

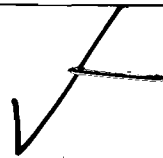
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THE PRESIDENT  
BRIEFING BOOK II  
LAST DEBATE



THE PRESIDENT HAS SENT

DEBATE TOPICS - VISION OF THE NATION'S FUTURE

My vision of America's future is of a land strong and good, in which men and women strive for their own betterment, and share their blessings with their neighbors.

Beyond that, a land in which basic human rights are respected and maintained:

- The right to speak our minds.
- The right to choose the men and women who enact and enforce our laws.
- The right to stand equal before the law, regardless of sex, race, or religion.
- The right to bargain freely in the economic marketplace.
- The right to worship as we choose.

These are goals that are shared by most Americans. I am sure that Governor Carter subscribes to all of them, at least in a general way.

The question is, how do we go about achieving that kind of future -- for ourselves and our posterity?

First, we need a strong defense -- so that America never need fear attack by a hostile aggressor.

Second, we need experienced foreign policy leadership -- to work for a higher degree of cooperation among nations in this increasingly interdependent world, and to head off differences before they approach a warlike stage.

Third, economic opportunity -- so that Americans can make full use of their talents and abilities, to build secure futures for themselves and their families.

Fourth, a strong system of justice, to protect the law-abiding, the assure the maintenance of equal rights for all.

Fifth, an effective system of education, so that coming generations of Americans will possess the vocational skills and the training in citizenship on which the future of our country depends.

And sixth, provision for what I call the "quality of life" goals -- such as good medical care at affordable costs, comfortable homes in decent neighborhoods, clean water and clean air, and improved recreation opportunities.

Government has a role in achieving all of this -- but in my view a limited role only.

I would never let government grow so big or so strong that it can take away all our freedoms. And I would not allow our people to grow so dependent on government that they would lose the incentive to develop individual creativity, generosity, and initiative.

I would turn to government only when solutions through the private sector would not work at least as well.

And when a government solution is needed, I would place administration at the level that is closest to the problem.

That is probably the most fundamental difference between my approach and the approach that is favored by my opponent.

He would assume that a government solution was the best way to respond to most economic and social problems unless there were strong evidence to the contrary.

I would go at it just the other way. I would turn to government only when no other means could be found to deal with a problem -- and then I would give the largest say in how the solution is to be applied to representatives of those who are directly affected.



## ANECDOTES ON COMPASSION

### Why the President is Compassionate

You might relate the process for making budget decisions to the same steps a family goes through in allocating their limited funds.

You appreciate the desires and the needs of people for any number of programs. But just as your family has had to carefully live within your paycheck, so must the Nation live within it's means.

You prepare the Federal Budget much the same way as a family prepares their budget. You sit down with your Budget Director and Cabinet Officers and discuss the many programs which are being advocated and then set priorities based on the funds available.

Just like a family is unable to take all the vacations it wants or buy all the clothes it wants, so the President has to say no to some of the programs he wants.

Jimmy Carter on the other hand, is promising all the programs without worrying about where the money is going to come from. You know where it comes from -- it comes from people like you and your family who have had to work for every penny they have to spend and who already pay too much in taxes.

## Why Carter is not Compassionate

Some people say I am insensitive to the plight of the unemployed and the less privileged. Certainly that's not the way I feel. Some say I am not as adept as my opponent at the rhetoric of compassion. Perhaps that is because I believe that talk is no substitute for effective action. Compassionate words are soothing, but they don't get a job back for somebody who has been laid off. Words are nice -- but they do not help pay the doctor when the family is confronted with a tragic illness.

I believe the American people are fed up with overblown promises and hollow rhetoric. They want policies which work, not a politician's rhetoric.

My opponent seems to exude compassion for the world at large but not towards individual people. He is quick to call for this person or that person to be fired -- often without knowing the facts. He forgets that these are people: You don't irresponsibly rush to destroy careers and reputations. People have feelings and families. They deserve justice and true compassion, not meanness.





## HOUSING

My policy aims to bring homeownership within the reach of every American family that wants to own a home and is willing to work for and save for it.

Homeownership will be increased through continuation of my anti-inflationary economic policies. If we hold down government borrowing, more savings will be available for home mortgages. Holding down inflation will also cut mortgage interest rates, and slow the rise in construction costs. Reducing the income tax -- as I recommended, but rejected by Congress this year -- would put an additional \$200 annually in the pocket of the average American taxpayer -- which would help with those monthly mortgage interest payments.

While sound economic policies are the basic answer to a growth in home ownership, I have taken further steps to aid families setting out to own their own homes. In 1974, my Administration extended Government National Mortgage Insurance to cover conventional mortgages.

Last month, I ordered implementation of a new Federal guarantee program to lower monthly interest payments in the early years of homeownership and gradually increase them as family income rises. I also called for changes in the FHA loan program to reduce down payments on lower-priced and middle-priced homes by as much as 50 percent.

