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SPEECH BEFORE THE NEW JERSEY BUILDING CONTRACTORS, NEWARK, N.J.

WED., FEB. 22, 1967

LADIES AND GENTLEMEN:

TONIGHT I AM INVITING YOU TO TOUR WITH ME THE PUZZLING CITY OF WASHINGTON, D. C.

I CALL IT THE PUZZLING CITY NOT MERELY BECAUSE THE FRENCHMAN WHO LAID OUT ITS STREET PATTERN HAD 'A THING' ABOUT TRAFFIC CIRCLES, WITH STREETS FANNING OUT LIKE SPOKES FROM THE HUB OF A WHEEL.

WASHINGTON IS A PUZZLING CITY BECAUSE IT IS A CITY OF GAPS, A CITY WHERE THE GAP BETWEEN DREAMS AND REALITY IS MOST ACUTE, A CITY WHERE THE GAP BETWEEN RHETORIC AND REALITY OFTEN IS MOST PAINFUL, A CITY WHERE ILLUSION OFTEN PASSES FOR TRUTH.

AT NO TIME HAS THE CITY OF WASHINGTON BEEN MORE PUZZLING THAN DURING THE PAST THREE YEARS...AND AT PRESENT.

IT HAS BEEN SO PUZZLING THAT EVEN THE MOST CASUAL OBSERVER OF CURRENT EVENTS IS FAMILIAR WITH THE TERM, CREDIBILITY GAP. MOST AMERICANS ASSOCIATE THAT TERM WITH THE EQUALLY POPULAR EXPRESSION..."WOULD YOU BELIEVE?" AND THEIR ANSWER IS "NO."

WITH THE PUBLICITY GENERATED BY THE ADAM CLAYTON POWELL, THOMAS DODD AND BOBBY BAKER CASES, THE AMERICAN PUBLIC ALSO IS BEGINNING TO SEE AN INTEGRITY GAP IN WASHINGTON. UNFORTUNATELY, THEY TEND TO TAR ALL MEMBERS OF CONGRESS WITH THE SAME BRUSH. THIS IS TRAGIC BECAUSE I FIRMLY BELIEVE THE OVERWHELMING MAJORITY OF MEMBERS OF THE CONGRESS --DEMOCRATS AND REPUBLICANS--ARE HONEST, HARDWORKING AND ABLE PUBLIC OFFICIALS.

WHAT ALL OF THIS ADDS UP TO IS THAT IT'S CLEANUP TIME IN WASHINGTON. IT'S NOT FIXIT TIME; IT'S FIXUP TIME. WE HAVE TO CLEAN HOUSE--AND THE SOONER THE BETTER.

I'M NOT JUST TALKING ABOUT ABUSES OF THE PUBLIC TRUST; I'M TALKING <sup>very specifically</sup> ABOUT ABUSES OF THE PUBLIC PURSE.

I'M NOT JUST TALKING ABOUT AIRPLANE TRIPS ON PRIVATE BUSINESS AT TAXPAYER EXPENSE; I'M TALKING ABOUT FOOLISH FUNDING, SILLY SPENDING OF TAXPAYER MONEY IN THE NAME OF THE PUBLIC INTEREST.

I'M TALKING ABOUT MILLIONS OF DOLLARS SPENT ON SOCIAL EXPERIMENTATION WHILE THERE'S A WAR ON. I'M TALKING ABOUT MILLIONS OF DOLLARS SPENT ON BEAUTIFYING AMERICA WHILE THE NUMBER OF GI'S KILLED OR WOUNDED PASSES THE 50,000 MARK IN A WAR COSTING US NEARLY \$2 BILLION A MONTH.



LET ME GIVE YOU <sup>several</sup> ~~A~~ ~~COUPLE~~ OF EXAMPLES:

I HEARD THE OTHER DAY ABOUT A HALF-MILLION-DOLLAR HEALTH-EDUCATION-WELFARE DEPARTMENT PROJECT TO DEVELOP A DANCE AND THEATER CURRICULUM. SO I CHECKED INTO IT. A U. S. OFFICE OF EDUCATION OFFICIAL TOLD ME THE \$500,000 IS BEING SPENT THIS FISCAL YEAR UNDER TITLES 3 AND 4 OF THE ELEMENTARY-SECONDARY EDUCATION ACT. THAT'S FEDERAL AID TO ELEMENTARY SCHOOLS AND HIGH SCHOOLS, *under legislation approved for the first time in 1965 under the late, unlamented 89<sup>th</sup> Congress,* THE MONEY HAS BEEN USED TO ESTABLISH LABORATORY THEATERS IN PROVIDENCE, R. I., AND NEW ORLEANS, LA. THE IDEA IS TO FIND OUT HOW WE MIGHT ~~BE ABLE TO~~ USE THE ARTS TO TEACH YOUNGSTERS WHO CAN'T LEARN FROM BOOKS.

AS THE OFFICE OF EDUCATION OFFICIAL EXPLAINED IT, "WE'RE TRYING TO SEE WHAT THE ARTS CAN DO TO MEET NATIONAL NEEDS."



CAN YOU SEE SPENDING HALF A MILLION DOLLARS IN EDUCATIONAL THEATER WORKSHOPS WHILE THERE'S A WAR ON? I CAN'T, HOWEVER LOFTILY <sup>or academically</sup> IT IS DESCRIBED.

