

The original documents are located in Box D35, folder “National Life Advertisers Association, Washington, DC, September 26, 1973” of the Ford Congressional Papers: Press Secretary and Speech File at the Gerald R. Ford Presidential Library.

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NATIONAL LIFE ADVERTISERS ASSOCIATION AT
10:30 A.M. WEDNESDAY, SEPTEMBER 26, 1973,
IN THE REGENCY BALLROOM OF THE SHOREHAM
AMERICANA HOTEL, WASHINGTON, D.C.

NOT DUAL
Reception - Breakfast
1) VP's decision
2) why - leaks
3) where -

IT IS DIFFICULT TO PERCEIVE IT
AMIDST ALL THE MOANING AND THE GROANING *by the*
BUT WE ARE RIDING THE CREST OF AN ECONOMIC
BOOM. *abominations*

THERE IS MOANING AND GROANING
FOR A NUMBER OF REASONS -- ONE BEING THAT
THE STOCK MARKET ^{has been} ~~IS BEING~~ CLAWED AND
^{except for the last 5 days.} PAWED BY THE BEARS. BUT THE CHIEF REASON
IS INFLATION.


OF ALL THE PROBLEMS THE UNITED
STATES HAS BEEN FACED WITH OVER THE LAST
DECADE OR SO, THE ONE THAT HAS BEEN THE
MOST PERSISTENT, THE MOST PERVASIVE AND
THE MOST PERVERSE HAS BEEN INFLATION!



It involves your industry, 210 million Americans, 4 billion people
world-wide.

THE CONTROL OF INFLATION UNDER
CONDITIONS OF PROSPERITY IN PEACETIME IS
THE DOMINANT DOMESTIC CHALLENGE OF THE
SEVENTIES AS THE UNITED STATES STRUGGLES
WITH THE PROBLEM OF REBUILDING ITS
COMPETITIVE POSITION IN WORLD MARKETS.

YOU KNOW THAT INFLATION IMPOSES
AN UNJUST BURDEN ON EVERYONE BUT THAT
RETIRED AMERICANS AND PERSONS ON FIXED
INCOME SUFFER THE MOST. IN RECENT MONTHS,
GALLOPING FOOD PRICE INFLATION HAS BROUGHT
CRIES OF ANGUISH FROM ALL OF US. IN THE
FINAL ANALYSIS, INFLATION IS JUST PLAIN
CONFISCATION OF INCOME FOR EVERYONE.
FURTHERMORE, THE RISING COSTS OF DOING
BUSINESS THREATEN JOBS. THIS MEANS THAT
THE ECONOMIC STRENGTH OF THE NATION AT
HOME AND IN WORLD MARKETS IS CLEARLY
THREATENED.



IT IS AGAINST THIS BACKDROP
THAT I TALK WITH YOU TODAY ABOUT GENERAL
ECONOMIC CONDITIONS IN THE UNITED
STATES -- AND THE CONTINUING CHALLENGE
THAT FACES US.

WE HAVE ALL BECOME
ECONOMY-WATCHERS IN THE SEVENTIES, AND
OUR EXPERIENCE IN THAT REGARD IS MUCH LIKE
PARENTS WHOSE CHILD IS SLOW IN LEARNING
TO TALK. WHEN THE CHILD FINALLY DOES TALK,
THE FLOOD OF WORDS IS A BIT TOO MUCH FOR
US.

SO IT HAS BEEN WITH THE ECONOMY.
WE WERE IMPATIENT THROUGHOUT 1970 AND
1971 -- AND ON INTO THE SPRING OF 1972 --
AS THE BUSINESS RECOVERY APPEARED SLUGGISH.
THEN BUSINESS ACTIVITY SPURTED, AND IN
RECENT MONTHS A VERY DIFFERENT PROBLEM



HAS EMERGED -- A RAPID ACCELERATION OF GENERAL PRICE INFLATION, *primarily in food + petroleum.*

IN THE FIRST QUARTER OF 1972, OUR UNUSED RESOURCES SEEMED ADEQUATE TO ACCOMMODATE A LONG AND SIZABLE UPTREND IN SALES AND OUTPUT. THE NATIONAL UNEMPLOYMENT RATE REMAINED STUCK AT NEARLY 6 PER CENT. ONLY 75 PER CENT OF THE NATION'S MANUFACTURING FACILITIES WERE IN USE. PRICE AND WAGE CONTROLS, AIDED BY COMPETITIVE FORCES, APPEARED TO HAVE DAMPENED THE WAGE-PRICE SPIRAL.

