE THAT YOUR INDUSTRY HAS HAD A TOUGH TWO YEARS.  
THE GOVERNMENT HAS BEEN INVOLVED THROUGH CONTROLS WHILE NATURAL  
FORCES DROVE PRICES UP.



BUT NOW THINGS ARE LOOKING BETTER, FARM PRODUCTION IS  
UP AND WE ARE ANTICIPATING RECORD CROPS, PRICES HAVE DROPPED AT  
THE FARM LEVEL AND AT WHOLESALE, FOOD PRICES TO THE CONSUMER HAVE  
PEAKED AND ARE STABILIZING, MEAT PRICES ARE STARTING TO FALL AND  
A SPECIAL EFFORT ON THAT PARTICULAR SITUATION IS BEING MADE AT A  
WHITE HOUSE MEETING TODAY CONVENED BY KENNETH RUSH, COUNSELLOR TO  
THE PRESIDENT FOR ECONOMIC POLICY, AND EARL BUTZ, SECRETARY OF  
AGRICULTURE.



THE OVERALL SITUATION ON FOOD PRICES ALLOWS ME, AFTER A CAREFUL ASSESSMENT, TO EXPRESS A RESTRAINED NOTE OF OPTIMISM. IF WE CAN GET YOUR COOPERATION, ALONG WITH THE COOPERATION OF THE RETAILERS AND FARMERS AND THE WEATHER AND OTHER FACTORS, IT IS EVEN POSSIBLE THAT PRICES AT THE CHECK-OUT COUNTER MAY BEGIN TO COME DOWN. THERE ARE A LOT OF "IFS" INVOLVED. BUT I NOW TEND TO BELIEVE THAT WE CAN COPE WITH THE STAGGERING RISE IN THE COST OF FOODS WHICH, WITH INCREASED FUEL PRICES, IS RESPONSIBLE FOR A LARGE PORTION OF THE INFLATION DURING THE LAST YEAR.





WE ARE IN A DIFFICULT PERIOD AND I KNOW THAT YOU WILL DO  
YOUR SHARE BY INCREASING PRODUCTIVITY WHILE KEEPING PROFIT AT  
NORMAL LEVELS.



THIS ADMINISTRATION IS DETERMINED TO FIGHT INFLATION. WE  
*continue its*  
*against*  
INTEND TO BRING DOWN THE RATE OF INFLATION. WE CANNOT STOP IT  
IMMEDIATELY WITHOUT PLUNGING THE NATION INTO A DEPRESSION. BUT WE  
AIM TO SLOW INFLATION DOWN OVER A PERIOD OF TIME IN SUCH A WAY AS  
TO AVOID EITHER A DEPRESSION OR A RECESSION.



AN ESTIMATED TWO-FIFTHS OF THE RECENT INFLATION RESULTED FROM THE SHARP INCREASE IN FOOD PRICES. THAT WAS CAUSED BY A POOR HARVEST IN MANY PARTS OF THE WORLD COMBINED WITH A WORLDWIDE BOOM WHICH ALLOWED THE WORLD MARKET PRICE OF AGRICULTURAL GOODS TO BE BID UP TO UNPRECEDENTED LEVELS. THAT PROCESS HAS NOW COME TO AN END. SO FAR THIS YEAR, WORLD GROWING CONDITIONS ARE GENERALLY EXCELLENT. WE DO NOT EXPECT THE SUPPLY SHORTAGES OF LAST YEAR. INDEED, STABILIZATION OR A DROP IN FOOD PRICES WILL HAVE A MITIGATING EFFECT ON INFLATION.

*meaningful*  
*1*



ALTHOUGH FOOD, ALONG WITH FUEL, SUPERCHARGED OUR RATE  
OF INFLATION, AND IS NOW STABILIZING, INFLATION IS STILL FAR



GREATER THAN WE CAN ACCEPT. IT IS THE CENTRAL PROBLEM THAT WE MUST

ADDRESS IN THE MONTHS AND YEARS TO COME. *in America*  
*Yes, other industrial nations whose inflation problems are worse than ours, must do the same.*

TRADITIONALLY, INFLATION MEANT THAT TOO MUCH MONEY WAS

CHASING TOO FEW GOODS. GOVERNMENT POLICY RESPONDED BY *stimulating an increase*  
~~INCREASING~~

*in* THE SUPPLIES OF ALL KINDS OF GOODS.



