

The original documents are located in Box D32, folder “80th Annual Convention, Michigan Association of Plumbing, Heating and Cooling Contractors, Grand Rapids, MI, February 11, 1972” of the Ford Congressional Papers: Press Secretary and Speech File at the Gerald R. Ford Presidential Library.

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

BEFORE THE 80th ANNUAL CONVENTION
OF THE MICHIGAN ASSOCIATION OF PLUMBING, HEATING AND COOLING CONTRACTORS

AT THE PANTLIND HOTEL
GRAND RAPIDS, MICHIGAN
FRIDAY, FEBRUARY 11, 1972

*IRS - surprise
no large business*

FOR RELEASE AT 10:30 a.m. FRIDAY, FEB. 11

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First of all, let's take a wide-scope look at what lies ahead on the economic road.

Leading business economists are predicting a rise of fully 9 per cent in our gross national product in 1972 -- an expansion of nearly \$100 billion in the market value of total goods and services we produce this year. I think it's significant that this would be the largest annual gain in the value of total national output on record. It says something about the kind of year 1972 is going to be.

*GNP
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*970
71/4.3
70/5.5
69/6.1*

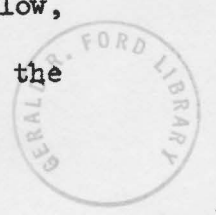
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Young

We will constantly have to be on guard against a resurgence of inflation as the economy picks up steam in 1972. Therefore we must continue restraints on prices and wages until the atmosphere of inflationary expectations which has done so much harm to this country is fully dissipated.

As for my own personal outlook on the economy, I think we will see slow, steady growth in 1972 -- solid growth that will push employment up, soak up the

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increased number of job-seekers in the labor market and drop unemployment down to 5 per cent by the end of the year.

Employment should rise about 2.1 million new jobs. This will be some 400,000 jobs more than would be necessary to take care of the 1.5 million people being added to the work force plus the additional 200,000 coming out of the Armed Forces. And bear in mind that we created 1.7 million additional jobs in the last six months of 1971, but this was offset by cutbacks in defense payrolls and the size of the military, and by other factors.

As you know, the strongest element in the national economy in 1971 was housing.

Housing
The number of 1971 housing starts topped out at an all-time record of 2-million-plus.

That was an increase of 41 per cent over 1970 starts. It was 10 per cent greater than the previous record year of 1950, when the homebuilding industry was still trying to relieve the shortage resulting from a long depression and World War II. If new mobile homes are added to the conventional housing total for 1971, we wind up with 2.6 million units. That surpasses the 1950 total by nearly one-third.

When an objective of 26 million new and rehabilitated units was established by Congress as the housing goal for the decade 1968-78, some said it was impossible. With about 2.6 million units in 1971, we have now reached the average annual pace called for by that goal.

What is the housing outlook for 1972? I believe 1972 will be another record year, topping 1971 by a modest margin.

High market
The condition of the mortgage market will determine the progress of housing in 1972. In that connection we have the word of Preston Martin, chairman of the Federal Home Loan Bank Board, that 1972 will be a "nifty" year for the home buyer. Martin predicts that interest rates on conventional loans will at least hold steady or possibly even drop a fraction of a per cent.

I can assure you that the Administration will continue to place a high level of priority on housing -- and that is important if we are to have another record year in 1972.

Much of the thrust for the housing boom in 1971 was provided by government and quasi-government agencies. You can expect that kind of impetus to continue.

I suppose no discussion of the economy would be complete without at least some mention of Phase II of the wage and price stabilization program.

I personally believe Phase II is working. Price stabilization is working despite the absence of a large bureaucracy. The reason is that pricing by

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Wage stabilization has been a rockier road, and the reluctance of some leaders of organized labor to cooperate in the national interest has been clearly apparent and rather painful. But I took heart when the Price Commission refused to pass along the entire amount of the coal industry pay boost, which in turn put pressure on the Pay Board. Subsequent to that, the Pay Board refused to give the machinists all they had negotiated. So I think we've come to the point where we have had to make some hard decisions and we have made them. I believe the pieces are finally falling into place.

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How long will Phase II last? As long as necessary -- until inflation no longer feeds on itself and inflationary expectations are a thing of the past. What comes after Phase II? Probably some form of voluntary pay guidelines linked with productivity increases, rather than the mandatory system we have currently.

IMPORT
SDR
TAX

Now I would like to discuss some of the legislation pending in Congress, assessing it from the standpoint of what's desirable and what's likely.

I personally feel it is vitally important that the Congress approve some form of Federal revenue sharing this year. I would like to see the President's plan adopted -- a percentage sharing of \$5 billion with the States and local units of government, free of red tape so we could zero in on local needs.

This is important for those in the construction field, since it probably would touch off a flurry of local building projects of various kinds.

Chances for adoption of a revenue sharing plan, by whatever name, look fairly good this year. House Ways and Means Chairman Wilbur Mills, who is the key man on this legislation, has introduced a revenue sharing bill of his own which goes about 80 per cent of the way with the President. I believe there is room for compromise. So revenue sharing prospects are quite bright.

