The original documents are located in Box D7, folder “Ford Press Releases - Fiscal Policy, 1967” of the Ford Congressional Papers: Press Secretary and Speech File at the Gerald R. Ford Presidential Library.

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STATEMENT BY REP. GERALD R. FORD, R-MICHIGAN.

President Johnson has now dropped into the lap of the 90th Congress the fiscal mess he made in 1966.

Without blinking and with little apology, Mr. Johnson has projected spending for fiscal 1968 at a level $12.6 billion greater than that covered by his revenue estimate based on the present tax structure. He then calmly asks Congress to plug some of the holes in his leaky Ship of State by voting an income tax increase.

Let the American people take note that the Johnson Administration proposes to continue the spending policies that are producing a mountainous deficit of at least $9.7 billion this fiscal year.

The huge deficits projected for fiscal years 1967 and 1968 are no prospect solely because Mr. Johnson last year played politics with the federal budget and with the economy. Having triggered inflation with excessively expansionary policies, Mr. Johnson refused to take the obvious step of cutting unnecessary domestic spending.

Mr. Johnson is again offering the Nation a guns and butter course. The tax increase he now proposes is a vehicle for greater domestic spending. If a tax increase is imposed, the economy could be so severely staggered that the result would be less revenue and not more.

Mr. Johnson's State of the Union message is studded with glittering generalities. He holds out the promise of a life of ease and plenty for all Americans, ignoring the resounding failures that have greeted his various Great Society schemes. He is still trying to get started, but doesn't seem to know where to go.

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House Republicans are seeking to amend the Administration bill to increase the debt limit. Let me make clear our intentions so that our actions cannot be misinterpreted.

We are not intent on blocking an increase in the debt ceiling. That would be completely unrealistic. The bills are there. The Johnson-Humphrey Administration is guilty of excessive and unnecessary domestic spending. But the bills are there, and they must be paid.

We do intend to force the Administration to manage the debt in the most economical way possible. We will be offering amendments to the Administration bill. They are economy amendments. We are intent on saving the taxpayer money. We intend to see to it that the Johnson-Humphrey Administration pays out no more in interest on the money it borrows than absolutely necessary.

Our amendments also will accomplish another highly desirable objective—to ease pressure on the money market and help bring down interest rates for the American trying to get mortgage money at decent interest cost.

We know the Administration is going to be borrowing $8 billion during the rest of this fiscal year. The plans are to sell $6 billion in regular short-term securities and $2 billion in participation certificates.

Republican amendments to be offered today in the only way open to us—a motion to recommit with instructions—are aimed at getting the Administration to borrow at least $6 billion of that projected debt money by selling low-interest long-term securities.

We are trying to force the Administration to abandon the sale of high-interest participation certificates and shift part of the public debt into low-interest long-term obligations. To that end, we urge that long-term obligations be sold on the same basis that short-term government bonds now are sold and that debt incurred by selling participation certificates be counted as part of the national debt subject to limitation under the Liberty Bond Act.

Summed up, our objectives are savings for the taxpayer, an easing of the tight money market, better management of the public debt, and honesty in budgeting and borrowing under the present Administration.

# # #
I welcome the President's move to restore the 7 per cent investment tax credit. It is tardy, of course. It was needed early this year, and that is why I recommended reinstatement of the tax credit in my Republican State of the Union Message last January 17.

It rather surprises me that the President still clings to his proposal for a six per cent income tax surtax in the face of adverse developments in the economy. Mr. Johnson did not make a case for his tax increase proposal in January when he first advanced it, and his case is even weaker now.

The cost-push inflation which can be expected in the months ahead due to wage increases flowing in part from last year's demand-pull inflation will not be choked off by an income tax increase. The tax increase would, however, reduce workers' real spendable earnings.

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Everett M. Dirksen of Illinois
Thomas H. Kuchel of California
Rourke B. Hickenlooper of Iowa
Margaret Chase Smith of Maine
George Murphy of California
Milton R. Young of North Dakota
Hugh Scott of Pennsylvania

PRESIDING:
The National Chairman
Ray C. Bliss

THE REPUBLICAN LEADERSHIP
OF THE CONGRESS

BY THE REPUBLICAN LEADERSHIP OF THE CONGRESS

April 20, 1967

Less than an hour ago, as you know, Representative Widnall of
New Jersey and Senator Percy of Illinois held a press conference to
present their jointly sponsored housing bill, which will be filed
in the House and Senate today.

This bill, wholly Republican in origin, is co-sponsored by 50
Republican Representatives and 30 Republican Senators. It offers
an original and admirable approach to the solution of one of America's
most pressing problems -- that of fair, low-cost housing for both
urban and rural areas through the application of private enterprise
and government resources.

The principles represented by this measure have the full and
enthusiastic endorsement of the Republican Leadership of the Congress.

