

The original documents are located in Box D34, folder “Lock Haven State College, Lock Haven, PA, February 14, 1973” of the Ford Congressional Papers: Press Secretary and Speech File at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. The Council donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

Jerry:

The Lock Haven State College people want you to talk about Indochina, further developments in U.S.-Chinese relations, the new budget and fears of cutbacks (Lock Haven Penn State is in a marginally Appalachian region), and the economy. Speech, $\frac{1}{2}$ hr.; Q.&A., $\frac{1}{2}$ hr.

The audience will be primarily college students with a good sprinkling of townspeople...and also some high school students. The school is located in good GOP territory.

---Paul

Some items in this folder were not digitized because it contains copyrighted materials. Please contact the Gerald R. Ford Presidential Library for access to these materials.

of 1972, which authorized \$11 billion over two years in environmental spending. The President, invoking the danger of higher taxes and inflation, ultimately impounded more than half of that money. Said Albert: "It is obvious that what Congress has refused him, the President has undertaken to seize. The time has come for the Congress to call a halt to these wholesale Executive invasions of legislative powers and responsibilities."

The speakers agreed that Congress itself must change in order to regain power; already the concern over eroding strength has generated some reforms. Speaker Albert listed the most important: subcommittee chairmanships have spread out to include newer members, party caucuses will elect committee chairmen and ranking minority members, committee and voting procedures have been opened up to provide greater accountability, standards of conduct have been tightened.

Still more changes are necessary, however, if the Congress is to achieve coequality with the Executive Branch. Some proposed by last week's speakers sounded relatively simple. "Congress," said Scott, "spends too much time reading the minutes and squandering the hours. It needs the aid of computers and experts to operate them. In many ways we are still marching to the measured beat of another century's drums."

Ultimately, some speakers agreed reluctantly that Congress could not regain power until it demonstrated a greater sense of responsibility. Illinois

Congressman Anderson stressed a recurring criticism that the Legislative Branch still acted too often as a collection of regional blocs. "It is the failure of the Congress to develop a rational approach to the budgetary process that has produced this crisis," he said. Hollings added: "The issue is whether the Congress itself will get off its duff and do its job. The President has posed the issue after we both, on a four-year binge, have expended some \$100 billion more than we brought in. We are equally guilty."

Whether or not Congress recovers power also depends in a sense upon the conduct of Congressmen and Senators as individuals. Said Illinois Senator Stevenson: "We must not only have men in the Congress—and in all our institutions of government—of the highest character, integrity, ability, but we must also

haul
think
conti
publ
utive
E
ed H
capa
is no
mule
the F
will f
can c
seen

I have seen it exercised within the Senate. In the words of Walt Kelly's Pogo: "We met the enemy and it

MAULDIN—CHICAGO SUN-TIMES

IO
appropriated

The Issue of Impounding

THE Constitution seems clear enough. It says that Congress "shall have power to lay and collect taxes...and provide for the common defense and general welfare of the United States." But when Congress has appropriated money, must a President spend it? Yes, say most congressional leaders. No, says President Nixon.

The constitutional conflict could end up before the Supreme Court, but a clear-cut answer is unlikely. "Great ordinances of the Constitution," wrote Oliver Wendell Holmes, "do not establish and divide fields of black and white. We cannot carry out the distinction between legislative and executive action with mathematical precision and divide the branches into watertight compartments."

Over the years, laws have been passed to give the President considerable discretion in handling congressional appropriations. The Anti-Deficiency Act of 1906 permitted the Chief Executive to set aside appropriations because of "some extraordinary emergency or unusual circumstances." In 1950 the President was granted further power to withhold reserves or make savings after funds were voted by Congress.

Recent Presidents have not hesitated to impound when it suited their purpose. In 1942 Franklin Roosevelt ordered the Secretary of War to establish monetary reserves by the "deferment of construction funds not essential to the war effort." A year later the Senate was disturbed enough by F.D.R.'s impoundment policies to impose some restrictions on them. But the House would not go along, arguing that in time of war, the Chief Executive's power over the budget should not be restrained. In 1949 Harry Truman withheld funds to build a 58-wing Air Force when he thought a 48-

win
pria

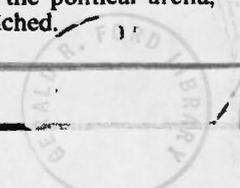
clai
the
that
ed
hav
Nix

and
sor
app
Just
son
tion
dire
we
mac
posi
eral

litic
ider
Wai
and
over
tual
ever
stra

thorities would prefer that the issue be adjudicated not in the courts but in the rough and tumble of the political arena, where a workable compromise can be reached.