For low income families, my Administration has sponsored a rent subsidy program, which I signed into law in 1974. This program gives low income families freedom of choice in selecting their own housing, instead of arbitrarily assigning them to vast public housing developments. This year, 400,000 families are authorized to receive rent subsidies. In fiscal year 1977, this figure will rise to 800,000 families.

Under no circumstances would I ever approve elimination or reduction of the income tax credit for mortgage interest payments, as was proposed by Jimmy Carter before a national television audience on February 23, 1976 during a primary debate in Boston.

## CRIME

Q. Mr. President, in a recent speech in Detroit on crime, Mr. Carter accused your Administration of failure to take effective action against the rising crime rate and outlined his own plans in this regard. What has your Administration done about crime? And what could we look forward to under the new Ford Administration.

A. Well, first of all, let me talk just a little about Mr. Carter's speech. Mr. Carter has said, in fact, that if he is elected President he will solve the crime problem. Anyone who knows anything about America's Constitution or her history and tradition would know better than to talk like this.

Under our Constitution, and for the 200 years of our existence, the fundamental responsibility for law enforcement rests with State and local governments. We have no national police force in this country -- and I don't think the American people want one.

The proper role for the Federal government in the area of crime prevention is one of leadership and support, and this is what I have tried to provide during my tenure in office. Let me be more specific.

In my crime message to the Congress, I called for the enactment of a comprehensive criminal code to serve as a model for State and local governments to follow.

I called for mandatory minimum sentences for violent offenders, particularly those using guns, and for drug pushers.

I called for legislation increasing the number of Federal judges, and I increased the number of Federal prosecutors.

And I called for legislation to provide compensation for the victims of Federal crimes.

It troubles me to have to tell you that the Congress has done nothing on these recommendations. In fact, Congress has done virtually nothing at all to address the serious crime problem facing this country. Fortunately, we have been able to do some things without the help of the Congress

For example, two years ago -- shortly after I became President -- I directed the Law Enforcement Assistance Administration to develop a new Career Criminal Program designed to focus the attention of the criminal justice system on the professional criminal -- the repeat offender who makes his living through crime. This program is now operating in almost 20 States across the nation and it has had dramatic results. Over 95 per cent of those identified as career criminals have been convicted and sentenced to more than 20 years in jail.

Another area where we are making considerable progress is in combating drug abuse. I have personally met with the leaders of Mexico and other countries to let them know of my concern about the shipment of drugs, particularly heroin, from their countries to ours. I think these meetings have stimulated greater cooperation and we are now beginning to see reductions in the amount of "brown heroin" coming into this country from Mexico.

These are just two of the areas where we are making progress. There are more. And I think these efforts are beginning to have an impact throughout the country.

In the year in which I became President, crime increased 18 per cent over the previous year. After my first full year in office, the rate of increase had been cut to 9 per cent. For the first six months of this year, the rate of increase was only 3 per cent, and serious crimes -- rapes, murders, robberies and the like -- had actually declined for the first time in years. So we are beginning to see positive results. But I fully realize that we have a long way to go.

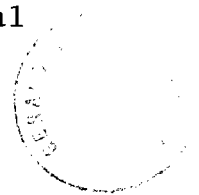
If the American people are going to beat this problem, and I believe we are, punishment for those who break our laws must be swift and certain. This is what I have been advocating.

But I can't do the job alone, without the help of Congress. That is why I have stated that one of my top priorities next January, immediately when Congress returns, will be the rallying of America behind Federal anticrime legislation. I realize that this legislation will not completely answer the crime problem, but it will be a good beginning.



## BLACK AMERICANS

My policies offer black Americans what they offer all other Americans: More jobs, equal opportunity, stable prices, better education, better health care, protection against crime, equal enforcement of the law.



I recognize that blacks in the United States are still to some extent the victims of discrimination. I am determined, first of all, to stamp out vestiges of discrimination wherever they exist; and, second, to provide blacks with the means to get the fullest possible use out of their abilities and talents.

In carrying on the continuing struggle against discrimination, I sponsored and signed extension of the Voting Rights Act in 1975. The extended act was broadened to include protection for Spanish-Americans, Indians, and Asian-Americans -- who will now benefit from the same safeguards that were first successfully demanded by blacks.

The Federal Budget for civil rights activities next year will be \$3.9 billion -- up from \$2.9 billion when I first came into office. Funding for the activities of the Equal Employment Opportunity Commission has risen by more than 20 per cent under my Administration.

Blacks, such as Secretary of Transportation William Coleman, hold many top posts in the Ford Administration -- not because they are blacks but because they are the individuals best qualified for their jobs.