BEGINNING WITH THE SECOND QUARTER OF 1972, THE UPTREND IN SALES AND OUTPUT GAINED SPEED. SINCE THEN, VIRTUALLY ALL SECTORS OF THE ECONOMY HAVE SHOWN SIGNIFICANT GAINS.



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HAVE SHOWN SIGNIFICANT GAINS.



NOW THE UNITED STATES ECONOMY IS RIDING A BOOM. OUR GROSS NATIONAL PRODUCT IS RUNNING AT A RATE OF \$1,272 BILLION. THERE ARE 3 MILLION MORE PEOPLE WORKING TODAY THAN A YEAR AGO. UNEMPLOYMENT IS AT A RATE OF 4.8 PER CENT, DOWN SHARPLY FROM THE 6 PER CENT FIGURE WHERE THE NEEDLE WAS STUCK FOR SO LONG. THERE ARE 84.4 MILLION JOBS, AN ALL-TIME RECORD, AND WAGES ARE ALSO AT AN ALL-TIME HIGH. THERE WERE 1.6 MILLION NEW JOBS CREATED IN THE FIRST SIX MONTHS OF 1973, ALONE.

IN 1970, WITH A POPULATION OF 204,879,000, WE HAD 79,627,000 PEOPLE EMPLOYED. SINCE THEN, OUR POPULATION IS UP 2.4 PER CENT TO 209,866,000, BUT THE NUMBER OF JOBS HAS GROWN NEARLY 6 MILLION,



AN INCREASE OF MORE THAN 7 PER CENT --
TWICE AS MUCH AS THE GROWTH IN POPULATION.

DURING THIS SAME PERIOD,
PERSONAL INCOME ROSE FROM \$542 BILLION
TO \$681 BILLION, A JUMP OF 25 PER CENT.
SALES OF NON-DURABLE GOODS INCREASED
24 PER CENT; DURABLE GOODS, 52 PER CENT.
AT THE SAME TIME, PRICES WENT UP
13 PER CENT. SO IT'S CLEAR THAT REAL
BUYING POWER KEPT STEADILY AHEAD OF
INFLATION.

NOW WE MUST FIGHT TO PRESERVE
THIS EDGE, AND THAT IS THE JOB OF THE
ADMINISTRATION, THE CONGRESS AND THE
AMERICAN PEOPLE. IT IS THE PEOPLE, MOVING
IN RESPONSE TO SUPPLY AND DEMAND, WHO ARE
THE ULTIMATE DECISION MAKERS ON INFLATION.
GOOD, SOUND FEDERAL POLICIES CAN HELP DO
THE JOB.

INFLATION IS OUR NO. 1
POLITICAL ISSUE. THERE ARE THOSE WHO ARE
SEEKING TO MAKE POLITICAL HAY OUT OF THAT
ISSUE. AND THE IRONIC FACT IS THAT THEY
ARE THE SAME PEOPLE WHO TOUCHED OFF THE
INFLATIONARY PRESSURES HAUNTING US TODAY
BY INSISTING IN THE MID-SIXTIES THAT WE ^{at the outset of our heavy commitment in Vietnam} WE
COULD FIGHT A COSTLY WAR HALFWAY ACROSS
THE WORLD WITHOUT A TAX INCREASE -- THE
PEOPLE WHO INSISTED WE COULD HAVE BOTH
GUNS AND BUTTER. THESE ARE THE SAME
PEOPLE WHO ARE TODAY VOTING FOR
BUDGET-BUSTING PROGRAMS AND THUS ARE
ADDING TO OUR INFLATIONARY WOES.

I SAY IT IS THE ULTIMATE IN
IRRESPONSIBILITY TO ATTACK THE
ADMINISTRATION ON THE INFLATION ISSUE



AND AT THE SAME TIME VOTE FOR
BUDGET-BUSTING ~~INFLATION~~ DEFICIT SPENDING.
AND YET MANY MEMBERS OF CONGRESS HAVE
BEEN GETTING AWAY WITH SUCH TACTICS FOR
YEARS.

THERE IS NO HIGHER NATIONAL
PRIORITY TODAY THAN TO BALANCE THE FEDERAL
BUDGET AS A MEANS OF FIGHTING INFLATION.
DEFICIT FEDERAL SPENDING ROBS THE FAMILY
BUDGET OF PURCHASING POWER BY BIDDING
PRICES UP, AND RESULTS IN MORE WASTED TAX
DOLLARS IN THE FORM OF INTEREST PAYMENTS
ON THE NATIONAL DEBT.