*Such expenditures do not*

~~IT DOESN'T~~ MAKE SENSE WHEN WE SHOULD BE SETTING PRIORITIES AND CUTTING OUT ALL BUT THE MOST ESSENTIAL DOMESTIC SPENDING.

I LEARNED, TOO, ABOUT ANOTHER <sup>Great Society</sup> PROJECT THAT ~~SHOULD BE~~ <sup>is described as</sup> MOST HELPFUL <sup>to</sup> THIS NATION ~~TO~~ MEET ~~ING~~ ITS NATIONAL NEEDS.

THE HOUSING AND URBAN DEVELOPMENT DEPARTMENT HAS JUST APPROVED A \$452,375 GRANT TO THE DISTRICT OF COLUMBIA FOR A NUMBER OF BEAUTIFICATION PROJECTS. INCLUDING THIS \$452,000 GRANT, THE D. C. GOVERNMENT PLANS TO SPEND MORE THAN \$2 MILLION ON BEAUTIFICATION THIS FISCAL YEAR.



IDEALLY, BEAUTY SHOULD BE PRESENT IN EVERYONE'S LIFE. IDEALLY, THE CITY OF WASHINGTON SHOULD BE THE MOST BEAUTIFUL

CITY IN THE WORLD. BUT DOES IT MAKE SENSE TO DROP A \$452,000  
*federal*  
1 BEAUTIFICATION GRANT INTO THE LAP OF D. C. OFFICIALS WHEN  
WE'RE FIGHTING A COSTLY WAR HALFWAY AROUND THE WORLD? I  
THINK NOT.

THINK ABOUT THESE TWO EXAMPLES OF ~~JOHNSON ADMINISTRATION~~  
SPENDING AND THEN TELL ME WHETHER THE PRESIDENT HAS BEEN *allegedly*  
BLOCKING UNNECESSARY EXPENDITURES. ~~AS HE LIKES TO PRETEND~~

*— if they are only samples —*  
1 CONSIDER THESE TWO ITEMS AND TELL ME WHETHER YOU THINK  
CONGRESS SHOULD GIVE THE PRESIDENT HIS INCOME TAX INCREASE  
OR/CUT HIS FISCAL 1968 BUDGET. YOU AND I BOTH KNOW THERE  
ARE MANY MORE ITEMS LIKE THESE TWO SCATTERED THROUGHOUT  
THE MAMMOTH DOCUMENT THAT PASSES FOR A GUIDE <sup>to</sup> ~~TO REASONABLE~~  
FEDERAL SPENDING.

THE PRESIDENT'S \$135 BILLION FISCAL 1968 BUDGET NOT ONLY



IS FAT. ----- (HERE HOLD UP THE BUDGET) -----

BUT IT HAS PLENTY OF FAT IN IT. WE IN THE CONGRESS WHO CARE ABOUT THE TAXPAYER INTEND TO CUT OUT AS MUCH OF IT AS WE CAN. WE KNOW WE CAN DO IT WITHOUT CUTTING NECESSARY SERVICES. WE KNOW THE PEOPLE <sup>The budget cuts</sup> WANT ~~IT~~ DONE, *either with a scalpel or a meat axe.*

IS THIS A NEGATIVE ATTITUDE? IS IT NEGATIVE ~~TO WANT~~ TO STREAMLINE THE FEDERAL GOVERNMENT, SET PRIORITIES AND SPEND THE TAXPAYER'S DOLLARS PRUDENTLY? I CONTEND THAT *such a policy* IS BEING POSITIVE--AND IN THE BEST POSSIBLE WAY. THOSE WHO RAISE THEIR HANDS IN HORROR OVER ANY ATTEMPTS AT BUDGET-CUTTING SHOULD BE CONSIGNED TO CREDIBILITY GAP, OR BETTER YET LET'S DROP THEM INTO CREDIBILITY CANYON.

THE CREDIBILITY GAP HAS WIDENED INTO A CANYON, ~~YOU KNOW~~, AND FOR GOOD REASON.





A SHORT TIME AGO DEFENSE DEPARTMENT OFFICIALS ADMITTED THAT OUR PLANE LOSSES IN VIETNAM ARE ACTUALLY DOUBLE WHAT THEY HAD BEEN REPORTING-----BECAUSE THEY HAD BEEN GIVING OUT FIGURES ONLY ON THOSE PLANES LOST IN AIR ACTION IGNORING, AS FAR AS THE PUBLIC WAS CONCERNED, THOSE DESTROYED OTHER THAN IN COMBAT. THERE'S ACCURACY FOR YOU; THERE'S TRUTH-IN-REPORTING FOR YOU!

