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CUYAHOGA-LAKE DIVISION OHIO REPUBLICAN FINANCE COMMITTEE

BREAKFAST MEETING - PICK-CARTER HOTEL June 3, 1963 CONGRESSMAN GERALD R. FORD'S SPEECH

Thank you very much, Chappie, distinguished guests, Republicans. First I want to express my appreciation for all of you coming down for an early morning breakfast the first day after Memorial Day. I think your presence here is only another example that, I have found quite prominent throughout the country in the last four or five months, where people are concerned politically, and they indicate this apprehension and concern by their attendance at meetings which a few years ago were sparsley populated. I am somewhat fearful that Chappie has "gilded the lily" much too much in my introduction. I could tell you a few stories that would set the record straight and probably make it much more comfortable for you and for me, but time is somewhat limited and so I'll just say that I'm grateful Chappie, but please don't believe it all.

Now in order to make this as fine a meeting as I can, I would like to make a few introductory remarks and leave at least ten minutes at the conclusion will benefit both for a period of questions and answers. I think this is wholesome for you and for come up with me, so if you will be thinking about some questions, I'll be trying to minual some answers; but first let me say that it is always a pleasure to come to Cleveland - Cuyahoga and Lake Counties particularly - because of my good friends in the House of Representatives who come from this area - Frances Bolton, Bill Minshall and Ollie Bolton, who in my judgment are all first-class, highly competent, conscientious members of the House of Representatives, and I hope and trust that as you move down the line in the month's ahead that provide you can expand the representation from these two counties on the Republican side of the aisle. Before we take a look at the future, I would like to make a comment and at of the this time about the recent past as the Republican Party, is contained,

Demochats Sometimes we tend to forget that in 1960 the margin for victory for the opposition was minimal - something like 112,000; actually - that the President 01962 himself got less than 50 per cent of the total vote cast nation-wide. When book at 1962, we did not do as well as we hoped we would. We had hoped to make sizable gains in the House, to at least hold our own in the Senate and to make headway in the area of the Governorships. We did better some substantial a In the big states on the governorships - Ohio, Michigan, Pennsylvania - we did less well in some of the other states where we shouldn't have lost. In the We did poorly in the Senate Senate we did poorly and we did not do as well as we should have in the House. But, when you take the total vote for the various governors, the Senate races and the House races, you find that the Republican candidates got 49 per cent of the On the basis ? total vote and the opposition got 51 per cent. You can't say, based on the narrow you cannot say victory of 1960 and the relatively narrow victory on total vote in 1962, that there is a mandate to the White House for the radical programs now being promoted by this administration. As a matter of fact, these narrow victories should be a restraint on the administration - unfortunately they have interpreted it differently. In the White House, we have this radical element that is promoting this kind of legislation and, despite the fact that in the Senate the ratio is 66 Democrats to the Democrats 34 Republicans and in the House 258 Democrats to 177 Republicans; despite their control of the White House and the legislative branch; I think there is substantial evidence today that Republicanism - a moderate, conservative viewpoint - is gaining headway throughout the country.

In the last six months I traveled in some 21 states, made far too many speeches, but I am convinced without ony doubt that, given leadership, given unity, the Republican cause will do extremely well in 1964. There is some eviespecialle dence that we are making real headway, and this is at the grass roots level. trendisophicus This is fundamental in Baltimore, Maryland; in several municipalities in North

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Carolina; and in a number of municipalities in Connecticut. We did far better than we have done in the last ten years. In the state of Florida this last winter, the Republicans picked up a substantial number of seats in the State Legislature. In Michigan we adopted a new constitution which was strictly a party issue. So as you go around the country, you see visible evidence that the Republican Party and the philosophy it epitomizes are getting more and more popular. This is indicated too in the Various polls, Gallup and others, that indicate that the President's personal popularity is falling off. But let me say this, you don't win unless you have good candidates, unless you have good party organization; unless you articulate the issue; and unless the opposition makes mistakes.

New just let me take one or two of these points, if I might. I think we are going to have the most interesting Republican convention in 1964 that we have both had in a long, long time. As I see it, we are going to have Governor Rockefeller were go and Senator Goldwater going to the convention each with a substantial block of votes, but an insufficient number to prevail at the outset. There be a number of favorite son candidates. You will have your own Governor, I hope, as the favorite son candidate. He should, because, after all, he's done from what I observe, extremely well in your state since taking over in January. We in Michigan will have our Governor, for the same reason, as our favorite son. Bill Scranton from Pennsylvania, Mark Hatfield from Oregon will all go - or in my judgment ought to go - as Il at favorite son candidates. The net result is the convention itself, the delegates which you and others send to the convention, will make the selection, and I hope and trust that we have an open free convention, and If we do we, I think, will pick a good candidate. I might add this formate - I hope to be a delegate to the convention in 1964, and naturally I will support one candidate over others. But let me assure you, without hesitation or qualification, if my candidate or candidates for lose, I will whole heartedly work and vote for the candidate selected at the

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National Convention. It seems to me that we as Republicans should not be so committed to a single personality or to so limited a Republican philosophy or ideal that we would leave the fray in an hour of peril to insure victory for the radicals that now control and run the Democratic Party. I say without hesitation that the Republican Party in 1963, '64 and in the future is the only vehicle by which the kind of philosophy we believe in can achieve success, and I feel that this philosophy is vital not only as a party principle, but as a benefit to the country as a whole.

