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LADIES AND GENTLEMEN. THE TASK YOU HAVE GIVEN ME IS TO LOOK AT THE REPUBLICAN PARTY AND INTO MY CRYSTAL BALL AND GIVE YOU A READING ON REPUBLICAN PROSPECTS FOR 1968.

I START FROM WHAT I CONSIDER TO BE AN UNDEBATABLE PREMISE--REPUBLICANS WANT TO WIN IN 1968. LET US GO ON FROM THERE.

A CALIFORNIA WOMAN WHO EDITS A REPUBLICAN NEWSLETTER RECENTLY WROTE TO ME, SAYING SHE WANTED ME TO COMPLETE IN AS FEW WORDS AS POSSIBLE A SENTENCE THAT BEGAN, "THE MISSION OF THE MINORITY PARTY IS..."

I PROMPTLY WROTE BACK: "THE MISSION OF THE MINORITY PARTY IS TO BECOME THE MAJORITY."

NOW HOW DO WE IN THE MINORITY HOPE TO DO THAT?
I think we are on our way. We are on the move. I believe there is a good chance a Republican will be elected President of the United States in 1968 and that the Republican Party will take control of the House of Representatives and make substantial gains in the Senate.

Why do I believe this? I believe it because of widespread voter dissatisfaction with the present administration as reflected in the outcome of the 1966 elections. That dissatisfaction is continuing and growing. I also believe it because the Republican Party has become a party of ideas, a party of young people, a party with strong new leadership, a problem-solving party, a party of the future.

Let me emphasize at the outset that no incumbent President is easy to beat. History proved that.

Republicans will have to pick "the right man" as their...
CANDIDATE IN '68, THE PARTY WILL HAVE TO UNITE BEHIND HIM. THE CANDIDATE WILL HAVE TO WAGE A SKILLFUL, WELL-ORGANIZED CAMPAIGN AND KEEP MISTAKES AT A MINIMUM. HE WILL HAVE TO OFFER AN APPEALING DOMESTIC PROGRAM AND A VIABLE POSITION ON VIETNAM. AND, ASSUMING THAT GEORGE WALLACE IS A THIRD-PARTY CANDIDATE--AND I BELIEVE HE WILL BE-- THE REPUBLICAN CANDIDATE WILL HAVE TO OVERCOME CERTAIN VOTER DEFECTIONS TO THE WALLACE CAMP. ON THE OTHER SIDE OF THE COIN—MY DEMOCRAT FRIENDS WILL HAVE SOME PROBLEMS WITH SPLENDIT PARTY CANDIDATES—WALLACE OR OTHERS.

HAVING SKETCHED THIS "TALL ORDER." I STILL FEEL ENCOURAGED. I FEEL ENCOURAGED BECAUSE THERE IS A NEW SPIRIT PULSING THROUGH THE REPUBLICAN PARTY. THERE IS NEW YOUNG BLOOD IN THE REPUBLICAN PARTY AND IT IS RUSHING TO THE SURFACE MUCH FASTER THAN MANY HAD EXPECTED. AND THE REPUBLICAN PARTY HAS BEEN BUILDING--IN TERMS OF ORGANIZATION, PROGRAM AND IDEAS. MUCH OF THIS NEW SPIRIT, THIS NEW EXCITEMENT, IS EVIDENT...
IN THE CONGRESS AND, MORE SPECIFICALLY, IN THE HOUSE OF REPRESENTATIVES.

IN THE HOUSE AND IN THE SENATE, REPUBLICANS HAVE SET IN MOTION A SWIFT FLOW OF PROPOSALS. THIS ACTIVITY STANDS IN SHARP CONTRAST TO THE INACTION AND INERTIA OF THE MAJORITY PARTY. WE WOULD LIMIT THE FEDERAL ROLE AND EXPAND THAT OF THE PRIVATE SECTOR AND THE STATE AND LOCAL GOVERNMENTS IN A FRESH ASSAULT ON PROBLEMS THAT HAVE DEFIED ATTACKS BY GOVERNMENT ALONE.

ROUGHLY HALF OF ALL AMERICANS TODAY ARE UNDER 25 YEARS OF AGE. WE ARE WITNESSING WHAT MIGHT BE CALLED A "YOUTHQUAKE." MOST YOUNG AMERICANS DO NOT FEEL A STRONG ALLEGIANCE TO ANY POLITICAL PARTY. THEY ARE INTERESTED IN PROBLEM-SOLVING AND IN PROGRAMS THAT ACTUALLY WORK.

I THINK THE NEW REPUBLICAN PARTY HAS MUCH TO OFFER YOUNG
AMERICANS TODAY. THE REPUBLICAN PARTY IS WHERE THE ACTION IS.
ITS IDEAS ARE NOT ROOTED IN THE BIG DEPRESSION--A TIME THAT
IS ALIEN TO THE THOUGHTS AND FEELINGS OF TODAY'S YOUTH.
UNLIKE THE PRESENT MAJORITY PARTY, THE REPUBLICAN PARTY IS
EAGERLY LOOKING FOR NEW IDEAS AND NEW SOLUTIONS. WE ARE PRO-
POSING SENSIBLE SOLUTIONS FOR THE SEVENTIES. WE DO NOT RELY
ON THE TIRED THEORIES OF THE THIRTIES. THE OTHER PARTY SEEMS
BOUND BY THEM.