THE CREDIBILITY GAP NOT ONLY EXTENDS TO THE BUDGET;  
*this gap between the fact and fiction is the widest at this point, in this area, in this department.*  
~~IT'S THERE THAT IT IS THE WIDEST.~~

*As an example*  
TAKE THE PRESIDENT'S BUDGET FOR THE CURRENT FISCAL YEAR, FOR ~~INSTANCE~~. WHEN THE PRESIDENT SUBMITTED IT TO CONGRESS, HE SAID WE'D HAVE A \$1.8 BILLION DEFICIT. REPUBLICANS SAID THE FIGURE WAS A PHONEY. THE ADMINISTRATION CRIED, "POLITICS!"  
*this name*  
NOW THE PRESIDENT TELLS US THE 1967 DEFICIT WILL BE MORE



THAN \$9 BILLION. THIS ERROR RESULTED FROM A <sup>mere</sup> MISCALCULATION OF \$14 BILLION IN EXPENDITURES, AND THIS GROSS UNDERESTIMATE OF EXPENDITURES WAS NOT ALL RELATED TO INCREASED COSTS IN VIETNAM.

ALL LAST YEAR ~~REPUBLICANS~~ <sup>we</sup> SAID THE ADMINISTRATION WAS HANDING OUT FAKE FIGURES ON THE COST OF THE VIETNAM WAR. CIVILIAN SPOKESMEN FOR THE PENTAGON SNORTED, "POLITICS." NOW DEFENSE SECRETARY MCNAMARA ADMITS HE UNDERESTIMATED THE COST OF THE WAR BY \$10 BILLION.

AT THE SAME TIME THAT ADMINISTRATION OFFICIALS WERE REFUSING TO MAKE KNOWN THE TRUE COST OF THE VIETNAM WAR, THEY WERE RAMMING THROUGH CONGRESS SUCH NEW PROGRAMS AS RENT SUBSIDIES, THE TEACHER CORPS AND MANY OTHER GREAT SOCIETY FRINGE BENEFITS.



ALL THIS TIME PRICES WERE MOVING UP AND THE PRICE STABILITY THAT HAD MEANT REAL ECONOMIC GAINS FOR MILLIONS OF AMERICANS WAS BEING DESTROYED.

PRESIDENT JOHNSON REJECTED THE RECOMMENDATION OF HIS TOP ECONOMIC ADVISER, <sup>of most economists</sup> GARDNER ACKLEY, THAT HE ASK CONGRESS TO VOTE AN INCOME TAX INCREASE. IN THE ALTERNATIVE, HE ALSO REJECTED ALL REPUBLICAN PLEAS THAT HE MAKE DEEP CUTS IN DOMESTIC SPENDING AS OFFSETS TO VIETNAM WAR COSTS.

<sup>inevitable</sup> THE RESULT ~~WAS THAT~~ OUR OVERHEATED ECONOMY ROLLED BLINDLY ON, STIMULATED BY HEAVY GREAT SOCIETY SPENDING AND SLOWED DOWN ONLY SLIGHTLY BY SUCH DEVICES AS ACCELERATED COLLECTION OF INCOME TAXES AND RESTORATION OF PART OF THE EXCISE TAXES REPEALED IN 1965.

OF COURSE, WE HAD TO INCREASE THE NATIONAL DEBT LIMIT



FROM \$330 BILLION TO \$336 BILLION RECENTLY. AND CONGRESS WILL BE ASKED TO RAISE THE DEBT LIMIT AGAIN IN JUNE BY ABOUT \$10 BILLION MORE. IS THIS ONLY BECAUSE OF THE VIETNAM WAR? NOT AT ALL! WE CAN ALSO THANK UNPRECEDENTED DOMESTIC SPENDING TO EXPAND THE SO-CALLED GREAT SOCIETY AND TACKLE MORE COSTLY SOCIAL EXPERIMENTS.

IS THIS TRULY THE WAY TO FASHION A GREAT SOCIETY IN AMERICA? TO LADLE OUT MILLIONS OF TAXPAYER DOLLARS FOR COUNTLESS EXPERIMENTS OF DUBIOUS VALUE WHILE OVER 400,000 AMERICAN MILITARY PERSONNEL COMMITTED TO VIETNAM BY THE COMMANDER-IN-CHIEF ARE ENGAGED IN THE THIRD LARGEST WAR IN OUR HISTORY?

WE WANT PROGRESS IN THIS COUNTRY, BUT THIS ISN'T THE WAY TO GET IT. THE <sup>basic</sup> APPROACH IS WRONG. IT'S <sup>dead</sup> WRONG BECAUSE IT'S BASED ON THE ASSUMPTION THAT ALL YOU HAVE TO DO IS



THROW ENOUGH FEDERAL DOLLARS AT A PROBLEM AND IT WILL GO AWAY. IT'S WRONG BECAUSE IT'S BASED ON THE PREMISE THAT ONLY WASHINGTON HAS THE ANSWERS.

WE WOULD COME UP WITH MORE OF THE ANSWERS AND WE WOULD MOVE FASTER AND FARTHER IF WE HAD CONFIDENCE IN OUR STATE AND LOCAL GOVERNMENTS AND IN PRIVATE ENTERPRISE. IT IS A *fatal* MISTAKE TO LOOK EVERLASTINGLY TO THE FEDERAL GOVERNMENT.

I HAVE CALLED WASHINGTON A PUZZLING CITY. LET ME TELL YOU, IT IS ESPECIALLY PUZZLING TO THE <sup>*well intentioned, dedicated*</sup> CITY OFFICIALS WHO TRY TO FIND THEIR WAY THROUGH THE MAZE OF FEDERAL BUREAUS TO TRACK DOWN A FEDERAL GRANT FOR A LOCAL PROJECT.

