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FOR THE SENATE
Everett M. Dirksen, Leader
Thomas H. Kuchel, Whip
Bourke B. Hickenlooper, Chm. of the Policy Committee
Leverett Saltonstall, Chm. of the Conference
Thurston B. Morton, Chm. Republican Senate Committee

FOR THE HOUSE OF REPRESENTATIVES
Gerald R. Ford, Leader
Leslie C. Arends, Whip
Melvin R. Laird, Chm. of the Conference
John J. Rhodes, Chm. of the Policy Committee
Clarence J. Brown, Majority Leader
Ranking Member
Rules Committee
Bob Wilson, Chm. Republican Caucus of Congressmen Committees

THE JOINT SENATE-HOUSE REPUBLICAN LEADERSHIP

Press Release

Issued following a Leadership Meeting
July 1, 1965

STATEMENT BY SENATOR BOURKE B. HICKENLOOPER

The health of the economy has become a matter of concern and debate since William McChesney Martin pointed out some similarities between present conditions and those of 1929. The President and other Administration spokesmen, emphasizing the bright spots in the economic picture, have suggested that anything wrong in the economy results from fright caused by Mr. Martin's speech.

We find it hard to understand how an Administration that has been talking constantly of the poverty in the United States can blame Mr. Martin's qualified warning for weakening confidence in the economic system.

A balanced appraisal of the performance of the economy should begin with a recognition of the fact that the period since World War II has been one of steady and sustained economic growth. Downturns have been few, short, and moderate. We should not expect only guaranteed and sustained rises in economic activity for the future, but the attitude that "things are so good they can't continue" is probably too nearsighted.

Nevertheless, there are danger signals in some economic indicators. To ignore them, to sweep them under the rug, or to denounce those who point them out is shortsighted.

The international financial situation is one of the most ominous clouds on the economic horizon. The Administration's program of "voluntary coercion" in the balance of payments area is based on the same principle of political expediency as so much of its domestic economic wheeling and dealing. In the process of instituting short-run remedies, the President is following a practice of giving glib and pat answers to serious and involved questions. In imposing more and more controls over international trade and capital flows, the Administration is abandoning the principle of liberalized multilateral trade embodied in the Trade Expansion Act of 1962 and supported by the United States throughout the Eisenhower years, in the face of adversity encountered by almost all of our trading partners. If this series of shortsighted treatments for the symptoms in our balance of payments produces serious dislocations in major foreign economies, the United States will not remain unscathed.

We believe that an International Monetary Conference should be called to deal with the basic structural shortcomings of our international monetary system. The problem is one which cannot be further neglected.

Room E-126 U.S. Capitol—Capitol 4-3121—Ex 3700
STAFF CONSULTANT: Robert Humphreys
PRESS RELEASE ISSUED FOLLOWING A LEADERSHIP MEETING

STATEMENT BY REP. GERALD R. FORD - 2 - July 3, 1965

Certain strategic imbalances have developed in the domestic economy. Although more than 4½% of our labor force remains unemployed, distinct inflationary pressures are evident. Indeed, we are greatly concerned about eroding price increases in view of the employment situation. In particular, nothing seems to succeed in helping young labor force participants -- the teenager jobless rate remains close to 15%. Yet in May 1965 the Consumer Price Index stood at 109.6 of its 1957-1959 base, which was an increase of 0.3% for the month of May. If the rate of increase for April and May is maintained for the next 12 months, the Consumer Price Index would rise 3.6%, which is inflation in anybody's book. Even more important, the Wholesale Price Index rose by 2.0% from May 1964 to May 1965 and this index had been standing still from 1957 to 1964. We note that a number of recent labor contracts have provided about 4½ in yearly wage increases -- substantially above the guide lines set by the Administration. These may well lead to cost-of-living increases during 1965 and future years.

We are entering the sixth fiscal year of continuous deficits. They have averaged over 6 billion dollars a year for the past five fiscal years. The deficit for fiscal 1965 is somewhat below four billion dollars, and this is being hailed as a great accomplishment. We deplore the doctrine of "permanent fiscal irresponsibility" coupled with a politically pressured easy money policy. The continuous use of fiscal "pep pills" has serious consequences -- inflationary pressures (so hurtful to the very poor and the elderly retired), a growing interest charge on the public debt, and disruption of international trade as more and more nations lose their faith in the value of our currency. Even more important, Democrats in Congress have lit the fuse on an inflationary "time bomb" by rubber-stamping one expenditure program after another. These extended programs give the Administration greater and greater carry-over authority to spend and spend -- in fact, this carry-over unspent authorization ties the hands of Congress in switching to an anti-inflationary policy.

There are definite signs that the quality of much of the debt has been deteriorating and that its quantity may be growing too fast. The so-called temporary public debt ceiling was just raised from $324 to $328 billion. Other debt -- of states, local governments, corporations, and individuals -- has been growing more rapidly. For example, consumer installment payments now stand at 15% of personal income, and total debt of the average family is a staggering 50% of it yearly earnings. Bank credit has been expanding more quickly than in all previous expansions, although some recent changes are apparent here.

It is our view that the Administration may be in great danger of falling from their tightrope. Clearly they are falling off on the side of inflation. It is our view that a balanced economy is important to all. We therefore endorse the suggestion made by Senator Javits and Congressman Curtis, i.e., that the Joint Economic Committee call hearings "at the earliest possible time" in order to explore "the basic issues raised by Mr. Martin" and "the outlook for the economy over the next year."
A balanced appraisal of the performance of the economy should begin with a recognition of the fact that the period since World War II has been one of steady and sustained economic growth. Downdrafts have been few, short, and moderate. We should not expect only guaranteed and sustained rises in economic activity for the future, but the attitude that "things are so good they can't continue" is probably too nearsighted.

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We believe that an International Monetary Conference should be called to deal with the basic structural shortcomings of our international monetary system. The problem is one which cannot be further neglected.
Certain strategic imbalances have developed in the domestic economy. Although more than 4½% of our labor force remains unemployed, distinct inflationary pressures are evident. Indeed, we are greatly concerned about eroding price increases in view of the employment situation. In particular, nothing seems to succeed in helping young labor force participants -- the teenage jobless rate remains close to 15%. Yet in May 1965 the Consumer Price Index stood at 109.6 of its 1957-1959 base, which was an increase of 0.3% for the month of May. If the rate of increase for April and May is maintained for the next 12 months, the Consumer Price Index would rise 3.6%, which is inflation in anybody's book. Even more important, the Wholesale Price Index rose by 2.0% from May 1964 to May 1965 and this index had been standing still from 1957 to 1964. We note that a number of recent labor contracts have provided about 4% in yearly wage increases -- substantially above the guide lines set by the Administration. These may well lead to cost-of-living increases during 1965 and future years.

We are entering the sixth fiscal year of continuous deficits. They have averaged over 6 billion dollars a year for the past five fiscal years. The deficit for fiscal 1965 is somewhat below four billion dollars, and this is being hailed as a great accomplishment. We deplore the doctrine of "permanent fiscal irresponsibility" coupled with a politically pressured easy money policy. The continuous use of fiscal "pep pills" has serious consequences -- inflationary pressures (so hurtful to the very poor and the elderly retired), a growing interest charge on the public debt, and disruption of international trade as more and more nations lose their faith in the value of our currency. Even more important, Democrats in Congress have lit the fuse on an inflationary "time bomb" by rubber-stamping one expenditure program after another. These extended programs give the Administration greater and greater carry-over authority to spend and spend -- in fact, this carry-over unspent authorization ties the hands of Congress in switching to an anti-inflationary policy.

There are definite signs that the quality of much of the debt has been deteriorating and that its quantity may be growing too fast. The so-called temporary public debt ceiling was just raised from $328 to $328 billion. Other debt -- of states, local governments, corporations, and individuals -- has been growing more rapidly. For example, consumer installment payments now stand at 15% of personal income, and total debt of the average family is a staggering 60% of its yearly earnings. Bank credit has been expanding more quickly than in all previous expansions, although some recent changes are apparent here. It is our view that the Administration may be in great danger of falling from their tightrope. Clearly they are falling off on the side of inflation. It is our view that a balanced economy is important to all. We therefore endorse the suggestion made by Senator Javits and Congressman Curtis, i.e., that the Joint Economic Committee call hearings "at the earliest possible time" in order to explore "the basic issues raised by Mr. Martin" and "the outlook for the economy over the next year."
THE JOINT SENATE-HOUSE REPUBLICAN LEADERSHIP

Press Release

Issued following a Leadership meeting
February 24, 1966

STATEMENT BY SENATOR DIRKSEN
IMMEDIATE RELEASE

The American people are involved in a three-front war -- in Viet Nam, against poverty, and now against inflation. Government directly or indirectly controls the money supply. Inflation has swept in upon us because of policies this Administration has adopted. Every major modern inflation has been aggravated by excessive government spending. And that has been the deliberate policy of the Democratic Administration for the past five years.