We urge the Democrat Leadership and its majorities in the House
and Senate to join us in pressing for the earliest possible
consideration and enactment of this vital housing program.
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THE REPUBLICAN LEADERSHIP
OF THE CONGRESS
Press Release

FOR THE HOUSE
OF REPRESENTATIVES:
Gerald R. Ford
of Michigan
Leslie C. Arends
of Illinois
Melvin R. Laird
of Wisconsin
John J. Rhodes
of Arizona
H. Allen Smith
of California
Bob Wilson
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Charles E. Goodell
of New York
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STATEMENT BY SENATOR DIRKSEN

The term "creative Federalism" was expressed in 1962 by a Republican governor, Nelson Rockefeller of New York. It was appropriated by the Johnson-Humphrey Administration and voiced by the President in a speech at Ann Arbor, Michigan in 1964 -- the same speech in which he first publicly uttered the impressive words, "Great Society". The gap between the Democrat and Republican concepts of "creative Federalism" is as wide as that between the poles.

It was another Democrat president, Woodrow Wilson, who wrote, "The question of the relationship of the states to the Federal government is the cardinal question of our constitutional system". It is indeed!

Unless and until the people and the Congress are given more practical and persuasive evidence of performance-in-partnership with the states by the Federal government, they will continue to view the Johnson-Humphrey concept of "creative Federalism" as nothing but "words, words, words". In this, as in so much else that relates to the credibility of this Administration, we are all from Missouri.

The main feature of this so-called "creative Federalism" appears to be a determination to establish direct Federal-local programs, by-passing the states and their governors and dealing, under Washington-controlled terms, with local authorities. This is neither "creative" nor is it "Federalism". It is instead cre.tive and is likely to consume us all.

Unless and until the Johnson-Humphrey Administration is prepared (more)
to prove the sincerity of its use of the word "partnership", we will be skeptical.

Unless and until the Johnson-Humphrey Administration proves its willingness to cut non-essential Federal spending drastically and so to ease both the Federal and state tax burden on our people, we will be doubtful.

Unless and until the Johnson-Humphrey Administration is prepared to insist that its bureaucrats not only faithfully carry out the wishes of the people's representatives in Congress but, in doing so, cooperate fully and freely with state and local officials, credibility will remain in short supply.

We ask, in short, that the Johnson-Humphrey Administration stop voicing classic cliches. Instead, it should reduce spending. It should share revenues equitably with state and local governments. It should rein in its bureaucrats more tightly. It should release rigid, unnecessary controls.

Instead of promoting the "more perfect Union", the Johnson-Humphrey Administration's brand of "creative Federalism" will impair and imperil the "more perfect Union".

(more)
Federal financial assistance to state and local governments has more than doubled since 1960. It has risen from a total of nearly 7 billion dollars per year to nearly 15 billion dollars per year. The end of this "creative Federalism" is not in sight. The President himself has unabashedly predicted an expansion to $60 billion in 5 years.

The ruthless extension of Federal authority, financing and control grows with every day that passes. With it grows the increased and corrosive dependence of our people on Washington. With it comes a corresponding shrinkage in their self-reliance, their freedom and their funds. "Spend and spend, borrow and borrow, control and control" appears to be a true definition of the Johnson-Humphrey Administration's "creative Federalism". As Senator Dirksen has said, this phrase is nothing thus far but "words, words, words".

We would be in neglect of our duty as the loyal opposition, however, if we were not to admit that there are no rights without responsibilities. This is true for a state and a community as for an individual. The Republicans in Congress will continue to exert every possible effort, despite the Democrat majorities here, to reduce non-essential spending, promote a program of revenue sharing, tax credits, or functional bloc grants to free the energies of state and local governments, improve bureaucratic practices, eliminate unreasonable Federal controls and restore to our people in their homes, their towns and their cities the rights and the funds of which they are steadily being deprived.

Responsive and responsible state governments are essential to the working of a truly creative Federalism. From the 25 Republican governors now in office wonderfully encouraging evidence of this can be seen. No state, however, will deserve freedom from the Johnson-Humphrey Administration's creative Federalism unless it provides the same proof of performance.

We insist, in short, that "creative Federalism" be just that, where Washington is concerned. We expect, at the same time, that our people at home will re-assert their ability to take over in their own best interest. The Republicans in the Congress will continue to set the pace.
Office Staff:

It is imperative that the Member of Congress see this promptly.

The Leadership
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We insist, in short, that "creative Federalism" be just that, where Washington is concerned. We expect, at the same time, that our people at home will re-assert their ability to take over in their own best interest. The Republicans in the Congress will continue to set the pace.
We are opposed to the Administration requested $29 billion increase in the Debt Ceiling. This increase, in addition to the $6 billion increase that was enacted less than three months ago, is the largest since World War II. It would establish a debt authorization of $365 billion.

Since 1961, the Democratic Administrations have embraced the philosophy of unlimited government spending and budget deficits. Budget subterfuge and gimmickery financing have become the trademark of the Great Society. Notwithstanding repeated and ever more urgent danger signals, the Johnson-Humphrey Administration has refused to place its fiscal house in order. It has consistently underestimated the cost of the war to avoid a cutback in nonessential spending.

In January 1966, the Johnson-Humphrey Administration submitted a $112.8 billion budget that proposed defense expenditures of only $60.5 billion. Immediately it became apparent that this was a totally unrealistic figure in view of the massive federal spending, the Administration continued to adhere to its original Budget. In fact, on September 8, 1966, the President not only reaffirmed the earlier Budget figure but assured the American people that total expenditures would be cut back by at least $3 billion. It was not until after the November elections that the American people were finally told the truth. In January 1967, when the Administration submitted its Budget for fiscal 1968, the Administration disclosed that fiscal 1967 expenditures would amount to $126.7 billion and not the $112.8 billion previously reported.