THE TRADITIONAL FEDERAL GRANT-IN-AID SYSTEM IS WASTEFUL. IT IS WASTEFUL OF TIME, MONEY AND HUMAN RESOURCES. AND IT MAKES OUR STATE AND CITY GOVERNMENTS MERE APPENDAGES



OF WASHINGTON, JIGGLED BY STRINGS PULLED IN THE NATION'S CAPITAL.

I PREDICT THAT CONGRESS IN TIME WILL ADOPT A FEDERAL TAX-SHARING SYSTEM WHICH ULTIMATELY WILL REPLACE THE BOGGED-DOWN BUREAUCRATIC GRANT-IN-AID SYSTEM ~~AND~~ LAY DOWN <sup>Federal tax sharing as a substitute from the existing set up will</sup> A CHALLENGE TO OUR STATE AND LOCAL GOVERNMENTS TO DO A JOB IN SOLVING THEIR PROBLEMS.

AS FEDERAL GRANT PROGRAMS EXPAND AND INCREASE IN NUMBER, THE FEDERAL TAX LOAD GROWS GREATER AND THE RED INK RISES HIGHER. *Ten years ago grant in aid programs were \$4 billion - this year \$15 billion. In this new budget the President wants \$2 billion more or \$17 billion.*

WE SHOULD BE MANAGING OUR NATIONAL AFFAIRS IN SUCH A WAY THAT INCOME TAXES COULD BE REDUCED. TAX REDUCTION SHOULD BE OUR GOAL. INSTEAD WE HAVE THE PRESIDENT ASKING FOR AN INCREASE IN INCOME TAXES TO PAY FOR INCREASED

DOMESTIC SPENDING. IT WOULD MAKE FAR MORE SENSE TO CUT  
DOMESTIC SPENDING BY AN EQUIVALENT AMOUNT.

NOW WE HAVE MR. ACKLEY, CHAIRMAN OF THE PRESIDENT'S  
COUNCIL OF ECONOMIC ADVISERS, ATTEMPTING TO BLACKMAIL  
CONGRESS INTO APPROVING THE PRESIDENT'S PROPOSAL FOR A  
5 PERCENT SURTAX. IF THE TAX INCREASE IS NOT APPROVED,  
MR. ACKLEY SAID THE OTHER DAY, "WE MIGHT FACE THE DANGER  
OF A RETURN TO THE INFLATIONARY DANGERS AND HIGH INTEREST  
RATES OF LAST YEAR."

MY ANSWER TO THAT IS THAT THE TAX INCREASE WILL NOT  
PREVENT THE UNIONS FROM SEEKING WAGE INCREASES OF 5 PERCENT  
OR MORE THIS YEAR. THE OUTLOOK IS FOR CONSIDERABLE COST-  
PUSH INFLATION DUE TO WAGE INCREASES REGARDLESS OF WHAT WE  
DO ON TAXES. AS FOR HIGH INTEREST RATES, THE ADMINISTRATION



COULD HELP THAT SITUATION BY GETTING OUT OF THE SHORT-TERM MONEY MARKET FOR AS LONG AS POSSIBLE. *Republicans a few weeks ago offered a solution but were defeated by a massive Administration effort*  
YOU AND I KNOW IT WAS TIGHT MONEY AND HIGH INTEREST RATES THAT PRODUCED A VIRTUAL DEPRESSION IN THE HOME BUILDING INDUSTRY LAST YEAR. YOU AND I KNOW THE ADMINISTRATION MOVED TO SUSPEND THE 7 PERCENT TAX CREDIT FOR INVESTMENT IN NEW PLANT AND BUILDINGS BECAUSE THAT WAS ONE WAY TO ATTACK INFLATION WITHOUT GETTING ANYBODY BUT BUSINESS MAD.


TIGHT MONEY? HIGH INTEREST RATES? THE HARD FACTS ARE THAT GOVERNMENT SPENDING HAS BEEN AND CONTINUES TO BE A MAJOR REASON FOR THE RECORD DEMAND FOR MONEY AND FOR THE INFLATIONARY PRESSURES THAT PLAGUE OUR ECONOMY. AND THIS IS NOT JUST BECAUSE OF THE VIETNAM WAR. THE RECORD SHOWS THAT NONDEFENSE SPENDING HAS BEEN RISING NEARLY AS MUCH.

*In the last six years non defense spending has risen both in % of dollars more than military.*



WE SHOULD BE PROMOTING GROWTH IN THE ECONOMY--HEALTHY GROWTH. TO DO THAT WE MUST ACHIEVE A BALANCED FISCAL AND MONETARY POLICY. AS A FIRST STEP TOWARD FISCAL BALANCE, WE MUST PUT A HOLD ON ALL NEW FEDERAL PROGRAMS UNTIL CURRENT INFLATIONARY PRESSURES EASE OFF.