TO INCREASE AGRICULTURAL PRODUCTION, WE TOOK ACTION THAT  
*Thank goodness the latest agricultural legislation emphasized production*  
IS ALREADY PRODUCING RESULTS. WE VIRTUALLY SCRAPPED THE SYSTEM

OPERATING TO REDUCE AND CONTROL FARM PRODUCTION AND REPLACED IT WITH

A SYSTEM DESIGNED TO MAXIMIZE FARM PRODUCTION. OVER 50 MILLION NEW

ACRES HAVE BEEN RELEASED FROM THE ACREAGE CONTROL PROGRAMS. WE

HAVE ABANDONED ALL KINDS OF SUBSIDIES AND INCENTIVES FOR GROWING

LESS AND SELLING LESS. WE ARE DOING EVERYTHING WE CAN TO INCREASE

THE AVAILABILITY OF FOOD ON THE AMERICAN MARKET.





LAST SUMMER WE TRIED CONTROLS TO STEM A DEMAND-PULL  
INFLATION. THEY DID NOT WORK VERY WELL. INDEED, THEY ACTUALLY  
CONTRIBUTED TO MISALLOCATION AND CREATED DISTORTIONS THROUGHOUT  
THE ECONOMY. YOU ARE STILL SEEING THE EFFECTS IN THE FOOD INDUSTRY.

CONTROLS ARE AN INTERFERENCE WITH ECONOMIC FREEDOM. ALSO,  
THEY MAKE ONLY A MARGINAL CONTRIBUTION IN CERTAIN CIRCUMSTANCES AND, IN  
GENERAL, COST US MORE THAN ANY BENEFITS THEY CREATE.

*I would observe in passing, that most  
Congressmen & others in Govt have had a good  
lesson in fundamental economics from August 1971  
to April 30, 1974.*



NEVERTHELESS, WE DO SEE A NEED FOR CLOSE MONITORING OF  
PRICE AND WAGE DEVELOPMENTS. NOT TO DO SO WOULD BE UNFORGIVEABLE  
NEGLIGENCE.

*We cannot go back to the mean a way  
labor-management settlements in the late 1960s.*

~~BUT~~ THE BASIC SOLUTION IS FISCAL AND MONETARY RESTRAINT.

RESTRAINT WORKS WITHOUT THROWING OUT THE BABY WITH THE BATH WATER.

IT ACCOMPLISHES THE PURPOSE WITHOUT DESTROYING THE FREE MARKET

SYSTEM. WE MUST HAVE THE PATIENCE TO LET MONETARY AND FISCAL

RESTRAINT WORK.





DESPITE ALL THE DIFFICULTIES, WE ARE PURSUING THE  
OBJECTIVE OF BALANCING THE BUDGET IN FISCAL YEAR 1976. THIS IS  
OUR BICENTENNIAL YEAR, AN IDEAL POINT IN HISTORY TO MOBILIZE OUR  
ENERGIES FOR AMERICAN REDEMPTION AND RENEWAL.



YOUR INDUSTRY FACES A CHALLENGE IN CREATIVE COOPERATION,  
IN PRODUCTIVITY, IN PROVIDING BETTER, CHEAPER, AND MORE HEALTHFUL  
FOOD PRODUCTS, IN COMPETITION THAT WILL KEEP AMERICA GREAT. WHEN  
GEORGE WASHINGTON WAS AT VALLEY FORGE, HE COULD NOT ORDER RATIONS  
FROM THE GROCERY MANUFACTURERS OF AMERICA. HIS TROOPS WENT HUNGRY,  
BUT THEY PERSEVERED BECAUSE THEY BELIEVED IN AN IDEAL.



