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AG 10/22

The Economy

Carter will take the position that "the economy is in a downward slide". He will cite a whole series of negative statistics allegedly to prove his point. He may call for an immediate tax cut to spur the economy during the debate.

I would suggest that the response be that:

The Governor has worked hard to find all of the negative statistics he can find. The difficulty with his conclusion is that the experts, including many of those who advise the Governor, looking at all the facts about the economy conclude that the economy will be accelerating in months ahead.

Most forecasters are forecasting an increase in real GNP of between 5% and 6% for the fourth quarter (current quarter) and 6% to 7.5% in the first quarter of 1977. That is scarcely support of the Governor's view of the economic outlook.

The reasons behind this more optimistic outlook of the experts are:

- 1) A recovery in capital goods. Merrill Lynch just released a survey that shows business plans to increase capital expenditures by 14% in 1977 versus 5% this year. Today the Commerce Department released capital goods orders for September which show a 1.8% increase.
- 2) Housing starts rose 18% and building permits 11% in September. These presage a strong recovery in residential building in the months ahead.
- 3) Inflation continues to unwind with the consumer price index showing a less than 5% annual rate of increase last month and only 5.5% during the past year. We expect further improvement.

*With
housing lead.
Consumer cost.*

If Carter comes forth with a recommended tax cut, "to get the economy going again," you might wish to respond:

1) If the Governor is also recommending a cut in Federal spending to go along with his tax cut, I commend him on his sound judgement.

2) If the Governor is saying we should increase the deficit (which will, of course, be his position) then I think he's panicking. He is responding in much the same stop-go policy fashion that got us into our inflationary mess of recent years. What we need is a steady hand on economic policy, not one which is inclined to push the panic button.

Miscellaneous Points

- 1) Inflation destroys jobs.
- 2) You can't cure deficits and regain a balanced budget through more deficit spending.

Question: -- In recent weeks it has come to light that Federal spending so far this year has been running \$10 to \$15 billion under estimates. Some commentators are saying this is a major cause of the economic slowdown. Are these shortfalls deliberate policy to thwart the Congress' pressure for increased stimulus? If not, is it just bad management of our fiscal affairs?

ANSWER: That Federal expenditures were running behind our budget did not become clear to either OMB or the Congressional Budget Office (who keep independent books) until last month. On the basis of our analysis spending is now back on track and the only concern that we must have is that the delay of expenditures earlier this year will not induce an inordinately inflationary bulge sometime in 1977.

If slowed Federal expenditures were a factor in the slowed rate of growth in the economy during the past six months the effect was small.

Question: Governor Carter has accused your Administration of suppressing a report critical of the aluminum industry. He says this action shows you favor the special interests. What is your reply?

Answer: Statements issued by both Governor Carter and Senator Mondale have mis-stated the facts regarding the aluminum report of the Council on Wage and Price Stability. First, this is not a suppressed report, as claimed by Senator Mondale on "Face the Nation." The report was published and widely disseminated on September 27 and a press conference was held by CWPS on September 24. Second, the report was by no means a whitewash of the industry--indeed, it was quite critical of the industry. Third, the report never contained any policy recommendations, as Governor Carter has contended. I think that it is inexcusable to distort the facts with respect to matters such as this which vitally affect the state of the economy, and therefore, the American people.

(As is the case with all CWPS studies, this one was widely circulated for comments and analytical assessments by experts in and out of the government, and revisions were made by the CWPS staff, without any interference whatsoever from the White House, in response to these comments.)

ENVIRONMENTAL CONCERNS

Q. Today a coalition of 250 environmental leaders assailed your record on conservation issues, stating that you were insensitive to environmental concerns, especially with respect to the air quality, water and land usage. What is your reaction to this accusation?

A. I am committed to the Nation's effort to clean up the environment. At the same time, I am concerned about the costs and impact on the economy. We can't do it tomorrow. I think there is realization now in and out of the government that we can't make up in a few years for all the environmental evils we perpetrated on the country over a period of a hundred years.