WE ARE FIGHTING INFLATION ON
FOUR FRONTS. WE ARE SEEKING TO BALANCE
THE BUDGET. WE HAVE ADOPTED A STIFF NEW
SET OF PRICE CONTROLS. THE FEDERAL
RESERVE BOARD IS KEEPING A TIGHT REIN ON

THE MONEY SUPPLY. AND THE ADMINISTRATION
AND THE CONGRESS HAVE ACTED TO ENCOURAGE
GREATLY EXPANDED PRODUCTION OF FOOD
SUPPLIES, WITH THE HOPE NOT ONLY OF
HALTING THE RISE IN FOOD PRICES BUT
EVENTUALLY LOWERING THEM. *No more soil bank / no
more average set-aside.*

THE MOST IMPORTANT ACTION THE
CONGRESS CAN TAKE NOW TO COPE WITH
INFLATION IS TO DEAL RESPONSIBLY WITH THE
FISCAL 1974 FEDERAL BUDGET.

DURING FISCAL 1973, THE LEVEL
OF FEDERAL SPENDING WAS HELD TO
\$247 BILLION, LARGELY DUE TO THE PRESIDENT'S
COURAGEOUS REFUSAL TO SPEND BILLIONS OF
DOLLARS APPROPRIATED BY THE CONGRESS.
DURING THE FIRST SIX MONTHS OF THIS
CALENDAR YEAR, INCOME WAS PRACTICALLY
MATCHING FEDERAL EXPENDITURES.



IN FISCAL 1974, THE PRESIDENT HAS ANNOUNCED THAT SPENDING SHOULD BE HELD TO THE \$269 BILLION LEVEL. IF CONGRESS WILL COOPERATE, WE CAN HAVE A BALANCED BUDGET THIS FISCAL YEAR. AND A BUDGET THAT IS BALANCED WILL HELP BLUNT THE EDGE OF INFLATION.

2 request to report - Congress has added about 1,6 billion in appropriations and President's budget & potentially, by all actions, 84 to 95 billion.

THE ECONOMY IS COOLING OFF, AND YET PRICE INFLATION REMAINS ACUTE.

BECAUSE INFLATIONARY PRESSURES ARE STILL STRONG AND THERE IS DANGER OF A CREDIT CRUNCH, THERE IS TALK OF A TAX INCREASE.

David Schultz

THE PROBLEM IS HOW TO CONTINUE TO FIGHT INFLATION WITHOUT SQUEEZING SO HARD THAT THE SLOWDOWN TURNS INTO A FULL-FLEDGED RECESSION.

I AM OPPOSED TO AN INCREASE



IN INCOME TAXES, EVEN IN THE FORM OF A
10 PER CENT SURCHARGE THAT WOULD BE
REFUNDABLE AT A LATER DATE. *I am also confident
The President is opposed to such a tax increase.*

I AM OPPOSED TO A TAX INCREASE
AT THIS TIME BECAUSE I THINK WITHOUT IT
WE CAN MAKE A SOFT LANDING, AS THE
ECONOMY COOLS OFF IN THE MONTHS AHEAD.

~~I THINK~~ WE WOULD LAND WITH A THUMP IF THE
PROPOSED SURCHARGE WERE TO BE IMPOSED. *IRS*

temporarily or restricted
THE SLOWDOWN IN ECONOMIC GROWTH
IS UNDENIABLE, AND IT IS HAPPENING
WITHOUT AN INCREASE IN TAXES.

IN THE SECOND QUARTER OF 1973,
THE U.S. ECONOMY GREW LESS THAN ONE-THIRD
AS FAST AS IN THE PREVIOUS TWO QUARTERS.
INDUSTRIAL PRODUCTION VIRTUALLY LEVELLED
OFF RECENTLY, AS DID RETAIL SALES.



These trends do not

I DON'T THINK THIS MEANS THAT
RECESSION LIES AHEAD. THIS SLOWER GROWTH
DOES NOT REFLECT ANY WIDESPREAD WEAKNESS
IN BUSINESS. ON THE CONTRARY, THE ECONOMY
IS GROWING LESS RAPIDLY PRIMARILY BECAUSE
FAST GROWTH IS NO LONGER POSSIBLE IN MANY
INDUSTRIES. THERE ARE NO LONGER ENOUGH
UNDERUTILIZED MACHINES, ENOUGH SKILLED
WORKERS OR ENOUGH BASIC MATERIALS TO
SUPPORT THE KIND OF PRODUCTION GAINS THAT
WERE MADE EARLIER IN THIS PERIOD OF
EXPANSION.