We are not going to achieve full equality in this country until we have defeated the problem of unemployment. There is simply no way for government, by reaching into economic transactions all over the country, to eliminate completely the effects of past discrimination and current prejudice. Blacks will gain full equality when the economy needs full utilization of their energies and talents in order to function at top efficiency. Achievement of full employment depends on bringing inflation under control.

Inflation causes unemployment. Unemployment feeds discrimination. To conquer discrimination, we must wipe out inflation.

This does not mean that government must stand still in dealing with social problems until the war against inflation is won.

I have recommended programs for catastrophic health insurance, job incentives in areas of chronic unemployment, and low cost housing, which, when enacted, will give special help to those whose incomes have not kept pace with overall economic growth.



In addition, my Administration in two years has more than doubled loan and loan guarantee funding available through the Small Business Administration for minority enterprises.

With the return of health to the economy, I have promised in the next four years to assign top priority to six "quality of life" issues: Jobs, housing, education, health care, law enforcement, and improved recreation opportunities -- all among the major interests of black Americans.

Mr. Carter has attempted to achieve rapport with black Americans by telling black audiences again and again that he "understands" -- while offering very little in the way of concrete programs to improve the conditions under which black Americans live. The time is past when the vote of blacks can be won by vague professions of "understanding," and emotional tokenism.

Black Americans -- like all Americans -- now demand firm commitments to definite social and economic policies. Some may prefer policies different from those of my Administration. But they know that I have not tried to deceive them. I have offered a program which will bring economic and social progress for all. I am confident that many black Americans will agree with my conclusions, and will give me their support on election day.

## Programs for the Elderly

One of the main items of concern to the President is the need to be certain that Federal programs assist the elderly in a way that allows them to maintain dignity and self-respect and to remain as nondependent and productive citizens. On the other hand, if an elderly individual needs assistance, either in the form of income support, health services, or institutional care, such assistance should be provided in a high quality and effective manner.

The President has:

### A. Social Security

The President has been a leader in seeking to maintain the integrity of the Social Security trust funds and has advanced proposals during the past year to guarantee that the trust funds remain sound and that benefits are available when they are needed. The President's budget also included a full cost of living increase in Social Security benefits.

### B. Catastrophic Health Care Protection

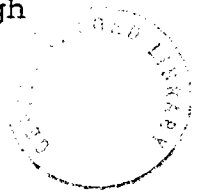
The President believes the elderly should not have to worry about serious financial hardship when seeking out health care. During the past year the President advanced a proposal to extend the benefits of Medicare to cover financing of catastrophic illnesses so that all elderly citizens will be able to receive health care when they need it without fear of serious financial hardship.

### C. Nursing Homes

The President believes it is an important Federal responsibility to assure that nursing home care, especially that financed through Federal programs such as Medicaid, is of high quality and provides for the health and social services needs of the recipient. Similarly, the elderly must not be institutionalized if a more independent lifestyle is possible and preferred by the individual. The elderly should be offered a range of options from periodic homemaker assistance in their own home to full institutional care if needed.

### D. Fear of Crime

The President believes the elderly must not live in constant fear of crime. He has proposed a major program against career criminals and drug abuse.



Housing



The Ford Administration's Economic Accomplishments  
and the Outlook for the Economy

Ford Economic Accomplishments

- o When I became President I inherited an economy with double digit inflation, eroding consumer and business confidence, and an economy in the early stages of the most severe recession since the 1930s. All the economic indicators were moving in the wrong direction.
- o During the past year and a half, the trends on all the major economic indicators have been moving in the right direction. Employment has increased; unemployment has declined; the inflation rate has been significantly reduced; and real gross national product (adjusted for inflation) has increased at an annual rate of 7 percent.

The Economic Outlook

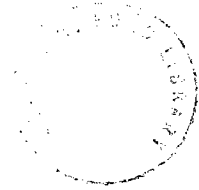
- o Our forecast for the economy is for a good fourth quarter of 1976 and a sustained expansion during 1977. We expect the inflation rate to continue to decline, employment to grow, and the real gross national product to increase at an annual rate of at least 5-1/2 percent.
- o Our confidence in the outlook for the economy is also shared by American consumers and businessmen.

I was delighted by the results of a recent survey released by the University of Michigan Survey Research Center indicating that consumers' opinions about government economic policy have improved substantially and that consumers expect the ongoing recovery to continue during the next 12 months. The report revealed that the index of consumer sentiment has now regained a level last reached in 1972.

- o The Business Council, which just completed its annual meetings, also expressed confidence in the outlook for our economy, concluding that they are now certain economic recovery will continue at least through 1978.

I am convinced that the reason both consumers and businessmen are confident about the future of our economy is that we have

adopted and followed policies designed to provide long-term, sustained economic growth without inflation. We have gotten off the roller coaster of stop-go economic policy. We have shown that with sufficient determination and a willingness to make difficult decisions we can significantly reduce the rate of inflation.