IT IS A SEEMING PARADOX, BUT WE ARE ENCOUNTERING RECESSION DANGERS EVEN WHILE INFLATIONARY PRESSURES CONTINUE. THIS IS BECAUSE THE ADMINISTRATION HAS DONE SUCH A POOR JOB OF MANAGING THE ECONOMY EVER SINCE THE MASSIVE TAX CUTS OF 1964 AND 1965 TOUCHED OFF STRONG ECONOMIC GROWTH. THERE IS DRAG AND SAG IN THE ECONOMY RIGHT NOW. WE NEED SOUND NEW ECONOMIC GROWTH. I ~~DON'T THINK~~ A FEDERAL INCOME TAX INCREASE AT MID-YEAR IS <sup>not</sup> THE WAY TO ENCOURAGE IT. WHAT WE NEED IS A HOLDDOWN ON FEDERAL SPENDING AS A COUNTER TO INFLATION AND HIGH INTEREST RATES--AND RESTORATION



OF THE INVESTMENT TAX CREDIT TO SPUR CAPITAL INVESTMENT,  
GENERATE NEW BUSINESS CONFIDENCE AND PUT MORE PEOPLE TO WORK.

ACCORDING TO PRESIDENT JOHNSON'S AIDES, THE PRESIDENT  
BELIEVES THE BEST POLITICS IS THE BEST ECONOMICS. I BELIEVE  
JUST AS FIRMLY THAT THE BEST ECONOMICS IS THE BEST POLITICS.

I WANT FEDERAL SPENDING REDUCED FOR EXACTLY THAT REASON  
--BECAUSE IT'S THE BEST ECONOMICS. GOVERNMENT DOESN'T  
PRODUCE ANYTHING BUT SERVICES. AND IT CAN'T GIVE YOU  
ANYTHING IT DOESN'T TAKE FROM YOU IN THE FIRST PLACE.

*A government big enough etc*  
WHEN GOVERNMENT TAKES TOO MUCH FROM THE PRIVATE SECTOR  
OF THE ECONOMY, GOVERNMENT JOB-TRAINING AND ANTI-POVERTY  
PROGRAMS ARE OF NO AVAIL. THE BEST ANSWER TO POVERTY IS  
A GOOD PAYING JOB, AND THE BEST WAY TO CREATE JOBS IS  
TO ENCOURAGE SOUND GROWTH IN THE ECONOMY. LET'S HELP




OUR GREAT PRIVATE ENTERPRISE SYSTEM LICK POVERTY BY CREATING JOBS AND TRAINING THE MEN TO FILL THEM.

TO RELY TOO HEAVILY ON GOVERNMENT IS TO INVITE DESTRUCTION OF THAT SPIRIT IN AMERICANS WHICH PRODUCED THE GREATEST DEMOCRACY ON EARTH, IMPERFECT AS IT IS. IT BRINGS ON WHAT I CALL THE DISINCENTIVE SICKNESS.

IT WAS GEORGE WASHINGTON, WHOSE BIRTHDAY WE CELEBRATE TODAY, WHO SAID: "GOVERNMENT IS LIKE A FIRE WHICH, IF IT IS PROPERLY CONTROLLED, WILL LIGHT YOUR HOMES AND COOK YOUR FOOD AND RUN YOUR FACTORIES BUT, IF IT IS NOT CONTROLLED, IT WILL DESTROY YOU."

PRESIDENT WOODROW WILSON, A DEMOCRAT, TOLD THE AMERICAN PEOPLE: "LIBERTY CANNOT EXIST WHERE GOVERNMENT TAKES CARE OF THE PEOPLE, BUT IT CAN ONLY THRIVE WHERE THE PEOPLE



TAKE CARE OF THE GOVERNMENT."

I URGE YOU, EVERY ONE OF YOU, TO DO YOUR UTMOST TO  
FEED THE FIRE OF LIBERTY--TO MAKE SURE THAT GOVERNMENT  
IN AMERICA WILL BE THE SERVANT AND NOT THE MASTER OF THE  
PEOPLE. -----THANK YOU.-----

---END---



TEXT

NEWARK, N. J.

FEB. 22, 1967

HOUSE OF REPRESENTATIVES, U.S.  
OFFICE OF THE MINORITY LEADER  
PUBLIC DOCUMENT  
OFFICIAL BUSINESS

BUILDING CONTRACTORS *Herold R. Ford*  
M.C.

WED., FEB. 22, 1967

READING COPY

N. J. BUILDING CONTRACTORS ASSN.

NEWARK, N. J.



① 1951 -  
Tapped  
1948 -  
1950 -

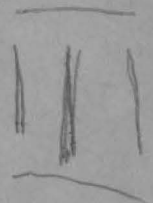
1951 -  
1955 -  
1956

Boone Mtn  
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John Martin



1954 -



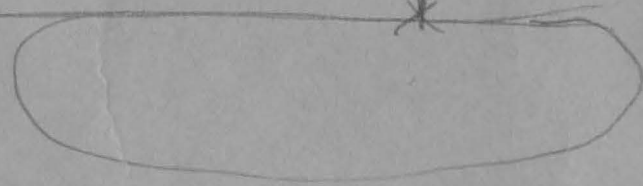
83

1962  
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FORD

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ADDRESS BY REP. GERALD R. FORD, R-MICH.

BEFORE THE NEW JERSEY BUILDING CONTRACTORS ASSN., NEWARK, NEW JERSEY.

Tonight I am inviting you to tour with me the puzzling city of Washington, D.C.