This Administration has told us it is promoting inflation as a step toward fuller employment. What they have not told the American people is the extent and cruelty of the burden they have placed on the very poor through this policy of printing money at a rate twice that of our population growth.

The Johnson Administration, now concerned with inflation, prepares to meet it by higher taxes rather than through a prudent budget. This year's budget is $31 billion higher than the last Eisenhower budget and Democrats have added $32 billion to the public debt in five years. As most American workers know payroll tax increases since January 1 have already more than wiped out those tax cuts of a year ago. And there's more to come, more even than the 4.8 billion tax increases now before Congress. The Administration is talking in terms of another 5 per cent income tax increase and an added 2 per cent corporate tax later this year. These increases are over and above the cruel tax of inflation which is already waging war on those with the lowest incomes.

Higher personal income taxes hit hardest those who can least afford them -- the young people who are starting a family, building a home and building a future, those in our Society on fixed incomes and those who have the least.

There are alternatives. One is to trim the budget which the President refuses to do except in areas where he knows the cuts will be restored. Another is tighter credit -- but when that was tried Democrats wailed in anguish.

This Administration has made its choice: It plans to discipline the American people rather than discipline itself.

Room S-124 U.S. Capitol - Capitol 4-3121 - Ext 3700
STATEMENT BY REPRESENTATIVE FORD:  

February 24, 1966

Economists talk of inflation in terms of a sharp rise in the amount of money or credit, or both, relative to goods available for purchase. The American housewife has a sharper definition: You pay more for less.

Bacon was $1.15 a pound at a chain store here in Washington Monday morning. Eggs were 71 cents a dozen. An American favorite -- pork chops -- were $1.35 a pound. Mothers used to be able to save their budgets with hamburger. But that's climbed to 59 cents a pound. This can of tomatoes was bought Monday morning for 33 cents. Five years ago you could buy it for about 20 cents. And very, very little of this increase has found its way into the farmers' pocket.

Food prices have climbed 3.7 per cent in one year. And this accounts for a major part of the overall 2 per cent rise in the cost of living in the past 12 months. Republicans on the Joint Economic Committee say it is inevitable that prices will rise by another 2 to 3 per cent in 1966. That's a rise of 5 per cent in two years. This amounts to a 5 per cent sales tax on everything you buy. And you'll pay it because of inflationary policies of the Johnson-Humphrey Administration.

The Housewife's $10 in 1961 now buys only $9.14 at the grocery store.

Inflation steals from everybody, but hurts most those 26 million Americans who live on pensions or other fixed incomes. It will also certainly do much to nullify whatever benefits might otherwise accrue from programs now pursued in the anti-poverty war.

President Johnson says this Administration has produced an "American economic miracle." Will the American people call it a miracle after they pay their bills and then dig deep enough to pay the big tax increase the Johnson-Humphrey Administration wants.

The National Commission on Food Marketing reports Americans are eating less beef and far less pork now than they did a year ago. The Johnson-Humphrey Administration set out to change America and the American way of life. The Administration seems to be succeeding - and you won't like it.
THE JOINT SENATE-HOUSE
REPUBLICAN LEADERSHIP

Press Release

Issued following a
Leadership meeting
March 10, 1966

STATEMENT BY REPRESENTATIVE FORD:

The Johnson-Humphrey Administration has been less than fully can­
did with the American people and the Congress about its spending
programs. Its budget explanations have been far from concise and
clear.

For three years the budgets have been consistent in two matters --
they have contained built-in deficits and they have failed to estab­
lish priorities.

During this time the war in Viet Nam has escalated but there was
little effort through the budget to set priorities for future needs.
The result has been a multitude of sizeable supplemental appropria­
tions.

This year's budget is $13 billion higher than the one submitted a
year ago. The President says, however, it contains a deficit of
"only" $1.8 billion. What he has failed to tell the American people
is that this small deficit is fiscal chicanery. He has cut from this
budget some $200 million in popular programs which he knows the Con­
gress will undoubtedly restore. He has grossly understated the needs
of the Defense Department for fiscal 1967. He also fails to mention
that $5.2 billion of his added revenue is a one-year proposition only.
The government will gain in this one year $1.6 billion from coin clip­
ing by removing silver from our coinage and another $3.6 billion from
the speedup in tax collections.

In presenting his budget the President said that despite fighting
in Viet Nam the war on poverty must also be escalated. For this he
asked an increase of $300 million in antipoverty funds. And yet, on
March 8, his antipoverty director informed the Congress the poverty
war is being cut back because of the Vietnamese fighting.

The budgets with their yearly deficits have helped breed inflation
and yet the Administration scoffs at inflation. With high taxes,
high prices, high spending, high deficits -- the Great Society has
become the High Society.

It is time for the Johnson-Humphrey Administration to present pre­
cise, more realistic figure and candid budgetary estimates to the
American people so that they may judge truly how much they are
spending to meet the Administration's vast commitments here and abroad.
STATEMENT BY SENATOR DIRKEN
March 10, 1966

The Johnson-Humphrey Administration has failed to reassure the American people and the Congress concerning inflation, the war in Viet Nam, and its future tax programs.

Inflation is mounting at a rapid rate due in large part to fiscal and budgetary policies of the Johnson-Humphrey Administration. Prices vary from day to day but continue to move higher and higher. This affects not only the public but the purchase of goods and services by the government as well.

The war in Viet Nam is escalating but the Administration has not informed the American people how big it will get nor how costly it will become.

Excise tax cuts given by Congress a year ago are being rescinded at the request of the Johnson-Humphrey Administration. There is continued talk of new tax increases to come later this year.

Perhaps the most dangerous sign of a new Johnson-Humphrey power grab has been the floating of "trial balloons" on standby or emergency powers for the President to raise or lower taxes and perhaps impose direct wage and price controls at will.

Republicans take sharp issue with this proposal. The Congress should not further abdicate its Constitutional taxing responsibility. Republicans are unalterably opposed to granting standby taxing powers or standby wage and price control authority to the President.

For these reasons, the Joint Senate-House Republican Leadership strongly endorses a resolution adopted by the Senate Republican Policy Committee on March 8. That Resolution reads in part as follows:

RESOLVED: In view of the clear language of article I, section 8 of the United States Constitution we are unalterably opposed to granting to the President of the United States any standby, emergency or other authority to raise or lower taxes.
The Johnson-Humphrey Administration has been less than fully candid with the American people and the Congress about its spending programs. Its budget explanations have been far from concise and clear.

For three years the budgets have been consistent in two matters -- they have contained built-in deficits and they have failed to establish priorities.

During this time the war in Viet Nam has escalated but there was little effort through the budget to set priorities for future needs. The result has been a multitude of sizeable supplemental appropriations.

This year's budget is $13 billion higher than the one submitted a year ago. The President says, however, it contains a deficit of "only" $1.8 billion. What he has failed to tell the American people is that this small deficit is fiscal chicanery. He has cut from this budget some $200 million in popular programs which he knows the Congress will undoubtedly restore. He has grossly understated the needs of the Defense Department for fiscal 1967. He also fails to mention that $5.2 billion of his added revenue is a one-year proposition only. The government will gain in this one year $1.6 billion from coin clipping by removing silver from our coinage and another $3.6 billion from the speedup in tax collections.

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The budgets with their yearly deficits have helped breed inflation and yet the Administration scoffs at inflation. With high taxes, high prices, high spending, high deficits -- the Great Society has become the High Society.

It is time for the Johnson-Humphrey Administration to present precise, more realistic figure and candid budgetary estimates to the American people so that they may judge truly how much they are spending to meet the Administration's vast commitments here and abroad.
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ANOTHER

For inflation
statement

see
"LABOR" file,

March 18

It's an insult to the intelligence of the American people for Democratic leaders to contend the Republican Party and the press have kidded the public into thinking inflation is here.

The people know that certain prices have been going up steadily and that all the nibbles at the family paycheck have added up to a great big bite. That's why it's ridiculous for any Democrat in Congress to remark casually that price increases since the 1957-59 period have been gradual and to dismiss last month's record jump for a February in the wholesale price index.

In February the wholesale price index registered the sharpest rise for that month since 1951. That is a real danger signal, and no Democrat in Congress can ignore it.

President Johnson recently stated candidly that inflation is "perhaps our most serious economic challenge in 1966." If Mr. Johnson is aware of that--just as we Republicans are and have been for some time--I'm surprised other Democratic leaders are not.