## Differences Between the President and Governor Carter on Economic Policy

There are several key differences between myself and Governor Carter on economic policy.

- o First, there is the matter of certainty. People know what I have done, they know where I stand, they know where I want to go.

I have pursued consistent policies -- ones which I have announced and have adhered to. This is terribly important in considering the element of confidence in the economy. Individuals and businesses must plan for the future but they can only plan efficiently if they are able to make decisions with reasonable confidence regarding the overall policies the government will pursue.

Governor Carter's policies, I think any objective observer would agree, have been both vague and inconsistent. These are certainly the hallmarks of his statements on tax policy.

- o Second, there is the issue of reducing taxes or increasing government spending. I have proposed and continue to advocate an additional permanent tax cut. I want to increase the personal income tax exemption from \$750 to \$1000.

Governor Carter has expressed his support for the Democratic party platform. Much in the platform is imprecise and it is difficult to cost out -- the estimates vary anywhere from \$100 billion to \$200 billion in additional spending that would be required every year by the Federal government. You simply can't have it both ways. You can't dramatically increase government spending and at the same time cut taxes.

In part, this election is a referendum on the question of whether people want to spend more of their money themselves or whether they want to see the Federal government spend more of it for them.

- o Third, there are also striking differences regarding the degree of interference that Governor Carter and I feel is appropriate for the Federal government to have in the economy. I have proposed to reduce the level of controls and government interference. Governor Carter has supported legislation which would provide for national economic planning. Wage and price controls are another example of where Governor Carter and I differ on the issue of government interference in the economy.

- o Fourth, I have emphasized the need to combat inflation because there can be no lasting job security in a period of soaring inflation. I believe the root cause of unemployment is inflation and that in order to keep our economy growing and provide jobs for our workers we must keep the forces of inflation permanently in check. Governor Carter has said that he would focus his economic policy on cutting unemployment and "take my chances with inflation." I believe that saying reducing unemployment is more important than fighting inflation is like saying that long life is more important than good health. The one without the other is probably impossible -- and certainly unpleasant.

## CARTER'S ATTEMPT TO REPEAL THE LAWS OF ARITHMETIC

Carter wants to straddle the issue of support of the programs in the Democratic platform and his goal of a balanced budget without tax increases by 1980.

On September 3, Carter said "there will be no new spending programs implemented under my Administration unless we can be sure the cost of those programs is compatible with my goal of having a balanced budget by the end of my term."

On October 19 in Miami Beach he again support "comprehensive national health insurance" with a start on the program if he took office on January 20. But he again waffled on his commitment by inserting the loophole "as revenues permit".

Carter cannot have it both ways. No responsible estimate of the cost of comprehensive national health insurance is remotely consistent with a balanced budget by 1980 with no tax increase. Carter either supports or doesn't support the Democratic platform on major spending proposals. Carter either supports or doesn't support the achievement of a balanced budget by 1980 without a tax increase. Which is it?

The American people understand that when a politician promises everything to everybody, he is really promising nothing at all. The American people know that it is nonsense to promise not to raise taxes one day, a balanced budget the next and free health care the day after.



## ON BALANCING THE BUDGET

My opponent says that the simplest way to balance the budget is to restore full employment, thereby increasing tax revenues and reducing unemployment insurance payments. Unfortunately, his view of how to increase employment and reduce deficits is through more government spending. You can't cure deficits by creating more deficits. You can't balance the budget through more deficit spending. It's like giving liquor to a drunk to make him sober. The only way to restore full employment and higher tax revenues is to stimulate the private sector by improving the confidence and incentive of Americans, both consumers and business, to invest in their future.

Perhaps we should heed the advice of Prime Minister Callaghan who at a Labour Party Conference (September 28, 1976) said:

"We used to think that you could just spend your way out of a recession and increase employment by cutting taxes and boosting government spending. I tell you in all candor that that option no longer exists, and that insofar as it ever did exist, it worked by injecting inflation into the economy. And each time that happened the average level of unemployment has risen. Higher inflation, followed by higher unemployment. That is the history of the last twenty years.

"And each time we did this the twin evils of un-employment and inflation have hit hardest those least able to stand them -- our own people, the poor, the old and the sick."



## Employment and Unemployment

### The Record

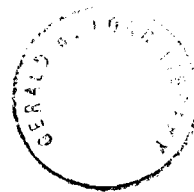
- o My Administration has a good and solid record in creating jobs. Since the recession low of March 1975, total employment has increased by 3.7 million to a record high of 88 million. More jobs have been created in the last year and a half than in any other 18-month period in our peacetime history.
- o The failure of the unemployment rate to decline more sharply this year is the result of an unprecedented increase in the size of the labor force. The great increase in the size of the labor force is a sign of the renewed confidence in the health of the economy. We now have the highest labor force participation rate in our history.
- o Today we have the same percentage of our population over the age of 16 who are employed as we have averaged during the post-World War II period.
- o The long-term unemployment rate -- those who have been unemployed for 15 weeks or longer -- is currently 2.4 percent.
- o I have pursued policies and will continue to pursue policies that will create jobs and reduce unemployment without reigniting inflation and threatening the jobs of the 88 million who are now employed.



