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REBUTTAL TO REAGAN: ANGOLA

Statement:

We gave just enough support to one side in Angola to encourage it to fight and die but too little to give it a chance of winning.

The Facts

The U.S. objective in supporting the FNLA/UNITA forces in Angola was to assist them, and through them all of black Africa, to defend against a minority group armed by the Soviet Union, and Cuban intervention. Despite massive Soviet aid and the presence of Cuban troops, there was every possibility of an acceptable outcome until December 19 when Congress adopted the Tufney Amendment cutting off further U.S. aid to the FNLA and UNITA.

Q: Why is the presence of 12,000 Cuban troops in Angola any different from the presence of US troops in Vietnam?

A: Let us not confuse two very different things. In Vietnam a legally constituted government recognized by the majority of the nations of the world asked our help when it was attacked. In Angola, Cuban troops, with Soviet arms, imposed rule by one of three warring factions over the other two.

Q: What about Rhodesia where Cubans confront a white Rhodesian minority?

A: We have no confirmation of reports of Cuban troops in Rhodesia. Such an eventuality would be grave indeed, and we are encouraged by signs we see that others would share our concern should the Cubans meddle in the Rhodesian situation. We definitely support majority rule in Rhodesia and hope that a peaceful solution will be pursued quickly by both sides.

REAGAN REMARKS ON FOREIGN POLICY

Q: What is your reaction to Mr. Reagan's attacks on your foreign policy?

A: Mr. Reagan's remarks on foreign policy reveal an extraordinary ignorance of what this country has been saying and doing over the last few years, perhaps because he has been so far removed from the main stream of America and the public debate on these issues.

Our nation is not "in danger," but it is damaging to the interests of this country when a politician declares to our adversaries and our friends abroad -- completely falsely and ignoring public statements by the President -- that we are in second place. Such statements are both irresponsible and dangerous. They alarm our people and confuse our allies.

-- It is meaningless to say the Soviet Army may now be twice the size of the US Army! Considering that the Soviets have been compelled to deploy close to half of that Army on the Chinese border, that isn't all that surprising. I suppose that if we had to defend our borders and thus had to double our forces, Mr. Reagan would be happier. Simplistic rhetoric such as this reflects a disturbingly shallow grasp of what military balance is all about.



-- For example, Mr. Reagan conveniently neglects to point out that our strategic forces are superior to Soviet forces. Our missiles are far more accurate and survivable. We have over twice as many missile warheads and, after all, it is the warheads which actually reach the target. Our lead in this area has been increasing over the past several years. Mr. Reagan likewise ignores our vast superiority in strategic bombers.

In short, if Mr. Reagan wants to alarm with use of numbers he can; but it only portrays his superficial understanding of these matters and by inflaming opinion -- at home and abroad -- falsely, does not serve the public interest.

-- Let's look at actions as opposed to words. I am the one who reversed the trend of shrinking defense budgets. My last two defense budgets are the highest peacetime budgets in the nation's history. Mr. Reagan should speak to the Democratic Congress about its \$32 billion cuts in defense over the past six years.

Mr. Reagan's misstatements and misjudgments of our foreign policy show equal distortion or ignorance of the facts:

-- He has the facts completely reversed when he claims that Angola was not allowed to interfere with detente. We said and demonstrated exactly the opposite.

It was the Congress, not the Administration, that failed to provide enough support to the Angolan majority in its struggle against Cuban troops and Soviet arms.

-- The Helsinki Conference is clearly recognized as the biggest propaganda setback for the Kremlin in a decade. It is absurd to believe that after two years of hard bargaining, all the leaders of NATO and a representative of His Holiness the Pope went to Helsinki to be tricked into a sell-out of Eastern Europe. My statement in Helsinki, and my visits to Poland, Romania and Yugoslavia on the same trip, demonstrated that I was there to declare what we believed to be the standards of human rights and non-intervention that should govern East-West relations in Europe: Our policy in no sense accepts a Soviet "dominion" over Eastern Europe and I have said this repeatedly.

-- Mr. Reagan attacks our policy toward the Soviet Union and China. Is he opposed to efforts to resist firmly Soviet adventurism, to negotiate an end to the nuclear arms race, and to attempt to relax tensions and build a more constructive relationship? Does he think the American people want a return to the era of cold war confrontation?

-- He would handle the new Panama Canal Treaty by refusing to talk and simply dictating to the Panamanian Government. That is an especially good way to enhance our relations with all our Latin American neighbors who, without exception, support Panamanian aspirations with respect to the Canal. We want a satisfactory agreement that permits the Canal to operate efficiently and protects our national security interests, not a guerrilla war over what would be portrayed as US colonialism.

-- Mr. Reagan deliberately repeats totally false so-called quotes by Secretary Kissinger and ignores the Secretary's explicit denials that such statements were ever made.

-- Mr. Reagan apparently hopes to turn the clock back to 1918, to his childhood, to an era of greater freedom. But what he is actually proposing is a return to the Cold War, to saber rattling and cries of alarm. I regret that kind of defeatism. I say Americans do not want a jingoistic policy of rejection of our international obligations, international economic instability and a world, deprived of responsible

American leadership, that contains the seeds of nuclear conflict.

Instead, Americans want calm, firm thoughtful leadership which deals with international problems as they are; keeping America strong, and steering the steady, deliberate course the world expects of us.

HELSINKI

Statement:

Why did the President travel halfway 'round the world to sign the Helsinki Pact, putting our stamp of approval on Russia's enslavement of the captive nations?

We gave away the freedom of millions of people -- freedom that was not ours to give.

The Facts:

The President went to Helsinki along with the Chiefs of State or heads of government of all our Western allies, and, among others, a Papal Representative, to sign a document which contains Soviet commitments to greater respect for human rights, self determination of peoples, and expanded exchanges and communication throughout Europe. Basket three of the Act calls for a freer flow of people and ideas among all the European nations.

The Helsinki Act, for the first time, specifically provides for the possibility of peaceful change of borders. With regard to the particular case of the Baltic States, President Ford stated clearly on July 25 that "the United States has never recognized that Soviet incorporation of Lithuania, Latvia and Estonia and is not doing so now. Our official policy of non-recognition is not affected by the results of the European Security Conference." In fact, the Helsinki document itself states that no occupation or acquisition of territory by force will be recognized as legal.

SOVIET UNION

Statement:

Now we must ask if someone is giving away our own freedom. Dr. Kissinger is quoted as saying that he thinks of the U. S. as Athens and the Soviet Union as Sparta. "The day of the U.S. is past and today is the day of the Soviet Union." And he added, "...My job as Secretary of State is to negotiate the most acceptable second-best position available."



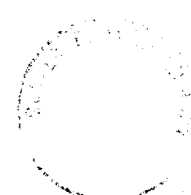
SOVIET UNION (Continued)

The Facts:

Governor Reagan's so-called quotes from Secretary Kissinger are a total and irresponsible fabrication. The Secretary has never said what the Governor attributes to him, or anything like it. In fact, at a March 23, 1976 press conference in Dallas Secretary Kissinger said: "I do not believe that the United States will be defeated. I do not believe that the United States is on the decline. I do not believe that the United States must get the best deal it can.

I believe that the United States is essential to preserve the security of the free world and for any progress in the world that exists.

In a period of great national difficulty, of the Viet-Nam war, of Watergate, of endless investigations, we have tried to preserve the role of the United States as that major factor. And I believe that to explain to the American people that the policy is complex, that our involvement is permanent, and that our problems are nevertheless soluble, is a sign of optimism and of confidence in the American people, rather than the opposite."



SONNENFELDT DOCTRINE

Statement:

Now we learn that another high official of the State Department, Helmut Sonnenfeldt, whom Dr. Kissinger refers to as his "Kissinger", has expressed the belief that, in effect, the captive nations should give up any claim of national sovereignty and simply become a part of the Soviet Union. He says, 'Their desire to break out of the Soviet straightjacket' threatens us with World War III. In other words, slaves should accept their fate."

The Facts:

It is wholly inaccurate, and a gross distortion of fact, to ascribe such views to Mr. Sonnenfeldt or to this Administration. Neither he nor anyone else in the Administration has ever expressed any such belief. The Administration view on this issue was expressed by Secretary Kissinger before the House International Relations Committee on March 29 as follows:

"As far as the U.S. is concerned, we do not accept a sphere of influence of any country, anywhere, and emphatically we reject a Soviet sphere of influence in Eastern Europe.

"Two Presidents have visited in Eastern Europe; there have been two visits to Poland and Romania and Yugoslavia, by Presidents. I have made

SONNENFELDT DOCTRINE (Continued)

repeated visits to Eastern Europe, on every trip to symbolize and to make clear to these countries that we are interested in working with them and that we do not accept or act upon the exclusive dominance of any one country in that area.

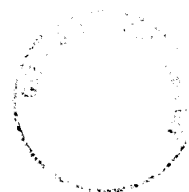
"At the same time, we do not want to give encouragement to an uprising that might lead to enormous suffering. But in terms of the basic position of the United States, we do not accept the dominance of any one country anywhere.

"Yugoslavia was mentioned, for example. We would emphatically consider it a very grave matter if outside forces were to attempt to intervene in the domestic affairs of Yugoslavia. We welcome Eastern European countries developing more in accordance with their national traditions, and we will cooperate with them. This is the policy of the United States, and there is no Sonnenfeldt doctrine."

SALT

Q: We understand that the Soviets have recently replied to a new US SALT proposal. On the basis of that reply, how do you see the prospects for a new SALT agreement this year?

A: We are continuing to work toward conclusion of a new SALT agreement. The recent exchange of views to which you referred provided further insight into the positions of both sides on the unresolved issues. I would prefer not to speculate on when the remaining issues will be resolved. I can assure you that we shall continue our efforts for a satisfactory agreement but we are not rushing to meet any deadline on a matter which is so important to our national security interests.



PANAMA CANAL

Statement:

The Canal Zone is not a colonial possession. It is not a long-term lease. It is sovereign U. S. territory every bit the same as Alaska and all the states that were carved from the Louisiana Purchase. We should end those negotiations (on the Panama Canal) and tell the General: We bought it, we paid for it, we built it and we intend to keep it.

The Facts:

Negotiations between the United States and Panama on the Canal have been pursued by three successive American Presidents. The purpose of these negotiations is to protect our national security, not diminish it. The issue is not between us and Torrijos. It is between us and all other Western Hemisphere nations -- without exception. No responsible American can ignore the voices of the Latin American states.