SO IT IS, AS WE APPROACH OUR THIRD CENTURY OF NATIONHOOD,  
WE MUST REDEDICATE OURSELVES TO OUR IDEALS AND OUR AIMS. WE HAVE  
HAD A WORLD FOOD SHORTAGE. WE HAVE HAD A FUEL SHORTAGE. BUT WE  
HAVE NO SHORTAGE OF AMERICAN INGENUITY, OF AMERICAN DETERMINATION,  
AND OF AMERICAN COURAGE. WE WILL OVERCOME OUR TRANSIENT PROBLEMS  
AND EMERGE AN EVEN GREATER NATION IN FULFILLMENT OF GEORGE WASHINGTON'S  
VISION OF LIBERTY AND JUSTICE FOR ALL.





EVEN AS WE ARE MEETING HERE TODAY, OUR PRESIDENT IS IN  
THE MIDDLE EAST ON AN HISTORIC MISSION. I AM PROUD TO LIVE IN A  
NATION THAT COMMANDS THE WORLDWIDE RESPECT TO ENABLE OUR PRESIDENT  
TO INSPIRE OTHERS WITH A VISION OF PEACE AND PROGRESS.

*I am proud to live in a Nation that has as its Sec. of State such a skilled & trusted peacemaker as Henry Kissinger.*

*One comment about the effort of those in the past week who tried to sabotage Henry Kissinger with innuendos & vicious back-biting.*

*Many of you - Presidents of corporate organizations - how would you feel as you were doing your best for the company you represent if some dissident stockholder challenged your honesty & integrity.*





*Despite the atmosphere  
of these times* - 28 -

THESE UNITED STATES OF AMERICA WILL TRANSCEND OUR  
PRESENT DOMESTIC DIFFICULTIES, WHETHER POLITICAL OR ECONOMIC. I  
BELIEVE IN OUR NATION AND FOR WHAT IT STANDS. AND I BELIEVE IN  
OUR ABILITY TO DEVELOP A NEW SENSE OF NATIONAL PURPOSE BASED UPON  
OUR TRADITIONAL REVERENCE FOR MORAL AND HUMAN VALUES.

I THANK YOU.



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REMARKS BY VICE PRESIDENT GERALD R. FORD  
ANNUAL MEETING OF THE GROCERY MANUFACTURERS OF AMERICA, INC.  
WHITE SULPHUR SPRINGS, WEST VIRGINIA  
JUNE 17, 1974

FOR RELEASE AT 4:00 P.M. MONDAY

I am very pleased to be with you today at this important annual meeting of the Grocery Manufacturers of America.

I feel a special identity and affinity with the manufacturers of "instant" coffee, "instant" tea, "instant" oatmeal, and many other "instant" products because I happen to be the Nation's first "instant" Vice President. I only hope that I prove to be as pure, as digestible and as appetizing to the consumers who did not have a chance to shop around for other brands of Vice-President when I was put on the market.

The grocery manufacturers represent an important aspect of what's right with America. Our bountiful variety of nutritious and convenient grocery products has fascinated the entire world. You have made available through constantly improved methods of production and marketing a wider range of diet to the entire population. By advanced concepts in packaging and preparation, your industry has saved people much time that used to be consumed in shopping for food and preparing meals.

Your industry deserves commendation for its competitive spirit in the finest tradition of the free enterprise system. You have achieved high productivity. You have made every supermarket an abundant showcase of what America can offer to enhance the health and happiness of our people.

But you are also aware of the serious problems involved in filling the Nation's grocery basket -- and the highly-emotional implications. When a propaganda-minded group of extremists recently resorted to blackmail in California, they manipulated the really basic domestic issue of this or any Nation -- the issue of food. They demanded, as you know, a ransom paid in groceries.

Responsible people denounced this terroristic exploitation of the fears and passions associated with food. But there remains a deep and pervasive anxiety about rising food prices. We do not need to consult the psychologists to learn that the problem of feeding one's self and one's family through the ages

(more)

has been the source of such emotionalism that governments have been toppled and political systems changed.