THE 1968 REPUBLICAN CANDIDATE WILL NEED ISSUES. HE WILL
FIND THEM NOT ONLY IN THE OTHER PARTY'S BLUNDEIVERS AND DIVISIVE-
NESS BUT IN THE BANK OF NEW IDEAS NOW BEING BUILT UP BY
REPUBLICAN ACTIVISTS IN THE CONGRESS.

YOU HAVE READ OF MANY OF THESE IDEAS--SHARING OF FEDERAL
TAX REVENUE WITH THE CITIES AND STATES TO CUT RED TAPE AND
PROMOTE A LARGER LOCAL ROLE IN PROBLEM-SOLVING, ESTABLISHMENT
THROUGH THE PERCY-WIDNALL BILL OF A NATIONAL HOME OWNERSHIP FOUNDATION WHICH WOULD RAISE MORTGAGE FUNDS AND HELP SLUM DWELLERS BECOME PROUD HOME OWNERS, AN ATTACK ON HARD-CORE UNEMPLOYMENT AND POVERTY THROUGH TAX CREDITS ENCOURAGING INDUSTRY TO TRAIN THE UNSKILLED AND MAKE THEM PRODUCTIVE CITIZENS, A MOVEMENT TO RAISE A MAJORITY OF AMERICANS TO THE COLLEGE LEVEL THROUGH TAX CREDITS FOR A PORTION OF COLLEGE EXPENSES, AN OPPORTUNITY CRUSADE ENLISTING PRIVATE ENTERPRISE IN A REVAMPED WAR ON POVERTY.

THIS IS NOT RHETORIC. THIS IS A PROGRAM. REPUBLICANS IN CONGRESS ARE MAKING A RECORD FOR THEIR PRESIDENTIAL CANDIDATE OF 1968 TO RUN ON.

HOUSE REPUBLICANS ALSO ARE MAKING A RECORD FOR REPUBLICAN CONGRESSIONAL CANDIDATES TO RUN ON. WE NEED 31 MORE SEATS TO TAKE OVER THE HOUSE--AND I THINK THERE S A GOOD CHANCE WE'LL MAKE IT. WE HAVE A GOOD CHANCE FOR MANY REASONS. ONE OF
These is what might be called my Southern strategy—To put it another way—the determination, or intention, of what was called for so many years the Republican National Democratic coalition. The strategy is to drive Southern Democrats in the House into the arms of the Administration—where they belong—on votes that will hurt them in their home congressional districts.

This strategy runs exactly counter to the old pattern of a Southern Democrat-Republican coalition that often prevailed over Administration forces in the House in years past. But I think it is far better to lose a few legislative battles and win the next election. Besides, in following my Southern strategy we Republicans in the House are staking out positions in which we believe...responsible, constructive positions.

There will be times when Republicans will win in the 90th Congress. We won't win as many legislative fights as we could if we resorted to the old coalition tactics, but it's the big...
PRIZE THAT COUNTS AND THAT'S WHAT WE'RE AFTER.

THE BIG PRIZE--CONTROL OF AT LEAST ONE HOUSE OF CONGRESS AND CONTROL OF THE WHITE HOUSE. WE WANT THAT PRIZE NOT BECAUSE WE RELISH POWER FOR THE SAKE OF POWER BUT BECAUSE WE SINCERELY BELIEVE THAT OUR COURSE, OUR PROGRAM, IS A BETTER WAY THAN LBJ.

IT IS ONLY SOME 14 MONTHS BEFORE THE TWO MAJOR POLITICAL PARTIES MEET IN CONVENTION TO NAME THEIR PRESIDENTIAL CANDIDATES. ALREADY THE ISSUES OF THE 1968 CAMPAIGN ARE TAKING SHAPE. IT WILL BE AN HISTORIC CAMPAIGN--A CAMPAIGN THAT WILL SHAPE THE DESTINY OF AMERICA FAR INTO THE FUTURE.

IN ALL RECENT-YEAR NATIONAL ELECTIONS THERE HAVE BEEN TWO MAJOR ISSUES--PEACE AND PROSPERITY.

NEXT YEAR WE MAY FIND OURSELVES WITH STILL ANOTHER ISSUE--ONE OF GREAT IMPORTANCE IN THE 1966 ELECTIONS. THAT ISSUE, TO PUT IT SIMPLY, IS THE CREDIBILITY GAP. IT
HAS BEEN VARIOUSLY DEFINED AS A CRISIS OF CONFIDENCE--THE PEOPLE'S LACK OF TRUST IN THE PRESENT ADMINISTRATION--AND THE GULF THAT SEPARATES THINKING PEOPLE FROM THE ADMINISTRATION. AFTER BEING MISLED ON MANY OCCASIONS BY TOP ADMINISTRATION OFFICIALS, THE ATTITUDE OF MILLIONS OF AMERICANS TOWARD THEIR FEDERAL GOVERNMENT HAS BECOME, "WHO AND WHAT CAN WE BELIEVE?"