Governor Reagan's view that the Canal Zone is "sovereign U. S. territory every bit the same as Alaska and all the states that were carved from the Louisiana Purchase is totally wrong. The Canal Zone is not and never has been "sovereign U. S. territory." Legal scholars have been clear on this for three-quarters of a century. Unlike children born in the United States, for example, children born in the Canal Zone are not automatically citizens of the United States.

Montgomery Committee Activities

Q: Are you willing to hold talks with North Vietnam because of pressure the House Select MIA Committee has put on you to make gestures in response to Vietnam's release of American POW's and the remains of five military personnel?

A: We have consistently said our policy toward North Vietnam is a flexible one and that we would respond to concrete indications of a desire for better relations. My willingness to hold talks is a manifestation of that policy, not the result of any pressure brought upon me.

I have met with members of the Montgomery Committee to discuss possible approaches to the tragic problem of the Missing in Action. I commend that Committee for the vigorous efforts it has made on behalf of the MIA's during its brief existence. We both agree that it would be appropriate at this point to be prepared to have discussions with Vietnam.

CHINA

Statement:

In Asia our new relationship with mainland China can have practical benefits with both sides. But that doesn't mean it should include yielding to demands by them as the Administration has, to reduce our military presence on Taiwan where we have a long-time friend and ally, the Republic of China.

The Facts:

We have not in any way reduced our forces on Taiwan as a result of Peking's demands. Our reductions stem from our own assessment of U.S. political and security interests. We have drawn our forces down because the Vietnam conflict has ended and because the lessening of tension in the area brought about by our new relationship with the People's Republic of China has made it possible.

INDOCHINA

Statement:

And, it is also revealed now that we seek to establish friendly relations with Hanoi. To make it more palatable, we are told this might help us learn the fate of the men still listed as Missing in Action.

The Facts:

The Congress has urged the Administration to make a positive gesture toward Hanoi in an effort to obtain further information relating to our Missing in Action, and the return of the bodies of dead servicemen still held by Hanoi. The Administration, in response, has offered to discuss with Hanoi the significant outstanding issues between us. Our policy toward Hanoi was clearly set forth by the President last December in Hawaii and does not include to "seek to establish friendly relations with Hanoi." Such an assertion is totally false.

Taiwan

Q: Will the United States abrogate its Mutual Security Treaty with Taiwan when it normalizes relations with Peking?

A: We are committed to the goal of normalization of relations with the Peoples Republic of China, a nation of 800 million people. This process, I believe, is essential to peace and stability in the world. There has been no agreement, however, as to the timing and modalities. As we advance our relations with Peking, we will act with prudent regard for the interests of our allies, including the Republic of China on Taiwan.

CUBA

Statement:


In the last few days, Mr. Ford and Dr. Kissinger have taken us from hinting at invasion of Cuba to laughing it off a ridiculous idea. Except, that it was their ridiculous idea. No one else suggested it. Once again -- what is their policy? During this last year, they carried on a campaign to befriend Castro. They persuaded the Organization of American States to lift its trade embargo, lifted some U.S. trade restrictions, they engaged in cultural exchanges. And then on the eve of the Florida primary election, Mr. Ford went to Florida, called Castro an outlaw and said he'd never recognize him. But he hasn't asked our Latin American neighbors to reimpose a single sanction, nor has he taken any action himself. Meanwhile, Castro continues to export revolution to Puerto Rico, to Angola, and who knows where else?

CUBA (Continued)

The Facts:

We did not persuade the OAS to lift the sanctions against Cuba. At Quito in the fall of 1974 we did not support a motion in the OAS to do so. At San Jose last summer the U.S. voted in favor of an OAS resolution which left to each country freedom of action with regard to the sanctions. We did so because many of the OAS members had already unilaterally lifted their sanctions against Cuba, and because the resolution was supported by a ^{2/3} majority of the organization members. Since that resolution passed, no additional Latin American country has established relations with Cuba or lifted sanctions.

The U.S. has not lifted its own sanctions against Cuba, has not entered into any agreements with Cuba, and has not traded with Cuba. We have not engaged in cultural exchanges. We validated some passports for U.S. Congressmen and their staffs, for some scholars and for some religious leaders to visit Cuba. We issued a few select visas to Cubans to visit the United States. These minimal steps were taken to test whether there was a mutual interest in ending the hostile nature of our relations. This policy was consistent with the traditional American interest in supporting the free flow of ideas



CUBA (Continued)

and people. We have, since the Cuban adventure in Angola, concluded that the Cubans are not interested in changing their ways. We have resumed our highly restrictive policies toward Cuban travel. With regard to Cuban efforts to interfere in Puerto Rican affairs, we have made it emphatically clear in the UN and bilaterally to the Cubans and other nations that the United States will not tolerate any interference in its internal affairs.

We have not hinted at invasion of Cuba. What we have done is to warn Cuba that we would not tolerate further military adventures. We mean it.



CUBAN INTERVENTION IN SOUTHERN AFRICA

Q: You and Secretary Kissinger have both said that we will not permit further Cuban intervention in situations such as Angola and that possible US actions are under consideration. What measures are you prepared to take to prevent such interventions from occurring and what would you do if there should be further interventions?

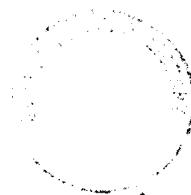
A: As I have said before, Cuban intervention in the internal affairs of other countries is simply unacceptable. Our response to any such situations would be tailored to the specific circumstances. I do not believe it would be wise to speculate on the specific character our actions might take other than to reiterate that we would respond firmly and promptly.

Q: Are you considering a military response?

A: I do not intend to speculate on the specific character of what actions we might take in hypothetical situations.

Q: Is the US considering going to the Organization of American States to request reimposition of multilateral economic and political sanctions against Cuba in light of Cuban involvement in Angola?

A: I have already said that it simply is not useful to speculate on hypothetical situations.



CYPRUS

Q: Mr. President, have you seen any movement toward a Cyprus settlement in recent months?

A: In my second report to the Congress on February 5 on Cyprus, I reviewed the most recent developments in the efforts by Greece, Turkey and the two Cypriot communities to work toward a Cyprus settlement.

In the talks on Cyprus, the gap between the parties' positions has narrowed in recent months. Central issues are now being discussed in a single framework. The mid-February talks between the representatives of the two Cypriot communities have been constructive and have resulted in procedural understandings which should permit a continuing dialogue and further work toward an agreement in principle. I can assure you the United States will continue to assist the parties involved -- Cyprus, Greece and Turkey -- to reach a just and long-term settlement of this tragic problem.

I will be forwarding a third report to the Congress on Cyprus on April 5.

US-TURKISH DEFENSE COOPERATION AGREEMENT

Q: Mr. President, the new US-Turkish bilateral Defense Cooperation Agreement (DCA) -- signed by Secretary of State Kissinger and Turkish Foreign Minister Caglayangil in Washington on March 26 -- must have Congressional approval before going into effect. The Turkish Foreign Minister reportedly has said that any amendment to the DCA by the Congress would amount to rejection of the accord and that US operations at the joint defense bases in Turkey would not be resumed. How do you view the prospects for favorable Congressional action on the agreement?

A: First, let me say it is a source of great satisfaction that the United States and Turkey have successfully concluded the negotiation of a new Defense Cooperation Agreement (DCA). The new agreement reflects the very important defense interests we share with the Government of Turkey as NATO allies -- I reviewed these issues personally with the Turkish Foreign Minister in our meeting in Washington on March 24. The new agreement makes an important contribution to the national security interests of the United States and for this reason it is very welcome.

We will in the near future be sending the new US-Turkish defense accord to the Hill and look for early and favorable consideration by both Houses of the Congress. I believe that vital US and NATO security interests in the Eastern Mediterranean are at stake and that early acceptance of the agreement by the Congress will preserve and safeguard these interests.

Q: Why does the United States undertake in the new DCA to provide considerable security assistance to Turkey, the nation which used US-supplied equipment in invading Cyprus in July 1974? Why doesn't the new US-Turkish agreement link progress on a Cyprus settlement with full resumption of military assistance to Turkey?

A: I believe we should be looking to the future and to the interests of the United States rather than debating events of 1974 -- events which are subject to different interpretation by each of the interested parties.

We cooperate with Turkey -- in terms of military assistance -- not as a favor but as a contribution to our common security. Events of the past year have shown that restrictions on military assistance to Turkey -- a NATO ally -- are counterproductive, impeding rather than facilitating progress on Cyprus and otherwise damaging our overall interests in the Eastern Mediterranean. . We want to be as even-handed as possible toward all the parties in the Greek-Turkish dispute over Cyprus. At a time when the United States is taking steps on a number of fronts to improve and strengthen relations with Greece, we should not be considering punitive legislation which would reimpose restrictions on aid to Turkey. This course would damage U.S. interests and offer the prospect of stalemate or worse on issues of importance to us in the Eastern Mediterranean.

The Administration is consulting with the Congress on security assistance legislation for countries in the Eastern Mediterranean, including Greece and Turkey.

In my meeting with Turkish Foreign Minister Caglayangil on March 24, I firmly reiterated the importance my Administration attaches to Turkey's contributions to the NATO Alliance.

SUSPENSION OF US-GREEK BASES NEGOTIATIONS

Q: Mr. President, in apparent reaction to the conclusion of the new US-Turkish defense agreement last week, the Greek Government recently suspended the ongoing US-Greek bases negotiations by recalling the chief Greek negotiator from consultations in Washington. In view of this situation, do you believe that the defense agreement with Turkey favors that country over Greece?

A: Not at all. Greece and Turkey are valued friends and allies of the United States of longstanding. We share important security interests with each country, both bilaterally and in NATO. In our base negotiations with both Greece and Turkey, we have been and will continue to be as even-handed as possible. I hope that the US-Greek bases negotiations can resume in the near future. This would be in the best interests of both Greece and the United States, underscoring the mutual security interests we share in the defense of NATO's strategic southern flank.

BELGIAN MACHINE GUN

Q: Mr. President, the Army recently announced the decision to purchase Belgian machine guns to replace the present machine gun in U.S. tanks. Won't this decision result in a loss of U.S. jobs?