In trying to balance between these goals I have:

- Supported the enactment of toxic substances legislation that would control the introduction of toxic substances into the environment;
 - Proposed a 60 percent increase in outlays for waste-water treatment plant grants during fiscal year 1977;
 - Signed the Safe Drinking Water Act to enhance the safety of public drinking water supplies through the establishment and enforcement of national drinking water standards;
 - Proposed a 38 percent increase in funding for implementation of the Safe Drinking Water Act for fiscal year 1977;
 - Signed a wetlands loan advance to facilitate public ownership of rapidly disappearing wetlands;
 - Proposed the Alaska Conservation Act dedicating 80 million acres to conservation purposes;
 - Provided for full funding of the Land and Water Conservation Fund for fiscal year 1977;
- New Right
N.C.*

- Increased appropriations for National Park Service maintenance and operations. This added 400 more park rangers and other National Park Service employees;
- Announced a \$1.5 billion National Park Program which would double the National Park system; and,
- Provided in my Bicentennial Land Heritage Program for visitors centers, sewers, trails and other developments along with increased personnel to service the existing park and refuse systems.

Overview of President's
Energy Accomplishments

THE PRESIDENT HAS SEEN . . .

OVERVIEW OF PRESIDENT'S ENERGY ACCOMPLISHMENTS

- In January, 1975, the President submitted the first comprehensive energy program ever developed by the Executive Branch. The program contained 13 major titles and was accompanied by a windfall profits tax on oil producers; it was later supplemented by 9 additional legislative proposals.
- The President's program was aimed at eliminating the Nation's vulnerability to insecure foreign oil by 1985 through:
 - actions to reduce demand
 - actions to increase supply
 - emergency actions designed to cushion and even deter future embargoes.
- The combined actions represented a carefully balanced set of measures involving:
 - market forces to dampen demand and increase supply
 - regulatory involvement by the government to encourage greater conservation than would be achieved by market forces
 - Federal financial assistance for low income persons, all tax-payers, and selected energy industries to stimulate conservation and augment supplies.
- The initial Congressional response was one of confusion and of inaction. The President's program was referred to 20 committees, 21 subcommittees, and his representatives eventually testified over 500 times in two years.
- Considerable Presidential pressure was required to get the Congress to act if the Congress' own disorganization and concern with passing unpopular measures was to be overcome. The pressure, however, has borne some fruit; the government has made a start on a comprehensive energy program, and the groundwork has been laid for even more progress next year.

- In two years, the Congress has passed three major energy bills:

- The Energy Policy and Conservation Act
- The Naval Petroleum Reserves Production Act
- The Energy Conservation and Production Act

It has also provided new R & D authorities and established a new R & D agency.

- These measures provide for:

- phased decontrol of oil
- building standards
- automobile efficiency standards
- weatherization assistance for low income persons
- appliance labelling requirements
- efficiency targets for appliances and the top ten energy consuming industries
- financial assistance to homeowners and industry to stimulate conservation
- grants to State to develop comprehensive State-wide conservation programs
- improved emergency authorities and a strategic reserve program
- production of oil from the Naval Petroleum Reserves

- Much remains to be done, even though a start has been made. Still outstanding are bills to:

- increase natural gas production through deregulation
- commercialize synthetic fuels
- provide for increased enriched uranium supplies
- balance environmental needs with energy realities

- alleviate financing problems of the Nation's utilities
- . The bills enacted to date, however, have had an impact on the Nation's import situation.
 - If none of these measures the President proposed had been enacted, our imports could total almost 12 MMB/D by 1985.
 - As a result of those programs already enacted, our imports would be approximately 7.5 MMB/D by 1985.
 - However, if the President's full energy program were enacted, we have the very real possibility of lowering our imports to approximately 4 MMB/D by 1985. At this import level, our strategic reserve system and emergency standby authorities should enable us to offset the effects of any supply interruption.