UNEMPLOYMENT ANECDOTE

When the economic history of this period is written one of the highpoints will be a fact that has been little noted. In November and December of 1974, at my initiative, the Administration and the Congress worked together in anticipation of the recession. Together we fashioned a broadened program of unemployment insurance that provided a safety-net for 12 million Americans that previously had no coverage -- this action was taken before unemployment rates shot up. And as a result we avoided what otherwise would have been a disastrous social problem. In my judgment, this was government action at its best -- anticipating a problem, and dealing with it. As I say, when the economic history of this period is written, this will be noted as one of our finest hours.

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## TAX THE RICH

Aside from my proposal of a significant minimum tax for all income brackets, I do not support any punitive or unfair tax proposal on any group of Americans.

1. I firmly believe that whatever the level a man has reached on the economic ladder he must have an incentive to move up. I was particularly touched by Senator Pastore's farewell remarks to the Senate last month. He said, "Keep the torch of opportunity lighted wherever you go."

We must never strip away the incentive for families to move up the economic ladder.

2. A 100% tax on all incomes over \$50,000 will produce less than \$9 billion in additional revenues. It would only pay for 4% of Mr. Carter's platform. Each taxpayer should ask himself -- where will the other 96% come from? If the Governor in seeking additional income to tax decides to reach down into, say, the \$25,000 family incomes as some of his advisors have implied, remember that <sup>(nearly 4 out of 5)</sup> more than 75 per cent of the families reporting income over \$25,000 have two or more wage earners in the family. We are talking about policemen whose wives teach school, truck drivers whose wives work as secretaries, and so on. We are talking about the

hardest working families in America. People who should be rewarded, not penalized for their labor.

3. If we want jobs, a productive and viable economy, and the type of capital investment we need in the long run, such an unfair tax philosophy is extremely short-sighted and counter-productive. In the end, it will be the poor who will suffer most.

Q. Mr. President, what specifically are the objectives of your energy program?

A. ~~The program I proposed is designed to insure that this Nation is importing no more than 4 to 6 million barrels a day from foreign nations by 1985. All of the legislation I have submitted is designed to achieve the following:~~

- 1) Reduce energy consumption rate of growth from 3-1/2 to 2-1/2 percent per year -- that means conservation.
- 2) Double American coal production.
- 3) Increase American oil and natural gas production to higher levels we think are achievable.
- 4) Increase nuclear power from 9 percent of electric generation to 26 percent of electric generation.

If we do all of these things and complete the stockpile program which I proposed and the Congress has passed, we will be in an embargo-proof economy by 1985. The effect will be sufficient supplies of energy at lower prices for the American people. The Congress has so far passed one half of the legislation which I sent them to achieve these results, and if they finish the job when they come back next January, we will reach our energy objectives.

Make no mistake about this -- the United States has the technical capabilities, natural resources and financial capabilities, to reduce our imports to provide lower energy prices to the American people.

## INTERNATIONAL ENERGY AGENCY

In November 1974 the United States took the lead to establish the International Energy Agency (composed of Canada, Japan, the EC except France, plus a number of smaller European countries). As a result of this leadership, we today have a strong framework for cooperation among oil-importing countries to reduce vulnerability to disruptions of oil imports and to reduce our collective dependence. Progress has been made in several important areas:

- Meet oil supply emergencies by increasing oil stocks and sharing oil on an equitable basis.
- Develop oil conservation programs.
- Develop new energy sources.
- Improve collective understanding of the operation of the international oil market and the activities of the international oil companies.

In addition, the IEA has been the main forum for consumer cooperation in the CIEC. Without an international body through which to focus cooperation among the industrialized democracies there was a very strong likelihood that individual countries would have succumbed to producer pressure and any hope at moderating cartel actions would have been lost in a series of bilateral arrangements. The IEA has foreclosed that threat and put us on a footing of solid consumer cooperation.





## CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION (CIEC)

Convened in December 1975, and expected to continue its work at least through December of this year, the CIEC brings together representatives of the US, EC, six other industrialized countries, and 19 members of the developing world, including seven OPEC countries. The main purpose of the Conference is to improve understanding and cooperation between oil consumers and producers. The work of the Conference is carried on by four commissions: energy, raw materials, development, and financial affairs. The purpose of each commission is to facilitate mutually beneficial arrangements between developed and developing countries.