Incredible as it may seem, the Johnson-Humphrey Administration is again repeating the same misleading budgetary tactics. Last January, a deficit of $8.7 billion was forecast. Now the Treasury officially estimates that the deficit for fiscal 1968 will be $11 billion. However, the Administration is seeking borrowing authority to accommodate a deficit of $29 billion. Significantly the difference between the $11 billion estimated deficit and the $29 billion request is accounted for by the Secretary of Treasury in the following manner.

"But as I have mentioned, the deficit in 1968 is vulnerable to greater than usual uncertainties, and we must take account of these in determining a prospectively secure debt limit level to carry through fiscal year 1969. One contingency is that Vietnam spending could bulge well above the current estimate."
Another is the timing of the passage of the tax surcharge.

And still another is the possibility that corporate tax receipts would fall short of estimates.

It is more than mere coincidence that the "contingencies" alluded to by the Secretary of Treasury add up to $29 billion if the Administration is also unable to borrow an additional $5 billion through the sale of participation certificates.

Although the Administration is attempting to justify the fiscal plight of this country on the basis that the Vietnam War is a "costly war," the facts do not bear out this contention. The level of domestic spending in the administrative budget alone -- wholly apart from our defense requirements in the war in Vietnam -- has increased from about $46 billion for fiscal 1965 to approximately $66 billion for fiscal 1968. Two-thirds of the $20.3 billion increase in Federal expenditures from calendar 1963 through 1966 -- as measured in the National income accounts -- is accounted for by non-defense spending. Moreover, as projected in the January 1967 budget message, over half of the proposed $37 billion increase in outlays from fiscal 1966 through fiscal 1968 is to be in non-defense programs.

Alarmed by the fact that "red ink" in the federal Budget could "burst all bounds," the Chairman of the Ways and Means Committee has stated:

"...We must continually re-evaluate existing expenditure programs in the light of a very objective measurement of the benefits which they convey and the costs which they will impose. Every new program should be viewed not in terms of its first year cost alone, but in terms of what its cost will be five years from now, ten years from now or perhaps fifteen years from now..."

The Republican Members of Congress and the Republican Policy Committee have repeatedly called for a cutback in nonessential spending and for honest reporting of anticipated government expenditures. We have opposed increases in the Debt Limit that did not provide basic budgetary reforms. In March of this year, a Republican Resolution was introduced which would return the Budget to the President and request that he indicate the places and amounts where he believes that reductions can be made. It was noted that the passage of a similar Resolution during the 85th Congress resulted in recommended reductions of $1.342 billion in a Budget of $73.3 billion. Unfortunately, the Democrat-controlled Congress in 1967 has refused to grant this Resolution any consideration whatsoever.

It is important that the Johnson-Humphrey Administration cut nonessential spending and place before this Congress an accurate estimate of projected defense costs. In addition, the Administration and the Congress may have to find additional sources of revenue that will cut the deficit to a manageable level. A deficit of the magnitude that is now contemplated is intolerable. It would further escalate prices and interest rates in what is already a seriously strained domestic economy. In April, the cost of living increased 0.3%. Another period of 'tight money' similar to that experienced last Fall when interest rates soared to new heights is a grave possibility.

The ducking and dodging of the Johnson-Humphrey Administration which is typified by the vague and evasive testimony of the Secretary of Treasury must stop. Hard facts and realistic projections of future spending must be made available. If we are to avoid a runaway economy that may lead to governmental control of wages, prices and credit as well as further increases in taxes, there must be restraint in federal spending and an immediate implementation of expenditure priorities.
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The following is the text of a letter sent to the Chairman of the House Rules Committee asking for an immediate hearing on House Resolution 505, introduced June 8 by House Minority Leader Gerald R. Ford (R-Mich.) and Rep. John J. Rhodes, (R-Ariz.), Chairman of the House Republican Policy Committee:

Honorable William M. Colmer  
Chairman, Committee on Rules  
United States House of Representatives  
Washington, D. C.

Dear Mr. Chairman:

Enclosed is a copy of H. Res. 505 which calls for the immediate Floor consideration of H. Res. 406 which we introduced on March 22, 1967.

H. Res. 406 (copy enclosed) respectfully requested the President to reconsider his fiscal 1968 Budget and to indicate where substantial reductions in spending could best be made. This Resolution was referred to the Committee on Appropriations on March 22, 1967. Since that time the Committee has taken no action upon this Resolution.

In the meantime, the Administration's own estimates of the probable deficit under the 1968 Budget have increased from $8.7 to $11 billion. Moreover, the Administration recently sought borrowing authority to accommodate a deficit of $29 billion. However, on June 7, 1967 the House of Representatives by a vote of 210 to 197 rejected the Administration's request to raise the National Debt Ceiling to a record $365 billion. This vote emphatically reflected the strong sentiment of the American people that ever-rising deficits and runaway spending must be curbed in this period of international and fiscal crisis.

Under the present circumstances, it is even more imperative that H. Res. 406 receives the earliest possible Floor consideration. In order that this may be accomplished, we have introduced H. Res. 505 which under Rule 27, Section 4 of the Rules of the House of Representatives calls for immediate consideration of our earlier proposal which has remained in the Appropriations Committee for more than 30 days without action.