A: Our interest in purchasing the Belgian machine gun was to provide the best weapon possible for our tanks. I understand that the Defense Department made its decision only after thorough and careful analysis and competition between the Belgian weapon and the U.S. candidate. On difficult issues such as this, it is important that our decisions and those of our NATO allies be guided by our mutual interest in maintaining the most efficient, reliable and effective defense forces possible. I have made this point in my meetings with NATO leaders last May and in my many other consultations with leaders of the Alliance since then.



200-MILE FISHERIES LEGISLATION

Q: Mr. President, on March 30, the Congress sent you legislation which would unilaterally extend U.S. fisheries jurisdiction from the present 12 to 200 miles off our coasts. Would you comment on this legislation?

A: I will be giving this legislation careful attention in the next few days. My interest is to protect vital U.S. fisheries while at the same time seeking to safeguard, through the Law of the Sea negotiations, all the many interests the United States has in the oceans, including fishing rights. I continue to believe that overall United States interests in this vital area can best be preserved through the successful completion of an international convention on Law of the Sea and it is toward that goal that the U.S. delegation will be negotiating in the current session of the international Law of the Sea Conference.

C-130s FOR EGYPT

Q: Why must the US escalate an arms race in the Middle East by selling arms to Egypt and what guarantees are there that the initial sale of C-130s is not a prelude to a much broader military supply relationship with Egypt?

A: Our objective in supplying Egypt anything in the military field is the same as that in providing economic assistance -- to support Egypt in its moderate policies which have been so instrumental in helping the Middle East move closer to peace. This is particularly important at a time when Egypt has taken such a strong stand to resist Soviet pressures. However, we have no intention of becoming Egypt's major arms supplier and there is no question of our escalating an arms race between Egypt and Israel.

We have had full and frank consultations with Congress on this matter from the outset. The Egyptian Government has told us that it plans to make no further request for military equipment from the US this year. I think our approach is a sound one. Israel will continue to remain strong through the very substantial military and economic assistance we are providing and will continue to provide.

Q: What kind of training are we planning to provide the Egyptians?

A: We are talking about a modest program to train a few Egyptian officers in service staff schools in this country.

ISRAEL

Statement:

Mr. Ford's new Ambassador to the United Nations attacks our long time ally Israel.

The Facts

Governor Scranton not only did not attack Israel, his veto blocked ~~the~~ Security Council resolution critical of Israel -- a resolution that every other member of the Security Council voted for. In his March 23 speech in the United Nations Security Council Gov. Scranton was simply reiterating long-standing U. S. policy -- a policy articulated by every Administration since 1967 -- on Israel's obligations as an occupying power under international law with regard to the territories under its occupation.

TRANSITION QUARTER FUNDS FOR ISRAEL

Q: Why are you continuing to oppose TQ funds for Israel given Israel's needs? Is it true that Secretary Kissinger did not oppose additional TQ funds for Israel but that you overruled him?

A: The money I requested for the upcoming fiscal year, including the transition quarter, is judged to be adequate not only for Israel but for all governments to whom we are extending security assistance. This decision was most carefully considered by me and all agencies concerned with this issue. In the case of Israel, our aid has increased substantially over the past few years. We provided some \$3 billion in the year and a half between October 1973 and July 1975. I have requested \$2.3 billion alone for FY 76 and close to \$2 billion for FY 77. By all accounts, these are very substantial sums, reflecting the strength of my commitment and that of the Administration to Israel's security. They also reflect the need to maintain fiscal discipline in all areas at a time when we have many other pressing current needs and an overriding requirement for budget discipline.

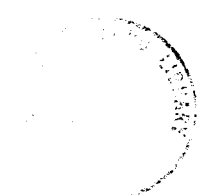
My position on TQ funds is the Administration position and is shared by all agencies.



USG POLICY ON THE PLO -- LEBANON

Q: If a situation arose in which it would appear helpful for your representative, Ambassador Brown, to have contact with the PLO, would you authorize this?

A: The situation has not arisen. Ambassador Brown is in Lebanon to provide me with a first-hand assessment of the situation there and to be available to assist the various Lebanese parties, in any way which they might find of value.



US POLICY IN LEBANON -- MILITARY INTERVENTION?

Q: Why hasn't the US done more to help defuse tensions in Lebanon? Have you given any consideration to US military intervention should the situation become worse and would you consider this if the Lebanese Government asked?

A: Without getting into specific details, I can assure you that we have been actively involved in seeking a resolution to the present tragic conflict in Lebanon. We are pursuing those means we consider best calculated to achieve that end.

Let me state what our policy is:

-- We regard the situation in Lebanon as one to be resolved without outside military intervention. Such intervention would pose grave risks to stability in the area. Our views on this are known to all concerned.

-- From the earliest days of the internal strife we have encouraged efforts to bring about an agreement among the Lebanese on a basic political solution. We support a solution that gives adequate opportunity and security to all groups and communities and maintains Lebanon's independence, territorial integrity and national unity. In this regard, Syrian efforts to help promote a political compromise have been constructive.



US Policy In Lebanon - Military Intervention? (Continued)

-- We are prepared to assist in any way we can in efforts to obtain a ceasefire and promote such a political solution. I have sent Ambassador Brown to assess the situation and to be in closest touch with all parties involved.

-- We have also been providing emergency medical relief assistance throughout the period of fighting.

-- Finally, we made sure that all non-essential Americans left the country some time ago. And we are prepared for the evacuation of remaining Americans should continued fighting make that necessary.

April 1, 1976

JORDANIAN RELATIONS WITH THE SOVIETS

Q: Are you concerned that King Hussein might turn to the Soviets for an air defense system and did you caution the King against this?

A: I have full confidence in our relations with Jordan and the King and I had very good discussions during his visit on ways to strengthen our ties, including our on-going economic and military assistance programs. Our discussions with Jordan on an air defense system are continuing.

President Ford Committee

1628 L STREET, N.W., SUITE 250, WASHINGTON, D.C. 20036 (202) 457-6400

April 14, 1976

Loren Smith, Esquire
General Counsel
Citizens for Reagan
1835 K Street, N. W.
Washington, D. C. 20006

Dear Mr. Smith:

The purpose of this letter is to bring to your attention certain activities of the Texas Citizens for Reagan Committee and another affiliated organization in that State operating under the name of "Delegates for Reagan". These activities raise serious questions regarding the continued operation of "Delegates for Reagan" as a group of unauthorized delegates within the meaning of that term as determined by the Federal Election Commission.

Accordingly, we want to express our deep concern that the nature of these activities may constitute a violation of the Federal election campaign laws and may expose your committee and your delegates to complaints before the Federal Election Commission. Any such violation may, of course, result in substantial fines and possible imprisonment for such persons. Moreover, in view of the uncertainty regarding the immediate reconstitution of the FEC and the extent of its present powers, we believe that you bear the responsibility of immediately reviewing this situation and taking corrective action.

As you are aware, the Federal Election Commission issued a Policy Statement and Guidelines on Delegate Selection on February 10, 1976. The Guidelines state, inter alia, that an unauthorized delegate-candidate is one who has not been financially authorized by the Presidential candidate or his agents. In particular, the Commission pointed out the types of activities or actions which would change a previously unauthorized delegate-candidate into an authorized delegate-candidate. The Guidelines state:

"An "authorized delegate" is a delegate
(1) who is authorized or requested by a Presidential candidate (or the candidate's committee or agent) to receive contributions or make any expenditure on behalf of the Presidential candidate; (2) who is reimbursed by

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a Presidential candidate for any expenditures made on behalf of the Presidential candidate; or (3) whose own delegate fund-raising or spending is subject to direct or indirect control by the Presidential candidate.--

COMMENT: Financial authorization of a delegate by a Presidential candidate is separate and distinct from any other authorization or approval which may be required under party rules or State law. The fact that a delegate has to secure the approval of the Presidential candidate before he/she can appear as a "Jones delegate" on the primary ballot does not alone constitute financial authorization by the candidate.

Examples of actions which would constitute authorization of a delegate include:

(a) The Presidential campaign transfers funds to the delegate for use in the Presidential candidate's or the delegate's campaign;

(b) The Presidential campaign publicly or privately solicits contributions to a specific delegate or slate;

(c) The Presidential campaign guarantees loans to or for a delegate;

(d) The Presidential campaign directs or the Presidential candidate and delegate jointly plan fund-raising, advertising, or other campaign solicitation activities;

(e) A delegate is authorized to raise or spend funds on behalf of that candidate."

The Federal Election Commission Record, Vol. 2, No. 3 (1976)

It is our understanding that the 100 individuals running as delegate-candidates pledged to Mr. Reagan and the Texas Citizens for Reagan decided some months ago to conduct their primary campaign as "unauthorized delegates" acting together as "Delegates for Reagan". In particular, their

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Loren Smith, Esquire
April 14, 1976

campaign literature states that they have been officially endorsed by Ronald Reagan but are not authorized to expend or receive money on behalf of the Citizens for Reagan. This organization appears to be operating in a number of metropolitan areas, e.g., San Antonio, Fort Worth and Dallas.

Since the "Delegates for Reagan" is supposedly a group of unauthorized delegate-candidates, it may not under the aforementioned FEC Policy Statement and Guidelines coordinate fundraising, advertising or other financially-related activities with the Texas Citizens for Reagan. In this regard, the Executive Director for the Texas Citizens for Reagan, Ron Dear, noted on February 27, 1976 in a letter to "All Texas Reagan Campaign Officials", that ". . . the law requires that the official Texas Citizens for Reagan Campaign is not allowed to jointly plan or coordinate activities with the Reagan delegate-candidates" (emphasis added). This statement recognizes that it is impossible for the Texas Citizens for Reagan to work together in such manner with unauthorized candidates without there being some financial effect and, therefore, de facto authorization. Moreover, it would appear, based on the facts set forth below, that the Delegates for Reagan and Texas Citizens for Reagan have been and are, for all practical purposes, operating as a single campaign organization in certain areas of Texas. Moreover, the delegate-candidates involved in such activity are now authorized delegates within the meaning of the Federal election campaign laws.