THE UNDERLYING FORCES OF
EXPANSION ARE STILL DOMINANT, ALONG WITH
ACCOMPANYING INFLATIONARY PRESSURES.

YET THE ECONOMY IS UNMISTAKABLY
COOLING OFF, AND SIGNS OF SLOWER GROWTH
WILL INCREASE OVER THE NEXT FEW MONTHS.

THIS MEANS THAT THE MONTHS AHEAD WILL BE
A MOST DIFFICULT PERIOD FOR THOSE CHARGED
WITH DETERMINING U.S. ECONOMIC POLICY.
WE MUST NOT YIELD TO THE TEMPTATION TO
EASE UP IN OUR FIGHT AGAINST INFLATION.
WE MUST NOT PREMATURELY INSTITUTE POLICIES
OF FISCAL OR MONETARY EASE. THIS WOULD
SURELY SERVE TO PERPETUATE INFLATION.

~~I THINK~~ THE COURSE OF WISDOM IS
ONE OF CONTINUED RESTRAINT.

AT THE SAME TIME, I BELIEVE THERE
IS CAUSE FOR SOME OPTIMISM, REASON TO
BELIEVE WE ARE MAKING PROGRESS IN DEALING
WITH OUR NO. 1 DOMESTIC PROBLEM --
INFLATION.

THE WORST IS BEHIND US IN TERMS
OF FOOD PRICE INFLATION. RECORD WHEAT,

*The new farm bill, with emphasis on
production, will help.*



CORN AND SOYBEAN CROPS ARE IN PROSPECT.
AND ALTHOUGH THIS DEVELOPMENT WILL BE
OFFSET BY CONTINUING STRONG OVERSEAS DEMAND,
THE EFFECT ON DOMESTIC PRICES SHOULD BE
SALUTARY.

I PREDICT THAT THE PRICES OF
GOODS, GENERALLY, WILL COME DOWN IN THE
SECOND HALF OF 1974.

THE BEST WAY TO CONTROL
INFLATION IS TO EXPAND PRODUCTION. AND IN
THAT RESPECT WE ARE AT A CROSSROADS IN
THE EFFORT TO CONTAIN INFLATION.

WE MUST AIM AT A CLOSER BALANCE
BETWEEN GAINS IN NATIONAL WAGE AND BENEFIT
INCREASES AND GAINS IN NATIONAL
PRODUCTIVITY.

A CLOSER BALANCE BETWEEN
COMPENSATION AND PRODUCTIVITY



DOES NOT IMPLY SLOWER GROWTH IN LIVING
STANDARDS. RATHER, IT PROMISES MORE RAPID
ECONOMIC GROWTH, LARGER INCREASES IN
EMPLOYMENT AND INCOME, A MORE PROFITABLE
BUSINESS SECTOR, HIGHER CAPITAL INVESTMENT,
AND A DIMINISHED EROSION IN REAL INCOMES.

CLEARLY, THIS WOULD COMBINE THE
BEST OF ALL WORLDS -- AND IT IS THE GOAL
ON WHICH WE MUST SET OUR SIGHTS.

*In the meantime the Congress & the President
must cooperate by passing needed legislation*

Trade

Energy -

*emphasis on conservation but
Alaskan Pipeline*

*de-regulation of well head prices
for gas.
research*



Remarks by Rep. Gerald R. Ford before the National Life Advertisers Association at 10:30 a.m. Wednesday, Sept. 26, 1973, ~~in~~ in the Regency Ballroom of the Shoreham Americana Hotel, Washington, D.C.

It is difficult to perceive it amidst all the moaning and the groaning but we are riding the crest of an economic boom.

There is moaning and groaning for a number of reasons--one being that the stock market ~~is~~ is being clawed and ~~held~~ ^{pawed} by the bears. But the chief reason is inflation.

Of all the problems the United States has been faced with over the last decade or so, the one that has been the most persistent, the most pervasive and the most perverse has been inflation.

The control of inflation under conditions of prosperity ~~in~~ in peacetime is the dominant domestic challenge of the Seventies as the United States struggles with the problem of rebuilding its competitive position in world markets.