We respectfully request an immediate hearing on H. Res. 505.

Sincerely,

/s/ Gerald R. Ford  
Gerald R. Ford, M. C.  
Minority Leader

/s/ John J. Rhodes  
John J. Rhodes, M. C.  
Chairman

(The background of House Resolution 505 and House Resolution 406 is contained in the earlier news release attached. The procedure is intended to bring to the Rules Committee for hearings, and hopefully to the House Floor for debate and action, the Republican proposal to return the fiscal 1968 Federal Budget to the President for revision downward.)
JOINT STATEMENT BY REPRESENTATIVES
GERALD R. FORD (R-MICH.) HOUSE MINORITY LEADER, AND
JOHN J. RHODES (R-ARIZ.) CHAIRMAN OF THE HOUSE REPUBLICAN POLICY COMMITTEE

On March 22, 1967, we introduced identical House Resolutions, (H. Res. 406 and H. Res. 407) respectfully requesting the President to reconsider his fiscal 1968 budget and to indicate where substantial reductions in spending could best be made. (See text.)

These resolutions were referred to the Committee on Appropriations which has taken no action upon them. Meanwhile the Administration's own estimates of the probable deficit under the 1968 budget have increased and the House of Representatives, by yesterday's vote of 210 to 197 rejecting the Administration's request to raise the national debt ceiling to a record $365 billion, has emphatically reflected the strong sentiment of the American people that ever-rising deficits and runaway spending must be curbed in this time of international and fiscal crisis.

We are therefore today introducing a Special House Resolution under Rule 27, Section 4 of the Rules of the House of Representatives, calling for immediate floor consideration of our earlier proposal to send the budget back to President Johnson for revision downward. Under this rule, when a public bill or resolution has remained in a standing committee 30 days or more without action, members may file a special resolution with the Rules Committee to bring the bill or resolution up for immediate consideration by the Committee of the Whole House. (See text.)

***

SPECIAL RESOLUTION

That upon the adoption of this resolution the House shall immediately resolve itself into the Committee of the Whole House on the State of the Union for the consideration of H. Res. 406, requesting the President to submit to the House of Representatives recommendations for budget reductions. After general debate, which shall be confined to the resolution and shall continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations, the resolution shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the resolution for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

***

H. RES. 406

Whereas the House of Representatives must, in the public interest, make substantial reductions in the President's budget for the fiscal year 1968: Now, therefore, be it

Resolved, That the President be respectfully requested to indicate the places and amounts in his budget for the fiscal year 1968 where he thinks substantial reductions may be made.

Resolved, That a copy of this resolution be submitted to the President.
The following statement was approved today by the Republican Coordinating Committee, meeting in Washington, D. C.:

THE JOHNSON-HUMPHREY ADMINISTRATION AND YOU:
HIGHER PRICES, MORE TAXES, GREATER DEFICITS

Spokesmen for the Democratic Administration have confirmed our prediction of April 3rd that the Federal Government's deficit for fiscal 1968 could run "from $25 billion to $30 billion or more." We repeat that "present fiscal policies are creating a time-bomb that can lead to serious economic trouble for the nation."

The central cause of the troubles is the massive annual increases in Federal Government spending. Although we are today engaged in the third largest war in the nation's history, thus increasing defense expenditures by 68 percent, non-defense spending is up since 1960 by 97 percent and is, therefore, a major reason for the ballooning of the Federal budget. Non-defense spending has risen more than defense spending, and constitutes a larger proportion of the whole.

This spending has not achieved the results intended in terms of reducing poverty and unemployment and in fact has, through high costs of living, contributed further to the hardship of many of our citizens. Comparison of the Democratic record since 1961 with the Republican record of 1953-1960 shows that the number of families living in poverty has been decreasing at the same rate, average annual unemployment is higher and the average annual increase in the Consumer Price Index is greater.*

*See Appendix 3
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-MORE-
What the recommendations add up to is that America must live within its means. It must hold government spending in check. Even the richest nation cannot reach all its goals all at once without courting economic, social and political disaster.

WE, THEREFORE, CALL ON THE ADMINISTRATION TO SUBMIT A NEW BUDGET FOR 1968 WHICH REFLECTS A NEW POLICY OF POSTPONING AND RESTRAINING THE GROWTH OF NON-DEFENSE EXPENDITURES, IN PREFERENCE TO RAISING TAXES OR ALLOWING THE HIDDEN TAX OF INFLATION TO FINANCE ITS EXPENDITURES.

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% increase of defense and non-defense spending:
- 1960-68: 68%
- 1965-68: 44%

% increase of total spending:
- 1960-68: 97%
- 1965-68: 39%
- 1965-68: 41%

**SOURCE:** The Budget of the United States Government
Appendix 3

DECLINING PROPORTION OF FAMILIES LIVING ON $3000 PER YEAR OR LESS

1953-60
Average Annual Reduction: .75 percentage points.

1961-1965*
Average Annual Reduction: .76 percentage points.