This, of course, is not the scenario for the United States. We are able not only to feed our own people but to export substantial food supplies to the rest of the world. Nevertheless, after a period of intense growth, development, and rising living standards we, along with the rest of the world, are going through some serious economic dislocations. This is manifested by inflation.

As the holder of public office in Washington, I am aware of the polls reporting distrust of public officials. I am also aware that the public is very skeptical of the role of the American food industry. The average consumer rolls his cart up to the check-out counter of the supermarket every two or three days. Prices go up and the consumer does not know who to believe. A credibility gap is to be found on the shelf of every grocery store in this Nation.

The cashier, hopefully, explains to complaining customers that you manufacturers have raised the prices and that she is having trouble feeding her own family. You are not afforded a chance to explain the intricate interrelationships and balances that make such an explanation too simple. You are not given a chance to explain about the increased costs of electricity, gasoline, and so forth.

You really have a public relations problem. The government has just reported that the Wholesale Price Index continued to rise sharply in May despite the third straight monthly decline in the prices of farm products and processed foods and fees. These prices declined 2.2 per cent during May, the third month in a row of decline of more than 2 per cent. The most recent index also showed a continued tapering off in price increases of fuels and power.

Your problem appears to be the gap between these reports, which the consumer reads in his paper or sees on TV, and the price tags which he continues to see on the supermarket shelves.

It is up to you to explain to consumers that last year the profits for both food processors and retailers -- whether measured against sales or equity -- were below the industrial average. It is up to you to explain that these very profits hold the key to controlling food prices in the future.

If American industry can make more productive use of the inputs which are increasing in cost, then those cost increases can be tempered so that not all of them will have to go on to the consumer. Recognizing this, the Administration established the National Commission on Productivity to help industries make more effective use of their resources. The food industry has been

(more)



one of the principal beneficiaries of the Commission's work.

But productivity-increasing measures cost money. A principal source of that money is profit. That is why I say that profit is the key to controlling food prices in the future. To cut profits too drastically is to kill the golden goose by eliminating the justification and capital for productivity-increasing investments.

All this means that consumers have a responsibility during current anxieties over food prices. And so do you.

When I speak of profits, I mean reasonable profits. It is in your enlightened self-interest to keep profits reasonable.

Now that controls have been lifted, if you let profits soar irresponsibly, the outcry of the public to cut or eliminate those profits will reach such a crescendo, policy makers will heed their constituents. If and when that happens, we will all have problems of a magnitude that I would prefer to avoid.

We are all in the same boat together. I speak of the farmer, the processor, the wholesaler, the retailer, the consumer, and everyone else. We can chart a course out of rough waters if we all work together.

I recognize that your industry has had a tough two years. The Government has been involved through controls while natural forces drove prices up.

But now things are looking better. Farm production is up and we are anticipating record crops. Prices have dropped at the farm level and at wholesale. Food prices to the consumer have peaked and are stabilizing. Meat prices are starting to fall and a special effort on that particular situation is being made at a White House meeting today convened by Kenneth Rush, Counsellor to the President for Economic Policy, and Earl Butz, Secretary of Agriculture.

The overall situation on food prices allows me, after a careful assessment, to express a restrained note of optimism. If we can get your cooperation, along with the cooperation of the retailers and farmers and the weather and other factors, it is even possible that prices at the check-out counter may begin to come down. There are a lot of "ifs" involved. But I now tend to believe that we can cope with the staggering rise in the cost of foods which, with increased fuel prices, is responsible for a large portion of the inflation during the last year.

We are in a difficult period and I know that you will do your share by increasing productivity while keeping profit at normal levels.

(more)

This Administration is determined to fight inflation. We intend to bring down the rate of inflation. We cannot stop it immediately without plunging the Nation into a depression. But we aim to slow inflation down over a period of time in such a way as to avoid either a depression or a recession.