You know that inflation imposes an unjust burden on everyone but that ~~the~~ retired ^{Americans} and persons on fixed income suffer the most. In recent months, galloping good price inflation has brought cries of anguish from all of us. In the final analysis, inflation is just plain confiscation of income for everyone. Furthermore, the rising costs of doing business threaten jobs. This means that the economic strength of the nation at home and in world markets is clearly threatened.

It is against this backdrop that I talk with you today about general economic conditions in the United States--and the continuing challenge that faces us.

We have all become economy-watchers ^{in the Seventies,} and our experience in that regard is much like parents whose child is slow in learning to talk. When the child finally does ~~talk~~ talk, the flood of words is ~~infinite~~ a bit too much for us.

So it has been with the economy. We were impatient throughout 1970 and 1971--and on into the spring of 1972--as the ~~the~~ business recovery ~~continued to lag~~ appeared sluggish. Then business activity spurted, and in recent months a very different problem has emerged--a rapid acceleration of general price inflation.

In the first quarter of 1972, ~~though~~ our unused resources ~~are~~ seemed adequate to accommodate a long and sizable uptrend in sales and output. ~~The~~ The national unemployment rate remained ~~stuck~~ stuck at nearly 6 per cent. Only 75 per cent of the nation's manufacturing facilities were in use. Price and wage controls, aided by ~~the~~ competitive forces, appeared to have dampened the wage-price spiral.

Beginning with the second quarter of 1972, the uptrend in sales and output gained speed. Since then, ~~virtually~~ virtually all sectors of the economy have shown significant gains.

Now the United States economy is riding a boom. Our gross national product is running at a rate of \$1,272 billion. There are 3 million more people working today than a year ago. Unemployment is at a rate of 4.8 per cent, down sharply from the 6 per cent figure where the needle was stuck for so long. There are 84.4 million jobs, an all-time

record, and wages are also at an all-time high. There were 1.6 million new jobs created in the first six months of 1973, alone.

In 1970, with a population of 204,879,000, we had 79,627,000 people employed. Since then, our population is up 2.4 per cent to 209,866,000, but the number of jobs has grown nearly 6 million, an increase of more than 7 per cent--twice as much as the growth in population.

During this same period, personal income rose from \$542 billion to \$681 billion, a jump of 25 per cent. Sales of non-durable goods increased 24 per cent; durable goods, 52 per cent. At the same time, prices went up 13 per cent. So it's clear that real buying power kept steadily ahead of inflation.

Now we must fight to preserve this edge, and that is the job of the Administration, the Congress and the American people. It is the people, moving in response to supply and demand, who are the ultimate decision makers on inflation. Good, sound Federal policies can help do the job.

Inflation is our No. 1 political issue. There are those who are seeking to make political hay out of that issue. And the ironic fact is that they are the same people who touched off the inflationary pressures haunting us today by insisting in the mid-Sixties that we could fight a costly war halfway across the world without a tax increase--the people who insisted we could have both guns and butter. These are the same people who are today voting for budget-busting programs and thus are adding to our inflationary woes.

I say it is the ~~irresponsible~~ ultimate in irresponsibility to attack the Administration on the inflation issue and at the same time vote for budget-busting inflationary deficit spending. And yet many members of Congress have been getting away with such tactics for years.

There is no higher national priority today than to balance the Federal budget as a means of fighting inflation. Deficit Federal spending robs the family budget of purchasing power by bidding prices up, and results in more wasted tax dollars in the form of interest payments on the national debt.

We are fighting inflation on four fronts. We are seeking to balance the budget. We have adopted a stiff new set of price controls. The Federal Reserve Board is keeping a tight rein on the money supply. And the Administration and the Congress have acted to encourage greatly expanded production of food supplies, with the hope not only of halting the rise in food prices but eventually lowering them.

The most important action the Congress can take now to cope with inflation is to deal responsibly with the fiscal 1974 Federal budget.

During fiscal 1973, the level of Federal spending was held to \$247 billion, largely

due to the President's courageous ~~improvement~~ refusal to spend billions of dollars appropriated by the Congress. During the first six months of this calendar year, income was practically matching Federal expenditures.

In fiscal 1974, the President has announced that spending should be held to the \$269 billion level. If Congress will cooperate, we can have a balanced budget this fiscal year. And a budget that is balanced will help blunt the edge of inflation.

The economy is cooling off, and yet price inflation remains acute. Because inflationary pressures are still strong and there is danger of a credit crunch, there is talk of a tax increase.

The problem is how to continue to fight inflation without squeezing so hard that the slowdown turns into a full-fledged recession.