ANNUAL INCREASE IN LIVING COSTS AS MEASURED BY THE CONSUMER PRICE INDEX
(1957-1959 = 100)

Average Annual Increase: 1.4% Average Annual Increase: 1.9%

AVERAGE ANNUAL UNEMPLOYMENT AS A PERCENT OF THE WORK FORCE

4.9% 5.3%


*Latest figures available.
The following statement was approved today by the Republican Coordinating Committee, meeting in Washington, D.C.:

THE JOHNSON-HUMPHREY ADMINISTRATION AND YOU:
HIGHER PRICES, MORE TAXES, GREATER DEFICITS

Spokesmen for the Democratic Administration have confirmed our prediction of April 3rd that the Federal Government's deficit for fiscal 1968 could run "from $25 billion to $30 billion or more." We repeat that "present fiscal policies are creating a time-bomb that can lead to serious economic trouble for the nation."*

The central cause of the troubles is the massive annual increases in Federal Government spending. Although we are today engaged in the third largest war in the nation's history, and the increasing defense expenditures by 68 percent, non-defense spending is up since 1960 by 97 percent and is, therefore, a major reason for the ballooning of the Federal budget. Non-defense spending has risen more than defense spending, and constitutes a larger proportion of the whole.

This spending has not achieved the results intended in terms of reducing poverty and unemployment and in fact has, through high costs of living, contributed further to the hardship of many of our citizens. Comparison of the Democratic record since 1961 with the Republican record of 1953-1960 shows that the number of families living in poverty has been decreasing at the same rate, average annual unemployment is higher and the average annual increase in the Consumer Price Index is greater.*

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FOR THE SENATE:

The Republican Leadership of the Congress

Press Release

Issued following a Leadership Meeting

September 21, 1967

PRESIDING:
The National Chairman
Ray C. Bliss

STATEMENT BY REPRESENTATIVE FORD:

IMMEDIATE RELEASE

How strange -- how very strange it is -- that as the cost of food
goes up and up, the prices the farmers receive go down and down -- to
a near-all-time low -- 6% lower, in fact, that just a year ago:

From among the nation's headlines over the past year-and-a-half:

1966

March 28 -- "How Big the Price Rise? Is Lid Off?" (U.S. News &
World Report)

May 31 -- Food Surveys Show Prices Up Nearly 7% (Washington Star)

August 15 -- Food Prices Ager Housewives' (New York Times)

1967

May 15 -- "U.S. Predicts 2-3% Rise in Food Prices" (Wash. Star)

May 27 -- "Living Costs Keep Climbing" (Christian Science Monitor)

June 1 -- "Inflation on the March" (Newsweek)

July 23 -- "Still Higher Food Prices Likely, Freeman Says" (Washington Star)

August 8 -- Higher Food Prices Ahead?" (Washington Daily News)

August 17 -- "Living Costs Climbing at 3 Per Cent Rate" (Wash. Post)

August 28 -- "Purchasing Power Lags in U.S. as Costs Rise" (Christian Science Monitor)


September 11 -- "Where the Cost of Living Is Heading" (U.S. News &
World Report)

September 18 -- "Housing Shortage Grows in Suburbs, Raising
Prices" (New York Times)

And so it goes -- on and on and on -- with no real effort being made
by the Johnson-Humphrey Administration to stop this rising cost of living.

Sugar is up -- household appliances are up -- carpeting is up --
automobiles are up -- clothing is up -- and there is no end in sight!

Room S-124 U.S. Capitol—(202) 225-3700
Consultant to the Leadership—John B. Fisher

(con't)
Is there an answer? There is, indeed! But that answer is not, at present, the massive tax increase proposed by this Administration. If, to be sure, the Johnson-Humphrey Administration is unwilling or unable to apply the powerful means it does have at hand -- the elimination of non-essential Federal spending -- then the American people may have forced upon them by this Administration a crushing tax increase. But the President has not made a convincing case for the tax increase he seeks. We shall continue our demand for the elimination of non-essential spending.

We have, however, done far more than just demanded -- and this over a period of many months. The Republicans in Congress, with the aid of some enlightened, disenchanted Democrats have already achieved, in the House, a reduction of some 4 billions of dollars in non-essential appropriations. That record is crystal-clear. But more, much more, is required. It will not result, however, until this Administration, with its Democratic majorities in the Congress, responds to the American people's demand that this dreadful pressure of the ever-rising cost of living be removed.

As to where such spending cuts have been made and can be made, I point to the Summary of Action on Budget Estimates by the House of Representatives in this 90th Congress -- 4 billion dollars worth of largely Republican reductions in the Johnson-Humphrey budget.

Beyond this we insist that the Administration come clean on the real cost of the war in Viet Nam. Until this happens, the American people can have no faith whatever in this Administration nor in their future. They insist, therefore, upon an end to all non-essential spending. This done, they will respond, as always, to what is best and necessary for our nation's safety and well-being.

Therefore, our Question-of-the-Week:

Mr. President: The Cost of Living:

How Much Higher -- How Much Longer?
SENATOR DIRKSEN

September 21, 1967

Just a year ago this month we were told by the Johnson-Humphrey Administration that what America needed was "a strong dose of self-discipline". To this we replied, as we do now, "Physician, heal thyself". We believed then, as we do now, that to ask self-discipline of labor, to ask self-discipline of management, to ask self-discipline of the farmer, to ask self-discipline of the Congress, to ask self-discipline of the housewife and the consumer was pious and pointless, as it is now — until the President asks self-discipline of his Administration and his own Democratic majorities in the Congress. We were not impressed then. We are not impressed now.