Over twenty of the allegedly "unauthorized" delegate-candidates pledged to Mr. Reagan are members of the official Texas Citizens for Reagan campaign organization. In this regard, some of the delegate-candidates serve as Co-Chairmen of the Texas Citizens for Reagan Committee, Regional Chairmen and Congressional District Chairmen of that Committee, and Members of the Texas Citizens for Reagan Executive Committee. In particular, it is our understanding that the following activities have taken place or will, in the near future, take place which raise serious questions regarding the continued operation of the Delegates for Reagan as an "unauthorized" group of delegate-candidates with no expenditure limitations during the Primary election:

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Loren Smith, Esquire
April 14, 1976

I. ADVERTISING -- It appears that in some areas of Texas, e.g., San Antonio and Dallas, the Delegates for Reagan are producing flyers and related campaign material which request voters to go to the polls for Reagan delegates in the Primary. These materials also note the "Reasons for Reagan" which is set forth in the same type and appears to be exactly the same copy as the Citizens for Reagan campaign materials distributed in Texas (Attachment A). By utilizing this copy, the Delegates for Reagan accomplish the same advertising goal as the Citizens for Reagan. However, the Citizens for Reagan apparently do not pay for these materials nor do they report such expenses as campaign expenditures.

II. FUNDRAISING -- According to a report in the Sunday edition of the Fort Worth Star-Telegram (Attachment B), a reception for Mr. Reagan will be held at the Hilton Inn at 1:15 P.M. on Thursday, April 15, 1976. Tickets to the reception cost \$50.00 each. Ticket requests were directed to the Citizens for Reagan headquarters at 1020 W. 7th Street in Fort Worth rather than the Delegates for Reagan headquarters at 1012 W. 7th Street. It was also noted in the article that tickets could be obtained at the door and checks ". . . should be made payable to the Delegates for Reagan." The hosts for this reception are "unauthorized" delegate-candidates for Reagan and members of the Texas Citizens for Reagan Fort Worth operation.

In Dallas, the "Delegates for Reagan" committee has recently mailed a package to Republican voters which includes the aforementioned flyers and pamphlets and specifically requests that contributions and volunteer responses be sent to 8428 Kate Street, Suite 215, which is also the address of the Texas Citizens for Reagan in Dallas.

III. INSTRUCTIONS TO REAGAN DELEGATE-CANDIDATES -- Prior to the selection of delegates by the statutorily required delegate selection committee for the 21st Congressional District, Willard King, Chairman of the Citizens for Reagan in that District sent a letter to the "Republican Leadership" in his area which apparently included individuals who are now delegate-candidates pledged to Mr. Reagan. In that letter he stated:

"Prior to suggesting a candidate his permission will be required. In all fairness I think he should be reminded that all expense of attending the convention is a personal expense and it is estimated that

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Loren Smith, Esquire
April 14, 1976

it will run approximately \$500.00. It is also hoped that each delegate selected will spend a considerable amount of money for his own election. A thousand dollars has been suggested. Of course a delegate candidate must live in the 21st Congressional District and must pledge his support for Ronald Reagan." (emphasis added).

IV. JOINT USE OF HEADQUARTERS AND RELATED OFFICE EQUIPMENT -- It has come to our attention that in both Fort Worth and Dallas, Delegates for Reagan meetings were held on March 30, 1976 and April 8 or 9, 1976, respectively. The meetings were allegedly called to discuss fundraising and the political campaign in Texas. In both locations, Regional Chairmen of the Texas Citizens for Reagan conducted the meetings. The facts relative to the Dallas meeting can be verified by viewing the evening news program of WFAA-TV in Dallas for April 9, 1976.

Further, in San Antonio, it is our understanding that the Texas Citizens for Reagan and the Delegates for Reagan headquarters are located next to each other at 6838 and 6840 San Pedro. The offices for each of the headquarters inter-connect and apparently share the same duplicating and printing equipment and are staffed by the same personnel.

It would appear from the facts set forth above that the members of the entire Delegates for Reagan organization have become authorized delegate-candidates because of the joint financial activities with the Texas Citizens for Reagan Committee. As such, expenditures by such individuals or groups with which they are associated must be, of course, reported to the Federal Election Commission by the Citizens for Reagan Committee. In addition, contributions to such authorized delegates would be treated as contributions to the Citizens for Reagan Committee. In other words, individuals who had previously given \$1,000 to the Citizens for Reagan would be in apparent violation of the law if they were to make additional contributions to such authorized delegates or group.

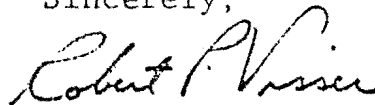
Another matter which has come to our attention appears to indicate that this type of activity is not limited to Texas or the Delegates for Reagan. The Sunday, April 4, 1976 edition of the Milwaukee Journal carried a political advertisement entitled "Should We Sell the White House?" The advertisement and related

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Loren Smith, Esquire
April 14, 1976

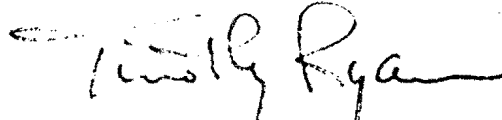
solicitation for contributions was paid for by the "Florida Friends of Reagan". The disclosure statement at the bottom of the advertisement noted that the Chairman of this Committee is Mr. L. E. Thomas of Panama City, Florida. If this Mr. Thomas is the same individual who is serving as Chairman of the Florida Citizens for Reagan, then any expenditure relative to the advertisement must be reported to the Federal Election Commission by the Citizens for Reagan Committee. Moreover, contributions to this committee would be considered contributions to the Citizens for Reagan campaign committee. Even if Mr. Thomas is no longer the Chairman of the Florida Citizens for Reagan Committee, such expenditures must be reported by your Committee since the Florida Friends of Reagan's chairman is de facto an authorized delegate-candidate pledged to Mr. Reagan.

In conclusion, we trust that you understand that this letter is being sent as a result of our sincere desire for Republican Party unity in Texas, as well as the rest of the country, and with the hope that you will take immediate action to rectify these matters in accordance with the Federal election campaign laws. Your prompt response with regard to these matters would be appreciated so that we are not forced to take other action which we might deem appropriate.

Sincerely,



Robert P. Visser
General Counsel



T. Timothy Ryan
Assistant General Counsel

Attachments

CC: John Sears, Esquire
William Cramer, Esquire
Ray Hutchison, Esquire
Hon. Ernest Angelo, Jr.
Mrs. William Staff
Hon. Ray A. Barnhart
Mr. James E. Lyon
Mr. Ronald B. Dear
Mr. L. E. Thomas

**If You Want To
Elect
Gov. Ronald Reagan
President —
YOU MUST**

- 1. Vote in the Republican Primary on Saturday, May 1st — and**
- 2. Vote for Each of the Four Delegates pledged to Gov. Reagan:**



IF YOU ARE IN DOUBT, LOOK AT YOUR VOTER REGISTRATION CERTIFICATE, DETERMINE YOUR PRECINCT NUMBER, AND — CALL 459-1253.

Paid for by Delegates for Reagan Comm., Ray Donks, Chairman, Office, endorsed by CITIZENS FOR REAGAN, but not authorized to collect or receive money on behalf of CITIZENS FOR REAGAN, pursuant to Advisory Opinion 1975-12 of the Federal Election Commission.

Reasons for Reagan:

● **Inflation.** The one basic cause of inflation is government spending more than it takes in. When Washington runs in the red, year after year, it cheapens every dollar you earn; it makes a profit on your cost-of-living wage increases by pushing you into higher tax brackets; it borrows in the capital market to cover its deficits, cutting off business and industry from that capital which is needed to fuel our economy and create jobs; it robs your savings of value, and it denies retired people the stability they need and expect for their fixed incomes.

● **Energy.** The one thing we shouldn't forget is this: If we relax government controls on natural gas, nuclear plants and domestic sources of oil, we won't have to

IN CONGRESSIONAL DISTRICT 10
 Mark your ballot four times as shown below:

- R. Miller Hicks, delegate for RONALD REAGAN
- Rhoda Benson, delegate for RONALD REAGAN
- Judge St. John Garwood, delegate for RONALD REAGAN
- Sue Briscoe, delegate for RONALD REAGAN

● **Energy.** The one thing we shouldn't forget is this: If we relax government controls on natural gas, nuclear plants and domestic sources of oil, we won't have to

• **Welfare.** "For years there has been a group of people calling for a Federal takeover of welfare. Actually we should do the opposite — and decentralize welfare."

"If Joe Danks is using his welfare money to go down to the pool hall and drink beer and gamble, and the people on his block are paying the bill directly, Joe is apt to undergo a change in his lifestyle — or get off welfare."

• **Social Security.** "Social Security must be strengthened and improved. The program needs to be reformed. But any reform must have as its first priority the guarantee that all those counting on Social Security will continue to receive their monthly check and that their benefits won't decline in purchasing power, but will keep pace with inflation."

"There are inequities that must be corrected affecting women, people 65-and-over who want to continue to work, and younger workers. But reforms must be made with care so that they don't jeopardize those already retired, those now working, or those who will enter the work force in the future."

• **Crime.** "We must remember that the principal reasons for locking up criminals are punishment and isolation — to keep them from hurting law-abiding citizens, and to serve as a deterrent to others. It does no good to take guns from the law-abiding. The most effective gun control is mandatory sentences for those who commit crimes with guns in their possession. When a would-be lawbreaker knows he can kill without facing the ultimate penalty, when he knows that parole or probation may come easy for him, we cannot say we have effective deterrents to increased crime."

• **Detente.** "Through detente we have sought peace with our adversaries. We should continue to do so, but must make it plain that we expect a stronger indication that they also seek a lasting peace with us. Too often we get as if a concession on our side — with none by them — is automatically helpful to the process as a whole. Detente will work only if it is a two-way street — something for something."

• **Defense.** "A decade ago we had military superiority. Today, we are in danger of being surpassed by a nation that has never made any effort to hide its hostility to everything we stand for. As a nation, we must commit ourselves to spend whatever is necessary to remain strong. To be second is to be last."



REMEMBER: There is no voter registration by party in Texas. You may vote in the Republican primary regardless of political affiliation.



"Together we can make those decisions which will restore confidence in our way of life and release that energy that is the American spirit.

"Together we can renew the greatness of America!"

Ronald Reagan

Delegates for Reagan

R. MILLER HICKS
RHODA BENSON
JUDGE ST. JOHN GARWOOD
SUE BRISCOE

REAGAN FOR PRESIDENT HDQTRS.
3009 North Lamar
Austin, Texas 78705

Texas Citizens For Reagan

4721 Richmond Ave. Houston, Texas 77027

Paid for by Citizens for Reagan. Senator Paul Laxalt, Chairman;
Henry M. Buchanan, Treasurer.