TIME MAG. 2/12/73



Distribution: 20 Copies to Mr. Ford only 11 Office Copy

REMARKS BY REP. GERALD R. FORD, R-MICH.
REPUBLICAN LEADER, U. S. HOUSE OF REPRESENTATIVES

LOCK HAVEN STATE COLLEGE
LOCK HAVEN, PENNSYLVANIA

8:00 p.m. WEDNESDAY, FEBRUARY 14, 1973

FOR RELEASE ON DELIVERY

We have achieved a peace settlement in Vietnam. Now we must win the peace.

Some fighting continues. This was to be expected. We are dealing with a situation where a large number of troops are in the process of standing down. It is not surprising that after a war that has lasted a generation there has been a continuation of it in some measure after the hour of cease-fire.

This is a time of talking and waiting in Indochina. We are waiting to see if the peace agreement will work. There is hope that the cease-fire will stick and that a genuine peace will evolve. Fortunately, the Soviet Union and the People's Republic of China, who have given North Vietnam military aid all these years, now are committed to restraint. Last year in Moscow, President Nixon obtained a Soviet agreement to avoid action which would "increase international tension." In Peking the President got a pledge from Red China to settle disputes "without resorting to the use or threat of force."

This is why I am looking with hope to the Indochina conference which will begin Feb. 26 in Paris. The countries attending will be the four parties to the Vietnam War, the four cease-fire supervisory nations, and Britain, the Soviet Union, France and China.

(more)



Meantime Presidential adviser Henry Kissinger has visited Laos and Thailand and Hanoi and will be visiting Peking Feb. 15 to 19 for talks with Red Chinese leaders.

Kissinger's entire Asian itinerary is a move by the Nixon Administration to consolidate the newly achieved peace in Vietnam -- admittedly a fragile peace.

Kissinger's mission to Hanoi was an initial discussion of possible U. S. aid to North Vietnam. The motivation behind such a discussion was to provide North Vietnam with an incentive to peace. The Administration is not talking about reparations. The Administration is talking about rebuilding North Vietnam as an investment in building peace throughout Indochina.

There is, of course, some fierce opposition in Congress to any aid to North Vietnam -- and that is absolutely understandable. I personally have made no decision on aid to North Vietnam. Certainly there will be consultation between the White House and Congress before any concrete action is taken. Currently, we are merely talking about economic aid to North Vietnam in principle. Meantime, aid to South Vietnam continues.

There is no question that improved U. S. relations with Peking and the agreements we reached last year with Moscow were instrumental in bringing about an honorable peace in Vietnam. We now expect the Soviet Union and China to persuade Hanoi to live up to the peace agreement. We also expect South Vietnam to observe the provisions of the accord. If not, we reserve the right to sever all assistance to South Vietnam.

We achieved peace with honor in Vietnam, but we did more than that. Although

(more)

we did not win a military victory there, we succeeded in thwarting a Communist takeover of South Vietnam by force.

Consider the conditions which existed when the Vietnam venture began. Then -- 12 years ago -- the vast periphery of Asia, from Japan through the Philippines, Indochina, the rest of Southeast Asia, and the great expanses of Indonesia up to the shores of Australia, was under imminent threat of Communist expansion and intimidation.

What do we have today? There is no Sukarno in Indonesia. No Sihanouk in Cambodia. No pressure on Australia or Japan. No serious Communist insurgency in the Philippines. A relatively secure Thailand. A ceasefire in Vietnam, probably to be extended to Laos and Cambodia -- and a limit to the North Vietnam-based revolutionary movement, to be "guaranteed" by China and Russia as well as the western powers. And there is a reasonable chance of sustaining this improved position for the West in Southeast Asia. So we have really achieved more than simply peace with honor.

Let me make some further comment about Henry Kissinger's visit to Peking. While the 12-nation Indochina conference in Paris will no doubt be high on the agenda, Dr. Kissinger also will be seeking to further the normalization of relations which began with the President's trip to China last year.

I, too, have visited China, as you may know. I spent nine full days there in late June and early July of last year, so I have some grasp of what is involved in normalizing relations between the United States and the People's Republic of China.

(more)

Now that a Vietnam peace agreement is concluded, the chief obstacle to normal relations between the United States and China is the Taiwan question. We have recognized that Taiwan is a part of China. We must now hope for the peaceful settlement of the Taiwan question. This, of course, is a matter between the Taiwan government and that of the People's Republic of China.