To describe the nation's present economic trend as nightmarish, as several have done, is an understatement. The impact of Federal, state and local taxes has rarely been so great. Interest rates and growing curbs on available credit have seldom been as high or as strong. The jobless rate among the unskilled and minority group workers is dangerously high. The Federal budget deficit anticipated is astronomical. The nation's balance of payments and our growing weakness in the world market-place are ominous. This Administration's fiscal and monetary policies require drastic overhauling. We Republicans in Congress will do everything in our power to bring it about.

As always, the people who are hurt the most by this sky-rocketing cost of living and economic mismanagement are those who can stand it least — the housewife, the wage-earner, the pensioner, the poor. To the extent that the Republican minority in Congress can do so, we shall put a stop to it.

We are fighting a war on two fronts — one in Viet Nam and one here at home. Both have become critical. The Johnson-Humphrey Administration has regularly lambasted those "tired people" who
Senator Dirksen

oppose the so-called "Great Society's" multi-billion dollar programs, insisting that we can fight and win the war in Viet Nam while at the same time we spend even more billions for "Great Society" programs and experiments. We cannot. And if to our voices others are needed to swell the chorus of protest, add that of the respected Democratic Chairman of the House Ways and Means Committee, Mr. Mills, who insists, with us, that we cannot have both guns and butter.

To those who believe that "Federal money" will solve all our problems, this reminder: there is no such thing as "Federal money". It is your money, no one else's. And if you don't believe that, take another look at your last income tax payment. It is the American people's money, siphoned from every home and hearth, that is being spent for the national security -- which is right! It is more and more of this same money that is being spent for these "Great Society" experiments and adventures -- too many of which are wrong!

A New Direction is called for, as it has been for many long months -- toward common sense, prudent management, and a decent respect for the opinions and the dollars of the American people.

Dr. Johnson, Dr. Humphrey -- a new examination, a new diagnosis of the nation's economic ills are called for. A strong prescription of economy and truth is needed -- now.

Therefore, our Question-of-the-Week:

Mr. President: The Cost of Living:

How Much Higher -- How Much Longer?
**Key Economy Votes—GOP Tops Dems by Big Margin**

**VOTES ON ECONOMY ISSUES—HOUSE OF REPRESENTATIVES—1967**

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<td>April 27—Move to limit spending under Interior Appropriations bill to 95% of budget estimates.</td>
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</tr>
<tr>
<td>May 21—Amendment to limit the amount of Federal subsidy in the sale of SBA participation certificates.</td>
<td>100.0</td>
<td>0.0</td>
</tr>
<tr>
<td>June 6—Move to limit spending under Agriculture Appropriations bill (excluding school lunch and special food programs) to 95% of budget estimates.</td>
<td>92.0</td>
<td>20.0</td>
</tr>
<tr>
<td>June 7—To increase the temporary national debt limit, ceiling from $330 billion to $356 billion.</td>
<td>96.5</td>
<td>3.5</td>
</tr>
<tr>
<td>June 21—To increase the permanent national debt limit ceiling to $365 billion but do it over a ten-year period.</td>
<td>96.5</td>
<td>3.5</td>
</tr>
<tr>
<td>July 16—Move to limit spending under Transportation Appropriations bill to 95% of budget estimates.</td>
<td>96.5</td>
<td>3.5</td>
</tr>
<tr>
<td>July 25—To cut funds for the Dickey-Lincoln under power project in Maine.</td>
<td>99.2</td>
<td>0.8</td>
</tr>
<tr>
<td>July 25—Move to reduce appropriations for Public Works and AEC by 5%.</td>
<td>82.0</td>
<td>0.0</td>
</tr>
<tr>
<td>July 26—To cut the increase in U.S. contribution to the American Development Bank as requested by the Administration.</td>
<td>88.0</td>
<td>14.4</td>
</tr>
<tr>
<td>August 24—Motion to reduce authorization for foreign aid.</td>
<td>87.0</td>
<td>30.0</td>
</tr>
<tr>
<td>September 14—Amendment to cut $50 million from total authorized for Appalachian area projects.</td>
<td>91.5</td>
<td>0.0</td>
</tr>
<tr>
<td>September 27—Motion to recoup continuing appropriation resolution in an effort to bring about $5 billion cut in Federal spending.</td>
<td>100.0</td>
<td>0.0</td>
</tr>
<tr>
<td>October 3—Vote on previous question on continuing appropriation resolution in an effort to make it in order to consider spending reduction amendments. A “yes” vote would prohibit offering amendments.</td>
<td>100.0</td>
<td>10.3</td>
</tr>
<tr>
<td>October 4—Move to make cuts in appropriation for Departments of Labor and Health, Education and Welfare. (Conference Report)</td>
<td>87.0</td>
<td>31.4</td>
</tr>
<tr>
<td>October 17—Move to make cuts in appropriation for Department of Transportation, (Conference Report)</td>
<td>65.5</td>
<td>5.0</td>
</tr>
<tr>
<td>October 18—Move to limit overall Federal spending to about $141.5 billion.</td>
<td>95.0</td>
<td>30.0</td>
</tr>
</tbody>
</table>

**IS THERE a difference between the political parties?**

You bet there is, says Rep. Jack Edwards of Alabama, especially when it comes to spending taxpayers' money—and he has put together a comparison to prove his point.