REPUBLICANS DIDN'T CREATE THE CREDIBILITY GAP. NEITHER DID THE NEWSMEN WHO ARE SO OFTEN CRITICIZED BY THE PRESIDENT AND SOME OF HIS CABINET HEADS. IT WAS THE ADMINISTRATION ITSELF WHICH DUG THE CREDIBILITY GAP AND HAS PROCEEDED TO MAKE IT DEEPER AND WIDER IN A VARIETY OF WAYS.

VIETNAM GAVE RISE TO THE CREDIBILITY GAP. IT HAD ITS BEGINNING WHEN TOP ADMINISTRATION SPOKESMEN REPEATEDLY UNDERESTIMATED THE GRAVITY, SCOPE AND DURATION OF WHAT HAS BECOME THE THIRD LARGEST FOREIGN WAR IN AMERICAN HISTORY. SOME ALLEGES IT BEGAN WITH THE PRESIDENT'S POLITICAL VENTURE AND PROMISES MADE IN THE 1960 CAMPAIGN.
THE ADMINISTRATION'S CONDUCT OF THE WAR ALSO HAS PRODUCED IN THE AMERICAN PEOPLE A DEEP SENSE OF FRUSTRATION, A CRISIS OF CONFIDENCE AT A TIME OF INTERNATIONAL CRISIS FOR THE NATION.

ON AT LEAST THREE OCCASIONS THE ADMINISTRATION AROUSED HOPES FOR PEACE IN THE AMERICAN PEOPLE AND LEFT THEM FEELING "LET DOWN." THOSE OCCASIONS WERE THE BOMBING PAUSE IN EARLY 1966, THE HONOLULU CONFERENCE IN FEBRUARY, 1966, AND PRESIDENT JOHNSON'S TRIP TO MANILA, AUSTRALIA AND VIETNAM LAST FALL JUST BEFORE THE ELECTION.

ALL OF THIS RELATES TO THE CREDIBILITY GAP. THAT IS WHY THE POLLS SHOW A SEEMING CONTRADICTION. A MAJORITY OF THE AMERICAN PEOPLE APPROVE OF OUR BASIC POLICY IN VIETNAM--THEY WANT TO THwart COMMUNIST AGRESSION IN SOUTHEAST ASIA--BUT THEY DISAPPROVE OF MR. JOHNSON'S HANDLING OF THE VIETNAM SITUATION.
A CLUE TO MR. JOHNSON'S VIETNAM TROUBLES MAY LIE IN HIS POLICY OF GRADUALISM, HIS POLICY OF MILITARILY UNSOUND RESTRAINT IN FIGHTING THE WAR.

IT SEEMS CLEAR TO ME THAT THIS POLICY HAS BEEN A FAILURE WHEN YOU LOOK AT THE TOTAL PICTURE. AND THE ADMINISTRATION IS ADMITTING THE FAILURE OF ITS POLICY OF GRADUALISM BY DOING NOW WHAT IT REFUSED TO DO A YEAR AGO.

OUR COMMANDER-IN-CHIEF NOW IS ORDERING OUR AIRMEN TO BOMB TARGETS IN NORTH VIETNAM THAT HAVE BEEN STRICTLY OFF-LIMITS. IF IT IS RIGHT TO HIT THOSE TARGETS NOW, WHY WASN'T IT SMARTER TO STRIKE THEM BEFORE? AGAIN, THE CREDIBILITY GAP.

OUR AIRMEN ARE GOING THROUGH MURDEROUS ANTI-AIRCRAFT FIRE TO HIT TARGETS THEY COULD HAVE KNOCKED OUT WITH EASE IN EARLY 1966, AND THE RESPONSIBILITY RESTS SOLELY ON THE ADMINISTRATION.
When the North Vietnamese surface-to-air missile sites were being built, they were declared off-limits to our flyers. When the Russian-built MIGs first appeared in Vietnam, we allowed them sanctuary on the ground.

Now our pilots must fly in low over North Vietnamese targets to escape the missiles and thus are subject to terrible fire from radar-controlled anti-aircraft guns and even small arms. Our air losses are appallingly high, and the enemy seems entrenched.

I submit—with all due respect to those in higher authority—that we should have been doing 12 months ago what we are doing now. If we had, we would be 12 months closer to the bargaining table. The problem of prevailing in Vietnam has been made infinitely greater by the delay.

To those who say this is nothing but Monday morning...
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QUARTERBACKING—AND I DON'T HAVE ANY USE FOR MONDAY MORNING QUARTERBACKS—I WOULD POINT OUT THAT I REPEATEDLY URGED WE DESTROY THE SAM SITES AT THE TIME THEY WERE BEING CONSTRUCTED.

I MADE THOSE REMARKS ON THE FLOOR OF THE HOUSE. THEY ARE IN THE CONGRESSIONAL RECORD.