Some Democrats in Congress apparently are not as interested in polls as is Mr. Johnson. They seem not to have seen the latest Gallup Poll results on inflation's impact on the family. That poll showed Americans believe a family of four needs $18 more a week just to get along this year, as compared with a year ago. That adds up to $936 more in a 12-month period--or nearly $1,000 more a year. I'd like to ask Democrats in Congress how many families have an additional $1,000 net this year to meet the climb in the cost of living.

Democratic leaders say Republicans complaining about inflation are "looking at the stock market and its gyrations rather than the overall economy as it is." The American housewife certainly is not looking at the stock market when she goes to buy necessities for her family and then cries out: "My goodness, the price has gone up again."
STATEMENT BY HOUSE MINORITY LEADER GERALD R. FORD, R-MICHIGAN

It is now revealed that President Johnson was the purveyor of misinformation when he told news reporters last week that retail sales for January and February showed a "slight drop" from November and December.

Mr. Johnson was eager to display to inflation-anxious Americans an "indicator" that the economy is cooling off.

Tuesday, we learned that the "flash" figures on which Mr. Johnson based his statement about a drop in retail sales for January and February were cockeyed. Revised Census Bureau figures now disclose that retail sales rose vigorously in January, and the guessing by government analysis is that February sales ran slightly above the $25.016 billion January figure.

It is a small wonder that the American people are doubting the Johnson-Humphrey Administration's ability to keep the economy from running wild when Mr. Johnson cites faulty figures.

The revised government figures showing an increase in January-February retail sales are another indicator that Republicans are right when they insist upon cutting government spending as an alternative to a tax increase.

Since Mr. Johnson is so determined to avoid a tax increase, he should submit a revised fiscal 1967 budget to Congress and thus do a service to all Americans who want a tax increase no more than he does.

It is ironic that instead Mr. Johnson is appealing to businessmen to hold off on plant expansion and to governors and mayors to hold back on their governmental spending.

It would doubtless be more effective and have a greater impact on the economy if Mr. Johnson would take the course his cockeyed January-February retail sales figures initially blinded him to take—reductions in non-essential domestic spending by the federal government.

# # #
STATEMENT BY REPRESENTATIVE FORD

The following quotations are excerpts from the Dallas Morning News -- that's the Dallas, Texas Morning News of April 15, Ladies and Gentlemen:

"President Johnson's chief economic adviser revealed (in Austin) Thursday that he doesn't place much stock in the American housewife's judgment on inflation.

Gardner Ackley, speaking at the University of Texas, said he received numerous letters from homemakers blaming him personally for high food prices.

"But housewives are notoriously poor judges of what's happening to prices except for food," he quipped during a press conference.

"And Ackley claims that, even on the supermarket level, the housewife is no expert."

"She notices when the price of a pork chop or a head of lettuce goes up," he noted, "but she's not always aware when the price comes down."

I just can't believe that any Administration or other Government spokesman could so misjudge or so underrate the American housewife and homemaker!

Who knows better how rapidly inflation is eating away the family income day by day? Who knows better, who feels more painfully, the rising costs of living as, week by week, those costs discourage every American family in its hopes for the future?

Mr. Ackley, from his privileged economic sanctuary, sadly and cruelly underestimates the knowledge and the power of America's women, and I hope that he and the Johnson-Humphrey Administration and the Congress will hear from every American home and hearth on this subject, by letter and by telegram, in the days ahead. I urge every American homemaker to take pen in hand and tell us now -- what you know -- how you feel -- about these terribly harsh, constantly rising costs of living.

(more)
Representative Ford
April 21, 1966

Meanwhile, back at the ranch, the Johnson-Humphrey Administration hesitates, vacillates and procrastinates in taking necessary action to stop these sky-rocketing living costs. Again, Mr. Ackley, in reply to a question as to what will happen if we get into an inflationary period: "It depends on how you define inflation. I wouldn't say we'd had much inflation." Will America's homemakers agree? And the President and his Secretary of the Treasury continue to wonder when or whether to "apply the brakes"? This, despite the report of the Department of Commerce on the Gross National Product increase, released Monday, April 18, and stating that more than one-third of the increase in the dollar total represented higher prices and stating further that "the accelerated price increase in the first quarter is largely attributable to the steep rise in food prices."

There are two major fiscal brakes available -- either a tax increase or a drastic cut in needless spending -- yet the Johnson-Humphrey Administration, with constantly contradictory comments, will not tell the American people truthfully what it proposes or plans.

This, therefore, is our Question-of-the-Week:

Mr. President, what are you doing about the rising costs of living?
The Government of the United States is the biggest business in the world. It is the biggest borrower, the biggest lender, the biggest hoarder, the biggest spender, the biggest landlord, the biggest tenant, the biggest employer, and the biggest provider in the history of mankind. Inevitably the biggest business in the world has the biggest budget in the world.

No one can claim, of course, that a family budget is or should be comparable, but no one can deny that every family budget is just as important to the wage earner and the homemaker who control it.

If a family's income is not adequate to meet its expenses, the family has only two alternatives: to increase that income or to reduce those expenditures, yet there seems to be no recognition of this whatever in the Johnson-Humphrey Administration.

In a recent appearance before Agriculture Department employees, the President said: "We in government cannot afford the luxury of thinking that nothing so needs reforming as other people's habits. As public servants we know -- at least we ought to know -- that the habits most in need of reform are our own." How very true!

What he actually said, of course, was: don't do as I do, do as I say, for, quite obviously, while the Johnson-Humphrey Administration's spending habits are in need of drastic reform the President is making no evident effort whatever to reform them and he and his colleagues continue to allude repeatedly to a possible tax increase while urging all others, but not themselves, to reduce expenditures.

The President hasn't hesitated to ask business, to ask labor, to ask the housewives of America to reduce their spending. Why hasn't he asked the Congress to do the same? On the contrary, hardly a month goes by without a request from him for more and more and more spending of the people's money for low priority, non-defense projects and programs.

I have said before and I say again that the role of the opposition must be one of both searching criticism and constructive proposal of alternatives. There has not been published for release today the full text of the Republican Coordinating Committee's report entitled (More)
"The Rising Costs of Living -- A Report on the Fiscal Policies of the Federal Government," approved at the Committee's last meeting March twenty-eighth. A summary of the report was released at that time, but the text contains an extensive amount of detail in support of the report's conclusions and recommendations. The report was based on a study made by the Task Force on Federal Fiscal and Monetary Policies of which former Budget Director Maurice H. Stans is Chairman.

I commend this report to your attention and study and I urge you to invite your readers to write to the Members of Congress for copies of it. The role of the opposition of which I speak must not be one of "Me too", nor yet one of "Not me". Rather, it must be one of "Here's how". On the harsh question of inflation, with which every homemaker and wage earner is living so painfully today, "Here's how".

The alternatives, as has been said, are clear -- either higher taxes or a reduction in spending, yet we have no equally clear idea from this Administration as to which path we will be taking.

Therefore, our Question-of-the-Week:

Mr. President, what are you doing about the rising costs of living?
STATEMENT BY HOUSE MINORITY LEADER GERALD R. FORD, R-MICHIGAN.

The rise in the cost of living for March, the second consecutive monthly jump, is in line with my prediction that consumer prices will climb 3 to 5 per cent this year as compared with a 2 per cent rise in 1965.

It also is proof that the jawbone technique the President is using to try to halt inflation--talk, talk, talk--just isn't working. He is going to have to make a choice within perhaps the next six months on asking Congress for an income tax increase or cutting back substantially on the level of federal spending.

I urge that he resolve to reduce spending and pass that word to Democratic members of Congress. If this is done, there will be no need to impose a second tax increase on the American people this year--and no excuse to do so.

The consumer price index rose four-tenths of 1 per cent in March. In February, it went up five-tenths of 1 per cent. There was no change in January.

The trend is unmistakable. Inflation is here. Averaging in the no-change month of January, we find that consumer prices rose at an annual rate of 3.6 per cent for the first quarter of this year. If there are no more no-change months during 1966, the rise for the year may be considerably greater than that.

It's time the President stopped talking about inflation and did something about it.

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House Republican Policy Committee  
John J. Rhodes, Chairman  
140 Cannon House Office Bldg.  
Phone: 225-6168

Republican Policy Committee Statement on the Homebuilding Industry

July 27, 1966

Homebuilding and homebuying, one of the nation's largest industries, is faced with a major crisis. Due to the inflationary fiscal policies of the Johnson-Humphrey Administration, this major industry could slump by as much as one-third during the second half of 1966. It is tragically significant that the June building permit rate, an indicator of future activity, plummeted to the lowest point since the Census Bureau began keeping records. Private housing starts in June were down 13 percent from June 1965 and applications for FHA-insured mortgages on existing homes were down 34 percent from a year ago.