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HR 10488
Now we come to a bill in which everyone connected with the construction business should be interested. It is H.R. 10488, which would give the General Services Administration authority to make purchase contracts for the construction of 63 building projects costing an estimated \$750 million. This bill has already passed the Senate and is close to being reported out by the House Public Works Committee.

H.R. 10488 would create a Federal public buildings revolving fund, which would be built up over a three-year period. Rent charged to all Federal agencies occupying a building would go into this fund. The fund then would be used to pay for new Federal buildings on the installment plan.

*71-133
72-200
73-114*
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What happens in Washington should be of vital concern to contractors. You should make your interests known. You should take an active part in the political process. You should help to make democracy work.

I was not going to talk politics at all today, since this is a nonpartisan audience. But Lynn Briggs has asked me to make some comment about the upcoming election.

Issues
Let me begin by saying that the major issues in any national election are peace and prosperity.

I have already discussed the economic outlook. Let me simply add that I am sure the economy will be an issue in the 1972 campaign. The Democrats will paint it in the darkest of colors and try to make you believe, like Chicken Little, that the sky is falling. I am sure you will find by next fall that the economy will be

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moving strongly upward. In fact, I expect an upsurge in the fourth quarter after slow, steady growth in the first three quarters. So the American people will be the judge of this Administration's performance on the economy -- and I do not fear for that judgment. Surely the people know that we have seldom had peace and prosperity at the same time, and that we are now trying to achieve prosperity while ending our involvement in a tragic and costly war. What we want is real prosperity, not the phony prosperity generated by war that creates a defense plant boom, puts hundreds of thousands of our young men into uniform, and sends prices sky-high.

The other big issue will be peace -- the conduct of our foreign affairs. President Nixon inherited the Vietnam War, just as he inherited inflation. He is curbing inflation and he is ending our involvement in Vietnam -- ending it in an honorable way and not through the surrender urged on him by his critics. I think in the final analysis the American people will find this the right way.

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I was not going to talk politics at all today, since this is a nonpartisan audience. But Lynn Briggs has asked me to make some comment about the upcoming election.

Let me begin by saying that the major issues in any national election are peace and prosperity.

I have already discussed the economic outlook. Let me simply add that I am sure the economy will be an issue in the 1972 campaign. The Democrats will paint it in the darkest of colors and try to make you believe, like Chicken Little, that the sky is falling. I am sure you will find by next fall that the economy will be

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moving strongly upward. In fact, I expect an upsurge in the fourth quarter after slow, steady growth in the first three quarters. So the American people will be the judge of this Administration's performance on the economy -- and I do not fear for that judgment. Surely the people know that we have seldom had peace and prosperity at the same time, and that we are now trying to achieve prosperity while ending our involvement in a tragic and costly war. What we want is real prosperity, not the phony prosperity generated by war that creates a defense plant boom, puts hundreds of thousands of our young men into uniform, and sends prices sky-high.

The other big issue will be peace -- the conduct of our foreign affairs. President Nixon inherited the Vietnam War, just as he inherited inflation. He is curbing inflation and he is ending our involvement in Vietnam -- ending it in an honorable way and not through the surrender urged on him by his critics. I think in the final analysis the American people will find this the right way.

President Nixon has brought a new quality of realism to American foreign policy -- the Nixon Doctrine and an era of negotiation in place of confrontation.

We have agreed to accept Mainland China as a sovereign nation, adjusting our policies in Asia to meet changed economic and political conditions there. Following our military withdrawal from Vietnam, we will continue to provide support under the Nixon Doctrine for our non-Communist friends in Asia.

In our relations with the Soviet Union, new realism on both sides has recognized a mutual interest in reducing the risk of nuclear war. There are signs that an agreement on curbing nuclear weapons will result from the Strategic Arms Limitation Talks. Should these talks prove successful, they will show that with hard bargaining and diligent negotiation we can avoid a new upward spiral of the nuclear arms race.

The foreign relations of the United States have changed drastically in the last few months, with President Nixon's upcoming visit to China and his planned trip to the Soviet Union in late May. The President also has consulted with our Free World partners in advance of his trips to the summit in Peking and Moscow.

We are turning from an era of confrontation to an era of negotiation. But there is no question in my mind that negotiation will prove fruitful only if we negotiate from a position of strength. I also firmly believe that no useful purpose is served when some candidates for the Democratic presidential nomination reject the President's proposals for ending the Vietnam War even before the North Vietnamese do.

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We are achieving solid success in our foreign affairs. We are achieving that success because we are continuing to show the world that we are determined to discharge America's responsibility for maintaining world peace.

The challenge that faces us in foreign affairs is that we continue to assert world leadership in the face of neo-isolationism, well-meaning but misguided pacifism and some radically organized protest movements which tend to benefit the other side.

We must put the nation on a new course, take her in new directions that point toward a new era of greatness for the American people.

We must lay a foundation for prosperity without war and we must build a new strategy for peace.

Our goals are clear. Our purpose is strong. With the help of the American people, we cannot fail.

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