The US played a key role in establishing CIEC. Secretary Kissinger's speech at the UN Seventh Special Session last year, and other similar initiatives, have demonstrated concern for the problems of the developing countries and provided constructive proposals for meeting many of their problems in the context of a common developed-developing country effort to achieve a prosperous and orderly world economy, in the interest of both groups.





EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

OCT 21 1976

MEMORANDUM FOR: Jack Marsh  
FROM: Paul H. O'Neill *Ohin*  
SUBJECT: Response to President's Question Regarding  
Inflation Rates in Various Countries

The President asked for inflation rates for various countries during 1974 and 1976. The following table shows the rate of inflation from December 1973 through December 1974 in the first column and from December 1975 through either August or September depending on the last data available.

Inflation Rates

<u>Country</u>	<u>1974</u> <u>1/</u>	<u>1976</u> <u>2/</u>
U. S.	12.2	4.9 (September)
Canada	12.4	5.9 (September)
Japan	21.0	10.4 (August)
France	15.2	9.6 (August)
West Germany	5.9	4.0 (September)
Italy	25.3	19.0 (August)
U. K.	19.5	15.2 (August)

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1/ December 1973 through December 1974.

2/ December 1975 through either August or September as indicated.

FOREIGN/DEFENSE

FOREIGN AND DEFENSE POLICY

I think it is important for the American people to understand clearly what my foreign and defense policies are, what I propose for America over the next four years and the major differences between me and my opponent in this field. There is one basic overriding issue: Can we keep America at peace and make the world a safer and a better place?

My answer to that critical question is a ringing "yes." Now let me tell you in straight terms just what I mean and what I intend to do. The world of the next four years will be characterized by such developments as:

-- the continued dependence of mankind on effective nuclear deterrence to keep the peace and prevent the catastrophe of nuclear war between the east and west.

-- intensified competition among all nations for scarce resources -- particularly energy resources -- and the consequent increased necessity of dealing constructively with the countries controlling those resources.

-- massive increases in population -- particularly in the developing world -- unmatched by sufficient economic growth to provide for the increases.

-- expanded possibilities for the proliferation of nuclear weapons.

This is not a comforting prospect; many things could happen:



-- a miscalculation as to our strength and resolve by the Soviet Union could result in nuclear holocaust.

-- questioning of our strength and resolve by our allies could fragment the unity of the industrialized democracies which is critical to any hope of assuring deterrence and dealing constructively with the energy, economic and development problems before us.

-- failure among the industrialized countries to find workable solutions to the urgent problems of development in the third world could lead to massive upheaval, enormous suffering and even war.

In the past two years we have shown that we can deal with these challenges if we act responsibly and adhere to proven principles:

-- maintaining unquestioned military strength.

-- maintain and strengthen our alliance relationships.

-- from this position of national and allied strength, negotiate with adversaries to reduce tensions in the world and the threat of nuclear war.

-- continue to act as a peacemaker and to deal with the new agenda of world issues -- such as nuclear proliferation, economic interdependence, food, energy, pollution, population.

Mr. Carter and I have clear differences with respect to these principles -- he proposes that we launch out in new and historically harmful directions. I think this is dangerous: we have right now a very

-- He states that he will cut waste. That is what we were told just before the Korean War and you know what shape we were in when that war started. The fact is that with cuts of the size being proposed, it simply is impossible not to cut into the muscle, and I think that is dangerous.

So the differences are clear:

-- He wants to go in one direction, and I want to go in the other direction. That is all there is to it.

#### AMERICAN FRIENDS AND ALLIES

The second principle of peace is the strength of our partnerships with our major allies, the industrial democracies of Europe and Asia, because if America became lost in self-doubt then the peace of the world would be in jeopardy.

I am proud of my record in this period of testing.

-- Our friends and allies know that we can be trusted, that we are reliable;

-- We led the world out of the most dangerous recession since the 1930's and at two summit meetings -- in France and Puerto Rico -- achieved a degree of policy coordination to promote steady, sustained recovery unprecedented in modern history.

successful foreign policy. We are strong and respected. We play a key role in the world and we are a force for justice. The choice is between experience and very positive results and experiments threatening dangerous consequences.

### NATIONAL DEFENSE

The foundation of our security and our ability to play a constructive role in the world is American military strength. Throughout my career I have been a champion of a strong defense. It deters war, builds confidence among our allies and underwrites our diplomacy. It is essential to international stability. Without it we can achieve nothing. Largely because of our strength, today we are at peace. No American soldier is fighting on any battlefield anywhere in the world.

I reversed the slide in defense expenditures; I am proud of this record. I want an Army, a Navy, and Air Force and a Marine Corps that are second to none. It is costly. It will require sacrifice. But we can do it. We must do it.

In sharp contrast to my record and my position, Mr. Carter proposes heavy cuts in our defense programs. His party states in its platform that they will cut our defense by \$5-7 billion. Those are simple facts.