The homebuilding and homebuying crisis affects millions of Americans—the young couple who is getting married and wants to buy a home of their own, but cannot saddle themselves for 20 to 30 years with swollen payments; the family that wants to sell the house it now has on buy another but is prevented from doing so by the absence of home mortgage money; the builders and workers in the home construction industry, and all of the related industries and services that supply materials and equipment.

Under the Johnson-Humphrey Administration, interest rates are the highest in more than 40 years. As a result, high interest costs have added tremendously to the cost of financing the ever-mounting Federal debt. The rising demand for credit by the Federal government and business has driven funds away from credit-sensitive industries such as homebuilding. And, notwithstanding the fact that personal consumption has leveled off, plant and inventory expansion continues at a record pace as a hedge by industry against the continuing inflationary cost spiral.

The only remedy offered by the Johnson-Humphrey Administration has been support for an ill-conceived effort to place a statutory interest ceiling rate over time deposits in banks and savings and loans. We are opposed to H.R. 1402. This finger-in-the-dike approach will not create new savings or direct additional funds to the homebuilding industry. On the contrary, it could drive personal and corporate savings from banks and savings and loans to government bonds, Federal agency issues, or the stock market thereby further compounding the homebuilding crisis.

We Republicans do more than "sympathize" with the plight of the homebuilders and the homebuyers. We demand that the following "crash" program be undertaken before Congress adjourns:

1. Slash nondefense, nonessential domestic spending. Not just in regard to appropriations as the President has urged, but also with respect to new program authorizations which trigger the appropriations process.

2. Reduce point discounts on FHA and VA home financing through administrative adjustments of rates to more realistic levels. Five and six point discounts ($1,500 on $25,000 home mortgage) are stifling home financing and wiping out personal savings.

(over)
3. Suspend any further issues of Fannie Mae participation sales other than for VA and FHA insured housing mortgages. When the participation sales bill was being debated, we warned that this multi-billion dollar budgetary gimmick would place severe strains on the private credit market and push up interest rates to record levels. Experience with the program has fully confirmed our fears.

4. Enact the Republican-initiated proposal to grant Fannie Mae additional borrowing authority in a prudent and legal manner.

5. Remove FNMA's $15,000 administrative limitation on purchase of mortgages under its secondary market operations.

6. Appoint an emergency Presidential fact-finding committee on the homebuilding crisis to report its findings in sufficient time for Congressional consideration prior to adjournment of the 89th Congress.

Granted these are stern measures. However, the ever-deepening homebuilding crisis demands that immediate and effective steps be taken. The 'do not open until after election' tag must be removed from this problem.
Republican Policy Committee Statement on the Homebuilding Industry

Homebuilding and homebuying, one of the nation's largest industries, is faced with a major crisis. Due to the inflationary fiscal policies of the Johnson-Humphrey Administration, this major industry could slump by as much as one-third during the second half of 1966. It is tragically significant that the June building permit rate, an indicator of future activity, plummeted to the lowest point since the Census Bureau began keeping records. Private housing starts in June were down 15 percent from June 1965 and applications for FHA-insured mortgages on existing homes were down 34 percent from a year ago.

The homebuilding and homebuying crisis affects millions of Americans - the young couple who is getting married and wants to buy a home of their own, but cannot saddle themselves for 20 to 30 years with swollen payments; the family that wants to sell the house it now has or buy another but is prevented from doing so by the absence of home mortgage money; the builders and workers in the home construction industry, and all of the related industries and services that supply materials and equipment.

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The only remedy offered by the Johnson-Humphrey Administration has been support for an ill-conceived effort to place a statutory interest ceiling rate over time deposits in banks and savings and loans. We are opposed to H.R. 14026. This finger-in-the-dike approach will not create new savings nor direct additional funds to the homebuilding industry. On the contrary, it could drive personal and corporate savings from banks and savings and loans to government bonds, Federal agency issues, or the stock market - thereby further compounding the homebuilding crisis.

We Republicans do more than 'sympathize' with the plight of the homebuilders and the homebuyers. We demand that the following 'crash' program be undertaken before Congress adjourns:

1. Slash nondefense, nonessential domestic spending. Not just in regard to appropriations as the President has urged, but also with respect to new program authorizations which trigger the appropriations process.

2. Reduce point discounts on FHA and VA home financing through administrative adjustments of rates to more realistic levels. Five and six point discounts ($1,500 on $25,000 home mortgage) are stifling home financing and wiping out personal savings.
3. Suspend any further issues of FHA participation sales other than for VA and FHA pooled housing mortgages. When the participation sales bill was being debated, we warned that this multi-billion dollar budgetary gimmick would place severe strains on the private credit market and push up interest rates to record levels. Experience with the program has fully confirmed our fears.

4. Enact the Republican-initiated proposal to grant FHA additional borrowing authority in a prudent and legal manner.

5. Remove FHA's $15,000 administrative limitation on purchase of mortgages under its secondary market operations.

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Granted these are stern measures. However, the ever-deepening homebuilding crisis demands that immediate and effective steps be taken. The "do not open until after election" tag must be removed from this problem.
For the Senate:
Everett M. Dirksen of Illinois
Thomas H. Kuchel of California
Bourke B. Hickenlooper of Iowa
Leverett Saltonstall of Massachusetts
Thurston B. Morton of Kentucky

For the House of Representatives:
Gerald R. Ford of Michigan
Leslie C. Arends of Illinois
Malcolm R. Laird of Wisconsin
John J. Rhodes of Arizona
H. Allen Smith of California
Bob Wilson of California
Charles E. Goodell of New York

Issued following a Leadership Meeting

Presiding:
The National Chairman
Ray C. Bliss

July 28, 1966

Statement by Representative Ford

High prices -- higher wages -- higher interest rates -- higher taxes -- all together and they spell inflation, no matter how you look at them from any point in the economy.

No thinking person -- no hard-pressed taxpayer -- can help but be alarmed by the pace of this inflation which, for many months now, has been taking the tax dollars from his pocket far more rapidly than he can earn them.

Republicans in Congress and across the nation are of course taking issue with the Johnson-Humphrey Administration in its refusal to take the necessary action to stop these sky-rocketing costs of living. But ours is a protest in which millions of Americans of all political faiths and on all economic levels are now joining. The chart on display here today illustrates the facts of inflation vividly. This chart reveals, in clear and simple terms, the rate of increase of consumer prices from June of 1957 to this very month of July, 1966.

The increase shown is alarming. The rate of increase indicated is frightening. The refusal of the Johnson-Humphrey Administration to check non-essential Federal spending and to stem this inflation is beyond all understanding.

When the Government's own Bureau of Labor Statistics records the cold, harsh fact that the rate of increase in living costs during the past six months was the highest in the past eight years, the issue is clear for all to see: unless these jet-propelled living costs are checked, the results could spell not just inflation but disaster for every American pocketbook.

(more)
If this gravest of economic problems could not be solved, we would feel hopeless and helpless indeed. But it can be -- and by a means immediately at hand: the reduction of non-essential Federal spending by the Johnson-Humphrey Administration and its Democrat-dominated Congress.

This is the Administration whose leader in a speech in Des Moines, Iowa, on June 30 said:

"When these folks start talking to you about inflation, you tell them that is something you only have to worry about in Democratic administrations".

Seldom has such a public confession been heard.

This is the Johnson-Humphrey Administration whose leader urges everyone else to economize -- the housewife to select cheaper cuts of meat, the workingman to hold to wage "guideposts", the businessman to review his budget, the manufacturer to restrict his spending. Yet this same leader refuses to urge his overwhelming Democratic majority on Capitol Hill to economize in the only way that has any real meaning for every American family.

Republicans in Congress and throughout the nation have for many months now not only seen clearly, but have identified accurately, both the causes of and the cure for these costs of living that threaten all our people. The Johnson-Humphrey Administration has, with its head in the economic sand, been either unwilling or unable to admit these harsh facts of domestic life in America today. We wonder why.

Therefore, our Question-of-the-Week:

Mr. President, why do you brag about inflation?
STATEMENT BY SENATOR DIRKSEN        JULY 28, 1966

The President has been gambling with our economy and, despite the warnings of friend and foe over many months, he has been losing steadily. The stakes of the game have been, and are, the well-being of the American people and the point-of-no-concern has long since been passed.

The Republicans in Congress, together with Republicans and millions of worried Americans across the nation, have been pointing with alarm for more than a year to what was so clearly happening to their pocketbooks and to the nation's economic welfare. The time of reckoning so long foreseen has arrived.