NOW WE SEE STATEMENTS BY SOUTH VIETNAMESE OFFICIALS, AS REPORTED IN THE CHRISTIAN SCIENCE MONITOR, THAT THE PACIFICATION PROGRAM IS ON THE POINT OF COLLAPSE. WE ARE ABOUT TO loose another

IF THERE IS SUBSTANCE TO THESE STATEMENTS, THEN THE SITUATION IN VIETNAM IS EXCEEDINGLY GRAVE. FOR WE WILL NEVER SUCCEED IN OUR MISSION IN VIETNAM—TO ESTABLISH A VIABLE POPULAR GOVERNMENT THERE—UNLESS WE WIN THE MINDS AND THE HEARTS OF THE SOUTH VIETNAMESE PEASANT. THE REPUBLICAN PARTY WILL NOT MAKE THE VIETNAM WAR AN ISSUE IN 1968. BUT IT WILL BE AN ISSUE, OF COURSE.
IT WILL BE AN ISSUE IN THE SENSE THAT THE AMERICAN PEOPLE MAY WELL ASK THEMSELVES WHETHER THE REPUBLICAN CANDIDATE CANNOT SOMEHOW BREAK THE DEADLOCK AND END THE WAR ON AN HONORABLE BASIS.

I CANNOT LEAVE THE VIETNAM QUESTION WITHOUT COMMENTING THAT IT IS A COMPLETE MYTH THAT PRESIDENT EISENHOWER SOMEHOW, SOMEWHERE, COMMITTED THE PRESENT ADMINISTRATION TO A LAND WAR IN SOUTH VIETNAM. AS I MENTIONED EARLIER, PROSPERITY ALONG WITH PEACE HAS BEEN A KEY ISSUE IN RECENT-YEAR NATIONAL ELECTIONS. LET'S LOOK AT THE PROSPERITY ISSUE.

THERE IS NO QUESTION THAT THE MASSIVE TAX CUTS OF 1964 AND 1965 TOUCHED OFF A BOOM. THAT WAS A GOOD ACTION, SUPPORTED BY BOTH PARTIES. BUT THERE IS ALSO NO QUESTION IN MIND THAT THE JOHNSON ADMINISTRATION DOOMED THE BOOM BY FAILING TO SLOW...

THE SITUATION CALLED FOR DEEP CUTS IN DOMESTIC SPENDING, POSSIBLY COUPLED WITH AN INCOME TAX INCREASE. THE ADMINISTRATION REFUSED TO INITIATE EITHER COURSE AND, IN FACT, CONTINUED TO OVERSTIMULATE THE ECONOMY. AT THE SAME TIME, THE FEDERAL RESERVE BOARD LAUNCHED ITS OWN FIGHT AGAINST INFLATION AND SUCCEEDED IN PUSHING UP INTEREST RATES TO THE HIGHEST LEVEL IN 40 YEARS.

THE COST OF LIVING ROSE SHARPLY, HURTING ALL AMERICANS BUT ESPECIALLY THE AGED AND OTHERS ON FIXED INCOMES. WE SAW THE GREATEST PRICE ADVANCE FOR ANY 12-MONTH PERIOD EXCEPT AT THE OUTSET OF THE KOREAN WAR.

3.3 per cent increase in the consumer price index for 1966 has laid the foundation for big wage increases in 1967 as workers in all industries strive to catch up. This in turn threatens a new inflationary spiral—as increased production costs put new pressure behind existing price levels.

Today, there is sag and drag in the economy. The administration has sought to stimulate business investment in new plant and equipment by asking Congress to restore the 7 per cent tax credit for such investment. The House passed the investment tax credit legislation nearly two months ago, but it has been bogged down in the Senate. Ironically, the President urged swift passage of the investment tax credit bill and stressed the need for quick action. Yet he sent his White House lieutenants to Capitol Hill to fight for the election campaign tax checkoff amendment which has fouled up the tax credit bill.
IN THE SENATE. THIS ADDED TO THE DELAY.

WHILE OSTE NSIBLY SEEKING TO STIMULATE THE ECONOMY WITH THE TAX CREDIT LEGISLATION, THE PRESIDENT STILL INSISTS THE COUNTRY NEEDS AN INCOME TAX INCREASE--THE 6 PER CENT SURTAX. THE PROPOSED TAX INCREASE DOESN'T MAKE ANY MORE SENSE NOW THAN IT DID IN JANUARY WHEN THE PRESIDENT ADVANCED IT.

THIS ADMINISTRATION MISMANAGED THE AMERICAN ECONOMY IN 1966. NOW IT WOULD ADD TO THE DAMAGE WROUGHT BY INFLATION BY LOADING AN INCOME TAX INCREASE ON THE WORKER AND ON AN ECONOMY THROWN INTO IMBALANCE BY ITS UNWISE POLICIES.

OF CATEGORICAL FEDERAL GRANT-IN-AID PROGRAMS IS BECOMING INCREASINGLY OBVIOUS.

I FIRMLY BELIEVE THE AMERICAN PEOPLE--WITH TRADITIONAL MIDDLE-OF-THE-ROAD WISDOM--ARE LOOKING FOR A CHANGE OF DIRECTION IN THEIR FEDERAL GOVERNMENT AND NEW LEADERSHIP.

I BELIEVE THE REPUBLICAN PARTY OFFERS THEM THIS NEW DIRECTION--FEDERAL TAX-SHARING WITH THE CITIES AND STATES. THE ENLISTING OF PRIVATE ENTERPRISE IN TRULY EFFECTIVE ATTACKS ON THE EVILS OF POVERTY, SLUMMISM, GHETTOISM, AIR AND WATER POLLUTION, THE PROPERLY-TIMED USE OF FEDERAL FISCAL AND MONETARY POLICY TO GIVE THE NATION A SOUNDLY GROWING ECONOMY WITH RELATIVE PRICE STABILITY AND A TAX STRUCTURE THAT STIMULATES RATHER THAN DISCOURAGES PRIVATE INITIATIVE.