1995 - 12
1976 - reduced 7.5 by 1985
of all implementation

Autos - 34 10 90 by 1980.
Target 40 90 62

THE ENERGY SCORECARD

PRESIDENT'S BILLS PASSED

§

CONGRESSIONAL ADDITIONS

- EPCA: *STRATEGIC RESERVES
*STANDBY AUTHORITIES
*COAL CONVERSION
*APPLIANCE LABELING
 AUTO EFFICIENCY STANDARDS
*PRICE CONTROL PHASEOUT
 COAL LOAN GUARANTEES
 STATE CONSERVATION PROGRAMS
- ECPA: *BUILDING STANDARDS
*WEATHERIZATION
 CONSERVATION LOAN GUARANTEES
 UTILITY RATE STRUCTURE DEMO.
 INSULATION DEMO. PROGRAM
- OTHER: *NAVAL PETROLEUM RESERVES
 COASTAL IMPACT ASSISTANCE
*ERDA ORGANIZATION

BILLS REMAINING

- *NATURAL GAS DEREGULATION
*NATURAL GAS EMERGENCY
 AUTHORITY
*SYNTHETIC FUELS COMMERCIALIZATION
*INSULATION TAX CREDIT
*ALASKAN GAS TRANSPORTATION
*NUCLEAR LICENSING
*NUCLEAR FUEL ASSURANCE
*CLEAN AIR ACT
*ENERGY INDEPENDENCE
 AUTHORITY
*ENERGY FACILITIES SITING
*UTILITY TAX INCENTIVES
*UTILITY REGULATORY REFORM
*OIL SPILL LIABILITY
*URANIUM ENRICHMENT
 IMPACT ASSISTANCE

* PROPOSED BY THE PRESIDENT

Congress failed

The Carter Energy Program

THE CARTER ENERGY PROGRAM

On September 21, Governor Carter released a three and one-half page statement on energy organization. Less than one page dealt with his organizational proposal, and the remainder contained a five-point summary of his energy policy:

- I would exercise the Federal government's obligation to protect the Nation against an oil embargo and to negotiate on behalf of the consumer to keep OPEC prices under reasonable control. The present practice of leaving the consumers' fate in the hands of the big oil companies and the OPEC cartel will be stopped.
 - I would institute an all-out, comprehensive energy conservation program. This means performance standards, financial incentives, research and development of more efficient technology, and conservation pricing of energy. The Carter Administration will give a higher priority to conservation.
 - I would establish a new "clean coal" program, designed to overcome all the bottlenecks in mining, transportation and conversion of industrial plants but still protecting the land, air and water, and health and safety of coal miners.
 - I would institute a major initiative to develop environmentally safe and renewable energy resources, such as solar power. Its development is being neglected, while nuclear power, which poses many dangers, is being favored.
 - I would formulate all of my initiatives in partnership with the states and local governments. The best resources of each area of the country will be matched with its important needs.
- There are a number of striking things about Carter's energy proposals:
- The energy organizational proposal is a flawed re-statement of the Administration's original DENR proposal in 1971
 - There are no goals or targets

*Nothing we haven't proposed or achieved.
J.C. energy program - a new source
of hot air.*

- The statement is extremely vague and imprecise (what is energy conservation pricing? Is it a gasoline tax? Or is it decontrol?)
- Apart from nationalization of oil imports (State trading), all of the proposals have either been proposed by the Administration or are now being implemented.
- . From the Administration perspective, the bottomline of Carter's energy proposal can be stated as follows:

| "Governor Carter implies that the Administration has done nothing in any of these areas. This assertion demonstrates that Governor Carter either knows nothing about what has been happening in energy, or he is trying to mislead the American public. In fact, his energy program constitutes but a part of the President's overall energy initiatives."

Key Campaign Points To Be
Made By President Ford

He said there will be no changes for the better in Washington until members of the Ford Cabinet who were in the Administration of President Nixon leave government.

"President Ford still says we're in only a pause economically and he still has the same basic Cabinet members who were there with his predecessor," Carter said. (AP)

"Nixon leaders are running the Defense Department, the State Department, the Commerce Department, the Treasury Department, and are making the basic decisions of this Administration. Until we have a real change in the White House, we'll never turn this country around and get it moving economically again." (AP)

--AP, UPI, Morning Shows (10-20-76)

Carter Left Georgia Medicaid Program \$63 Million In Red

Jimmy Carter was "uncooperative" with Georgia physicians while governor and left the state Medicaid program \$63 million in debt when he left office, says a memo from the executive director of the Medical Association of Georgia.