The late H. G. Wells, in another connection, once remarked: "I am not prophesying now; I am simply running along beside the marching facts and pointing at them."

We have been prophesying also, month after month after month. We have been running along beside the marching facts and pointing at them, with increasing concern and alarm. But we have been doing far more than this. Republicans have offered the solution to inflation and have consistently worked to help achieve that solution by cutting back all non-essential Federal expenditures.

We have, first and foremost, demanded that non-essential Federal expenditures be drastically reduced. We have urged that immediate action be taken to reduce foreign aid. At our insistence -- and only with our help -- the prospect of a reduction in foreign aid of over 400 million dollars in this coming year now exists.

We have urged, again and again, that any number of the non-essential, Great Society programs that have been proposed and are being pushed be delayed, if not curtailed, in order that the cost of living for every American might be reduced. In this we have not yet been given a meaningful hearing nor any cooperation by the Johnson-Humphrey Administration.

If non-essential Federal expenditures are substantially reduced -- and the initiation of new programs slowed down or eliminated -- as they clearly can be without the slightest detriment to our people's well-being -- there would be no need for the wage and price controls to
which the President has referred. There would be no need for the higher taxes to which he alludes. There would be no need for the huge inflationary, budget deficit which, as an alternative, he foresees.

The way out of this inflationary jungle is clear. The need for taking it is imperative. Because these things are so, we cannot understand, nor can millions upon millions of our people understand, why the Johnson-Humphrey Administration has lost sight of the common sense forest in its obsession with the Great Society trees.

Therefore, our Question-of-the-Week:

Mr. President, why do you brag about inflation?

(and, we might add, what ARE you going to do about it?)
The persistent advance in retail food prices continues to alarm American homemakers. The figures as established by the U.S. Department of Labor for the sample "market basket" listed on the following pages shows an approximate 18 percent increase in retail food prices during the Johnson Administration.

When Mr. Johnson assumed the Presidency in November 1963, the 25 representative items listed could be purchased, on the average, for $11.13 which, incidentally, was seven cents less than their price in June of 1963. By June of 1966, these same items, according to the Labor Department, sold at retail in a large sampling in cities and towns around the Nation for $12.78.

During the 34 months of John F. Kennedy's Administration, the Labor Department's index for retail prices for food increased by 2.3 points, from 102.8 to 105.1.

Lyndon B. Johnson has been President of the United States for 31 months, during which time the same index has increased from 105.1 to 114.0, a total of 8.9 points.
# Retail Prices of Selected Food Items

November 1963 and June 1966

<table>
<thead>
<tr>
<th>Item</th>
<th>Unit of Measurement</th>
<th>Price in cents November 1963</th>
<th>Price in cents June 1966</th>
<th>Percentage Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cereals and bakery products:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flour, wheat</td>
<td>5 pounds</td>
<td>56.8¢</td>
<td>58.5¢</td>
<td>3.0%</td>
</tr>
<tr>
<td>Corn flakes</td>
<td>12 ounces</td>
<td>28.4¢</td>
<td>29.9¢</td>
<td>5.3%</td>
</tr>
<tr>
<td>Bread, white</td>
<td>1 pound</td>
<td>21.6¢</td>
<td>21.8¢</td>
<td>0.9%</td>
</tr>
<tr>
<td>Meats, poultry, and fish:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beef and veal:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Round steak</td>
<td>1 pound</td>
<td>106.4¢</td>
<td>110.8¢</td>
<td>4.1%</td>
</tr>
<tr>
<td>Sirloin steak</td>
<td>1 pound</td>
<td>108.7¢</td>
<td>117.3¢</td>
<td>7.9%</td>
</tr>
<tr>
<td>Pork:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chops, center cut</td>
<td>1 pound</td>
<td>88.3¢</td>
<td>107.1¢</td>
<td>21.3%</td>
</tr>
<tr>
<td>Loin roast</td>
<td>1 pound</td>
<td>62.0¢</td>
<td>77.0¢</td>
<td>26.2%</td>
</tr>
<tr>
<td>Bacon</td>
<td>1 pound</td>
<td>67.4¢</td>
<td>75.3¢</td>
<td>11.7%</td>
</tr>
<tr>
<td>Poultry:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frying chicken</td>
<td>1 pound</td>
<td>39.7¢</td>
<td>41.9¢</td>
<td>5.5%</td>
</tr>
<tr>
<td>Fish:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuna fish</td>
<td>6½ ounce can</td>
<td>32.6¢</td>
<td>36.3¢</td>
<td>11.3%</td>
</tr>
<tr>
<td>Dairy products:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Milk, fresh (delivered)</td>
<td>½ gallon</td>
<td>52.6¢</td>
<td>54.7¢</td>
<td>4.0%</td>
</tr>
<tr>
<td>Butter</td>
<td>1 pound</td>
<td>75.3¢</td>
<td>79.6¢</td>
<td>5.4%</td>
</tr>
<tr>
<td>Cheese, American process</td>
<td>½ pound</td>
<td>36.7¢</td>
<td>41.7¢</td>
<td>13.6%</td>
</tr>
<tr>
<td>Fruits and vegetables:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fresh fruits:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apples</td>
<td>1 pound</td>
<td>14.0¢</td>
<td>22.7¢</td>
<td>62.1%</td>
</tr>
<tr>
<td>Bananas</td>
<td>1 pound</td>
<td>15.6¢</td>
<td>17.2¢</td>
<td>10.3%</td>
</tr>
<tr>
<td>Item</td>
<td>Unit of Measurement</td>
<td>Price in cents November 1963</td>
<td>Price in cents June 1966</td>
<td>Percentage Increase</td>
</tr>
<tr>
<td>-----------------------</td>
<td>---------------------</td>
<td>------------------------------</td>
<td>--------------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Fresh vegetables:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potatoes</td>
<td>10 pounds</td>
<td>63.1¢</td>
<td>86.6¢</td>
<td>37.2%</td>
</tr>
<tr>
<td>Onions</td>
<td>1 pound</td>
<td>10.8</td>
<td>15.1</td>
<td>39.8</td>
</tr>
<tr>
<td>Carrots</td>
<td>1 pound</td>
<td>15.0</td>
<td>19.0</td>
<td>26.7</td>
</tr>
<tr>
<td>Celery</td>
<td>1 pound</td>
<td>13.4</td>
<td>17.4</td>
<td>29.9</td>
</tr>
<tr>
<td>Cabbage</td>
<td>1 pound</td>
<td>8.5</td>
<td>11.6</td>
<td>36.5</td>
</tr>
<tr>
<td>Tomatoes</td>
<td>1 pound</td>
<td>30.9</td>
<td>34.3</td>
<td>11.0</td>
</tr>
<tr>
<td>Canned vegetables:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peas, green</td>
<td>No. 303 can</td>
<td>22.7</td>
<td>24.0</td>
<td>5.7</td>
</tr>
<tr>
<td>Dried vegetables:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dried beans</td>
<td>1 pound</td>
<td>17.7</td>
<td>20.0</td>
<td>13.0</td>
</tr>
<tr>
<td>Other foods at home:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beverages:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coffee</td>
<td>1 pound</td>
<td>69.8</td>
<td>83.2</td>
<td>19.2</td>
</tr>
<tr>
<td>Cola drink</td>
<td>72 ounces carton</td>
<td>55.1</td>
<td>56.6</td>
<td>2.7</td>
</tr>
<tr>
<td>TOTALS</td>
<td></td>
<td>$11.13</td>
<td>$12.78</td>
<td>18%</td>
</tr>
</tbody>
</table>

*These same 25 items increased by 3.1% in the one month period between May 1966 and June 1966.*

Explanation: November 1963, was used because it was the first month of the Johnson Administration. June 1966, was used because it is the most recent month for which official data is available as of August 1, 1966.

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

The Johnson Administration has failed to deal effectively with inflation. Now Administration officials are conceding that the existing 3.2 per cent wage-price guidelines are dead.

The cost-of-living rose 2 per cent in 1965 and is climbing at a 3 to 4 per cent rate this year. All Americans are victims of higher prices; the poor and those on fixed incomes are hurt the most. The frightening aspect of this situation is that it is certain to become worse.

President Johnson has tried to talk prices into remaining stable. He has failed. The Democrat-controlled Congress has continued to pursue heavy spending policies which have added to inflationary pressures in the economy and have helped to make a mockery of the Administration's wage-price guidelines.

Johnson Administration officials now say they want to make the guidelines more flexible in the light of the steel price increase and the airline machinists' rejection of a 4.3 per cent wage boost.