I SEE THE AMERICAN PEOPLE SEEKING THIS NEW DIRECTION IN A REBIRTH OF THE SPIRIT THAT BROUGHT THIS NATION TO GREATNESS.
THE REPUBLICAN PARTY STANDS READY TO SERVE THEN. THANK YOU.

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with the imagination, the will, the unity of the candidates.
Ladies and Gentlemen, the task you have given me is to look at the Republican Party and into my crystal ball and to give you a reading on Republican prospects for 1968.

I start from what I consider to be an undebatable premise--Republicans want to win in 1968. Let us go on from there.

A California woman who edits a Republican newsletter recently wrote to me, saying she wanted me to complete in as few words as possible a sentence that began, "The mission of the minority party is..."

I promptly wrote back: "The mission of the minority party is to become the majority."

Now, how do we in the minority hope to do that?

I think we are on our way. We are on the move. I believe there is a good chance a Republican will be elected President of the United States in 1968 and that the Republican Party will take control of the House of Representatives and make substantial gains in the Senate.

Why do I believe this? I believe it because of widespread voter dissatisfaction with the present Administration as reflected in the outcome of the 1966 elections. That dissatisfaction is continuing and growing. I also believe it because the Republican Party has become a party of ideas, a party of young people, a party with strong new leadership, a problem-solving party, a party of the future.

Let me emphasize at the outset that no incumbent President is easy to beat. History proved that.

Republicans will have to pick "the right man" as their candidate in '68. The Party will have to unite behind him. The candidate will have to wage a skillful, well-organized campaign and keep mistakes at a minimum. He will have to offer an appealing domestic program and a viable position on Vietnam. And, assuming that George Wallace is a third-party candidate--and I believe he will be--the Republican candidate will have to overcome certain voter defections to the Wallace camp.

Having sketched this "tall order," I still feel encouraged. I feel encouraged because there is a new spirit pulsing through the Republican Party. There is new young blood in the Republican Party and it is rushing to the surface much faster than many had expected. And the Republican Party has been...
there's a good chance we'll make it. We have a good chance for many reasons. One of these is what might be called my Southern Strategy.

The strategy is to drive Southern Democrats in the House into the arms of the Administration--where they belong--on votes that will hurt them in their home congressional districts.

This strategy runs exactly counter to the old pattern of a Southern Democrat-Republican coalition that often prevailed over Administration forces in the House in years past.

But I think it is far better to lose a few legislative battles and win the next election. Besides, in following my Southern Strategy we Republicans in the House are staking out positions in which we believe... responsible, constructive positions.

There will be times when Republicans will win in the 90th Congress. We won't win as many legislative fights as we could if we resorted to the old coalition tactics, but it's the Big Prize that counts, and that's what we're after.

The Big Prize is control of at least one House of Congress and control of the White House. We want that prize not because we relish power for the sake of power but because we sincerely believe that our course, our program, is a better way than LBJ.

It is only some 14 months before the two major political parties meet in convention to name their presidential candidates. Already the issues of the 1968 campaign are taking shape. It will be an historic campaign--a campaign that will shape the destiny of America far into the future.

In all recent-year national elections there have been two major issues--peace and prosperity.

Next year we may find ourselves with still another major issue--one of great importance in the 1966 elections.

That issue, to put it simply, is the Credibility Gap. It has been variously defined as a Crisis of Confidence--the people's lack of trust in the present Administration--and the gulf that separates thinking people from the Administration. After being misled on many occasions by top Administration officials, the attitude of millions of Americans toward their federal government has become, "Who and what can we believe?"

Republicans didn't create the Credibility Gap. Neither did the newsmen who are so often criticized by the President and some of his cabinet heads. It was
the Administration itself which dug the Credibility Gap and has proceeded to make it deeper and wider in a variety of ways.

Vietnam gave rise to the Credibility Gap. It had its beginning when top Administration spokesmen repeatedly underestimated the gravity, scope and duration of what has become the third largest foreign war in American history.

The Administration's conduct of the war also has produced in the American people a deep sense of frustration, a crisis of confidence at a time of international crisis for the Nation.

On at least three occasions the Administration aroused hopes for peace in the American people and left them feeling "let down." Those occasions were the bombing pause in early 1966, the Honolulu Conference in February, 1966, and President Johnson's trip to Manila, Australia and Vietnam last fall, just before the election.

All of this relates to the Credibility Gap. That is why the polls show a seeming contradiction. A majority of the American people approve of our basic policy in Vietnam--they want to thwart Communist aggression in Southeast Asia--but they disapprove of Mr. Johnson's handling of the Vietnam situation.

A clue to Mr. Johnson's Vietnam troubles may lie in his policy of gradualism, his policy of militarily unsound restraint in fighting the war.

It seems clear to me that this policy has been a failure when you look at the total picture. And the Administration is admitting the failure of its policy of gradualism by doing now what it refused to do a year ago.

Our commander-in-chief now is ordering our airmen to bomb targets in North Vietnam that have been strictly off-limits. If it is right to hit those targets now, why wasn't it smarter to strike them before? Again, the credibility gap.

