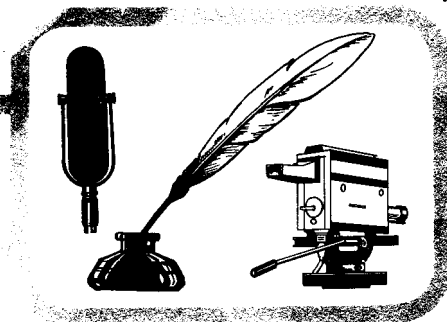


The original documents are located in Box D30, folder “West Michigan Association of Certified Public Accountants, October 15, 1970” of the Ford Congressional Papers: Press Secretary and Speech File at the Gerald R. Ford Presidential Library.

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**CONGRESSMAN
GERALD R. FORD
HOUSE REPUBLICAN LEADER**

**NEWS
RELEASE**

--FOR RELEASE ON DELIVERY--
7:15 p.m., Thursday, October 15, 1970

Excerpts from a Speech by Rep. Gerald R. Ford before the West Michigan Association of Certified Public Accountants.

Better days lie ahead. The indicators generally point to an upturn for the economy in this quarter, assuming the General Motors strike is not too prolonged.

The revival won't be a sharp upward surge. We are, after all, undergoing continuing cutbacks in defense work. But the fact remains that the policies of the national government now are distinctly expansionary. The economy is getting a shove from both fiscal and monetary policy and is certain to respond.

To understand what is going on in our economy, it is important to realize that our economic system is making two major adjustments simultaneously. We are adjusting to a massive decline in defense spending--a 400,000 reduction in military manpower with a solution in Vietnam--and at the same time the economy is cooling off from a long period of inflationary overheating.

The adjustment in defense spending is far greater than many people recognize. From 1969 to mid-1970, defense spending in terms of this year's prices has been reduced more than \$12 billion. By mid-1971 the reductions will approach \$20 billion.

This is a massive reordering of national priorities. While some people have been busy talking about a reordering of our national priorities, President Nixon has been doing something about it. The proof of this is that for the first time in 20 years, the Federal Government is spending more for human resource programs (41%) than for national defense (37%). Those are the priorities as spelled out in President Nixon's fiscal 1971 budget. This stands in sharp contrast to 1962 when the Federal Government spent 48 per cent of its budget for defense and only 29 per cent for human resources. Even as recently as 1968, the Federal budget allocated 45 per cent to national defense and only 32 per cent to human resources.

Unfortunately, some members of Congress are intent upon sharp increases in Federal spending at a time when the Administration is struggling to break the inflationary cycle. Excessive federal spending fuels inflation. For my part, I have consistently opposed federal programs we cannot afford--programs that are not vital to the national interest.

Now that we have turned the corner on inflation, it is all the more important that we refrain from giving it another forward shove. (more)

I think members of Congress should ask themselves a most pertinent question every time they consider exceeding the President's budgetary requests: Will this expenditure, when tied to all others, require increased taxes or cause a deficit which would help bring about an increase in prices? The Congress must examine with special care any additional spending which would benefit some of the people but would raise taxes and prices for all of the people.

The health of the economy is definitely improving. One sign of this improvement is the recent drop in the prime interest rate to 7.5 per cent. This brings the rate to only a half a per cent above the level when President Nixon assumed office.

A review of recent interest rate history shows that the prime interest rate was only 4.5 per cent in 1964. But deficit spending and escalation of the Vietnam War touched off an inflation that helped boost the prime interest rate to 7 per cent by 1968--a 55 per cent increase in just four years. The momentum generated by the whopping \$25 billion Federal deficit in 1968 then drove the prime rate up to 8 per cent in 1969.

Now we are seeing present economic policies working. The prime rate is coming down. This signals decreasing inflationary pressures on our economy. In short, the prime rate reduction is a step toward stability in the money market and in the economy generally.

The economy is clearly headed toward recovery. The question no longer is whether the economy has resumed its growth, but whether the expansion will be rapid enough to absorb the Nation's growing labor force.

Nationally, employment now stands at 79 million Americans gainfully employed in the United States, an all-time high for the country.

Unemployment is too high at 5.5 per cent, but this is considerably below the 6.7 per cent unemployment rate of 1961. In 1962, the unemployment rate was 5.5 per cent for the year, the same rate as for the month of September 1970. In 1963 it was 5.7 per cent, higher than at present. In 1964 it was 5.2 per cent, higher than in August 1970. And only in 1965 did it drop below 5 per cent; it declined to 4.5. But we must remember that it was in February 1965 that then President Lyndon Johnson began sharply escalating the Vietnam War. So we cannot be proud of the fact that unemployment dropped at the same time.

The Nixon Administration is determined to fashion genuine prosperity in place of a false prosperity generated by war and accompanied by nearly runaway inflation.

We have made some painful adjustments, and not all the pain has passed, but we are now on the road to recovery and a sound prosperity--prosperity without war. We will travel more quickly along that road to the extent that Americans demonstrate themselves willing to work toward greater industrial development and new employment opportunities.