What they really are saying is that they want to loosen the guidelines to accommodate an inflation which the Administration is unable to stop. They want to continue the pretense that the guidelines are meaningful as a coverup for the Democrats' failure to take timely fiscal and monetary actions to halt inflation.

I have said it before and I say it again. The guidelines are dead.

For Treasury Secretary Fowler to say that "the demise of the guidelines is greatly exaggerated" is for a high government official to whistle in the dark over inflation. For Mr. Fowler to add that he doesn't know "whether there should be any particular figure" set in the guidelines he insists are still alive is to show how really unrealistic he is about the situation.

When Commerce Secretary Connor suggests that the wage-price guideposts might better be applied industry by industry, he is conceding that the wage-price guidelines as we have known them are dead.

The guidelines concept follows the theory that increases in wages and prices are not inflationary as long as they do not exceed the average increase in industrial productivity each year.

To shift the guidelines to an industry-by-industry approach is to discard the present guidelines and to turn to an entirely new concept designed to deceive the public regarding inflationary developments.

# # #
Unless the Johnson Administration acts to check the current rate of inflation, the cost of living for all Americans will rise by more than 4 per cent this year.

The 0.4 per cent increase in the consumer price index for July resumed a trend that prevailed from February through April, when monthly increases in the index hit 0.4 per cent or more.

If President Johnson fails to curb the inflationary spiral during the remaining months of 1966, simple arithmetic points to a total cost of living climb for the year of between 4 and 5 per cent.

The blame for this sharp and continuing rise in the cost of living rests squarely on the Johnson Administration and the big-spending Democrats in Congress who have fueled inflationary fires by following an excessively expansionary course.

The Administration has relied on tight money to restrain the economy instead of a judicious and timely application of both fiscal and monetary curbs. The lopsided Democratic majorities in Congress have continued spending the taxpayer's money as though it comes from a bottomless well.

If Americans are wondering why their real income is dropping, they need look no farther than the White House and the Democratic majorities in the Congress.

Workers at the bottom of the wage ladder are being hurt most by inflation, along with the pensioners and others on fixed income. I applaud the fact that minimum wage increases now being voted by Congress will be given early effect, a move the Administration has opposed. The Administration should not be taking inflation out on the lowest paid workers in this country.

# # #
STATEMENT BY HOUSE MINORITY LEADER GERALD R. FORD, R_MICHIGAN.

Housewives, pensioners, all Americans having trouble making today's inflated dollar stretch to cover their budgets now have gotten the word from the Texas summit.

In a telephoned message Saturday from his ranch to the Western Democratic Conference, President Johnson advised everyone who has "nothing better to do than complain about inflation" to "be join the Republican Party."

We Republicans welcome the President and his inflation gang as recruiters for the GOP. We join with him in inviting all Americans disturbed by the frighteningly steady rise in the cost of living to join the Republican Party. If Mr. Johnson is implying that the current increase in the cost of living—at an annual rate of 4 per cent or better—is calling for the American people to be alarmed about, then I disagree completely. And I am sure the people do, too.

Would Mr. Johnson also advise that all Americans who have nothing better to do than complain about high interest rates go join the Republican Party?

Is that his advice to couples who are being forced to pay 6 1/2, 7 or even as much as 8 per cent interest in order to buy a home?

Is that his advice to patriotic Americans who buy U.S. Savings Bonds paying 4.15 per cent interest and then are disgruntled because big investors receive 5-and-3/4ths per cent interest or more on the Johnson Administration's Participation Sales Certificates?

Is that his advice to former President Harry S. Truman, who has warned that high interest rates could bring on a serious depression?

By failing to apply a combination of timely fiscal and monetary restraint s, the Johnson Administration is taking this nation down the path to recession and perhaps depression. The problem is that the Administration has depended exclusively on the tightening of credit to contain inflation.

When Mr. Truman was in the White House, he never ducked the big decisions. Now he has resorted to buck-passing. Mr. Johnson not only has failed to come to grips with inflation, he has evaded the responsibility for doing so. His White House motto apparently is not "the buck stops here" but "slip, slide and duck."
FOR THE SENATE:
Evan M. Dirksen of Illinois
Thomas H. Kuchel of California
Rourke B. Hickel of Iowa
Leverett Saltonstall of Massachusetts
Thurston B. Morton of Kentucky

FOR THE HOUSE OF REPRESENTATIVES:
Gerald R. Ford of Michigan
Leslie C. Cerf of Illinois
Malcolm B. Lourie of Wisconsin
John J. Rhodes of Arizona
M. Allen Smith of California
Bob Wilson of California
Charles E. Goodell of New York

FOR THE REPUBLICAN LEADERSHIP OF THE CONGRESS

Press Release

Issued following a Leadership Meeting

September 1, 1966

STATEMENT BY REPRESENTATIVE FORD

IMMEDIATE RELEASE

Former President Truman had for several years on his desk a motto which read: "The buck stops here!" In this Johnson Administration, that motto appears to have been changed to: "Slip, slide and duck the buck!"

As the recent airline strike continued, the President passed the buck to the Congress.

As labor increased its demands, the President passed the buck in silence.

As industry raised its prices, the President passed the buck to the consumer.

As the cost of food continued to skyrocket in the market, the President passes the buck to the housewife.

As interest rates reach all-time highs and home mortgage money becomes almost impossible to obtain, the President passes the buck to those millions of our people of modest means, both younger and older, who have hoped for years to have a home of their own.

As too long a mistaken reliance on monetary policy alone fails in the slightest to halt inflation, the President passes the buck to us all. For it is the American people, each and all of us, who continue to suffer increasingly from this buck-passing fever of the Johnson Administration.

Inflation -- a dollar declining in value -- the cost of living in orbit -- call it what you will, in simplest terms it means that the American wage-earner, the American taxpayer, is being cruelly misled and badly hurt.

This Administration appears totally helpless, and even worse, hopeless, in its futile threshing-about for solutions. When our people are given no help -- worse yet, when they are given no hope --

Room S-124 U.S. Capitol—(202) 225-3700
Consultant to the Leadership—John B. Fisher
it's time for a drastic change.

We repeat -- and we shall continue to repeat it until action results -- we repeat that the solution to onrushing inflation is at hand -- a solution instantly available to this Administration and its top-heavy majority in this Democratic Congress. That solution: a drastic cut in non-essential Federal spending. It is these billions of non-essential Federal funds that are being poured into the economy that represent the principal cause of inflation, the principal reason for today's high living costs for every family.

The President has asked housewives to buy cheaper cuts of meat. He has suggested that wage and price guideposts -- which he himself has torpedoed -- be observed. He has requested Government agencies to economize. He has supported none of these things with any vigor at all. There has been no evidence that he means it.

On the contrary he points with peculiar pride to a wartime economy that inevitably produces high employment.

With nearly 3,100,000 men in uniform not now employable in civilian life -- in the face of the known fact that at least those men are needed in the labor force at home to provide for each man in uniform -- we suggest that the President's boasting has a very hollow ring.

We believe that the time has come for the President of the United States to stop passing the buck with the responsibilities that are his -- his responsibilities to labor, to management, to the consumer, to the taxpayer, to all the American people. He can bring about a drastic cut in non-essential Federal expenditures through his huge Democratic majorities in the Congress, if he is willing to do so -- if he has the courage to do so.

Therefore, our Question-of-the-Week:

Mr. President, When Will You Democrats Stop Passing the Buck?
President Johnson tells us that what America needs is "a strong dose of self-discipline". To which we can only reply: "Physician, heal thyself".

To ask self-discipline of labor, to ask self-discipline of management, to ask self-discipline of Congress, to ask self-discipline of the consumer, is pious and pointless -- until the President asks it of his Administration and his heavy Democratic majorities in the Congress. We are, in short, not impressed.

We are not impressed by timid surrender to labor unions. We are not impressed by fearful deference to management. We are not impressed by "guideposts" for wages and prices that are anything but. We are not impressed by his requests for those reductions in appropriations by Congress -- such as school milk and school lunch programs -- that the President knows cannot be made. We are not impressed by the intriguing fiction of Mr. McNamara's new math, which claims a doubtful savings of billions. We are not impressed by anything, in short, but a clear and courageous demonstration on the part of the Johnson-Humphrey Administration that it has the will and the courage to put the brakes on inflation -- to stop the skyrocketing cost of living -- by the powerful means it has readily at hand: the drastic, sweeping reduction of non-essential Federal spending.

We have said before and we repeat, that Republicans in Congress and across the country have for months urged such reductions and have shown clearly where they could be made.