Our airmen are going through murderous anti-aircraft fire to hit targets they could have knocked out with ease in early 1966, and the responsibility rests solely on the Administration.

When the North Vietnamese surface-to-air missile sites were being built, they were declared off-limits to our flyers. When the Russian-built MIGs first appeared in Vietnam, we allowed them sanctuary on the ground.

Now our pilots must fly in low over North Vietnamese targets to escape the missiles and thus are subject to terrible fire from radar-controlled anti-aircraft guns and even small arms. Our air losses are appallingly high, and the enemy seems entrenched.

I submit--with all due respect to those in higher authority--that we should (more)
have been doing 12 months ago what we are doing now. If we had, we would be 12 months closer to the bargaining table. The problem of prevailing in Vietnam has been made infinitely greater by the delay.

To those who say this is nothing but Monday morning quarterbacking—and I don't have any use for Monday morning quarterbacks—I would point out that I repeatedly urged we destroy the SAM sites at the time they were being constructed. I made those remarks on the floor of the House. They are in the Congressional Record.

Now we see statements by South Vietnamese officials, as reported in the Christian Science Monitor, that the pacification program is on the point of collapse.

If there is substance to these statements, then the situation in Vietnam is exceedingly grave. For we will never succeed in our mission in Vietnam—to establish a viable popular government there—unless we win the minds and the hearts of the South Vietnamese peasant.

The Republican Party will not make the Vietnam War an issue in 1968. But it will be an issue, of course.

It will be an issue in the sense that the American people may well ask themselves whether the Republican candidate cannot somehow break the deadlock and end the war on an honorable basis.

I cannot leave the Vietnam question without commenting that it is a complete myth that President Eisenhower somehow, somewhere, committed the present Administration to a land war in South Vietnam.

As I mentioned earlier, prosperity along with peace has been a key issue in recent-year national elections. Let's look at the prosperity issue.

There is no question that the massive tax cuts of 1964 and 1965 touched off a boom. That was a good action, supported by both parties. But there is also no question in my mind that the Johnson Administration doomed the boom by failing to slow down the economy when it became overheated in late 1965 and early 1966.

The situation called for deep cuts in domestic spending, possibly coupled with an income tax increase. The Administration refused to initiate either course and, in fact, continued to overstimulate the economy. At the same time, the Federal Reserve Board launched its own fight against inflation and succeeded in pushing up interest rates to the highest level in 40 years.

The cost of living rose sharply, hurting all Americans but especially the aged and others on fixed incomes. We saw the greatest price advance for any 12-month period except at the outset of the Korean War.
The effects of the inflationary surge of 1966 are still with us in the form of high prices. At the same time, the 3.3 per cent increase in the consumer price index for 1966 has laid the foundation for big wage increases in 1967 as workers in all industries strive to catch up. This in turn threatens a new inflationary spiral—as increased production costs put new pressure behind existing price levels.

There is sag and drag in the economy. The Administration has sought to stimulate business investment in new plant and equipment by asking Congress to restore the 7 per cent tax credit for such investment. The House passed the investment tax credit legislation nearly two months ago, but it has been bogged down in the Senate. Ironically, the President urged swift passage of the investment tax credit bill and stressed the need for quick action. Yet he sent his White House lieutenants to Capitol Hill to fight for the election campaign tax checkoff amendment which has fouled up the tax credit bill in the Senate. This added to the delay.

While ostensibly seeking to stimulate the economy with the tax credit legislation, the President still insists the country needs an income tax increase—the 6 per cent surtax. The proposed tax increase doesn't make any more sense now than it did in January when the President advanced it.

This Administration mismanaged the American economy in 1966. Now it would add to the damage wrought by inflation by loading an income tax increase on the worker and on an economy thrown into imbalance by its unwise policies.

There are many issues other than the overriding questions of peace and prosperity—the appalling increase in crime, the failure to deal adequately with air and water pollution, the misfiring of guns on the national front in the war on poverty, the thrust toward greater federal power at a time when failure of categorical federal grant-in-aid programs is becoming increasingly obvious.

I firmly believe the American people—with traditional middle-of-the-road wisdom—are looking for a change of direction in their federal government.

I believe the Republican Party offers them this New Direction—federal tax-sharing with the cities and states, the enlisting of private enterprise in truly effective attacks on the evils of poverty, slummmism, ghettoism, air and water pollution, the properly-timed use of federal fiscal and monetary policy to give the Nation a soundly growing economy with relative price stability and a tax structure that stimulates rather than discourages private initiative.

I see the American people seeking this New Direction in a rebirth of the Spirit that brought this Nation to greatness. The Republican Party stands ready to serve them. Thank you.
Ladies and Gentlemen, the task you have given me is to look at the Republican Party and into my crystal ball and to give you a reading on Republican prospects for 1968.

I start from what I consider to be an undebatable premise—Republicans want to win in 1968. Let us go on from there.

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Why do I believe this? I believe it because of widespread voter dissatisfaction with the present Administration as reflected in the outcome of the 1966 elections. That dissatisfaction is continuing and growing. I also believe it because the Republican Party has become a party of ideas, a party of young people, a party with strong new leadership, a problem-solving party, a party of the future.