"A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D.C."

Reasons for Reagan

Attachment "B"

Reagan plans visit to FW area

Presidential candidate Ronald Reagan will land at Meacham Field at 11:15 a.m. Thursday on one leg of his campaign tour of Texas to gather support for the May 1 Republican primary.

At the airport, he will be met by his Tarrant County coordinator, Mrs. Pat Jacobson, county GOP chairwoman Mrs. Anna Mowery, State Sen. Betty Andujar, and other area GOP leaders. He will receive the key to the city from Mayor Cliff Overcash.

Other meetings the former California governor is scheduled to attend include a noon rally at Burnet Park downtown and a fund-raising reception at 1:15 p.m. in the Times Square Ballroom at the Hilton Inn.

Mrs. Gordon Fitzgerald, a Reagan volunteer campaign worker, said tickets to the reception will be \$50 each.

She said they may be obtained by contacting Miss Jane Sims at Reagan Headquarters, 1020 W. 7th St., or by calling 731-1503, 731-1523 or 335-6243.

Tickets also may be purchased at the door in the Hilton, she said, and checks should be made payable to "Delegates for Reagan."

Reagan is scheduled to leave from Meacham at 2:45 p.m.

- Hosts of the reception will be Mrs. Andujar and her husband, Dr. John J. Andujar;
- Mrs. Jacobson and her husband, Dr. Bruce Jacobson;
- Mr. and Mrs. Eddie Cules;
- Mr. and Mrs. James Cribbs;
- Mr. and Mrs. James Garvey;
- Mr. and Mrs. John Howell;
- Dr. and Mrs. Paul Laird, Mr. and Mrs. Bob Leonard Sr.,
- Mr. and Mrs. Bob Leonard Jr.,
- Dr. and Mrs. William McKinney and Mr. and Mrs. W. A. Moncriel Sr.



STATEMENT BY THE PRESIDENT

(Material dexted at 8:56 EDT, April 27 to Cheney & O'Donnell)

When I proposed an energy policy and program for the nation in my first State of the Union Address 15 months ago, I stressed the need to remove unnecessary/^{Federal} controls on energy supplies and prices. Our experience since then has continued to demonstrate that Government controls on energy prices and supplies are often counterproductive, burdensome, and contrary to the best interests of energy consumers.

I am pleased to announced that we are taking the important step of removing price and allocation controls on residual fuel oil effective June 1, 1976.

Under current law, we must submit plans for removing controls to the Congress and provide an opportunity for disapproval. Such a plan was submitted for residual oil and the Congress has not disapproved. These controls will, therefore, be removed by the Federal Energy Administration and maintained in a standby status for use only in the event of future supply interruptions.

I have instructed Federal Energy Administrator Frank Zarb to proceed with actions needed to remove other unnecessary and burdensome energy regulations, thereby, returning to consumers all across the nation the benefits of greater competition inherent in the free market system. Work is under way ~~now~~ on actions to deregulate middle distillates, gasoline,

and other petroleum products. I urge the Congress to allow future decontrol proposals to take effect as it now has in the case of residual fuel oil, so that we can take additional steps in reducing the burden of regulation.

IMMEDIATE
PRECEDENCE

UNCLAS
CLASSIFICATION

FOR COMMCENTER USE ONLY

FROM: BILL ROBERTS
TO: RON NESSEN
JOHN CARLSON
LARRY SPEAKES
THYM SMITH
INFO:

DEX _____

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RELEASED BY: 

TOR:

SPECIAL INSTRUCTIONS:

40

WHITE HOUSE PRESS GUIDANCE

Announcement of Vice President's Visit to the Federal Republic
of Germany (Friday, April 30, 1976)

Vice President Rockefeller will visit the Federal Republic of Germany on May 14-15 as the personal representative of President Ford in official German ceremonies commemorating the American Bicentennial. The ceremonies, which will be held in Frankfurt at the Paulskirche (St. Paul's Church), are the capstone of over 4000 events in the Federal Republic of Germany devoted to commemorating our Bicentennial. In connection with the Vice President's trip to Germany, the President has also asked him to visit West Berlin. The Vice President will be accompanied by Mrs. Rockefeller.

* * * *

Q: Aren't several Representatives and Senators invited to the ceremonies in Frankfurt?

A: I believe that several members of the Congress have been invited to the ceremonies. It is my understanding that they will be participating as guests of the Government of the Federal Republic.

TO THE CONGRESS OF THE UNITED STATES:

I am transmitting herewith the First Report of the United States Sinai Support Mission. The Report describes the manner in which the Support Mission is carrying out its mandate to implement the United States' responsibility for the early warning system in the Sinai, as specified in the Basic Agreement between Egypt and Israel of September 4, 1975, and the Annex to the Basic Agreement. This Report is provided to the Congress in conformity with Public Law 94-110 of October 13, 1975.

The Report includes an account of American participation in the establishment of the Sinai early warning system during the first six months following the enabling legislation, a report on the current status of the early warning system, and a discussion of the actions now under way which will permit the Sinai Support Mission to conclude its construction and installation phase by early summer. When this preparatory period has been completed and we have had an opportunity to observe the ongoing operations of the early warning system, we will be better able to assess the feasibility of making technological or other changes that could lead to a reduction in the number of American civilians assigned.

As you know, the functions which the American volunteers are performing were requested by the Governments of Egypt and Israel. We have accepted responsibility for these functions, with the concurrence of both Houses of the Congress, because we believe the United States has an important stake in a stable Middle East.

The early warning system in the Sinai is an important investment in peace. It helps support the Basic Agreement between Egypt and Israel which represents a significant step toward an overall settlement. Continuing presence of the system provides in itself an important contribution to stability in the area and to the creation of a climate of confidence so necessary for further progress toward a just and durable peace.

Ronald R. Ford

THE WHITE HOUSE,

GERALD R. FORD LIBRARY

This form marks the file location of item number 1,
as listed on the pink form (GSA form 7122, Withdrawal Sheet) at
the front of the folder.

April 21, 1975

SUPPLEMENTAL DEFENSE BUDGET REQUEST

Q: Secretary Rumsfeld has said that the President may approve a supplemental DOD budget request. What is the Justification for this addition?

A: The President has approved in principle a request by Secretary Rumsfeld for supplemental funds for repair of the USS Belknap and for protecting the option to produce the Minuteman III missile and associated systems in FY 77.

Q: Why wasn't the Belknap money in the original DOD budget?

A: A full determination of the damage took sometime, and could not be completed until the ship was returned to the United States from the Mediterranean.

Q: Why has the President now decided to continue production of Minuteman III?

A: In order to preserve our flexibility in the context of the current SALT negotiations. President has decided to request the funds necessary to maintain for us the option to continue the Minuteman III product.

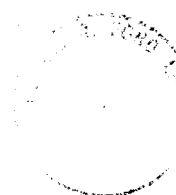
Q: Does this mean that the SALT negotiations have broken down?

A: No. This budget request represents our interest in maintainint our flexibility as the negotiations continue.



Q: Will the President be submitting a budget amendment for the MK12A warhead?

A: The President has approved in principal a budget supplemental for the MK12A for essentially the same reasons he wants to protect the option to continue Minuteman production.



April 21, 1976

MATHIAS - ARAFAT MEETING

Q: Senator Mathias reportedly met with PLO leader Yasir Arafat and discussed Lebanon and the Middle East. Did Mathias meet with Arafat at the President's request or did Mathias carry a message from the President? Do you expect Mathias to report to the President on his meeting with Arafat?

A: The President did not meet with Mathias before his trip to the Middle East. Mathias did not meet with Arafat at the President's urging nor did he carry a message from the President. As to whether Mathias will meet with the President when he returns, that is up to the Senator. But I have nothing on that.

NEW AMBASSADOR TO LEBANON

(To be read during announcements)

The President today is announcing his intention to nominate Francis Edward Meloy to be the U.S. Ambassador to Lebanon. Ambassador Meloy has served his government with high distinction in many Foreign Service assignments beginning in 1946. He is currently Ambassador to Guatemala. (I believe bio sheets are available.)

Our present Ambassador to Lebanon, G. McMurtrie Godley, who has served there with distinction since February 1974, is convalescing satisfactorily after his recent surgery but it is impossible at this time to predict when he would be able to return to Beirut. In the light of this fact, the President considered it important that a new Ambassador be appointed and proceed to Lebanon as promptly as possible to represent our interests there.

With the assignment of a new Ambassador to Lebanon, Ambassador L. Dean Brown, who has temporarily been in charge of our Embassy in Beirut this month, will complete his mission in the near future and return to Washington to resume his duties as President of the Middle East Institute. The President wants to express appreciation to Ambassador Brown for accepting this temporary assignment to Lebanon during a difficult period in our continuing efforts to help our Lebanese friends restore peace and stability to their country and to maintain its independence, sovereignty and national unity.

April 21, 1976

RUMORS OF CARAMANLIS VISIT

Q: There are rumors out of Athens that Greek Prime Minister Caramanlis will visit the United States soon. Do you have any information on that?

A: As you may recall, the President mentioned in his remarks at the AHEPA banquet in Washington on April 5 that he was looking forward to meeting with Prime Minister Caramanlis in the near future. Beyond that I don't have any specific information for you at this time on a visit to the U.S. by the Greek Prime Minister.

AMBASSADOR CARTER

Background:

Ambassador Beverly Carter met with the President for a brief farewell call this morning. There was a White House photo only. Carter is leaving to be the new US Ambassador to Liberia.

Q. Wasn't Ambassador Carter fired from his post in Tanzania by the Secretary of State?

A. Comments such as these are purely speculative and were addressed thoroughly last summer by Secretary Kissinger and State Department spokesmen.

If you have any additional questions I suggest you address them to the State Department.

Q. Is the President seeing Ambassador Carter because of that situation last summer or to placate the Black Caucus?

A. The meeting affords the President an opportunity to meet Ambassador Carter and to discuss his new tasks as Ambassador to Liberia. The U.S. has always had especially strong ties with Liberia and attaches great importance to our relations. Also a meeting now was felt particularly appropriate inasmuch as Secretary Kissinger will be visiting Liberia during his trip to Africa.