When the Congress was given the Johnson-Humphrey budget for 1967, the Republican Leadership and the Republican membership of the House and Senate Appropriations Committees identified, item by item, those programs where non-essential spending could be cut by hundreds of millions of dollars -- and this without depriving our fighting forces of a single thing they need.

The President and his Democratic majorities in Congress have refused to make such savings, despite repeated and valiant Republican efforts to achieve them. Even now, at this point in the appropriations calendar, it is still possible to effect a savings -- in non-
essential spending -- of hundreds of millions of dollars if the President and his Congressional majorities really want to fight inflation.

These, let me emphasize, represent savings in things that we can do without -- just as the housewife is asked to do without, just as the wage-earner is asked to do without, just as the would-be home owner is asked to do without -- just as American fighting men are being asked to do without the privileges of peace in the frightful jungles of Asia.

We cannot have both guns and butter. We cannot fight a war in Asia and win the war on inflation at home unless this Government of ours, this Administration, is equally willing to do without and to stop its willful, reckless spending of the people's money on non-essential things.

I am in total and enthusiastic agreement with Jerry Ford that the only effective means available to fight inflation, to stem the high cost of living, is to cut non-essential Federal spending drastically and to do it now. The President and his Democratic Congressional majorities have the power so to serve this nation. We cannot help but wonder why they have been unwilling to do so.

Therefore, our Question-of-the-Week?

Mr. President, When Will You Democrats Stop Passing the Buck?
President Johnson's anti-inflation package comes to Congress wrapped up in ribbons that read: "too little and too late."

The President has offered a five-point program, including the administrative actions of a spending cutback and indefinite postponement of the sale of government securities.

These administrative actions are potentially the most effective of all parts of the package. They are Republican proposals which have been urged upon the President for months.

Suspension of the investment tax credit and of accelerated depreciation will have little immediate impact on the frighteningly swift rise in the cost of living. Many major expansions are under way and will continue to move ahead. There will be inequities for companies whose plans are left on the launch pad. Some firms will be forced to drop modernization programs intended to make them more competitive with foreign producers. The real force of this anti-expansionary move will not be perceptibly felt for perhaps six months.

The President's anti-inflation package is late in arriving. It's a case of using a bucket brigade to try to put out a fire that has been allowed to get out of control. Apparently the chief just didn't know what to do about it.

We already have built-in price spirals lurking within the economy, ready to push the cost of living ever upward. I do not believe Mr. Johnson's belated firefighting efforts are going to put out the blaze of higher prices.

If the President actually does move to cut non-defense spending, I will be gratified. He is saying, in effect, "The Republicans have been right all along." He has been talking economy for months. Why hasn't he acted before?

I would also like to ask him why Treasury Secretary Fowler must make a survey to decide what federal securities can be withheld from the money market. It is completely obvious that it is sales participation certificates--the high-interest paper Republicans tried to block--which should go into deep freeze. We have been urging repeal of the high-interest Sales Participation Act ever since it was steamrollered through Mr. Johnson's rubber stamp Congress.

Now the chickens are coming home to roost.
SENATOR DIRKSEN:

Mr. President and Democratic Members of the Congress:

The American people are troubled, confused and terribly uncertain as to the future. Their worry and their uncertainty have their basis in both the actions and the inaction of your Administration, to which they look hopefully for a leadership still sadly lacking.

The most recent of the nation-wide surveys of public opinion confirms this fact, indicating clearly that in six vital areas of domestic concern -- fiscal and monetary policy, civil rights, the war on poverty, the farm problem, the curbing of inflation, and labor-management relations -- less than half of our people have been able to maintain their confidence in you over these many months.

On Thursday last you presented to the Congress and the people a five-point program hopefully designed to cool our nation's growing economic fever and to restore something of the promise a once healthy economy had.

Belatedly acknowledging as "a cruel and unjust tax on all the people" the inflation now raging throughout the country -- inflation created in great part by your actions -- you indicated, first, an intention to cut all Federal expenditures to the fullest extent possible. Inasmuch as this primary and fundamental brake on inflation was recommended to you by Republicans and documented in detail by us nine months ago, why has this announcement of good intent been so long delayed? Specifically how -- specifically where -- and specifically when -- will you order such budget cuts? Will you demand of your Democrat-controlled Congress that it take the action required on the eight appropriation bills still remaining before it? Will you slow down the multi-million dollar Great Society programs already in your hands? Will you, in short, act -- now? Republicans stand ready, as always, to help in such actions.

Room S-124 U.S. Capitol—(202) 225-3700
Consultant to the Leadership—John B. Fisher
Second, you recommended that the seven per cent investment tax credit be made temporarily inoperative. Could this have any possible effect on our inflated economy for at least another six months? Is your proposal a breach of good faith with the industrial, small business and farm communities?

Third, you recommended suspension of the use of accelerated depreciation on structures started or transferred after September 1 of this year. Do you believe this a factor of consequence in limiting construction activity and costs? Upon what basis was this remarkable conclusion reached? Even if valid, how soon could it have any beneficial effect -- if it had any at all?

Fourth, you urged the Federal Reserve Board to lower interest rates and so ease the tight money burden. How odd that your Administration and your Democrats in Congress, allegedly so devoted to low interest rates and loose money should for so long have made high interest rates inevitable by your reckless spending policies and programs!

Fifth, you urged deferment of certain Federal borrowing to alleviate credit pressures. Here again you have at long last but much too late endorsed a clear and firm Republican recommendation of many months ago. As a New York Times editorial put it last Tuesday, September 13: "Even more important, the decision is a sign that the Administration may have finally realized that it cannot really be fiscally responsible so long as it indulges in financial gimmickry."

Why this delay, Mr. President? Why such uncertainty? Why such fear of the future?

This is exactly that uncertainty -- that growing fear -- that is spreading so rapidly among all our people. They are uncertain, they are bewildered as to the future -- the future of the economy, the future of their jobs, the future of the nation, the future of their children in every aspect of their lives.

Therefore, Mr. President and Democratic Members of the Congress, most sincerely and respectfully, our Question of the Week: When will the trust and confidence of the people be restored?
REPRESENTATIVE FORD:

Mr. President and Democratic Members of the Congress:

As these problems multiply at home -- and abroad -- and as the uncertainty among our people grows, we look to the weeks ahead with apprehension and understandably wonder what the future may hold.

As increasing reference is made to a possible adjournment of the Congress by mid-October, Election Day, November 8th, draws closer and we wonder more and more what the immediate period thereafter may bring.

From time to time, for example, you and your Administration and you Democrats in Congress have suggested a tax increase as one of the means available for checking inflation. Mr. President, do you plan to recommend to your Democratic Congress an increase in our already heavy income taxes, after November 8th?

Equally often, spokesmen for this Administration, including yourself, Mr. President, have made reference to wage-and-price controls as an alternative inflation check. Most recently, a Democratic Senate leader urged that authority for standby controls be given you. Do you have in mind the imposition of wage-and-price controls, after November 8th?

In an address to the American Farm Economics Association, a prominent official of your Administration by inference wrote off as uneconomical and needless more than two million of America's small farms and farmers. Is it contemplated that this farm elimination program shall be undertaken by your Democratic Congress, Mr. President, after November 8th?

The rumor persists with each passing day that the anti-poverty program of your Administration, so loudly hailed and so extravagantly administered, is under survey by the Bureau of the Budget, at your order, as the first step toward its dismantlement. Is this, too, something planned for action by your Democratic Congress, Mr. President, after November 8th?

Your Secretary of the Treasury and your Secretary of Commerce, in testifying this week before the House Ways and Means Committee on certain of your proposals identified them as "an essential and
enduring part of our tax structure" Earlier in the year, they said they were opposed to any "tinkering" with these credits for economic purposes. Yet now, apparently under pressure, they blandly endorse such "tinkering". Will this "tinkering" continue, after November 8th?

Our people cannot long endure such uncertainties. They cannot live nor work effectively without trust and confidence. Therefore, Mr. President and Democratic Members of the Congress, most respectfully and sincerely, our Question-of-the-Week: When will the trust and confidence of the people be restored?
FOR THE SENATE:
Everett M. Dirksen of Illinois
Thomas H. Kuchel of California
Bourke B. Hickenlooper of Iowa
Leverett Saltonstall of Massachusetts
Thurston B. Morton of Kentucky

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 of California
Charles E. Goodell of New York

THE REPUBLICAN LEADERSHIP OF THE CONGRESS

Press Release

September 28, 1966

FIVE VITAL ECONOMIC QUESTIONS

Speculation increases daily in both government and public circles that the Johnson-Humphrey Administration is making definite preparations for the imposition of wage-and-price controls in the near future.