Let me emphasize at the outset that no incumbent President is easy to beat. History proved that.

Republicans will have to pick "the right man" as their candidate in '68. The Party will have to unite behind him. The candidate will have to wage a skillful, well-organized campaign and keep mistakes at a minimum. He will have to offer an appealing domestic program and a viable position on Vietnam. And, assuming that George Wallace is a third-party candidate—and I believe he will be--the Republican candidate will have to overcome certain voter defections to the Wallace camp.

Having sketched this "tall order," I still feel encouraged.

I feel encouraged because there is a new spirit pulsing through the Republican Party. There is new young blood in the Republican Party and it is rushing to the surface much faster than many had expected. And the Republican Party has been (more)
building—in terms of organization, program and ideas.

Much of this new spirit, this new excitement, is evident in the Congress and, more specifically, in the House of Representatives.

In the House and in the Senate, Republicans have set in motion a swift flow of proposals. This activity stands in sharp contrast to the inaction and inertia of the majority party. Our proposals also contrast sharply in content with those of the majority party. We would limit the Federal role and expand that of the private sector and the state and local governments in a fresh assault on problems that have defied attacks by government alone.

Roughly half of all Americans today are under 25 years of age. We are witnessing what might be called a "Youthquake." Most young Americans do not feel a strong allegiance to any political party. They are interested in problem-solving and in programs that actually work.

I think the new Republican Party has much to offer young Americans today. The Republican Party is where the action is. Its ideas are not rooted in the Big Depression—a time that is alien to the thoughts and feelings of today's youth. Unlike the present majority party, the Republican Party is eagerly looking for new ideas and new solutions. We are proposing sensible solutions for the Seventies. We do not rely on the tired theories of the Thirties. The other party seems bound by them.

The 1968 Republican candidate will need issues. He will find them not only in the other party's blunders and divisiveness but in the bank of new ideas now being built up by Republican activists in the Congress.

You have read of many of these ideas—sharing of federal tax revenue with the cities and states to cut red tape and promote a larger local role in problem-solving, establishment through the Percy-Widnall Bill of a National Home Ownership Foundation which would raise mortgage funds and help slum dwellers become proud home owners, an attack on hard-core unemployment and poverty through tax credits encouraging industry to train the unskilled and make them productive citizens, a movement to raise a majority of Americans to the college level through tax credits for a portion of college expenses, an opportunity crusade enlisting private enterprise in a revamped war on poverty.

This is not rhetoric. This is a program. Republicans in Congress are making a record for their presidential candidate of 1968 to run on.

House Republicans also are making a record for Republican congressional candidates to run on. We need 31 more seats to take over the House—and I think (more)
there's a good chance we'll make it. We have a good chance for many reasons.
One of these is what might be called my Southern Strategy.

The strategy is to drive Southern Democrats in the House into the arms of
the Administration--where they belong--on votes that will hurt them in their home
congressional districts.

This strategy runs exactly counter to the old pattern of a Southern
Democrat-Republican coalition that often prevailed over Administration forces
in the House in years past.

But I think it is far better to lose a few legislative battles and win the
next election. Besides, in following my Southern Strategy we Republicans in the
House are staking out positions in which we believe...responsible, constructive
positions.

There will be times when Republicans will win in the 90th Congress. We
won't win as many legislative fights as we could if we resorted to the old
coalition tactics, but it's the Big Prize that counts, and that's what we're
after.

The Big Prize is control of at least one House of Congress and control of
the White House. We want that prize not because we relish power for the sake of
power but because we sincerely believe that our course, our program, is a better
way than LBJ.

It is only some 14 months before the two major political parties meet in
convention to name their presidential candidates. Already the issues of the 1968
campaign are taking shape. It will be an historic campaign--a campaign that will
shape the destiny of America far into the future.

In all recent-year national elections there have been two major issues--
peace and prosperity.

Next year we may find ourselves with still another major issue--one of great
importance in the 1966 elections.

That issue, to put it simply, is the Credibility Gap. It has been variously
defined as a Crisis of Confidence--the people's lack of trust in the present
Administration--and the gulf that separates thinking people from the Administration.
After being misled on many occasions by top Administration officials, the attitude
of millions of Americans toward their federal government has become, "Who and what
can we believe?"

Republicans didn't create the Credibility Gap. Neither did the newsmen who
are so often criticized by the President and some of his cabinet heads. It was

(more)
the Administration itself which dug the Credibility Gap and has proceeded to make it deeper and wider in a variety of ways.

Vietnam gave rise to the Credibility Gap. It had its beginning when top Administration spokesmen repeatedly underestimated the gravity, scope and duration of what has become the third largest foreign war in American history.

The Administration's conduct of the war also has produced in the American people a deep sense of frustration, a crisis of confidence at a time of international crisis for the Nation.

On at least three occasions the Administration aroused hopes for peace in the American people and left them feeling "let down." Those occasions were the bombing pause in early 1966, the Honolulu Conference in February, 1966, and President Johnson's trip to Manila, Australia and Vietnam last fall, just before the election.

All of this relates to the Credibility Gap. That is why the polls show a seeming contradiction. A majority of the American people approve of our basic policy in Vietnam—they want to thwart Communist aggression in Southeast Asia—but they disapprove of Mr. Johnson's handling of the Vietnam situation.