Q. What are the dates of the Secretary's visit to Liberia?

A. According to the current schedule he will visit Liberia April 30-May 1. [Refer any detailed questions to State].

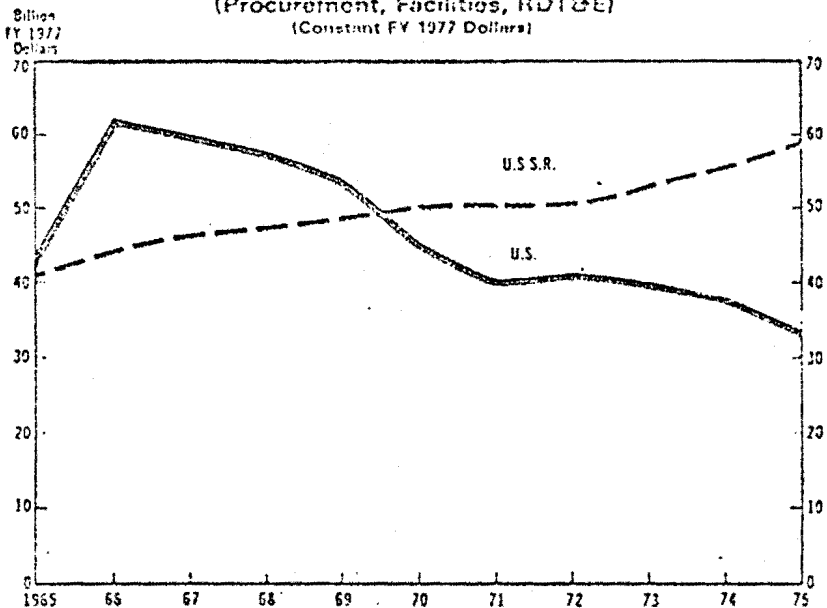
April 21, 1976

HAWKS FOR JORDAN

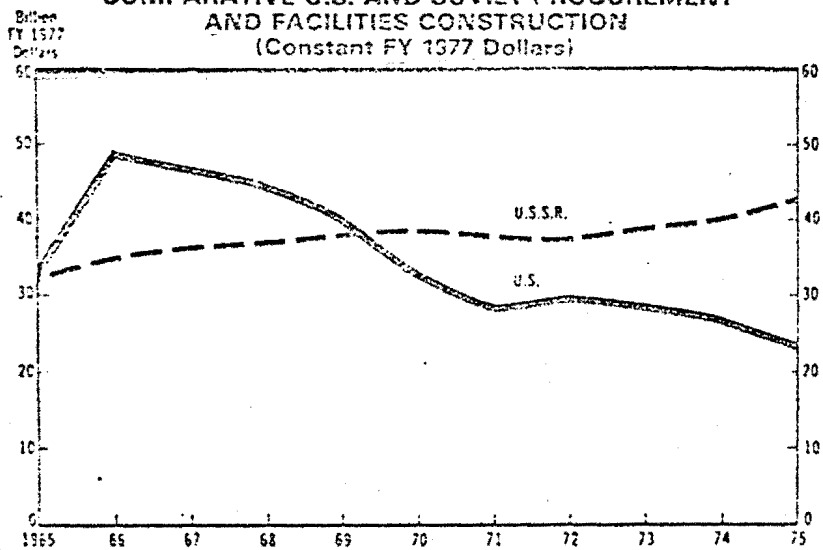
Q: There are reports that Jordan is no longer interested in purchasing Hawks from the U.S. Do you have any information on that?

A: As far as I know, their letter of offer still stands and the matter is still being negotiated.

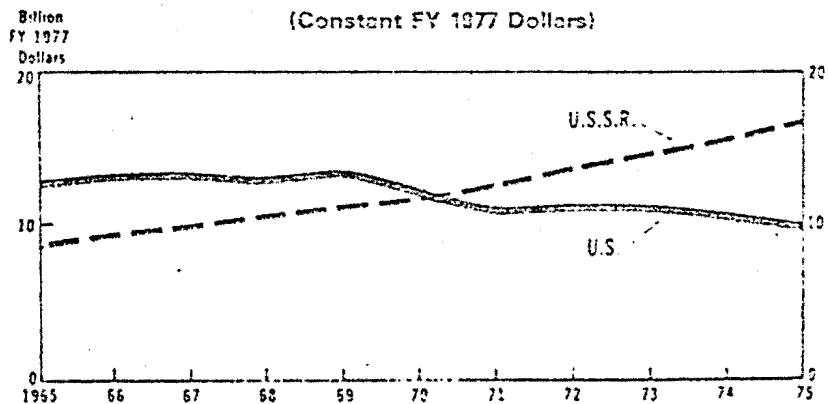
COMPARATIVE U.S. AND SOVIET MILITARY INVESTMENT*
 (Procurement, Facilities, RDT&E)
 (Constant FY 1977 Dollars)



COMPARATIVE U.S. AND SOVIET PROCUREMENT*
 AND FACILITIES CONSTRUCTION
 (Constant FY 1977 Dollars)



COMPARATIVE U.S. AND SOVIET MILITARY RDT&E*
 (Constant FY 1977 Dollars)