Administration officials are reported as seeing "no way to avoid wage-and-price controls" in the months ahead. This Administration appears unwilling or unable to stem the high and rising costs of living by the clear and certain means available to it -- a drastic cut in non-essential Federal spending. As a result, nation-wide alarm at this prospect of wage-and-price controls is increasing daily.

These questions, therefore, appear to be fair and proper:

1. Mr. President, are you now making preparations for wage-and-price controls?
2. Mr. President, despite your earlier reported hesitancy about imposing wide-spread wage-and-price controls, are you planning to impose them piecemeal?
3. Mr. President, is it true that a special wage-policy review board is already contemplated?
4. Mr. President, if wage-and-price controls are imposed, will they be imposed "across the board" or will exceptions and exemptions be specified?
5. Mr. President, do you really believe that wage-and-price controls represent the primary brake on inflation now available?
FOR THE SENATE:

Everett M. Dirksen  
of Illinois

Thomas H. Kuchel  
of California

Bourke B. Hickel  
of Iowa

Leveritt Saltonstall  
of Massachusetts

Thruston B. Morton  
of Kentucky

PRESIDING:

The National Chairman  
Ray C. Bliss

THE REPUBLICAN LEADERSHIP OF THE CONGRESS

Press Release

Issued following a Leadership Meeting  
October 13, 1966

STATEMENT BY SENATOR DIRKSEN:

The President has referred to the Republican Party  
as the party of fear, and, moreover, as having no constructive programs  
to fight inflation, no programs to ease racial tension. He accused  
us of not knowing what to do about crime in the streets or how to end  
the war in Viet Nam.

Is the President bewildered? Was he referring to his Administra- 
tion? His statements actually spell out the most damming self- 
indictment in modern political history!

There is only one thing wrong with these Presidential statements  
about the Republican Party. Like so much else voiced by this Adminis- 
tration, they simply are not true.

We do not admit to being a party of fear. An honest reading of  
history will prove the contrary. But we do admit, as a people, to  
being concerned about this Administration and the many unwise courses  
itis chosen to take.

What lies ahead of us in Viet Nam, under this Administration's  
leadership, we cannot foresee. We are concerned about high and  
rising living costs, in the face of which this Administration has been  
helpless. We are concerned -- indeed, we know -- that we are losing  
our money and our friends abroad. We are concerned -- for it is a fact  
-- that the "War on Poverty" is being lost, with the poor and the  
underprivileged receiving little actual help and with millions of the  
people's dollars being wasted. We are concerned -- for we can prove --  
that the farmer and consumer are, calculatingly, being played ruthless- 
ly against one another. We are concerned -- for the proof is undeni- 
able -- that an echo-chamber Democratic Congress, with its steam- 
roller majorities, will continue, without thought or question, to  

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Consultant to the Leadership—John B. Fisher
carry out the slightest whim and wish of this Administration. We are concerned -- for the signs are frightening -- that we are being led down the road to national bankruptcy. We are concerned that an all-Asian Peace Conference -- a practical first step toward peace in Viet Nam -- has now been summarily rejected as a peace hope. We are concerned -- for we are convinced -- that the American people are not being told the whole truth about their Government and this Administration's plans for them.

Of the charge that the Republican Party has no constructive programs or policies we can only assume that this Administration has from its very first days been blind, deaf and indifferent. To this statement I attach a listing of the specific, positive, constructive recommendations and programs which the Republican Leadership and the Republican Party across the country have presented to the Congress, the Administration and the American people month after month after month. I would remind the leader of the Democratic Party that his Administration has chosen, to our people's detriment, either to ignore or to reject these recommendations, the majority of which would have gone far to correct abuses spawned by the Administration and which would have prevented this onset of confusion and concern.

When the President chooses to speak directly and candidly to the American people, the Republican Leadership and the Republican party will be attentive and responsive but when the President chooses to do otherwise, we are indeed apprehensive and concerned. We hope -- we pray -- that in the weeks to come we will witness Administration deeds calculated to inspire faith, not fear, belief, not doubt, confidence, not concern, hope and not despair.

Therefore, our Question-or-the-Week:

Mr. President: At home and abroad, what now -- what next?
STATEMENT BY REPRESENTATIVE FORD:

On the front page of the New York Times on Tuesday, October 4th, in adjoining columns, there appeared the following news reports. The first was headed: "Soviet Announces New Pact for Aid to Hanoi's Regime. Additional program includes assistance for economy and military needs." The second was headed: "Air Talks Revived by U.S. and Soviet ... Service may be opened next spring."

In the very same week the conflict in Viet Nam became the third largest war America has ever fought. American troop strength in Viet Nam now totals more than 325,000 men, 23,000 more than in the Korean War. The latest U.S. casualty figures report 967 killed and wounded in one week, the highest in any seven-day period so far.

For many months the Russians have supplied -- in ever-increasing volume -- the weapons and ammunition that are killing American boys every day.

As thousands of American boys fight, bleed and die in Viet Nam -- as the Soviet Union -- Communist Russia -- announces an enormous further increase in its economic and military aid to our enemies -- this Administration must stop -- and stop now -- its trafficking with the Russians in ways that can only result in Communist encouragement, growth and enrichment.

And on Friday, October 7th, the President of the United States, in addressing the National Conference of Editorial Writers, proudly proclaimed:

"We have just signed a new United States-Soviet cultural agreement.

"We intend to press for legislative authority to negotiate trade agreements which would extend most-favored-nation tariff treatment to European Communist states.

"We have just concluded an air agreement with the Soviet Union.

"And today I am announcing the following new steps:

"We will reduce export controls on East-West trade with respect to hundreds of non-strategic items.

"I have just today signed a determination that will allow the Export-Import Bank to guarantee commercial credits to four additional Eastern European countries - Poland and Hungary, Bulgaria and Czechoslovakia ... The Export-Import Bank is prepared to finance exports for the Soviet-Italian Fiat auto plant.

"We are negotiating a Civil Air Agreement with the Soviet Union ..."
And with this announcement the President of the United States included the comment: "This is good business and this will help us . . ." If dealing with the enemy -- who are dealing in nothing but death to Americans in Viet Nam -- is good business, then truth and honor have indeed been perverted beyond recall by this Administration.

In 1952, the Eisenhower Administration ended the Korean War and kept the peace without surrender. That Administration's policy: insistence that Communists toe the line in deeds and performance, refusal to accept Communist words and promises.

Until the Communist world convinces us by act, not by word, that it not only seeks peace but will so act as to preserve peace among men, we will not be a party to any deal, any agreement, any arrangement, any treaty with Communists anywhere in the world. Until we -- and our allies -- commit ourselves without qualification to such a policy of strength we can expect only more Koreas, more Viet Nams and an ever-widening spread of Communist subversion, deceit and death-dealing around the globe.

Therefore, Our Question-of-the-Week:

Mr. President: At home and abroad, what now -- what next?
REPUBLICAN PROPOSALS AND PROGRAMS
A Chronology of Constructive Recommendations

Published:

June 1965
United States Foreign Policy in Viet Nam
The Balance of Payments
Equality in America: a Promise Unfulfilled
Viet Nam Policy Statement
Toward a Stronger Federal System
Toward Fair Elections in America
March 7, 1966
(Economic) Opportunity Crusade Act of 1966
March 1966
The Case for Revenue Sharing
Latin America - United States: Progress or Failure?
March 1966
The Human Investment - Job Opportunities
March 1966
The Rising Costs of Living
June 1966
The United Nations
Effective Water Management
The Challenge of the Modern Metropolis
June 1966
Federal, State, and Local Responsibilities for Problems of Education
June 1966
Transportation in Modern America
June 1966
Housing and Urban Development
June 1966
The Alleviation of Poverty
June 1966
Jobs and People - Job Opportunities
June 1966
The Needs of the Aging

(Note: each of the above was published by the Republican Coordinating Committee with the exception of the Economic Opportunity Crusade Act of 1966, which originated with eight Republican members of the House Education and Labor Committee.)
It is no comfort that the emphasis in continually rising consumer costs shifted from food to clothing in September. The only conclusion that can be drawn from the September cost-of-living figures is that more inflation is in prospect.

The Johnson Administration has promised to cut federal spending as a weapon against inflation. But promises are meaningless unless translated into action. I have yet to see any evidence of government spending cuts since President Johnson announced his intentions last month. Meantime the Democrats in the Congress have further inflated the President's budget with increased federal expenditures.

The cost-of-living figures for September indicate a consumer price rise for the entire year of roughly 4 per cent or more. That is twice the increase for 1965 and a shocking blow for all Americans, particularly those on fixed incomes. We are supposedly engaged in a war on poverty. Inflation is truly a war against the poor.