The original documents are located in Box D16, folder "Michigan Congressional Dinner, May 1, 1962" of the Ford Congressional Papers: Press Secretary and Speech File at the Gerald R. Ford Presidential Library.

Speech 1962

~~Press Release~~

Remarks of

Rep. Gerald R. Ford, Jr.

MICHIGAN CONGRESSIONAL DINNER
May 1, 1962

The Treasury Department informs me that it anticipates a federal deficit for the current fiscal year of $7.0 billion. The Joint Committee on Internal Revenue taxation estimates a deficit of $3.8 billion next year if the Kennedy tax proposals as passed by the House do not become law. If this legislation does become law the deficit will be $5 billion.

We are not operating under a balanced budget this year, and we will have another deficit next year. It will be greater by $1 billion if the Kennedy tax proposals are adopted. To me this is prima facie evidence that the Administration's tax and expenditure proposals do not provide a sound basis for a developing economy.

Interest charges next year on the $300 billion national debt will be $9.4 billion. This is $123 a year in taxes for every person over 14 years of age in the labor force. This is the practical application of the theoretical doctrine of deficit financing. In these interest charges, the economic theories of the spenders reach into the pocketbooks of all of us. More taxes to pay more interest retards rather than expands the economy.

The increases in the cost of the federal government in recent years came not from defense spending but rather from non-defense expenditures.

The Korean conflict ended in mid-1953. Using fiscal year 1954 which began July 1, 1953 as a point of reference and taking the President's 1963 budget and projecting expenditures through next year, we find that defense expenditures are up only 12 percent above 1954 while non-defense spending will have increased by 94 percent.

Defense spending for our national security is not responsible for continued deficit financing and the increasing federal debt.

Now to the Administration's tax bill as passed by the House. In spite of all the propaganda build-up which accompanied this bill, I see more harm than benefit in these proposals insofar as the domestic economy is concerned.

The so-called investment credit incentive is nothing more than a short term subsidy for capital investment. If we have the proper environment for business, no incentive is needed. The investment credit lacks the elements of true incentive in that a taxpayer is being subsidized to do something which he will do in any event if business conditions justify his action.

This windfall, on the basis of the most favorable estimates of the Treasury, will cost the Treasury in revenue loss about $1.5 billion the first year.

Other provisions of the Act will supply additional revenue, but the net loss to the Treasury will be $1.1 billion according to the Joint Committee estimates.

The answer to the question presented to me is a simple and direct "No."

The answer could be "yes." Reduce non-essential, non-defense spending. Balance the budget. Cut down the debt. Reduce interest charges. Adopt a responsible fiscal policy for the Government, and I will have no fear for the future expansion and development of our country.