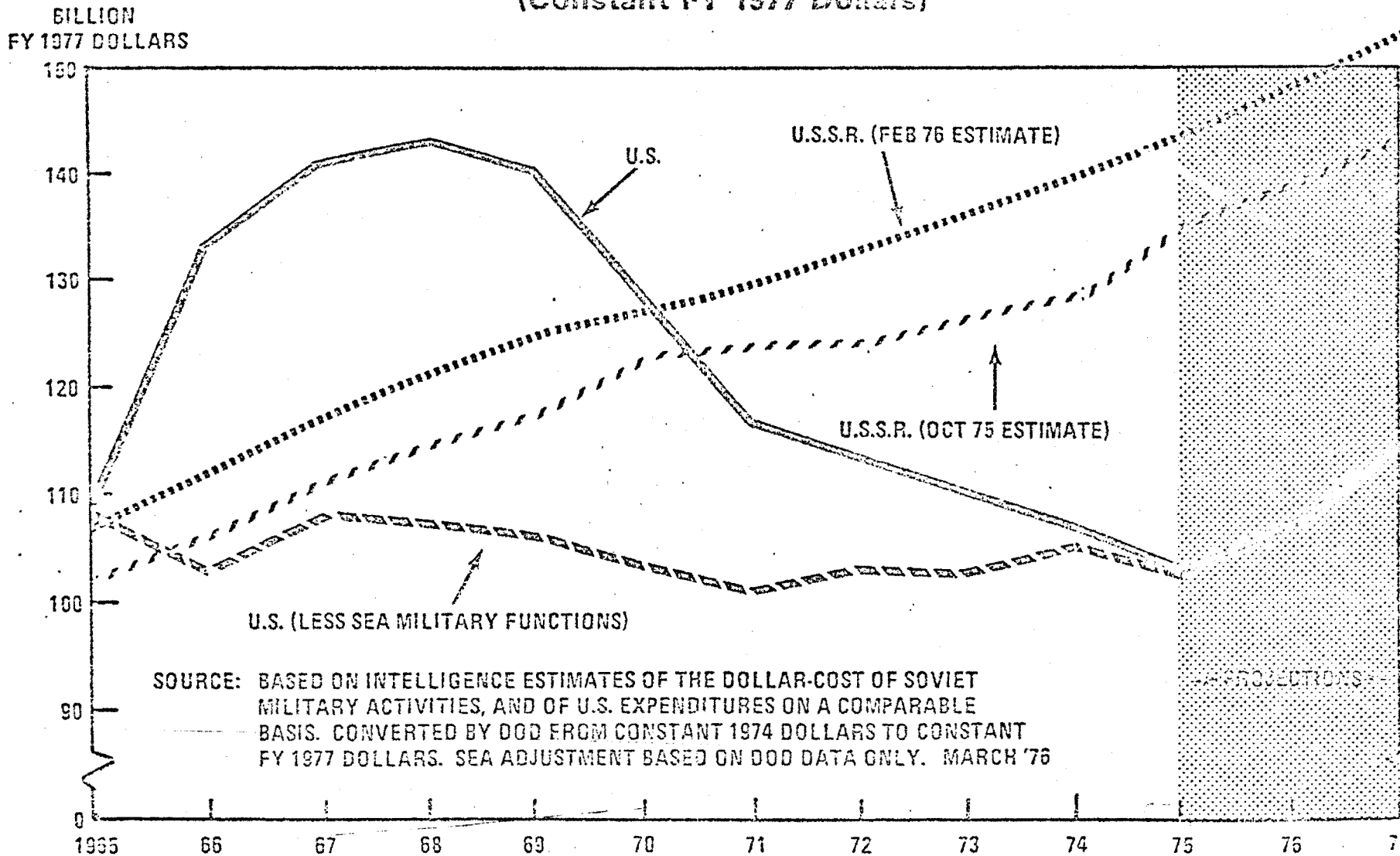


*BASED ON INTELLIGENCE ESTIMATES IN 1974 DOLLARS. CONVERTED TO
 FY 1977 DOLLARS BY DOD

U.S. AND SOVIET DEFENSE PROGRAM TRENDS

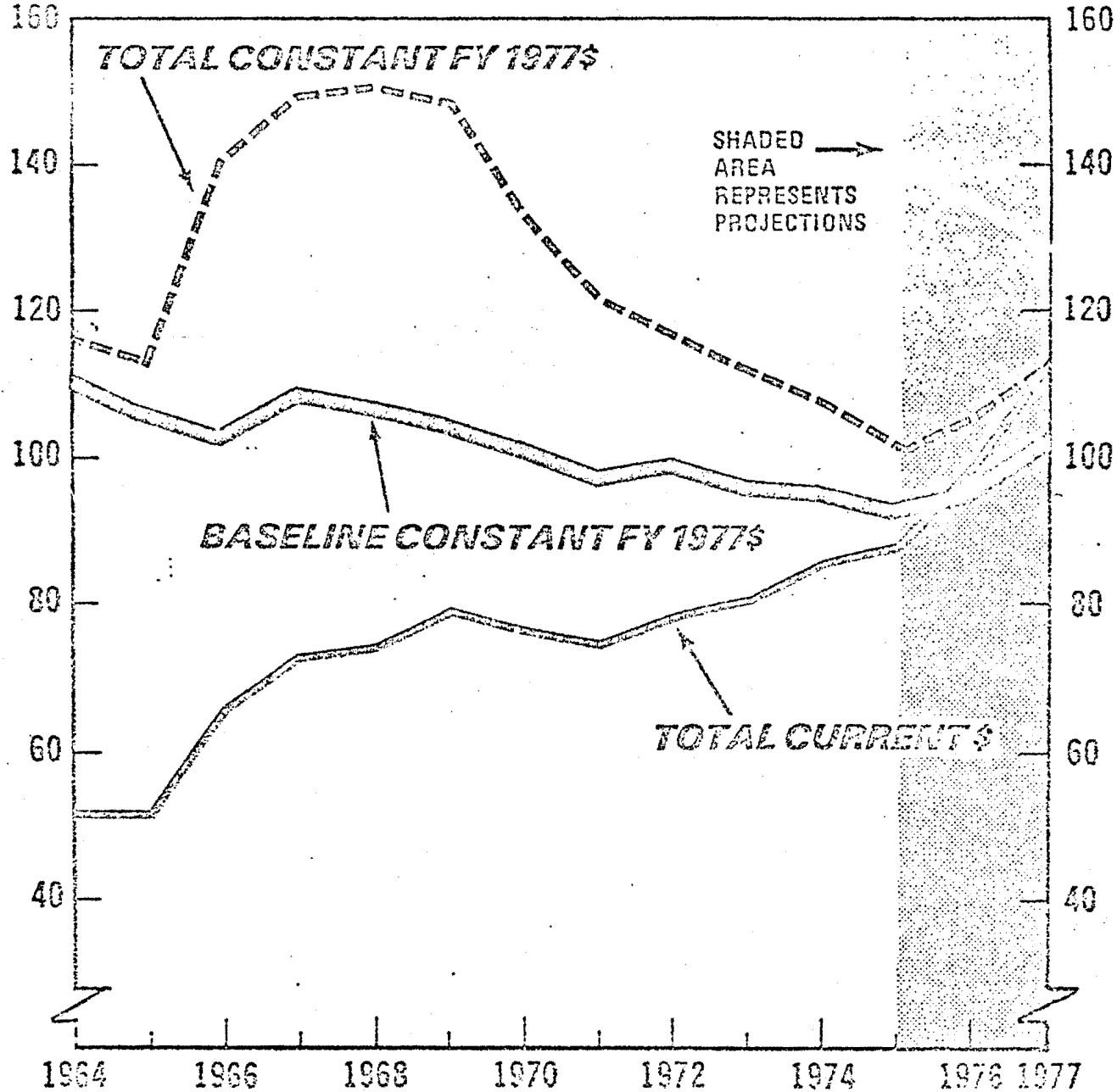
(U.S. Expenditures and Estimated Dollar Costs of Soviet Programs)

(Constant FY 1977 Dollars)



U.S. DEFENSE BUDGET TRENDS (FOIA)

Billions \$

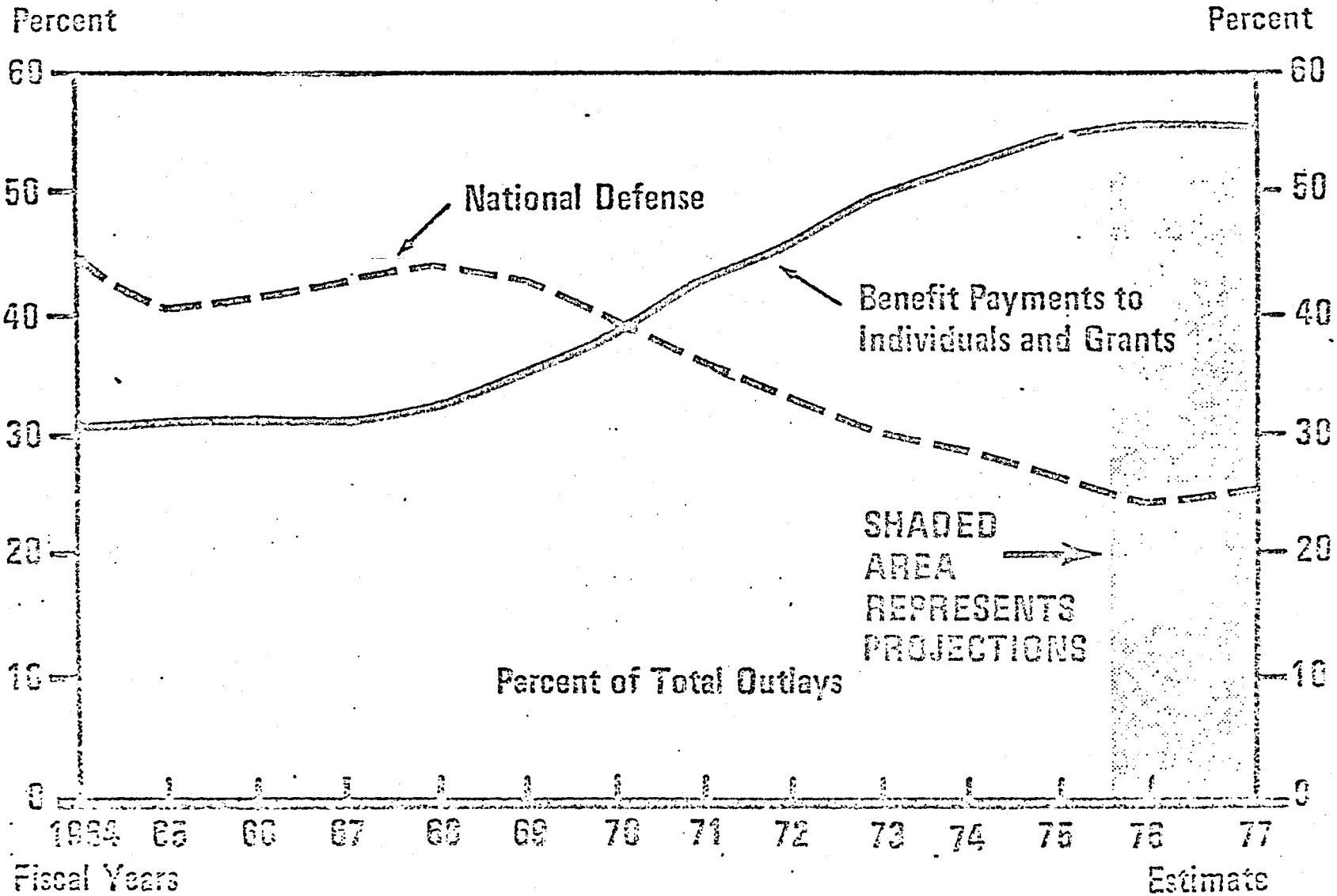


U.S. DEPARTMENT OF DEFENSE BUDGET

FINANCIAL SUMMARY

	<u>FY 1964</u>	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>FY 1977</u>
DOD/MAP as Percentage:					
Federal Budget (Outlays)	42.8%	29.2%	26.5%	24.4%	25.4%
Gross National Product	8.3%	5.8%	6.9%	5.7%	5.4%
Labor Force	7.9%	5.2%	5.9%	4.8%	4.8%
Net Public Spending	28.1%	17.4%	17.3%	18.4%	16.5%

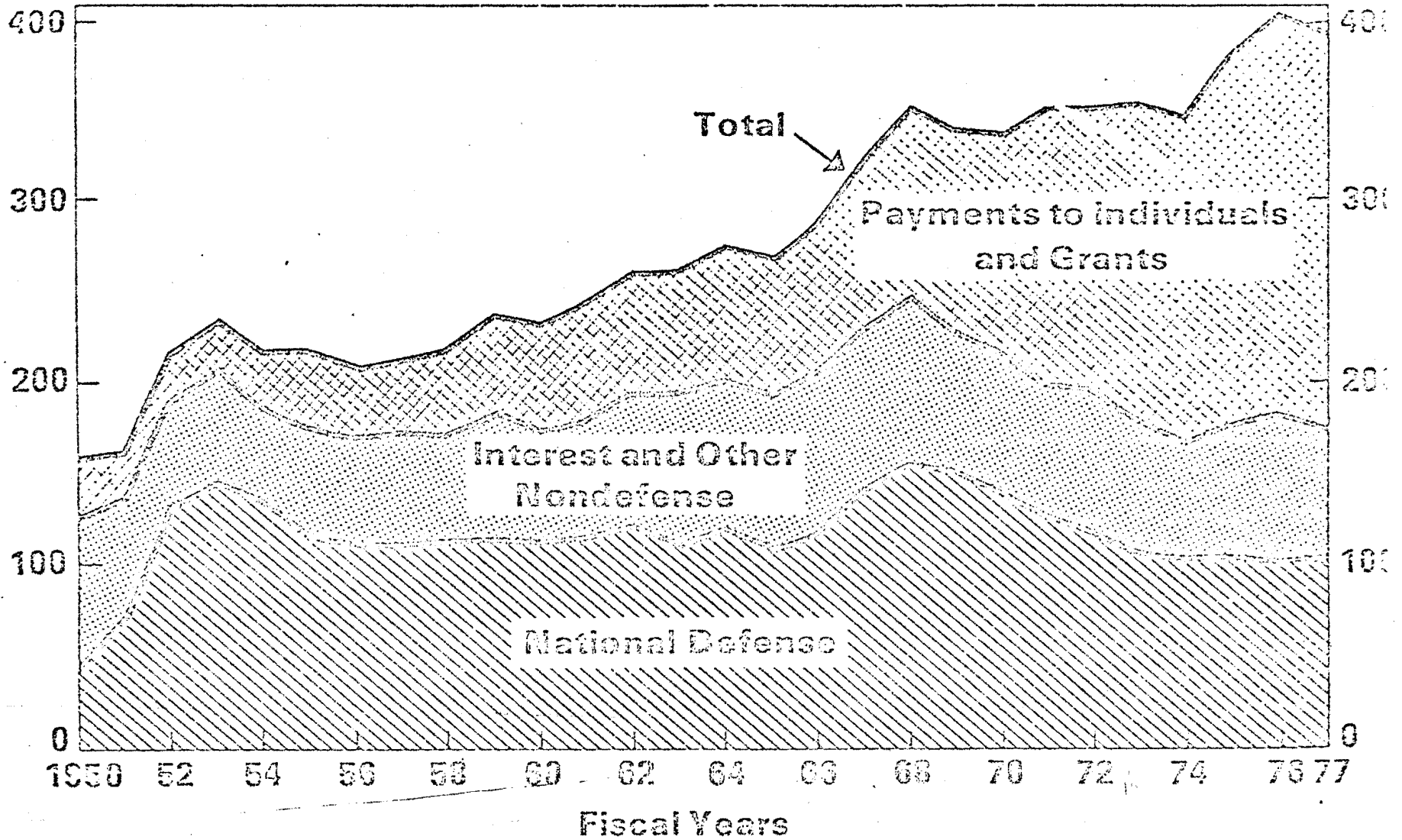
Shares of the Budget



U.S. FEDERAL OUTLAYS - CONSTANT 1972 DOLLARS

\$ Billions

\$ Billions



THE WHITE HOUSE
WASHINGTON

April 7, 1976

MEMORANDUM FOR: RON NESSEN
FROM: JIM CONNOR

On April 2nd I sent you a paper prepared by the Research Office on Governor Reagan's speech of March 31st. The material has now been redone to include some additional material and more accurate information than the earlier report, and a copy is enclosed for your information.

encl.