-- That would return us to the lowest defense budget as a share of the national budget since before the Korean War.

-- That's leadership and we are respected for it.

In the Middle East, we have stood by Israel:

-- I would simply cite Prime Minister Rabin's statement that our relations are at a peak;

-- And we have done so while gaining the confidence of the Arab states;

-- That is an historic success in our foreign policy that cannot be denied.

We cannot afford to tinker with our alliances and our friends. In our efforts to control the diffusion of nuclear technology for nuclear weapons, we cannot issue ultimatums to our friends. We cannot afford to announce new military doctrines that may undermine our reliability. We cannot afford to undermine mutual security suggesting unilateral withdrawal of American forces. We are not going to strengthen freedom by opening the door to the Communist parties to participate in the Governments of our European allies.

The two fundamentals of American policy must be: a strong national defense and strong alliances. Only from this firm foundation can we expect to solve the major issues confronting us in the next four years.



RELAXING TENSIONS

America is at peace. That sums up the whole foreign policy debate. But it is not good enough to rest where we are. We are going to have to work to keep the peace.

1. The Soviet Union

First, we have to face the fact that the shadow of nuclear war hangs over us.

-- The Soviet Union and the United States have to build a relationship that allows us to live together, and to reduce the danger of confrontation and nuclear war;

This is an overriding concern, and the first step is to put a cap on the nuclear arms pact. That is what we are working on right now.

In our relations with the Soviet Union, we must always be aware that there are basic differences between us; differences that we cannot expect to go away.

-- That means our relations will have ups and downs;

-- We will stand up for our beliefs. From a position of strength, we will compete peacefully.

-- We will stand firm when challenged;

-- We can negotiate from strength to reduce tensions; to increase trade and other exchanges between east and west; and to relieve the severity of oppression through careful diplomacy rather than by bombast.

-- Mr. Carter says he would be tougher with the Soviet Union. Yet he would reduce our strength and take actions which would shake the confidence of our allies. Those are incompatible policies -- Mr. Carter just can't have it both ways.

## 2. China

We have made a major breakthrough in ending our isolation from China. We will continue that process, working for a moral normal, peaceful relationship.

-- This is essential if we want an international system that works for peace and stability.

## 3. Regional Conflicts

Even if America remains at peace, the world will remain troubled and dangerous unless we attack the roots of conflict in the key regions:

In the Middle East we have achieved a position of trust with all the parties and now have the opportunity which has eluded us for decades; I will not let that opportunity pass.

-- Mr. Carter's position of hostility toward the Arabs would return us to our helplessness of 1968, destroying our ability to work with both sides for a permanent just settlement.

In Southern Africa, another great conflict threatens.

-- Americans can be proud that this country was the key to breaking the stalemate and opening up a new prospect for peace.

-- Elsewhere we can preempt the threat of massive hunger and starvation and bring the producers of primary products into a rewarding participation in the world's marketplace.

-- We can build effective safeguards with our allies against the spread of nuclear weapons.

This is no time for experiments. We have tried and proven foreign policy. It has brought us peace and the respect of allies and adversaries; it has enabled us to be a peacemaker and to lead the world toward solutions to the pressing problems of our time. These relationships have been restored to a basis of strong mutual trust after a difficult period. It is dangerous now to raise new questions as to our reliability by threats of withdrawal, suggestions of rethinking allied strategy, peremptory statements on nuclear policy, or alarming threats of counter-embargo toward countries holding the very lifeline of Europe and Japan.

It is a time for steadiness, good faith, constancy and quiet diplomacy. We have an enormous challenge before us. The free world is looking to us for the leadership so essential to a future of hope and an end to despair. We are ready; let's get on with it.



Carter Debate Strategy: Foreign/Defense Policy

Carter will probably stick with the basic foreign and defense policy theme he used in the second debate, on the assumption that he "won" that debate. His general strategy therefore will be to remain vague on specifics and to issue mainly theoretical or philosophical broadsides against the Administration's foreign policy.

General

His main points are likely to be: (1) there is a lack of leadership in foreign policy; (2) our policies do not reflect the "character" of our country; and (3) we have no vision of the future.

-- He has a new twist on our national strength. In New York on October 14 he said: "Ours is a strong nation and must remain strong," but national security is more than weapons.

The most appropriate response would be to note that:

-- His attacks on style and abstract principle reflect the impregnability of the substance of President Ford's policies. Carter avoids discussion of the substance.

-- Resort to attacks on strength, morality and respect are a subterfuge to conceal that Carter has no substantive objections to our foreign policy and no alternatives of his own to offer.

-- His comments about strength are belied by every indicator by which one can measure -- both material strength and moral strength.