Meantime, I feel sure U. S.-China contacts will continue and expand and that U. S.-China trade will grow.

I was pleased to see a group of Chinese doctors visit the United States and I was also pleased to see a national acupuncture center established in Washington. I personally was greatly impressed by the use of acupuncture as anesthesia prior to surgery. I witnessed three operations in Peking last June in which acupuncture anesthesia was employed.

I would like to talk now about Vietnam and the so-called peace dividend in terms of the Federal budget. There is no peace dividend. Most of it was absorbed by domestic programs as President Nixon wound down the war in Vietnam, and now considerable Federal dollars must be used to win the peace there. Meantime, defense costs have risen because of the impact of inflation on the defense budget -- unavoidable increases in prices and military pay. It's true that the proposed fiscal 1974 budget recommends a 6 per cent increase in defense spending, but it also calls for an 8 per cent rise in spending on social programs.

Let's talk about priorities. In 1968, when Richard Nixon was elected President, 47 per cent of total Federal outlays went for defense and only 32 per cent for human resource programs. Now, under Nixon, the situation is exactly the

(more)

reverse. Of total Federal outlays budgeted for fiscal 1974, 47 per cent would go into human resource programs and 30 per cent into defense.

What about the current cutbacks in Federal spending? The President is trying to hold Federal spending to \$250 billion this fiscal year. Even if he succeeds in doing that, the Federal deficit for fiscal 1973 will total \$25 billion. And, mind you, our national debt presently totals roughly \$450 billion.

It's true that the President's fiscal 1974 budget would eliminate some programs and cut back others in an attempt to hold Federal spending next fiscal year to \$268.7 billion. Even if we hold Federal spending to \$268.7 billion, we will incur an estimated deficit of \$13 billion.

It is for this reason that Democratic leaders like Sen. Mike Mansfield of Montana have agreed that Federal spending in fiscal 1974 should be fitted under a ceiling of \$268.7 billion. Mansfield's only disagreement with the President is on where to hold back.

I agree with that approach. Congress's cuts need not be the same as those of the President. Our priorities need not be the same. If they were, maybe we wouldn't be doing our job. But we must set a rigid spending ceiling of \$268.7 billion -- in line with the theory of a full employment budget -- and then fit all appropriations under that ceiling.

As for social programs that are being cut back, my hope is that local communities -- exercising their own judgments -- will use Federal revenue sharing allocations to continue those programs which they deem to be worthwhile.

The year 1973 gives promise of being a great year -- and this expectation

(more)

is tied in with the need to keep Federal spending under the \$268.7 billion ceiling and thus restrain inflation.

We have lifted most mandatory controls from the economy with our Phase III wage and price control program. The success of that program will depend on cooperation all the way around -- by business, by labor and by the public generally. I think we are going to win the fight against inflation because of bold actions taken by the Administration to increase food supplies and thus take the pressure off prices and because of evidence of labor-management support of the controls program.

I think the timing of President Nixon's switch to Phase III was excellent. He moved before mandatory controls became widely unpopular and before they caused harmful economic distortions. We now have taken a healthy step toward freedom for the economy. Some people think we now will have only "jawboning." That is not true. We will have jawboning with teeth. There will be price rollbacks if anybody gets seriously out of line, and there will be a healthy hold-down on wage increases through governmental pressure.

We must avoid a new wave of inflation as the economy continues to grow. To do that we must bring the Federal budget under control and we must limit wage increases. Permitting huge budget deficits would create a powerful demand inflation. Allowing unrestrained wage increases would cause fearful cost-push inflation. Either way, every one of us would lose.

The basic prospect for the economy from now through 1974 is prosperity without accelerating inflation. In the last quarter of 1972, real growth in the

(more)

economy -- that is, growth after inflation is accounted for -- was 8.5 per cent and industrial production rose at a rate of 12 per cent. So the economy's momentum going into 1973 was definitely powerful.

Between now and spring, we will see some price bulges. This will be a reflection of winter's sudden run-up in farm prices. But after the spring, when the price-bulging has slacked off, the inflation rate will drop off to perhaps less than 3 per cent over the second half of 1973. There are likely to be declines in the prices of farm products and some other commodities that have contributed heavily to inflation. And the rise in wages this year may very well be tempered by the moderating trend in labor contracts in the last year or two.

Unemployment declined from 6 to 5.2 per cent in 1972 and continues downward. The reading for January was, as you know, 5 per cent. It will head lower in the months ahead, down to about 4.5 per cent.

We can look for vigorous expansion of the economy in 1973, and for significant progress in cutting the rates of inflation and unemployment. As the President has said, 1973 could be a great year.