A clue to Mr. Johnson's Vietnam troubles may lie in his policy of gradualism, his policy of militarily unsound restraint in fighting the war.

It seems clear to me that this policy has been a failure when you look at the total picture. And the Administration is admitting the failure of its policy of gradualism by doing now what it refused to do a year ago.

Our commander-in-chief now is ordering our airmen to bomb targets in North Vietnam that have been strictly off-limits. If it is right to hit those targets now, why wasn't it smarter to strike them before? Again, the credibility gap.

Our airmen are going through murderous anti-aircraft fire to hit targets they could have knocked out with ease in early 1966, and the responsibility rests solely on the Administration.

When the North Vietnamese surface-to-air missile sites were being built, they were declared off-limits to our flyers. When the Russian-built MIGs first appeared in Vietnam, we allowed them sanctuary on the ground.

Now our pilots must fly in low over North Vietnamese targets to escape the missiles and thus are subject to terrible fire from radar-controlled anti-aircraft guns and even small arms. Our air losses are appallingly high, and the enemy seems entrenched.

I submit—with all due respect to those in higher authority—that we should (more)
have been doing 12 months ago what we are doing now. If we had, we would be
12 months closer to the bargaining table. The problem of prevailing in Vietnam
has been made infinitely greater by the delay.

To those who say this is nothing but Monday morning quarterbacking--and I
don't have any use for Monday morning quarterbacks--I would point out that I
repeatedly urged we destroy the SAM sites at the time they were being constructed.
I made those remarks on the floor of the House. They are in the Congressional
Record.

Now we see statements by South Vietnamese officials, as reported in the
Christian Science Monitor, that the pacification program is on the point of collapse.

If there is substance to these statements, then the situation in Vietnam is
exceedingly grave. For we will never succeed in our mission in Vietnam--to
establish a viable popular government there--unless we win the minds and the hearts
of the South Vietnamese peasant.

The Republican Party will not make the Vietnam War an issue in 1968. But it
will be an issue, of course.

It will be an issue in the sense that the American people may well ask them­
selves whether the Republican candidate cannot somehow break the deadlock and end
the war on an honorable basis.

I cannot leave the Vietnam question without commenting that it is a complete
myth that President Eisenhower somehow, somewhere, committed the present Adminis­
tration to a land war in South Vietnam.

As I mentioned earlier, prosperity along with peace has been a key issue in
recent-year national elections. Let's look at the prosperity issue.

There is no question that the massive tax cuts of 1964 and 1965 touched off
a boom. That was a good action, supported by both parties. But there is also no
question in my mind that the Johnson Administration doomed the boom by failing to
slow down the economy when it became overheated in late 1965 and early 1966.

The situation called for deep cuts in domestic spending, possibly coupled
with an income tax increase. The Administration refused to initiate either course
and, in fact, continued to overstimulate the economy. At the same time, the
Federal Reserve Board launched its own fight against inflation and succeeded in
pushing up interest rates to the highest level in 40 years.

The cost of living rose sharply, hurting all Americans but especially the
aged and others on fixed incomes. We saw the greatest price advance for any
12-month period except at the outset of the Korean War.

(more)
The effects of the inflationary surge of 1966 are still with us in the form of high prices. At the same time, the 3.3 per cent increase in the consumer price index for 1966 has laid the foundation for big wage increases in 1967 as workers in all industries strive to catch up. This in turn threatens a new inflationary spiral—as increased production costs put new pressure behind existing price levels.

There is sag and drag in the economy. The Administration has sought to stimulate business investment in new plant and equipment by asking Congress to restore the 7 per cent tax credit for such investment. The House passed the investment tax credit legislation nearly two months ago, but it has been bogged down in the Senate. Ironically, the President urged swift passage of the investment tax credit bill and stressed the need for quick action. Yet he sent his White House lieutenants to Capitol Hill to fight for the election campaign tax checkoff amendment which has fouled up the tax credit bill in the Senate. This added to the delay.

While ostensibly seeking to stimulate the economy with the tax credit legislation, the President still insists the country needs an income tax increase—the 6 per cent surtax. The proposed tax increase doesn't make any more sense now than it did in January when the President advanced it.

This Administration mismanaged the American economy in 1966. Now it would add to the damage wrought by inflation by loading an income tax increase on the worker and on an economy thrown into imbalance by its unwise policies.

There are many issues other than the overriding questions of peace and prosperity—the appalling increase in crime, the failure to deal adequately with air and water pollution, the misfiring of guns on the national front in the war on poverty, the thrust toward greater federal power at a time when failure of categorical federal grant-in-aid programs is becoming increasingly obvious.

I firmly believe the American people—with traditional middle-of-the-road wisdom—are looking for a change of direction in their federal government.

I believe the Republican Party offers them this New Direction—federal tax-sharing with the cities and states, the enlisting of private enterprise in truly effective attacks on the evils of poverty, slummmism, ghettoism, air and water pollution, the properly-timed use of federal fiscal and monetary policy to give the Nation a soundly growing economy with relative price stability and a tax structure that stimulates rather than discourages private initiative.

I see the American people seeking this New Direction in a rebirth of the Spirit that brought this Nation to greatness. The Republican Party stands ready to serve them. Thank you.