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AN ADDRESS BY REP. GERALD R. FORD, R-MICH.
BEFORE THE GASTONIA, NORTH CAROLINA, CHAMBER OF COMMERCE
AT 7 P.M. MONDAY, SEPTEMBER 29, 1969

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To know what the Nixon Administration is doing and why, we must first take a look at its legacy -- the situation it inherited upon taking office. I would like to give you a factual rundown on that situation without partisan bias of any kind.

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With the situation as I have described it -- and I think the rundown was truthful and accurate -- it was inevitable that the Nixon Administration should become a reform administration and should move in totally New Directions.

What has happened?

The new administration has moved toward peace in Vietnam and elsewhere. In Vietnam the question no longer is whether we should move in more deeply but how fast we can Vietnamize the war. We are embarked on a policy of de-escalation and disengagement, coupled with adherence to the basic objective of national self-determination for the people of South Vietnam.

In the general field of foreign policy, President Nixon has seized the initiative in dramatic moves aimed at promoting world peace. With his recent

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round-the-world trip, the President laid the diplomatic groundwork for possible new breakthroughs in East-West relations. By becoming the first American President to visit a Communist capital, Mr. Nixon opened new channels of communication between East and West.

It was an act of initiative when Secretary of State William P. Rogers declared his intention to seek improved relations with Communist China. It was also an astute move when he declared that the United States wants friendly relations with both Communist China and the Soviet Union and cautioned them to avoid war with each other.

The Sino-Soviet split is easily the most important development in foreign affairs in modern history.

In a little noted turn of events, Hungary and the United States have announced four modest steps toward better relations.

We are clearly entering into the era of negotiation which President Nixon promised us when he took office last Jan. 20 -- an era of negotiation instead of confrontation, an era when peace becomes more than just a word.

On the domestic scene, we are slowly but surely beginning to get hold of inflation.

Despite the actions of those who would have us cast aside the surtax and cast spending caution to the winds, the responsible forces in the Congress -- both Democrats and Republicans -- are determined to retain the surtax at 5 per cent for six months beyond next Jan. 1 and to build a strong surplus into the federal budget.

Much to its credit, the Nixon Administration has refused to knuckle under to those who have tried to play politics with the people's pocketbook.

Besides fighting inflation with appropriate fiscal and monetary measures, President Nixon recognized the urgent need for tax reform and therefore proposed 16 major changes in our income tax laws. The House Ways and Means Committee built on that foundation and came up with the most sweeping tax reform and tax relief bill in the 56 years since the Federal income tax first was adopted.

I strongly supported the House tax reform bill. It will undergo some changes in the Senate, but I believe it will emerge in basically the same form that it passed the House. Final passage by both houses probably will not come until perhaps November or later.

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progress without order, the President has stressed the importance of proper law enforcement -- a system of law, order and justice.

I spoke at the outset about reform. We are living in an age that demands reforms. I say that the Nixon Administration will be a reform administration. The course has been charted, and we will hue to it. The winds of change are blowing. They cannot be bottled up.

President Nixon has proposed a sweeping array of reforms which I believe the American people have long wanted -- welfare reform which will turn all able-bodied Americans from welfare to workfare; draft reform which will make the selective service system as fair as possible until we can establish a volunteer army; postal reform which will create a government-owned self-supporting postal corporation in place of the present impossible system; poverty program reform which keeps the Office of Economic Opportunity as an innovative agency but spins off successful anti-poverty programs to old-line Government departments; manpower training reform which consolidates Federal manpower training programs to give greater flexibility in funding and provides a retraining trigger as an anti-recession weapon in the event of heavy unemployment; tax reform which takes millions of poor citizens off the taxrolls, reduces taxes for millions of other low-income Americans and prevents the wealthy from escaping taxation; a New Federalism which provides an increasing slice of Federal income tax revenue for the cities and states and gives them new vigor as solvers of the problems to which they are closest.

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To date, the record has not been distinguished by quantity production, but I believe this situation will remedy itself now that the Congress is moving into higher gear. The emphasis, to this point, has been on quality -- and in that area the Congress can point with pride.

Despite the outcries from those whose ox is being gored, I believe the House Ways and Means Committee and House members generally have responded to the public demand for tax reform and tax relief. While the bill does not have as anti-inflationary a cast as one might wish, it is by and large a constructive piece of legislation.

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The overwhelmingly cordial reception in Communist Romania had deep significance. This was a recognition that President Nixon no longer sees the communist world as a monolithic enemy alliance but as a group of nations whose common ideology is transcended by powerful nationalistic aspirations. President Nixon is keenly aware that United States policy should be adapted to those nationalistic interests.

This new concept of U.S. foreign policy also is reflected in the new Nixon Doctrine for Asia -- the do-it-yourself policy which President Nixon has laid down for the nations of Southeast Asia, the policy which declares to the world that there will be no more Vietnams.

To put it bluntly, the United States will play the Russian game in Southeast Asia but, hopefully, will play it better. We will provide arms and economic assistance to non-communist nations in Southeast Asia but we will not send American soldiers to fight other countries' battles there. We are a Pacific power, not an Asian power. An Asian presence, yes. An Asian power, no.

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I would like to say a few more words about the cooling of inflation. Let's make this plain. You cannot correct overnight an inflationary situation that has been allowed to build up over a period of more than three years -- but correct it we will.

Those who are seeking to profit by the current inflationary psychology should mark this and mark it well. The Nixon Administration's program of careful restraint will continue until this inflation psychology is eliminated and a reasonable degree of price and wage stability is restored.

Industry has as much to fear from continuing inflation as any other segment of our economy. There is always the possibility that our citizens will seek to develop other family resources as a hedge against inflation rather than to invest their money in life insurance.

The inflation now plaguing us is the product of a heritage of errors. The results of many of those errors have been corrected. Our monetary and fiscal policies now are meshing. We are, finally, making some progress in dealing with inflation. It should be understandable that this progress is slow.

Viewed individually, the leading economic indicators suggest to me a slow-down in the economy generally. In the times in which we live, this ironically is a cause for rejoicing.

Now there will be pressure from many quarters for relaxation of monetary restraints. The answer must be that monetary restraints will be eased only when it becomes clear that inflationary pressures have eased sufficiently.

Interest rates will come down when all Americans recognize that the Administration intends to win the battle against inflation.

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Seriously, the President has been following a carefully charted battle plan in fighting inflation. While the Federal Reserve Board has been applying appropriate monetary restraint, the President is unswervingly steering toward a \$5.8 billion budget surplus in fiscal 1970 -- the largest in 18 years and the fourth largest in our history.

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Now let us look at the positive side.

I firmly believe that the restraints now being employed will strengthen our economy so that it will ride higher but in better balance in the Seventies. At this moment I see America standing on the edge of many years of dynamic and unparalleled economic growth.

Despite all the gloomy talk, consider the fact that 1969 will be the best year yet for the American economy. Do not let stock market miseries obscure the basic fact that the American private enterprise system has great bounce in it and is headed for continuing economic growth.

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