Let me speak for just a moment about party organization. In Michigan we To the political grena of one state, finally learned that we had to organize as well as the opposition and the principle opposition, the dominating force in the political mona in our state, is called the Democratic Party, but is really the U-W-CIO, and they are masters at party organization. I have never seen a more competent political organization than the one organize they run and we learned that if we were going to win, we had to do as well as the UAW. prganizationally speaking, and that means a twelve-month a year headquarters staffed a Dequarely lines ced lies denaited is meant that properly staffed, adequately financed and more importantic this organization and compaggu had to this financing must be contributed in the off year, as well as in the political i have been actue, in ague electrops, and I have abserved year. It is my observation from being active in eight elections that I get more results from a dollar contributed in the off year than I do from four dollars contributed in an election year, and let me assure you it is always nice to have a good friend and a nice person come in about a week before the election, or maybe the Saturday night before the election and say "Can you use this money?". Sure from the point of new of allieving any results, you can, but it is a depreciated dollar from the point of view of achieving any IP the money bles results and you could have gotten at least four times the dividend from it (if the) money had been contributed in the off election year. So all I can say is that in to be effective a city like Cleveland, if you want to make your organization work, contribute now as well as in '64, because this will give you a staff and an organization that will produce some results.

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discess Now I would like to talk, if I might, about two areas that are of particular interest to me, primarily because I serve on the committee that has jurisdiction also feel, however, that over them, hav it just so happens that I feel these are important issues to the counthat wee try as a whole, and secondarily they have a strong political appeal in the 1964 period. As a member on the Committee of Appropriations, I am on two sub-committees one that has centrel and jurisdiction over all of the money spent for the Army, Navy and Air Force, and the second is the one that has control over funds for the PIRST broad Foreign Aid Program. But let me talk about the fiscal picture. breadly at the outset. Murchy, in my judgment, the Congress has the responsibility to do something about the fiscal situation we face in Washington. Certainly this administration inor: the Executive Brasch & the (ov't) security Branch of the Covernment won't do anything to correct any f the fiscal irresponsibilities that prevail. To get a proper perspective, I think we have to look at the budget the President submitted in January. He called for expenditures 99 billion dollars while next Piscalipear, His budget in the next fiscal year, which begins July 1st of 99 billion dollars. He asked tepresents an increase of 4 1/3 billion dollars more when he requested this much in expenditures for an increase of 4 billion 500 million than the budget dollars more than the current 12 month period and if there is anybody in Governbudget for ment who thinks the current fiscal year is an austere, budget, I would like to hear Pro them stand up and talk about it, but he wants to add 42 billion dellars more to spending over and above the current year. I might add that we talk about a 99 the budget is billion dollar budget but in reality it is a much larger one because this figure does not include trust fund expenditures, the Social Security Program, Railroad Retirement and a number of others, and it also does not include what we call new obligational authority, which is the right of a department to draw on the treasurer, and this figure is about 109 billion dollars. But just let us stick with the ex-President's proposed budget penditures because I think we all understand it a little better. 99 billion dollars Conthe next fiscal year , for revenues are expected to be 87 billion dollars, which R. FORD hullion dollars one Jaking is a billion four more than the current fiscal year, and this even takes into account