Taking 23 key House votes this year on the issue of federal spending, the Congressman found that 85 percent of the Republicans supported a reduction in spending while only 17 percent of the Democrats supported this position.

Edwards said the voting pattern shows that if more Democrats had chosen to side with their Republican colleagues in support of responsible spending cutsthe fiscal situation now would be far stronger because the budget deficit would be far smaller.

"The major reason why the budget is rising virtually out of control is that the President has used this Democratic majority to make his control in Congress throughout his term of office to introduce vasty new programs and non-essential domestic spending programs," he said.

"All during the period the Republican Congress gave wanted of the danger of the very large fiscal cut which Administration people have now finally admitting is upon us," he added.

**THE GOP LEGISLATOR noted the 23 key economic votes show consistent support from the Republican rank and file for spending limitations.**

On all the same issues, large majorities of Democratic Congressmen voted in opposition to the economizing efforts. However, on 11 of the 23 votes enough Democrats voted with the GOP position to carry the vote in favor of economy and against the Administration position.
LBJ Ignored GOP Advice on How to Forestall Fiscal Mess

If the Johnson-Humphrey Administration had heeded earlier Republican storm warnings, it could have avoided the desperate scramble now underway to protect the dollar against assaults resulting from devaluation of the British pound.

That’s the view of the ranking GOP member of the House Appropriations Committee, Rep. Frank T. Bow of Ohio, who pointed out that Congressional Republicans on dozens of occasions this year warned that the dollar was in danger and offered specific reforms—of which President Johnson ignored.

“I hate to say ‘we told you so,’ Mr. President,’” Bow said, “but the fact is we did.” He cited these GOP warnings:

JANUARY—House Republican Leader Gerald R. Ford, in a Newsletter interview, said non-defense spending should and could be cut to the point where a tax increase (then proposed as six percent) was unnecessary.

FEBRUARY—Republican members of the Joint Economic Committee called for “a complete turnaround” in economic policy “to avoid the near crisis conditions the Administration imposed on the economy in 1966.” At the same time, Rep. Thomas B. Curtis, ranking Republican on the committee, urged the Administration to recall its budget for a complete overhaul.

APRIL—The Republican Coordinating Committee, noting the continued imbalance of payments ($1.4 billion in 1966) over a nine-year period, called for a new fiscal policy based on 14 specific proposals. “Unless there is a change in policies, it is only a matter of time before the Administration will have to ask Congress to reduce the amount of gold held as a reserve backing for our currency or to withdraw it altogether,” the committee said.

AUGUST—Chairman Melvin R. Laird of the House Republican

Follow the leader Conference called on the President to provide Congress with accurate figures on Federal spending to enable the lawmakers to act responsibly on tax increase legislation. Laird said the 1966, 1967 and 1968 cash budgets contained “incredible mistakes” underestimating both spending and revenue.

SEPTEMBER—Congressmen Ford and Senate Republican Leader Everett M. Dirksen, decrying mounting inflation, warned that the United States cannot afford a guns-and-butter policy. They promised Republicans would “do everything in their power” to cut non-defense spending. Congressman Byrnes also warned again that “our economy is in trouble solely because a Democratic President and a Democratic Congress have launched this country on a reckless spending spree which threatens to bankrupt the Nation.”

NOVEMBER—The Newsletter (November 6) carried a warning by Maurice H. Stans, President Eisenhower’s budget director, that the U.S. is threatened by a “nuclear-sized spending explosion.” He said unfunded government commitments to pay future retirement benefits, Social Security, veterans pensions, completion of public works, subsidies and many other items now total about $1,000 billion and are growing each year—and that there is an annual built-in growth in the cost of present Federal programs of about $5 billion a year.

Reprinted from Republican Congressional Committee Newsletter, December 4, 1967.

It is natural that a man about to go into bankruptcy blames everybody but himself.

President Johnson will rue the day that he promoted a $30 to $35 billion deficit for fiscal 1968 and four previous deficits totalling nearly $24 billion in fiscal years 1964 through 1967. These Johnson-Humphrey Administration deficits, it should be noted, total nearly $60 billion.

President Johnson continues to play the game of switch--trying to shift the blame for his own mistakes and shortcomings to the 90th Congress and particularly the House. The House is close to the people and responsive to their wishes. I'll take my chances with the people anytime. They know that President Johnson has repeatedly ignored Republican pleas that he set priorities on federal non-defense spending at a time when this Nation is fighting a costly war halfway around the world. I trust the judgment of the American people. They have said overwhelmingly that they prefer spending cuts to a tax increase as a means of fighting inflation.

I find it interesting that the President now talks of a possible $35 billion deficit for fiscal 1968. This is the first time he or any Administration official has admitted the deficit figure may be that astronomical.

This proves that the President has not been acting with any urgency to hold down non-essential federal spending. And it underscores the need for Congress to insist on the Republican-sponsored, House-approved spending ceiling of $131.5 billion. This is $5 billion under the President's spending requests, and $5 billion higher than fiscal 1967.

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FOR IMMEDIATE RELEASE: November 30, 1967

JOINT STATEMENT BY HOUSE MINORITY LEADER GERALD FORD
AND REP. WILLIAM B. WIDNALL, RANKING MINORITY MEMBER
OF THE HOUSE BANKING COMMITTEE ON HIGH INTEREST RATES

We share the concern expressed in the joint statement of
November 28th by twenty-seven of our Democratic colleagues in calling
this afternoon's emergency meeting on the so-called "interest rate
 crisis."