-- To buttress his claims of lack of leadership and morality, he may again raise Chile and our support for a dictatorship or the Arab boycott (we have permitted a foreign nation "to subvert the basic tenets of our Constitution and Bill of Rights."

-- He may also again raise the charge that the Administration has no energy policy as witnessed by the increase in oil imports since 1973. This can be answered by reference to the irresponsible inaction of the Congress in allowing most of the essential legislation to die on the Hill.

-- He may hit the Administration's failure to address the problem of non-proliferation. Your new nuclear policy statement should adequately refute any charges here.

-- He is likely again to attack our arms sale policy, saying that we are becoming the merchants of death and should negotiate a multilateral freeze on arms sales. You here could ask how we can defend the free world if we are not to be the world's policeman -- as we should not be -- and cannot sell arms to let our friends defend themselves.

-- He may repeat that we will sell \$7 billion in arms to Saudi Arabia, that 60 percent of arms sales in the Middle East went to Israel under Kennedy/Johnson and that has been reversed (60 percent now goes to Arab countries and 40 percent to Israel). The correct statistics are as follows:

	<u>64 - 68</u>	<u>74 - 76</u>
Israel	58	61
All Arab	42	39

-- Finally he may cite General Brown's remarks as evidence of the Administration's disarray, conflicting viewpoints and insensitive judgment -- or to prove his points about arms sales (Iran) and US inner strength. This is best answered by reference to the flagrant distortion of the General's actual comments and a strong reaffirmation of your support for Israel.

Eastern Europe

This subject is likely to come up -- Carter himself might try to raise it.

-- Carter has in general not spelled out what policies he would pursue other than to say he would not intervene if there were Polish resistance to Soviet domination. In that case, he came very close to



saying that was an 'internal affair' of the Soviet bloc, which, of course, is conceding Eastern Europe to Soviet hegemony. Also, he said he would not send US troops to Yugoslavia, even if there were a Soviet invasion -- reminiscent of the statement about Korea early in 1950.

-- His most likely line will be simply to reiterate what he has been claiming--that it took you six days to clarify your original statement and he therefore thinks you actually believe what you said, that the Soviets do not dominate Eastern Europe.

### Defense

His basic technique is to obfuscate his position by claiming that you misrepresented him; if pressed he will do what Mondale did: in effect, to claim there is a substantial amount of waste.

-- He may say that Schlesinger claims you distorted his recommendations because he was addressing a \$10 billion cut that you in fact wanted to make. He might go on to say that he (Carter) only proposed cuts of about the same size the Congress usually makes, and that there is about this amount of "cut insurance" in the defense budget anyway.

-- He may say that we have to remain strong, that we have rough equivalence in strategic nuclear weapons, and we ought to freeze missiles, warheads and throw weight. It is doubtful he will allow himself to be drawn into any greater detail on SALT. He may repeat that little was accomplished at Vladivostok and nothing has been done since, then come out with his recent recommendation to freeze weapons while we negotiate a reduction.

VULNERABILITIES



Some of Carter's major weaknesses are the following:

1. Defense -- the fact that the Democratic Party is on the record in favor of a \$5-7 billion cut in the current FY 77 budget (and he did mention \$15 billion himself).

2. Communism in Europe -- the fact that Carter in a Playboy interview did say he would not close the door to consultation, communication and friendship with the communist leaders in Italy, France and Portugal.

3. National Strength -- Carter has been very vague about what he means. He says we are not strong, but says we are second to none. In New York he said "ours is a strong country."

4. Respect -- His comment we are not respected is an unsupported assertion. He has not tried to deal with the fact of contrary comments from major world statesmen. Of considerable interest in this regard is the fact that some national commentators have been distinctly put off by his claim that we are not respected.

5. Middle East-South Africa: In addition to his erroneous charges on arms sales, Carter is vulnerable to rebuttal on his ill-conceived counter-embargo scheme.

6. Korea -- Carter has repeated twice that we should withdraw our troops over a 4-5 year period and withdraw all our tactical nuclear weapons, thus practically inviting aggression.

\* \* \*



Nobel

A major vulnerability that is emerging in both Carter and Mondale's position is that they are painting a picture of this country domestically and in our foreign policy that simply does not ring true to the general public. A number of columnists and commentators are beginning to rebel at Carter's excessively gloomy rhetoric. Hugh Sidey, for example, made a very telling point that Mondale's description of the US created a totally false impression. Eric Sevareid has several times taken Carter to task for claiming we are not respected abroad. So Carter may be vulnerable to the charge that he is deliberately exaggerating the problems of this country and misleading the people to convince them that we are in some kind of horrible crisis.

Finally, it may be a clue to his approach that he said in an interview with the Los Angeles Times, when asked what he wanted to see come out of the final debate, that he hoped it would focus almost entirely on certain domestic issues such as "housing, crime, employment, government management, inflation, government secrecy, environment and national health."