An estimated two-fifths of the recent inflation resulted from the sharp increase in food prices. That was caused by a poor harvest in many parts of the world, combined with a worldwide boom which allowed the world market price of agricultural goods to be bid up to unprecedented levels. That process has now come to an end. So far this year, world growing conditions are generally excellent. We do not expect the supply shortages of last year. Indeed, stabilization or a drop in food prices will have a mitigating effect on inflation.

Although food, along with fuel, supercharged our rate of inflation and is now stabilizing, inflation is still far greater than we can accept. It is the central problem that we must address in the months and years to come.

Traditionally, inflation meant that too much money was chasing too few goods. Government policy responded by increasing the supplies of all kinds of goods.

To increase agricultural production, we took action that is already producing results. We virtually scrapped the system operating to reduce and control farm production and replaced it with a system designed to maximize farm production. Over 50 million new acres have been released from the acreage control programs. We have abandoned all kinds of subsidies and incentives for growing less and selling less. We are doing everything we can to increase the availability of food on the American market.

Last summer we tried controls to stem a demand-pull inflation. They did not work very well. Indeed, they actually contributed to misallocation and created distortions throughout the economy. You are still seeing the effects in the food industry.

Controls are an interference with economic freedom. Also, they make only a marginal contribution in certain circumstances and, in general, cost us more than any benefits they create.

Nevertheless, we do see a need for close monitoring of price and wage developments. Not to do so would be unforgivable negligence.

But the basic solution is fiscal and monetary restraint. Restraint works without throwing out the baby with the bath water. It accomplishes the purpose without destroying the free market system. We must have the patience to let monetary and fiscal restraint work.

Despite all the difficulties, we are pursuing the objective of

(more)



balancing the budget in fiscal year 1976. This is our bicentennial year, an ideal point in history to mobilize our energies for American redemption and renewal.

Your industry faces a challenge in creative cooperation, in productivity, in providing better, cheaper, and more healthful food products, in competition that will keep America great. When George Washington was at Valley Forge, he could not order rations from the Grocery Manufacturers of America. His troops went hungry. But they persevered because they believed in an ideal.

So it is, as we approach our third century of nationhood, we must rededicate ourselves to our ideals and our aims. We have had a world food shortage. We have had a fuel shortage. But we have no shortage of American ingenuity, of American determination, and of American courage. We will overcome our transient problems and emerge an even greater Nation in fulfillment of George Washington's vision of liberty and justice for all.

Even as we are meeting here today, our President is in the Middle East on an historic mission. I am proud to live in a Nation that commands the worldwide respect to enable our President to inspire others with a vision of peace and progress.

These United States of America will transcend our present domestic difficulties, whether political or economic. I believe in our Nation and for what it stands. And I believe in our ability to develop a new sense of national purpose based upon our traditional reverence for moral and human values.

I thank you.

# # #

REMARKS *By* VICE PRESIDENT GERALD R. FORD

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The grocery manufacturers represent an important aspect of what's right with America . Our bountiful variety of nutritious ~~and~~ and convenient ~~grocery~~ grocery products ~~has~~ <sup>has</sup> fascinated the entire world . You have made available through constantly improved methods of production and marketing, a wider range of diet to the entire population . By advanced concepts in packaging and preparation , your industry has saved people much time that used to be consumed in shopping for food and preparing meals .

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as you know , a ransom paid in groceries .

Responsible people ~~denounced~~ *denounced* this ~~terroristic~~ *terroristic* exploitation of the fears and passions associated with food . But there remains a deep and

pervasive anxiety about rising food prices . We do not need to

consult the psychologists to learn that ~~the~~ the problem of feeding

one's self and one's family ~~through~~ through the ages *HAS* been the source of

such emotionalism that governments have been toppled and political systems changed .

This, of course, is not the scenario for the United States. We

are able not only to feed our own people but to export substantial food

supplies to the rest of the world . *Nevertheless* , ~~after~~ after a period of intense

growth, development, and rising living standards , we , along with

the rest of the world , are going through *Some* serious economic dislocation.

*This* is manifested by inflation .