The memo was released by the White House, and its author association director James M. Moffett, said he did not "have the foggiest idea how the White House got hold of it."

"Throughout his administration," the memo says, "Governor Carter proved to be uncooperative with medicine in the state.

"He consistently ignored efforts of the Medical Association of Georgia to provide meaningful and knowledgeable advice on programs that impacted on health care."

It was written to other state medical association directors as "a private communication to let them know how Jimmy Carter and doctors got along here," Moffett said. "If it had been my intention to make it public, I might have written it differently."

There were frequent disputes between Carter and physicians during his administration. The memo quotes Carter as saying in a 1973 speech, "Collectively, through their organizations, the doctors have probably done more to block adequate medical care for the people of this country than any other single group."

(continued)

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 will be the rallying of America behind Federal anticrime legislation. I realize that this legislation will not answer the crime problem, but it will be a good beginning.

CARTER'S RECORD - CRIME

[This can be used in response to a Carter attack on your efforts to deal with the crime problem.]

During three years while Mr. Carter was Governor of Georgia, (1971, 1973, and 1974), the growth in Georgia crime rate exceeded that of the United States as a whole in three of the seven "serious crime" categories: murder, forcible rape, and aggravated assault.

THE TRUTHFUL HAS BEEN . . .
CARTER'S RECORD - CRIME

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JIMMY CARTER: SOFT ON CRIME?

Jimmy Carter proved again yesterday his bizarre ability to attack the President on an issue while totally ignoring his own lackluster record in handling the same issue when he was Governor of Georgia.

Speaking in Detroit, Michigan, Mr. Carter said the President wasn't doing enough to combat crime, and then very briefly spoke of what he did as Governor. Interestingly, all Mr. Carter said was that he stopped treating alcoholism as a crime and visited prison inmates to find out what was on their mind.

Why, since he raised the subject himself, didn't Jimmy Carter drop the fuzzy generalities and talk specifically about the results of his so-called law and order efforts in Georgia? What in his own record was he trying to hide from the American people?

TALKING POINTS

1. Jimmy Carter stressed rehabilitation and early release of prisoners, both as humane measures and as a means of coping with the prison over-population problems. A strike and near riot at the Georgia State Prison at Reidsville in late 1974 forced Carter to acknowledge that the prison remained overcrowded and the strike's impact was that "the programs for rehabilitation and counseling established over the past three years have suffered as a result."
2. In 1971, 1973 and 1974, Georgia's crime rate surpassed the national rate in three of the seven "serious crime" categories: homicide, forcible rape, and aggravated assault. In 1972, just 1.6 percentage points kept Georgia's rape from exceeding the national rate.
3. If as President of the United States Jimmy Carter were to do for the Nation what he did for Georgia as Governor, murder would increase 96%, rape would rise 6% and assault would go up 54%.
4. Crime is too great already without having Jimmy Carter in the White House to help it along.

BACKGROUND

A full accounting of the Georgia and U.S. crime rate is provided below:

1971

	<u>Georgia</u>	<u>USA</u>	
Murder	16.0	Murder	8.5
Rape	21.5	Rape	20.3
Robbery	104.2	Robbery	187.1
Assault	199.2	Assault	176.8

1972

	<u>Georgia</u>	<u>USA</u>	
Murder	18.5	Murder	8.9
Rape	20.8	Rape	22.3
Robbery	134.3	Robbery	179.9
Assault	204.0	Assault	186.6

1973

	<u>Georgia</u>	<u>USA</u>	
Murder	17.4	Murder	9.3
Rape	25.8	Rape	24.3
Robbery	158.1	Robbery	182.4
Assault	211.1	Assault	198.4

1974

	<u>Georgia</u>	<u>USA</u>	
Murder	17.8	Murder	9.7
Rape	27.1	Rape	26.1
Robbery	176.5	Robbery	208.8
Assault	220.8	Assault	214.2

Source: Crime in the United States, Uniform Crime Reports 1971-1974, U.S. Department of Justice