I call it the puzzling city not merely because the Frenchman who laid out its street pattern had 'a thing' about traffic circles, with streets fanning out like spokes from the hub of a wheel.

Washington is a puzzling city because it is a city of gaps, a city where the gap between dreams and reality is most acute, a city where the gap between rhetoric and reality often is most painful, a city where illusion often passes for truth.

At no time has the city of Washington been more puzzling than during the past three years, and at present.

It has been so puzzling that even the most casual observer of current events is familiar with the term, Credibility Gap. Most Americans associate that term with the equally popular expression... "Would you believe?" And their answer is "no."

With the publicity generated by the Adam Clayton Powell, Thomas Dodd, and Bobby Baker cases, the American public also is beginning to see an Integrity Gap in Washington. Unfortunately, they tend to tar all members of Congress with the same brush. This is tragic because I firmly believe the overwhelming majority of members of the Congress--Democrats and Republicans --are honest, hardworking and able public officials.

What all of this adds up to is that it's cleanup time in Washington. It's not fixit time; it's fixup time. We have to clean house--and the sooner the better.

I'm not just talking about abuses of the public trust; I'm talking about abuses of the public purse.

I'm not just talking about airplane trips on private business at taxpayer expense; I'm talking about foolish funding, silly spending of taxpayer money in the name of the public interest.

I'm talking about millions of dollars spent on social experimentation while there's a war on. I'm talking about millions of dollars spent on beautifying America while the number of GI's killed or wounded passes the 50,000 mark in a war costing us nearly \$2 billion a month.

Let me give you a couple of examples.

I heard the other day about a half-million-dollar Health-Education-Welfare Department project to develop a dance and theater curriculum. So I checked into it.

(MORE)



A U.S. Office of Education official told me the \$500,000 is being spent this fiscal year under Titles 3 and 4 of the Elementary-Secondary Education Act. That's federal aid to elementary schools and high schools.

The money has been used to establish laboratory theaters in Providence, R.I., and New Orleans, La. The idea is to find out how we might be able to use the arts to teach youngsters who can't learn from books.

As the Office of Education official explained it, "We're trying to see what the arts can do to meet national needs."

Can you see spending half a million dollars in educational theater workshops while there's a war on? I can't, however briefly it is described.

It doesn't make sense when we should be setting priorities and cutting out all but the most essential domestic spending.

I learned, too, about another project that should be most helpful to this nation in meeting its national needs. The Housing and Urban Development Department has just approved a \$452,375 grant to the District of Columbia for a number of beautification projects. Including this \$452,000 grant, the D.C. Government plans to spend more than \$2 million on beautification this fiscal year.

Ideally, beauty should be present in everyone's life. Ideally, the city of Washington should be the most beautiful city in the world. But does it make sense to drop a \$452,000 beautification grant into the lap of D. C. officials when we're fighting a costly war halfway around the world? I think not.

Think about these two examples of Johnson Administration spending and then tell me whether the President has been blocking unnecessary expenditures, as he likes to pretend.

Consider these two items and tell me whether you think Congress should give the President his income tax increase or cut his fiscal 1968 budget. You and I both know there are many more items like these two scattered throughout the mammoth document that passes for a guide to reasonable federal spending.

The President's \$135 billion fiscal 1968 budget not only is fat,----but it has plenty of fat in it. We in the Congress who care about the taxpayer intend to cut out as much of it as we can. We know we can do it without cutting necessary services. We know the people want it done.

Is this a negative attitude? Is it negative to want to streamline the federal government, set priorities and spend the taxpayer's dollars prudently? I contend



that is being positive--and in the best possible way. Those who raise their hands in horror over any attempts at budget-cutting should be consigned to Credibility Gap, or better yet let's drop them into Credibility Canyon.

The Credibility Gap has widened into a canyon, you know, and for good reason.

A short time ago Defense Department officials admitted that our plane losses in Vietnam are actually double what they had been reporting----because they had been giving out figures only on those planes lost in air action and ignoring as far as the public was concerned, those destroyed other than in combat. There's accuracy for you; there's truth-in-reporting for you!

The Credibility Gap not only extends to the budget; it's there that it is the widest.

Take the President's budget for the current fiscal year, for instance. When the President submitted it to Congress he said we'd have a \$1.8 billion deficit. Republicans said the figure was a phoney. The Administration cried, "Politics." Now the President tells us the 1967 deficit will be more than \$9 billion. This error resulted from a miscalculation of \$14 billion in expenditures, and this gross underestimate of expenditures was not all related to increased costs in Vietnam.

All last year Republicans said the administration was handing out fake figures on the cost of the Vietnam War. Civilian spokesmen for the Pentagon snorted, "Politics." Now Defense Secretary McNamara admits he underestimated the cost of the war by \$10 billion.

At the same time that Administration officials were refusing to make known the true cost of the Vietnam War, they were ramming through Congress such new programs as Rent Subsidies, the Teacher Corps and many other Great Society fringe benefits.

All this time prices were moving up and the price stability that had meant real economic gains for millions of Americans was being destroyed.

President Johnson rejected the recommendation of his top economic adviser, Gardner Ackley, that he ask Congress to vote an income tax increase. In the alternative, he also rejected all Republican pleas that he make deep cuts in domestic spending as offsets to Vietnam War costs.