War OR some of the proposed tax reductions in fiscal '64. But the net result 😹 a deficit baln B of 12 billion dollars in the next twelve months on top of deficits of 3.8 in fiscal billion '61, 6.3 in fiscal '62, and about 8 billion dollars in the current fiscal year. I can only say, and I can this with some strong conviction, I don't care whether this administration is in four years or eight years, or whether there is another Kennedy administration after it, they will never balance the federal budget - never! They don't plan it that way - they are not concerned about it. This isn't part of the depice is bullion gollars their philosophy - so whether its four, eight, twelve or sixteen, in my judgment, they will never balance the federal budget. They plan the deficit and they happen to think its good for the country. But in the process of this increase in expenditures, I think we tend to lose sight of the fact that there is a substantial increase in federal employment. As a matter of fact, from January 21st, 1961 to the To the tresidents end of the next fiscal year, fiscal 164, there will have been, if all plans go according to the way the President recommended, an increase of over 215,000 in the federal governuest's employeent, from Jan 21, 1961 to tend of the next freed year, fiscal 1964. only have to to out about \$6,500 a year, so you can just multiply and find what the added cost in personnel only in, as the result of this fiscal program of the administration, in one of the questions people inevitably ask - well, you shouldn't be so hard on this administration fiscally - after all they spent a lot of additional money on the Defense Program, and all of this increase can be related to more guns, tanks, air craft, missiles, etc. for the Defense Program. Ladies and Gentlemen, let me set the record straight - in fiscal '64, that is the next fiscal year, the spending. President has asked for 43 billion dollars for non-defense program. This is 2 billion dollars more than the current fiscal year. It is 9.3 billion dollars more per cent 0127 Spending than that spent for non-defense in fiscal '61, a 27 per cent increase, and it is or III per cent 22 billion dollars more than was spent in 1954 for non-defense programs, a 111 per cent increase in a ten year span. Now we could put it another way - defense spending

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If you go back to fiscal '54 and compare the President's recommendations for fiscal increased '64, a ten year span, you will find that defense spending has gene up only 12 per has mureased III percent cent, compared to 111 per cont increase in non-defense spending in the same span of compare. time. Or we can put it another way, If you tesk the last Eisenhower budget which was submitted in January of 1961 for fiscal '62 and compare it with the Kennedy fiscal '64 budget, you will find there is a 27 billion dollar increase in what we call obligation authority. Its a line of credit for the various agencies to draw on the treasury for expenditures. There is a 27 billion dollar differential. Only the 27 billion dollar Moneade 10 billion dollars of that is related to increases for the Army, Navy and Air Force -= represents 17 billion dollars of it is related to non-defense spending A an increase in all the civilian agencies of the Government. So it is not accurate - it is untrue to say that this administration has increased spending primarily for the purpose of build-As a matter of Ract, the emphasis ing up our military strength. The emphasis as a matter of fact has been the other 600 1 m-defense spending, why. One of the best examples is just in agriculture. In 1961 the Department of 5/2 billion dollars Agriculture had 5 billion of for the various activities. Secretary Freeman is asking for appropriations (in the next fiscal year of 8 billion 4 a 2 billion 9 hundred million dollar increase in three years. I have made the comment, and I think it is accurate that Secretary Freeman is the most expensive commodity every produced by the Department of Agriculture. And you know he found out just about ton days ago that the farmers of America have a lot more intelligence and a lot more desire for In my judgement, freedom than he ever thought. It was one of the great victories this country, - an independent in my independent victory for people who want to preserve the kind of society that made us what we are today. People have said the farmers voted for freedom Apather than Freeman, and I think that is true. Wonder, since I Now you ought to ask, you have talked a lot about whats wrong with the are al budget, what anothe Republicans doing about it I would like to make these Gudger rather quick comments. We became concerned when the document came to our desk in

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mid-January, and the members of the Republican Party in the Committee on Appropriations decided we ought to do something about it. We set up a task force under Frank Bow, one of your fine Republican Congressmen from the State of Ohio, a member of the Committee. We called upon industry, we called upon technicians to come down and give us some help. We Maury Stans who was the Budget Director under Eisenhower the last two or three years of his term of office, and he got some of the technical pupers who had helped him, and they sat down with those of us on the Bow Sub-committee and we came up with some objective targets. Now these targets gere are only I admit are probably a little too much for us to achieve. After all we only have 177 members out of 435 in the House, and our friends from below the Mason-Dixon Line are not doing as well by us as they used to. But anyhow we said we ought to cut between 10 and 15 billion dollars and we pinpointed these areas of reduction. How concession the will we do it? Well, we had four appropriation bills since January / Department of Post Office and Treasury and the Department of Interior, the supplemental and the appropriation bill for HEW - Health, Education and Welfare, and Labor so far we have reduced these Regets by about 8 per cent, and reduced about 760 million dellars below the President's request. In addition, the pressure from the Bow and by Committee, with Maury Stans and others, helping, has gotten the President himself to withdraw about one-half a billion dollars in requested obligation authority, or spending authority. In addition we have slowed down, and I think we can defeat, These most of the new programs or projects that the President has requested that must first be authorized by law, and this would total one billion six with Right Weare now in the process of trying to mark up the appropriation bill for the Department of Defense. The President has asked for about 50 billion dollars. I think that we can reduce that appropriation bill without having any impact on our military OR preparedness, our National security by a billion and one-half dollars. I am confident we can do that. I am certain that the Congress will reduce the President's

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level requested by the Foreign Aid Request by another billion dollars below the Clay Committee level, and space I think the Congress will face up to the program, in the Space Area, and I suspect that we will make at least one-half billion dollar reduction in that program. Now Rese reductions reach good we talked about, but it will have this impact -Sauce 2 it ought to accumulate in the around about 5 to 6 billion dollars and, if so, it will permit us the ceasonably hold the line on overall expenditures to the level of fiscal 1963 - that is this year - and if we do that, then I think we can say with some honesty, with some legitimacy that we can take a look at a bona fide tax reduction program; but if we don't do something about expenditures, I don't think that we can, in good conscience, consider making in good conscience we can take a look at making the kind of revisions and reduc-

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tions that are needed in the overall tax picture.

