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Relating National Issues To The State

Thank - Mayor Bill Bowerman a) play for M.R.
b) " " " my assistant
Admiral Wexley - ^{to the community} ~~congratulate on speech~~ - military
ASW - challenging & vital work.

Observations -

1) Few "federal issues" not related to each of the 50 states

a) If a federal issue doesn't directly involve each state it does involve the citizens of the state, and furthermore

if the federal issue involves our national security it certainly involves each citizen & every state.

2) Over-riding issue in Congress in 1963 -

a) FISCAL POLICY

a) Appropriations/Expenditures

b) Taxes

c) MILITARY SECURITY

3) How does the Fiscal Policy of the Federal Government relate to each state, & if so how?

F.Y. 1962 - ^{federal} Estimated Assistance to ^{the} ~~the~~ ⁴ ~~4~~ ^{July 9}
\$7.9 - 870 - ^{of 1988}
\$4.6 - regular budget accounts
3.3 - highway & unemployment trust acct.



2) Development of federal aid

a) Originated in Morrill Act - Civil War
LAND-GRANT colleges.

b) Expanded now to cover - F.Y. 1962

F.Y. 64
\$3.4

{ 75% Interstate
25% Primary/Secondary

- 1) Highway construction - \$2,995
- 2) Public Assistance - \$2,311
- 3) Surplus commodities, school lunch
+ other agricultural programs - \$570
- 4) Housing & Urban renewal - \$531
- 5) Education + Science - \$378
- 6) Unemployment compensation & employment
service - \$345
- 7) Health, natural resources - \$275

Depends on President's:

5) % of federal assistance to state & local
grows as about 8% of federal
expenditures what is FISCAL POLICY in 1964

Budget Message
Tax proposals
Economic Report

Up in practically every category
1) Education -

F.Y. 1964 - \$3. billion

Double amt over F.Y. 1963

\$1.2 billion for new
legislation.



d) Where do We stand on FISCAL POLICY

1. BUDGET - deficit \$11.9

}	61 - 3.8	6 out
	62 - 6.3	35
	63 - 8.8	beginning
	65	with 1930
	66	

Receipts of \$86.9

Michigan's payment - \$3.81 (4.39%)
 \$908 for every resident of Michigan
 in production years of 1961-64.

Even with President's tax reductions
 revenue will go up \$1.4

Expenditures of \$98.8
 Michigan's share of expenditures
 \$2.8, or about \$1 billion
 less than taxes paid.

Comparison of Spending

1960	- 76.5
1964	- 98.8

National Debt -
 umping - \$308 billion
 F.Y. 64 - go to \$310.



Interest Payments - F.Y. 64 - \$10.1

What is Issue over the budget, the deficit & the National debt?
 Agreement on basic objectives - prosperity & growth of our economy
 Differences - One view - it is a myth to believe in a Balanced Budget
Control of Federal Spending
Size of National Debt

In this time your federal govt should pay for

Other view - solvency of federal govt is the foundation of our security - if you believe in solvency you are unshaken.

27 Taxes in the 1960s

Federal Tax burden - \uparrow - W.W.II
 \neq - Korea
 $=$ - all war

Tax reductions - 1947 -
1954 -
1962 - maximum

1964 - President Kennedy

\uparrow 13 billion over 3 yrs.
 \uparrow 3 billion in F.Y. 1964

Tax Observations - ^{general} agreement

- 1) Tax rates too high
- 2) Inequities

I would support tax reduction providing some field effort, with results, to reduce expenditures

Tax reduction \uparrow \$2.5 billion
without the internal revenue code

of

Appropriation cut \uparrow \$4 to \$5 billion

Can this be done without

- 1) without jeopardizing national security.
- 2) interfering with nations growth
- 3) interfering with economic prosperity
- 4) disrupting federal/state relationships



Can Congress & the President
cut the Budget -

Answer - YES - { There are some who feel
"pump priming is sound public
policy.

Can have tax reduction of about 2.5

Reduce FEDERAL BUDGET

- a) Public works - $\frac{2.00}{}$
- b) Training agencies $\frac{4.0}{56.0}$
- c) Foreign aid - $\frac{1.5}{55.0}$
- d) Space - duplication in systems
some marginal
too fast -
- e) Domestic programs

Non defense 90% increase

Defense 10%

Objective - \$4 to \$5

Hold Spending to F.Y. 1962
level



Military -

U.S. Militarily superior to any potential

Enemy

Why - 1) Best weapons

2) Calibre & experience of our
leaders & men in Army,
Navy & Air Force

3) Willingness to spend about
10% of our GNP or
more than 50% of our
federal budget.

Raise two questions about current military
policy trends -

1) Centralization of control

a) a greater need today but

Can you substitute
computers for military experience
& personal judgment.

(story)

Can we rely on weapons
that perform in the laboratory
but which have not been
tested in the field
missiles - service tests



4) Acceptance of the "goin' project"
that now & in the future
Russia & the U.S. have reached
the point of mutual deterrence

I believe the superiority of our
scientists & engineers & the skill &
experience of our military planners
can develop - 1) new weapons

to penetrate & maintain
our superiority

and

2) better defensive
systems to protect
our nation.



To admit the inevitability of massive
mutual destruction is failure to face the
major challenge of the 1960's & beyond.

One final word

Our Nation grew from 13 colonies

With a Constitution

Executive } equal
Legislative } part
Judicial } of
Constitution

With the states & local governments

playing a strong, self-reliant

part

Any basic / fundamental change

would hurt rather help our Nation's

future growth, prosperity & security.