I am opposed to an increase in income taxes, even in the form of a 10 per cent surcharge that would be refundable at a later date.

I am opposed to a tax increase at this time because I think ^{without it} we can make a soft landing, ~~without it~~ as the economy cools off in the months ahead. ~~and~~ I think we should land with a thump if the proposed surcharge were to be imposed.

The slowdown in economic growth is undeniable, and it is happening without an increase in taxes.

In the second quarter of 1973, the U.S. economy grew less than one-third as fast as in the previous two quarters. Industrial production virtually levelled off recently, as did retail sales.

I don't think this means that recession lies ahead. ^{This} slower growth does not reflect any widespread weakness in business. On the contrary, the economy is growing less rapidly primarily because fast growth is no longer possible in many industries. There are no longer enough underutilized machines, enough skilled workers or enough basic materials to support the kind of production gains that were made earlier in this period of expansion.

The underlying forces of expansion are still dominant, along with ~~accompanying~~ accompanying ~~inflationary~~ inflationary pressures.

Yet the economy is unmistakably cooling off, and signs of slower growth will increase over the next few months. This means that the ~~next~~ months ahead will be a most difficult period for those charged with determining U.S. economic policy. We must not yield to the temptation to ease up in our fight against inflation. We must not prematurely institute policies of fiscal or monetary ease. This would surely serve to perpetuate inflation.

I think the course of wisdom is one of continued restraint.

At the same time, I believe there is cause for some optimism, reason to believe ~~that~~ ^{we are}

making progress in dealing with our ~~the~~ No. 1 domestic problem--inflation.

The worst is behind us in terms of food price inflation. ~~The~~ Record wheat, corn and soybean crops are in prospect. And although this development will be offset by continuing strong ~~overseas~~ overseas demand, the effect on domestic prices should be salutary. ~~It is~~

I predict that the prices ~~of~~ of goods, generally, will come down in the second half of 1974.

The best way to control inflation is to expand production. And in that respect we are at a crossroads in the effort to contain inflation.

We must aim at a closer balance between gains in national wage and benefit increases and gains in national productivity.

A closer balance between compensation and productivity does not imply slower growth in living standards. Rather, it promises more rapid economic growth, larger increases in employment and income, a more profitable ~~the~~ business sector, higher capital investment, and a diminished erosion in real incomes.

Clearly, this would combine the best of all worlds--and it is the goal on which we must set our sights.

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The problem is how to continue to ~~to~~ fight inflation without squeezing so hard that the slowdown turns into a full-fledged recession.

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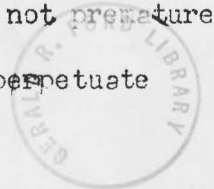
I don't think this means that recession lies ahead. ^{This} slower growth does not reflect any widespread weakness in business. On the contrary, the economy is growing less rapidly primarily because fast growth is no longer possible in many industries. There are no longer enough underutilized machines, enough skilled workers or enough basic materials to support the kind of production gains that were made earlier in this period of expansion.

The underlying forces of expansion are still dominant, along with ~~accompanying~~ accompanying ~~inflationary~~ inflationary pressures.

Yet the economy is unmistakably cooling off, and signs of slower growth will increase over the next few months. This means that the ~~next~~ months ahead will be a most difficult period for those charged with determining U.S. economic policy. We must not yield to the temptation to ease up in our fight against inflation. We must not prematurely institute policies of fiscal or monetary ease. This would surely serve to perpetuate inflation.

I think the course of wisdom is one of continued restraint.

At the same time, I believe there is cause for some optimism, reason to believe ~~that~~ ^{we are}



making progress in dealing with our ~~no~~ No. 1 domestic problem--inflation.

The worst is behind us in terms of food price inflation. ~~The~~ Record wheat, corn and soybean crops are in prospect. And although this development will be offset by continuing strong ~~excesses~~ overseas demand, the effect on domestic prices should be salutary. ~~Excesses~~

I predict that the prices ~~of~~ of goods, generally, will come down in the second half of 1974.

The best way to control inflation is to expand production. And in that respect we are at a crossroads in the effort to contain inflation.

We must aim at a closer balance between gains in national wage and benefit increases and gains in national productivity.

A closer balance between compensation and productivity does not imply slower growth in living standards. Rather, it promises more rapid economic growth, larger increases in employment and income, a more profitable ~~the~~ business sector, higher capital investment, and a diminished erosion in real incomes.

Clearly, this would combine the best of all worlds--and it is the goal on which we must set our sights.

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