#

20 copies to Mr. Ford only

Official Copy

REMARKS BY REP. GERALD R. FORD, R-MICH.
REPUBLICAN LEADER, U. S. HOUSE OF REPRESENTATIVES

LOCK HAVEN STATE COLLEGE
LOCK HAVEN, PENNSYLVANIA

8:00 p.m. WEDNESDAY, FEBRUARY 14, 1973

FOR RELEASE ON DELIVERY

We have achieved a peace settlement in Vietnam. Now we must win the peace.

Some fighting continues. This was to be expected. We are dealing with a situation where a large number of troops are in the process of standing down. It is not surprising that after a war that has lasted a generation there has been a continuation of it in some measure after the hour of cease-fire.

This is a time of talking and waiting in Indochina. We are waiting to see if the peace agreement will work. There is hope that the cease-fire will stick and that a genuine peace will evolve. Fortunately, the Soviet Union and the People's Republic of China, who have given North Vietnam military aid all these years, now are committed to restraint. Last year in Moscow, President Nixon obtained a Soviet agreement to avoid action which would "increase international tension." In Peking the President got a pledge from Red China to settle disputes "without resorting to the use or threat of force."

This is why I am looking with hope to the Indochina conference which will begin Feb. 26 in Paris. The countries attending will be the four parties to the Vietnam War, the four cease-fire supervisory nations, and Britain, the Soviet Union, France and China.

(more)



Meantime Presidential adviser Henry Kissinger has visited Laos and Thailand and Hanoi and will be visiting Peking Feb. 15 to 19 for talks with Red Chinese leaders.

Kissinger's entire Asian itinerary is a move by the Nixon Administration to consolidate the newly achieved peace in Vietnam -- admittedly a fragile peace.

Kissinger's mission to Hanoi was an initial discussion of possible U. S. aid to North Vietnam. The motivation behind such a discussion was to provide North Vietnam with an incentive to peace. The Administration is not talking about reparations. The Administration is talking about rebuilding North Vietnam as an investment in building peace throughout Indochina.

There is, of course, some fierce opposition in Congress to any aid to North Vietnam -- and that is absolutely understandable. I personally have made no decision on aid to North Vietnam. Certainly there will be consultation between the White House and Congress before any concrete action is taken. Currently, we are merely talking about economic aid to North Vietnam in principle. Meantime, aid to South Vietnam continues.

There is no question that improved U. S. relations with Peking and the agreements we reached last year with Moscow were instrumental in bringing about an honorable peace in Vietnam. We now expect the Soviet Union and China to persuade Hanoi to live up to the peace agreement. We also expect South Vietnam to observe the provisions of the accord. If not, we reserve the right to sever all assistance to South Vietnam.

We achieved peace with honor in Vietnam, but we did more than that. Although

(more)

we did not win a military victory there, we succeeded in thwarting a Communist takeover of South Vietnam by force.

Consider the conditions which existed when the Vietnam venture began. Then -- 12 years ago -- the vast periphery of Asia, from Japan through the Philippines, Indochina, the rest of Southeast Asia, and the great expanses of Indonesia up to the shores of Australia, was under imminent threat of Communist expansion and intimidation.

What do we have today? There is no Sukarno in Indonesia. No Sihanouk in Cambodia. No pressure on Australia or Japan. No serious Communist insurgency in the Philippines. A relatively secure Thailand. A ceasefire in Vietnam, probably to be extended to Laos and Cambodia -- and a limit to the North Vietnam-based revolutionary movement, to be "guaranteed" by China and Russia as well as the western powers. And there is a reasonable chance of sustaining this improved position for the West in Southeast Asia. So we have really achieved more than simply peace with honor.

Let me make some further comment about Henry Kissinger's visit to Peking. While the 12-nation Indochina conference in Paris will no doubt be high on the agenda, Dr. Kissinger also will be seeking to further the normalization of relations which began with the President's trip to China last year.

I, too, have visited China, as you may know. I spent nine full days there in late June and early July of last year, so I have some grasp of what is involved in normalizing relations between the United States and the People's Republic of China.

(more)

Now that a Vietnam peace agreement is concluded, the chief obstacle to normal relations between the United States and China is the Taiwan question. We have recognized that Taiwan is a part of China. We must now hope for the peaceful settlement of the Taiwan question. This, of course, is a matter between the Taiwan government and that of the People's Republic of China.

Meantime, I feel sure U. S.-China contacts will continue and expand and that U. S.-China trade will grow.