At the outset, we commend our colleagues for their candor in
admitting that interest rates are at their highest levels of this
century. We agree that the burden of high interest rates falls unevenly
on the economy, in that such credit-sensitive industries as homebuilding
suffer far more than others.

We wish to declare in an uncertain terms, however, that reckless
and wild talk such as that offered by our Democratic colleagues and the
Johnson Administration can do nothing except add further pressures to
the economy.

Such needless panic terms as "monetary crisis" and "monetary
disaster" serve no useful purpose other than to disturb confidence in
our economy both at home and abroad. Panic talk only rewards the
speculators and those who, like President DeGaulle, wish to impose
either devaluation or a severe economic recession on our economy.

Moreover, those who today are urging action to lower interest
rates are the very same individuals who ignored or turned aside practi-
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the dangers of inflationary fiscal policies while a major war was being
fought. For instance, of the twenty-seven members calling today's
meeting, an overwhelming majority voted for the Participation Sales
Act of 1966, an act which only this week enabled Treasury guaranteed
credit to be sold at a record 6.4 percent interest rate in an effort
to conceal from the public additional billions in inflationary Federal
spending.

We also deplore a similar tendency on the part of Treasury
Secretary Fowler to join in the chorus of reckless threats in order
to stampede the Congress into passage of the President's tax bill.
Secretary Fowler yesterday warned of "drastic consequences" both to
the nation's economy and to the international financial system if Congress
does the "unthinkable" and adjourns next month without acting on a tax
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LET'S STOP CREATING FINANCIAL CHAOS

The United States is at the brink of a fiscal crisis, the full dimensions of which are not yet clear. International confidence in the dollar is being severely tested. Our dwindling gold supply continues to flow out of the country. Inflation is a grim reality. Interest rates are higher than during last year's serious "credit crunch." They are the highest in some fifty years, for government, for business, for the home buyer and the home buyer.

In short, the powerful United States economy has been undermined and weakened by an Administration whose fiscal policies are marked by wild extravagance on the one hand, and by delay, expediency and cover-up on the other.

Our gold supply of $12.6 billion is the lowest since 1937 -- down from $19.4 billion at the end of 1960. More gold is being shipped out of our country in the wake of the 14.3 percent devaluation of the pound and the subsequent challenge to the dollar. Potential foreign claims against our remaining gold supply have risen to over $30 billion. And these claims will continue to increase as our balance of payments deficit this year will soar more than 50 percent higher than in 1966. We deplore that the Johnson Administration may soon find it necessary to request removal of the remaining gold backing behind our currency, now 35 percent, thus turning it wholly into "paper money."

In spite of the Administration's boast of unrivaled prosperity, unemployment among America's workers is increasing. From a low of 3.6 percent in March, the unemployment rate climbed to 4.3 percent in October.
Inflation is rampant and will get worse. Due to the failures of the Administration's policies, the cost of living is escalating. Prices went up 3.3 percent in 1966, are now rising at about a 4 percent annual rate, and some observers predict a 5 percent increase in 1968. The purchasing power of the Nation's wage earners has declined and those who must live on a fixed income are having more and more trouble making ends meet.

Repeatedly the Republican Coordinating Committee has warned that the reckless fiscal policies of the Johnson-Humphrey Administration have been leading the Nation toward fiscal and economic chaos. Repeatedly, our specific remedies have been rejected.

On April 30, 1965, we recommended a nine-point program to prevent the serious economic problems that were then fast approaching. Our proposals were ignored by the Johnson-Humphrey Administration.

On March 28, 1966, we warned of increasing inflation and recommended a thirteen-point program to stabilize the value of the dollar. Our pleas fell upon deaf Administration ears.

For the fiscal year 1967, the President estimated a budget deficit of $1.8 billion; the actual deficit was $9.9 billion even after much fiscal hocus pocus by the Administration to improve its appearance.

For the fiscal year 1968, the Administration proposed a budget deficit of $8.1 billion.

We challenged that figure on April 3, 1967, and predicted "an actual deficit in 1968 of from $25 to $30 billion or more." We repeated our recommendations to avoid a deficit of that magnitude.

On July 24, 1967, we reiterated our program to restore fiscal responsibility to government. Again no action was taken by the Administration.
On November 17, 1967, the President created near panic in the world financial markets by mentioning that the deficit might go as high as $35 billion.

The Democrats have consistently sponsored and encouraged vast rises in Federal spending -- which has gone up 97 percent for non-defense purposes since they took office in 1961. By July 1, 1968, the cumulative Democratic deficits for its eight years of office will total over $60 billion.

Eight years of deficits and irresponsible spending have brought the Nation to the brink of financial crisis.

Irresponsibility always exacts its price. Democratic irresponsibility is now taxing Americans heavily through inflation and the Administration's solution is to add to that burden a ten percent surtax and to raise the possibility of wage and price controls.

We call for new fiscal policies for the government of the United States -- policies that will put an end to chronic budget deficits and inflation by eliminating waste in public spending and by establishing a rational order of priorities among Federal programs.

Credibility and confidence must be restored to this Nation's economic affairs.
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