As the holder of ~~the~~ public office in Washington, I am aware of the polls reporting distrust of public officials . I am also

aware that the public is very skeptical of the role of the American

food industry. The average consumer rolls his cart up to the check-out

counter of the supermarket every two or three days . ~~Prices~~ *Prices*

go up and the consumer does not know who to believe . ~~Prices~~ *Prices*

A credibility gap is to be found on the shelf of every grocery *store* in this Nation .



*— hopefully —*  
The cashier ~~patiently~~ explains to complaining customers that you manufacturers have raised the prices and that she ~~is~~ is having trouble feeding her own family . You are not afforded a chance to explain the intricate interrelationships and balances that make such ~~an~~ *too simple* explanation ~~unfair~~. You are not given a chance to explain about the increased costs of electricity, gasoline , and so forth .

You really have a public relations problem . The ~~press~~ *government* has just reported that the Wholesale Price Index continued to rise sharply in May despite the third straight monthly decline in the prices of farm products and processed foods and feeds. ~~The~~ *These* prices declined 2.2 ~~per~~ per cent during May, the third month in a row of decline of more than 2 per cent . The ~~most~~ most recent index also showed a continued tapering off in price increases of fuels and power .

Your problem appears to be the gap between these reports, which the consumer ~~sees~~ *reads in his paper or* sees on TV, and the price tags which he ~~continues~~ continues to see on the supermarket shelves .

It is up to you to explain to consumers that last year the profits for both food processors and retailers ---whether measured against sales or equity --- were below the industry ~~average~~ *in* average . It is up to you to explain that these very profits hold the key to controlling food prices in ~~the~~ the future.





If American industry can make more productive use of the inputs which are increasing in cost, then those cost increases can be tempered so that not all of them will have to go on to the consumer. Recognizing this, the Administration established the National Commission on Productivity to help industries make more effective use of their resources. The food industry has been one of the principal beneficiaries of the Commission's work .

But productivity-increasing measures cost money. A principal source of that money is profit. That is why I say that profit is the key to controlling food prices in the future . To cut profits too drastically is to kill the golden goose by eliminating the justification and capital for productivity-increasing investments.

All this means that consumers have a responsibility during current anxieties over food prices. And so do you .

When I speak of profits, I mean reasonable profits. It is in your enlightened self-interest to keep profits reasonable, ~~Now~~ Now that controls have been lifted, if you let profits soar irresponsibly, the outcry of the public to cut or eliminate those profits will reach such a crescendo, policy makers will ~~heed~~ heed their constituents . If and when that happens, ~~we will have problems~~ WE WILL ALL HAVE PROBLEMS OF A MAGNITUDE THAT I WOULD PREFER TO AVOID.

~~the same~~ the same  
We are all in ~~the~~ boat together . I speak of the farmer, the processor , the ~~wholesaler~~ wholesaler, the retailer, the consumer, and everyone else . We can chart a course out of rough ~~waters~~ waters if we all work together .

waters if we all work together.

the consumer, and everyone else.

farmer, the processor, the ~~wholesaler~~ wholesaler, the retailer.

We are all in ~~the same~~ boat together.

the same

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30

years

I recognize that your industry has had a tough two years. The Government has been involved through controls while natural forces drove prices up .



But now things are looking better. Farm production is up and we are anticipating record crops. Prices have dropped at the farm level and at wholesale. Food prices to the consumer have peaked and are stabilizing . Meat prices are starting to fall and a special effort on that particular situation is being made at a White House meeting today convened by Kenneth Rush, Counsellor to the President for Economic Policy, and Earl Butz, Secretary of Agriculture .

The overall situation on food prices allows me , after a careful assessment, to express a restrained note of optimism. If we can get your cooperation, along with the cooperation of the retailers and farmers and the weather ~~and~~ and other factors , it is even possible that prices at the check-out counter may begin to come down . There are a lot of "ifs" involved. But I now tend to believe that we can cope with the staggering rise in the cost of foods which, with increased fuel prices, is responsible for a large portion of the inflation during the last year .