The result was that our overheated economy rolled blindly on, stimulated by heavy Great Society spending and slowed down only slightly by such devices as accelerated collection of income taxes and restoration of part of the excise taxes repealed in 1965.

Of course, we had to increase the National Debt Limit from \$330 billion to \$336 billion recently. And Congress will be asked to raise the debt limit again

(MORE)

in June by about \$10 billion more. Is this only because of the Vietnam War? Not at all! We can also thank unprecedented domestic spending to expand the so-called Great Society and tackle more costly social experiments.

Is this truly the way to fashion a Great Society in America? To ladle out millions of taxpayer dollars for countless experiments of dubious value while over 400,000 American military personnel committed to Vietnam by the Commander in Chief are engaged in the third largest war in our history?

We want progress in this country, but this isn't the way to get it. The approach is wrong. It's wrong because it's based on the assumption that all you have to do is throw enough federal dollars at a problem and it will go away. It's wrong because it's based on the premise that only Washington has the answers.

We would come up with more of the answers and we would move faster and farther if we had confidence in our state and local governments and in private enterprise. It is a mistake to look everlastingly to the federal government.

I have called Washington a puzzling city. Let me tell you it is especially puzzling to the city officials who try to find their way through the maze of federal bureaus to track down a federal grant for a local project.

The traditional federal grant-in-aid system is wasteful. It is wasteful of time, money and human resources. And it makes our state and city governments mere appendages of Washington, juggled by strings pulled in the Nation's capital.

I predict that Congress in time will adopt a federal tax-sharing system which ultimately will replace the bogged-down bureaucratic grant-in-aid system and lay down a challenge to our state and local governments to do a job in solving their problems.

As federal grant programs expand and increase in number, the federal tax load grows greater and the red ink rises higher.

We should be managing our national affairs in such a way that income taxes could be reduced. Tax reduction should be our goal. Instead we have the President asking for an increase in income taxes to pay for increased domestic spending. It would make far more sense to cut domestic spending by an equivalent amount.

Now we have Mr. Ackley, chairman of the President's Council of Economic Advisers, attempting to blackmail Congress into approving the President's proposal for a 6 percent surtax. If the tax increase is not approved, Mr. Ackley said the other day, "we might face the danger of a return to the inflationary dangers and high interest rates of last year."

(MORE)

My answer to that is that the tax increase will not prevent the unions from seeking wage increases of 5 percent or more this year. The outlook is for considerable cost-push inflation due to wage increases regardless of what we do on taxes. As for high interest rates, the Administration could help that situation by getting out of the short-term money market for as long as possible.

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We need sound new economic growth. I don't think a federal income tax increase at mid-year is the way to encourage it. What we need is a holddown on federal spending as a counter to inflation and high interest rates--and restoration of the investment tax credit to spur capital investment, generate new business confidence and put more people to work.

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It was George Washington, whose birthday we celebrate today, who said: "Government is like a fire which, if it is properly controlled, will light your homes and cook your food and run your factories but, if it is not controlled, it will destroy you."

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# # #

ADDRESS BY REP. GERALD R. FORD, R-MICH.

BEFORE THE NEW JERSEY BUILDING CONTRACTORS ASSN. NEWARK, NEW JERSEY.

Tonight I am inviting you to tour with me the puzzling city of Washington, D.C.

I call it the puzzling city not merely because the Frenchman who laid out its street pattern had 'a thing' about traffic circles, with streets fanning out like spokes from the hub of a wheel.

Washington is a puzzling city because it is a city of gaps, a city where the gap between dreams and reality is most acute, a city where the gap between rhetoric and reality often is most painful, a city where illusion often passes for truth.

At no time has the city of Washington been more puzzling than during the past three years, and at present.

It has been so puzzling that even the most casual observer of current events is familiar with the term, Credibility Gap. Most Americans associate that term with the equally popular expression... "Would you believe?" And their answer is "no."

With the publicity generated by the Adam Clayton Powell, Thomas Dodd, and Bobby Baker cases, the American public also is beginning to see an Integrity Gap in Washington. Unfortunately, they tend to tar all members of Congress with the same brush. This is tragic because I firmly believe the overwhelming majority of members of the Congress--Democrats and Republicans --are honest, hardworking and able public officials.

What all of this adds up to is that it's cleanup time in Washington. It's not fixit time; it's fixup time. We have to clean house--and the sooner the better.

I'm not just talking about abuses of the public trust; I'm talking about abuses of the public purse.

I'm not just talking about airplane trips on private business at taxpayer expense; I'm talking about foolish funding, silly spending of taxpayer money in the name of the public interest.

I'm talking about millions of dollars spent on social experimentation while there's a war on. I'm talking about millions of dollars spent on beautifying America while the number of GI's killed or wounded passes the 50,000 mark in a war costing us nearly \$2 billion a month.

Let me give you a couple of examples.

I heard the other day about a half-million-dollar Health-Education-Welfare Department project to develop a dance and theater curriculum. So I checked into it.

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A U.S. Office of Education official told me the \$500,000 is being spent this fiscal year under Titles 3 and 4 of the Elementary-Secondary Education Act. That's federal aid to elementary schools and high schools.