Now let me talk about taxes for just a moment. I think there is agreement that tax between Democrats and Republicans in three areas - and, rates are too high, that , the tax Structure, there are inequities and that action is needed to reduce taxes in order to accelerate our Nation's growth and to insure prosperity. There is general agreement in these areas. However, after that there are definite differences. The President's program, as you know is primarily aimed at reducing middle income and lower income rates. The President has tied together the reform proposals and the rate taxes, at reduction revisions. The President on the one hand wants to reduce the but on same time the other hand, he turns around and accelerates payments by corporate organiza-As I understand this program, tions to the Treasury Department. so the net result for the first two or three years, as I understand this program, is that no business organization would have more funds on hand, and might conceivably have less on hand, and for course, the President's purof the President's DOGRAM pose in his total fiscal plan is not only to reduce rates and taxes, but to acceldefinitely erate spending. Nothe Republicans, on the other hand, definitely feel we ought to YAY divorce rate reduction from reform. Rate reduction is needed - tire is somewhat of an essence, and if you tie it with reform you slow down the process. On the

other hand the Republicans in that, if you are going to have a tax reduction, in all honesty you ought to do something about expenditures. And I was delighted to read the other day that some industrial group under Henry Ford one out and strongly and the was practical as well as desirable to reduce expenditures if we were to get the kind of rate reduction that was essential. Let me summarize this append this way - the more we are able to reduce expenditures, the more likely we are to get tax reduction. I plead with you to support people who are seeking to reduce expenditures so that we can get a long-needed and greatly desired reduction in our tax structure.

One or two quick comments about National Security. I indicated I have been year -I have been ten years this is my 11th year - on the Appropriations Committee that has juris-The Republicans position, our total theory whether the diction over the Army, Navy and Air Force funds. Our need under Eisenhower or under Kennedy, is that we have the kind of a program that we will and wel have to preserve peace by strength - secondly to win any conflict if we should be so engaged. Now under former President Eisenhower a very drastic change in our e)hich defense policy took place. Prior to World War I, brior to World War II, we had which a feast and famine program, a peak and valley program would built up the Army, Navy, Air Force in wartime and then starver them to death in peacetime, and this kind of a program invited aggression, it was costly in dollars and was costly in lives, and so, starting after the Korean War, President Eisenhower set a relatively high level of appropriations, expenditures, manpower, weapon procurement, etc. This is good policy. This administration, with some minor revisions, has carried it out. Now, what in the sequiperients lok a successful military program? First yes have to have the strength to prevail, and believe me, whether this under this administration or under a previous administration, we have that strength. I have no doubtS what soever about OUR about our total complete capability to prevail in any conflict with the Soviet Union. Second your enemy has to know that we have that strength. He has to be cognizant ford

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of our ability to do what we say we can do - in this case to annihilate the Soviet Union, even if we suffered the first strike. I think Mr. Krushchev knows this. Thirda, and this is the crux of the program, the enemy must know we will use that strength under certain circumstances. We have a few examples in recent years that indicate this is just as important as the first two. In 1958, Mr. Eisenhower sent this action troops to Lebanon - is settled the Middle East, despite the efforts being made by the Soviet Union. In 1958, Ike sent the 7th Fleet to Quemoy and Matsu, and we told Red China - you are not going to move into Formosa - period. This I think was rather convincing to the opposition. In October of this year, President Kennedy took the kind of action which convinced the Soviet Union we meant business. In my opinion this administration has not done enough of this. The only time they have done it is in Cuba. Unfortunately, I think they are indecisive, they are vacilating in other areas. They should have learned from the Cuban illustration that the way to prevail is through a show of strength, a convincing attitude toward the enemy and, whiless we have additional such shows of strength in the months ahead, we could continue some of the reverses that we have suffered in recent months. It is not because we lack the strength - it is not because the enemy doesn't believe we have the strength - the enemy just doesn't think we are willing to use it to preserve what we all hold to be true and dear.

May I say it is a pleasure to be here - I am very grateful for your attention - I would be delighted to answer any questions. Thank you very much.

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