We are in a difficult period and I know that you will do your share by increasing productivity while keeping profit at normal levels .

This Administration is determined to fight inflation . We <sup>intend</sup> ~~are going~~ to bring down the rate of inflation . We cannot stop it immediately <sup>aim</sup> ~~are going~~ without plunging the Nation into a depression. But we ~~are going~~ to slow inflation down over a period of time in such a way as to avoid either a depression or a recession .





An estimated two-fifths of the recent inflation resulted from the sharp increase in food prices. That was caused by a poor harvest in many parts of the world combined with a worldwide boom which allowed the world market price of agricultural goods to be bid up to unprecedented levels. That process has <sup>NOW</sup> come to an end, ~~and it is still going on~~. So far this year, world growing conditions are generally excellent. We do not expect the supply shortages of last year. Indeed, ~~the~~ stabilization or a drop in food prices will have a mitigating effect on inflation.

Although food, along with fuel, supercharged our rate of inflation <sup>7</sup> and ~~is~~ <sup>is</sup> now stabilizing, inflation is still far greater than we can accept. It is the central problem that we must address in the months and years to come. ~~We must deal with~~

~~monetary policy~~

Traditionally, inflation meant that too much money <sup>was</sup> chasing too few goods. Government policy responded by increasing the supplies of all kinds of goods.

To increase agricultural production, we took action that is already producing results. We virtually scrapped the system operating to reduce and control farm production and replaced it with a system designed to maximize farm production. Over 50 million new acres have been released from the acreage control programs. We have abandoned all kinds of subsidies and incentives for growing less and selling less. We are doing everything we can to increase the availability of food on the American market.

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Last summer we tried controls to stem a demand-pull inflation. They did not work ~~and~~ very well. Indeed, they actually contributed to misallocation and created distortions throughout the economy. You are still seeing the effects ~~of these controls~~ in the food industry .

Also, Controls are ~~not only~~ an interference with economic freedom. ~~they~~ they make only a marginal contribution in certain circumstances ~~AND~~ in general, cost ~~us~~ us more than any benefits they create .

*Ninthly* We do see a need for ~~bigger~~ *close* monitoring of price and wage developments. *Not to do so would be unforgivable negligence.*

**RESTRAINT** But the basic solution is fiscal and monetary restraint. ~~It~~ works without throwing out the baby with the bath water. *2*

**IT** accomplishing ~~the~~ *as* the purpose without destroying the free market system . We must have the patience to let monetary and fiscal restraint work .

Despite all the difficulties, we are pursuing the objective of balancing the budget in fiscal year 1976. This is our Bicentennial year , an ideal point in history to mobilize our energies for American redemption and renewal .

Your industry faces a challenge in creative cooperation , in productivity , in providing better, cheaper, and more ~~and~~ *healthful* food ~~products~~ products , in competition that will keep America great . When George Washington was at Valley Forge, he could not order rations from the Grocery Manufacturers Of America . His troops went hungry . But they persevered because they believed in an ideal .

So it is ~~that~~ as we approach our ~~hundredth~~ third





century of nationhood , we must ~~take a new look at~~ <sup>rededicate ourselves to</sup> our ideals <sup>AND</sup> <sup>OUR AIMS.</sup>

We have had a world food shortage. We have had a fuel shortage .

But we have no shortage ~~of~~ American ingenuity, ~~of~~ American determination, and ~~of~~ American courage . We will overcome our transient problems and emerge an even greater Nation in fulfillment of George Washington's vision of liberty and justice for all .

Even as we are meeting here today , our President is in the Middle East on an historic mission . I am proud to live in a Nation that commands the worldwide respect to enable our President to inspire others with a vision of ~~the~~ peace and progress .

These United States of America will transcend ~~our~~ our present domestic difficulties , whether political or economic . I believe in <sup>AND</sup> our Nation for what it stands . And I believe in our ability to develop a new sense of national purpose based upon our traditional reverence for moral and human values .

I thank you .