The money has been used to establish laboratory theaters in Providence, R.I., and New Orleans, La. The idea is to find out how we might be able to use the arts to teach youngsters who can't learn from books.

As the Office of Education official explained it, "We're trying to see what the arts can do to meet national needs."

Can you see spending half a million dollars in educational theater workshops while there's a war on? I can't, however briefly it is described.

It doesn't make sense when we should be setting priorities and cutting out all but the most essential domestic spending.

I learned, too, about another project that should be most helpful to this nation in meeting its national needs. The Housing and Urban Development Department has just approved a \$452,375 grant to the District of Columbia for a number of beautification projects. Including this \$452,000 grant, the D.C. Government plans to spend more than \$2 million on beautification this fiscal year.

Ideally, beauty should be present in everyone's life. Ideally, the city of Washington should be the most beautiful city in the world. But does it make sense to drop a \$452,000 beautification grant into the lap of D. C. officials when we're fighting a costly war halfway around the world? I think not.

Think about these two examples of Johnson Administration spending and then tell me whether the President has been blocking unnecessary expenditures, as he likes to pretend.

Consider these two items and tell me whether you think Congress should give the President his income tax increase or cut his fiscal 1968 budget. You and I both know there are many more items like these two scattered throughout the mammoth document that passes for a guide to reasonable federal spending.

The President's \$135 billion fiscal 1968 budget not only is fat,----but it has plenty of fat in it. We in the Congress who care about the taxpayer intend to cut out as much of it as we can. We know we can do it without cutting necessary services. We know the people want it done.

Is this a negative attitude? Is it negative to want to streamline the federal government, set priorities and spend the taxpayer's dollars prudently? I contend

that is being positive--and in the best possible way. Those who raise their hands in horror over any attempts at budget-cutting should be consigned to Credibility Gap, or better yet let's drop them into Credibility Canyon.

The Credibility Gap has widened into a canyon, you know, and for good reason.

A short time ago Defense Department officials admitted that our plane losses in Vietnam are actually double what they had been reporting----because they had been giving out figures only on those planes lost in air action and ignoring as far as the public was concerned, those destroyed other than in combat. There's accuracy for you; there's truth-in-reporting for you!

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At the same time that Administration officials were refusing to make known the true cost of the Vietnam War, they were ramming through Congress such new programs as Rent Subsidies, the Teacher Corps and many other Great Society fringe benefits.

All this time prices were moving up and the price stability that had meant real economic gains for millions of Americans was being destroyed.

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The result was that our overheated economy rolled blindly on, stimulated by heavy Great Society spending and slowed down only slightly by such devices as accelerated collection of income taxes and restoration of part of the excise taxes repealed in 1965.

Of course, we had to increase the National Debt Limit from \$330 billion to \$336 billion recently. And Congress will be asked to raise the debt limit again

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in June by about \$10 billion more. Is this only because of the Vietnam War? Not at all! We can also thank unprecedented domestic spending to expand the so-called Great Society and tackle more costly social experiments.

Is this truly the way to fashion a Great Society in America? To ladle out millions of taxpayer dollars for countless experiments of dubious value while over 400,000 American military personnel committed to Vietnam by the Commander in Chief are engaged in the third largest war in our history?

We want progress in this country, but this isn't the way to get it. The approach is wrong. It's wrong because it's based on the assumption that all you have to do is throw enough federal dollars at a problem and it will go away. It's wrong because it's based on the premise that only Washington has the answers.

We would come up with more of the answers and we would move faster and farther if we had confidence in our state and local governments and in private enterprise. It is a mistake to look everlastingly to the federal government.

I have called Washington a puzzling city. Let me tell you it is especially puzzling to the city officials who try to find their way through the maze of federal bureaus to track down a federal grant for a local project.

The traditional federal grant-in-aid system is wasteful. It is wasteful of time, money and human resources. And it makes our state and city governments mere appendages of Washington, juggled by strings pulled in the Nation's capital.

I predict that Congress in time will adopt a federal tax-sharing system which ultimately will replace the bogged-down bureaucratic grant-in-aid system and lay down a challenge to our state and local governments to do a job in solving their problems.

As federal grant programs expand and increase in number, the federal tax load grows greater and the red ink rises higher.

We should be managing our national affairs in such a way that income taxes could be reduced. Tax reduction should be our goal. Instead we have the President asking for an increase in income taxes to pay for increased domestic spending. It would make far more sense to cut domestic spending by an equivalent amount.

Now we have Mr. Ackley, chairman of the President's Council of Economic Advisers, attempting to blackmail Congress into approving the President's proposal for a 6 percent surtax. If the tax increase is not approved, Mr. Ackley said the other day, "we might face the danger of a return to the inflationary dangers and high interest rates of last year."



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# # #

# Speech of the Week

PUBLIC RELATIONS OFFICE  
REPUBLICAN CONGRESSIONAL COMMITTEE  
312 CONGRESSIONAL HOTEL • WASHINGTON, D. C.

SUBJECT: Washington--World's Most Puzzling City

Remarks of House Republican Leader Gerald R. Ford  
Before the New Jersey Building Contractors Association  
Newark, N.J., February 22, 1967

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