I was pleased to see a group of Chinese doctors visit the United States and I was also pleased to see a national acupuncture center established in Washington. I personally was greatly impressed by the use of acupuncture as anesthesia prior to surgery. I witnessed three operations in Peking last June in which acupuncture anesthesia was employed.

I would like to talk now about Vietnam and the so-called peace dividend in terms of the Federal budget. There is no peace dividend. Most of it was absorbed by domestic programs as President Nixon wound down the war in Vietnam, and now considerable Federal dollars must be used to win the peace there. Meantime, defense costs have risen because of the impact of inflation on the defense budget -- unavoidable increases in prices and military pay. It's true that the proposed fiscal 1974 budget recommends a 6 per cent increase in defense spending, but it also calls for an 8 per cent rise in spending on social programs.

Let's talk about priorities. In 1968, when Richard Nixon was elected President, 47 per cent of total Federal outlays went for defense and only 32 per cent for human resource programs. Now, under Nixon, the situation is exactly the

(more)

reverse. Of total Federal outlays budgeted for fiscal 1974, 47 per cent would go into human resource programs and 30 per cent into defense.

What about the current cutbacks in Federal spending? The President is trying to hold Federal spending to \$250 billion this fiscal year. Even if he succeeds in doing that, the Federal deficit for fiscal 1973 will total \$25 billion. And, mind you, our national debt presently totals roughly \$450 billion.

It's true that the President's fiscal 1974 budget would eliminate some programs and cut back others in an attempt to hold Federal spending next fiscal year to \$268.7 billion. Even if we hold Federal spending to \$268.7 billion, we will incur an estimated deficit of \$13 billion.

It is for this reason that Democratic leaders like Sen. Mike Mansfield of Montana have agreed that Federal spending in fiscal 1974 should be fitted under a ceiling of \$268.7 billion. Mansfield's only disagreement with the President is on where to hold back.

I agree with that approach. Congress's cuts need not be the same as those of the President. Our priorities need not be the same. If they were, maybe we wouldn't be doing our job. But we must set a rigid spending ceiling of \$268.7 billion -- in line with the theory of a full employment budget -- and then fit all appropriations under that ceiling.

As for social programs that are being cut back, my hope is that local communities -- exercising their own judgments -- will use Federal revenue sharing allocations to continue those programs which they deem to be worthwhile.

The year 1973 gives promise of being a great year -- and this expectation

(more)

is tied in with the need to keep Federal spending under the \$268.7 billion ceiling and thus restrain inflation.

We have lifted most mandatory controls from the economy with our Phase III wage and price control program. The success of that program will depend on cooperation all the way around -- by business, by labor and by the public generally. I think we are going to win the fight against inflation because of bold actions taken by the Administration to increase food supplies and thus take the pressure off prices and because of evidence of labor-management support of the controls program.

I think the timing of President Nixon's switch to Phase III was excellent. He moved before mandatory controls became widely unpopular and before they caused harmful economic distortions. We now have taken a healthy step toward freedom for the economy. Some people think we now will have only "jawboning." That is not true. We will have jawboning with teeth. There will be price rollbacks if anybody gets seriously out of line, and there will be a healthy hold-down on wage increases through governmental pressure.

We must avoid a new wave of inflation as the economy continues to grow. To do that we must bring the Federal budget under control and we must limit wage increases. Permitting huge budget deficits would create a powerful demand inflation. Allowing unrestrained wage increases would cause fearful cost-push inflation. Either way, every one of us would lose.

The basic prospect for the economy from now through 1974 is prosperity without accelerating inflation. In the last quarter of 1972, real growth in the

(more)

economy -- that is, growth after inflation is accounted for -- was 8.5 per cent and industrial production rose at a rate of 12 per cent. So the economy's momentum going into 1973 was definitely powerful.

Between now and spring, we will see some price bulges. This will be a reflection of winter's sudden run-up in farm prices. But after the spring, when the price-bulging has slacked off, the inflation rate will drop off to perhaps less than 3 per cent over the second half of 1973. There are likely to be declines in the prices of farm products and some other commodities that have contributed heavily to inflation. And the rise in wages this year may very well be tempered by the moderating trend in labor contracts in the last year or two.

Unemployment declined from 6 to 5.2 per cent in 1972 and continues downward. The reading for January was, as you know, 5 per cent. It will head lower in the months ahead, down to about 4.5 per cent.

We can look for vigorous expansion of the economy in 1973, and for significant progress in cutting the rates of inflation and unemployment. As the President has said, 1973 could be a great year.

#