ERRORS IN CANDIDATE REAGAN'S
SPEECH OF MARCH 31, 1976

REAGAN STATEMENT:

page 1, paragraph 3

"In this election season the White House in telling us a solid economic recovery is taking place. It claims a slight drop in unemployment. It says that prices aren't going up as fast, but they are still going up, and that the stock market has shown some gains. But, in fact, things seem just about as they were back in the 1972 election year. Remember, we were also coming out of a recession then. Inflation has been running at around 6%. Unemployment about 7%. Remember, too, the upsurge and the optimism lasted through the election year and into 1973. And then, the roof fell in. Once again we had unemployment. Only this time not 7%, more than 10. And inflation -- wasn't 6%, it was 12%."

RESPONSE:

The peak of unemployment -- 8.9% -- was reached in May, 1975. Latest unemployment figures -- March, 1976 -- show the rate was 7.5%. The employment is now at an all time high with 86.7 million at work. This exceeds the pre-recession peak of July, 1974 and is a 2.6 million gain since March '75.

Prices are not going up as fast. Inflation in 1974 was at an annual rate of over 12 percent. Today it is running at an annual rate of about 6 percent.

In 1972 we were further into recovery than we are today. But Mr. Reagan's statistical facts concerning 1973-74 are incorrect. The peak unemployment figure was reached in May, 1975 at 8.9%. It never reached 10% as he states.

REAGAN STATEMENT:

Page 2, paragraph 2

"Now, in this election year 1976, we're told we're coming out of this recession. Just because inflation and unemployment rates have fallen to what they were at the worst of the previous recession. If history repeats itself will we be talking recovery four years from now merely because we've reduced inflation from 25% to 12%."

RESPONSE:

All of the figures -- retail sales, GNP, durable goods, housing, personal income, etc. clearly show we are moving out of the recession -- the Administration's statements are not based merely on improved unemployment and cost-of-living statistics as Mr. Reagan implies.

REAGAN STATEMENT:

Page 2, paragraph 3

"The fact is, we'll never build a lasting economic recovery by going deeper into debt at a faster rate than we ever have before. It took this nation 166 years -- until the middle of World War II -- to finally accumulate a debt of \$95 billion. It took this administration just the last 12 months to add \$95 billion to the debt. And this administration has run up almost one-fourth of our total national debt in just these short nineteen months."

RESPONSE

The national debt reached \$72 billion in 1942. The current estimated deficit for FY 1976 is \$76.9 billion. Gross federal debt for FY 1976 is estimated at \$634 billion. Thus the administration's share of the national debt is 15.6%, not 25%.

REAGAN STATEMENT:

Page 2, paragraph 4

"Inflation is the cause of recession and unemployment. And we're not going to have real prosperity or recovery until we stop fighting the symptoms and start fighting the disease. There's only one cause for inflation -- government spending more than government takes in. The cure is a balanced budget. Ah, but they tell us, 80% of the budget is uncontrollable. It's fixed by laws passed by Congress."

RESPONSE:

The President has offered specific plans for a balanced budget. But a large part of the cause of the current recession is the result of past fiscal policies, rapid increases in federal expenditures. There is no quick remedy for problems created a decade ago. A rapid return to a balanced budget, as Mr. Reagan calls for, would provide fuel for inflation, but at the same time, it would mean a long delay in recovery and much longer period of high unemployment.

The budget for FY 1977 estimates that 77.1% of the budget is uncontrollable.

REAGAN STATEMENT:

page three, last two sentences of top paragraph

"But laws passed by Congress can be repealed by Congress. And, if Congress is unwilling to do this, then isn't it time we elect a Congress that will?"

RESPONSE:

The open-ended or uncontrollable programs call for outlays of \$383.1 billion in FY 1977. \$236.8 billion is allocated to payments for individuals. Does Mr. Reagan want to repeal the following:

Social Security and Railroad Retirement -- \$108.0 billion

Federal Employees Retirement Benefits -- \$22.9 billion

Veterans Benefits -- \$16.3 billion

Medicare and Medicaid -- \$38.4 billion

Public Assistance Programs -- \$26.0 billion

REAGAN STATEMENT:

Page 3, paragraph 2

"Soon after he took office, Mr. Ford promised he would end inflation. Indeed, he declared war on inflation. And, we all donned those WIN buttons to "Whip Inflation Now." Unfortunately, the war -- if it ever really started -- was soon over. Mr. Ford, without WIN button, appeared on TV, and promised he absolutely would not allow the Federal deficit to exceed \$60 billion (which incidentally was \$5 billion more than the biggest previous deficit we'd ever had). Later he told us it might be as much as \$70 billion. Now we learn it's \$80 billion or more."

RESPONSE:

The President did draw a line at a deficit of \$60 billion on March 29, 1975 in a televised address. The largest single yearly deficit occurred in 1943 -- \$54.8 billion. The difference between \$54.8 billion and \$60 billion is, of course, \$5.2 billion. The current estimated deficit for FY 76 is not \$80 billion or more, it is \$76.9 billion.

REAGAN STATEMENT:

Page 3, paragraph 3

"Then came a White House proposal for a \$28 billion tax cut, to be matched by a \$28 billion cut in the proposed spending -- not in the present spending, but in the proposed spending in the new budget. Well, my question then and my question now is, if there was \$28 billion in the new budget that could be cut, what was it doing there in the first place?"

RESPONSE

The proposed \$28 billion cut is a cut in the anticipated \$56 billion year-to-year increase in Federal spending that would take place unless strong measures are taken. The President has proposed the reform measures needed to accomplish this objective; cutting in half the growth rate of federal spending and making it possible to give the American people further tax cuts.

REAGAN STATEMENT:

Page 4, paragraph 1

"It would have been nice if they'd thought of some arrangement like that for the rest of us. They could, for example, correct a great unfairness that now exists in our tax system. Today, when you get a cost-of-living pay raise -- one that just keeps you even with purchasing power -- it often moves you up into a higher tax bracket. This means you pay a higher percentage in tax but you reduce your purchasing power. Last year, because of this inequity, the government took in \$7 billion in undeserved profit in the income tax alone, and this year they'll do even better. Now isn't it time that Congress looked after your welfare as well as its own?"

RESPONSE:

Inflation does indeed increase taxes. The President has recognized this and has been successful in reducing the inflation rate by 50%. He has also proposed curbing the rise in expenditures and matched this with a comparable tax cut.

REAGAN STATEMENT:

Page 5, paragraph 3

"Ending inflation is the only long range and lasting answer to the problem of unemployment. The Washington Establishment is not the answer. It's the problem. Its tax policies, its harassing regulations, its confiscation of investment capital to pay for its deficits keeps business and industry from expanding to meet your needs and to provide the jobs we all need."

RESPONSE:

The President's economic policies are anti-inflationary. He has vetoed 46 bills and saved the taxpayers \$13 billion. (Source: OMB)

Monetary expansion is now far more restrained than in 1972. Over the last six months, the broadly defined money supply has grown at an 8.6% annual rate. In the comparable September 1971-March 1972 period, it grew at a 14.6% rate. It should be noted that a 14.6% rate is well above the 10.5% upper limit of the Federal Reserve's present target range.

Wholesale prices increased 12.5% from March 1974-March 1975, while the price index went up only 5.5% between March 1975 and March 1976.

Employment reached an all-time high of 86.5 million in February.

New orders for manufactured goods were up 2.4 percent in February.

REAGAN STATEMENT:

Page 6, paragraph 2

"At the time we were only importing a small percentage of our oil. Yet, the Arab boycott caused half a million Americans to lose their jobs when plants closed down for lack of fuel. Today, it's almost three years later and "Project Independence" has become "Project Dependence." Congress has adopted an energy bill so bad we were led to believe Mr. Ford would veto it. Instead he signed it. And, almost instantly, drilling rigs all over our land started shutting down. Now, for the first time in our history, we are importing more oil than we produce. How many Americans will be laid off if there is another boycott? The energy bill is a disaster that never should have been signed."

RESPONSE:

Candidate Reagan stated we were only importing a small percentage of our oil when the Arab oil embargo occurred in 1974. In fact, we were already importing 35% of our petroleum needs. The amount of oil that we imported during 1975 was 6.0 mb/d, and we produced 8.4mb/d.

The Energy Policy and Conservation Act passed by the Congress in December ended a year-long debate between the Congress and the Administration on oil pricing policy and opened the way to an orderly phasing out of controls on domestic oil over forty months, thereby stimulating our own oil production. By removing controls, this bill should give industry sufficient incentive over a period of time to explore, develop and produce new fields in the outer continental shelf, Alaska, and potential new reserves in the lower forty-eight states. Removal of these controls at the end of forty months should increase domestic production by more than one million barrels per day by 1985 and reduce imports by about three million barrels per day.

The average number of active rotary drilling rigs in March 1976 was approximately 270 less than in December 1975 which was the highest level since 1962. Except for the two years after the embargo, this First Quarter downturn reflects a normal seasonal trend. Further, preliminary estimates indicate that 1976 investments by the petroleum industry in production and development activities will exceed those of 1975.

REAGAN STATEMENT: (continued)

Page 6, paragraph 2

RESPONSE: (continued)

More importantly, this bill enables the United States to meet a substantial portion of the mid-term goals for energy independence set forth over a year ago. Incorporated in this are authorities for a strategic storage system, conversion of oil and gas-fired utility and industrial plants to coal, energy efficiency labeling, emergency authorities for use in the event of another embargo, and the authority we need to fulfill our international agreements with other oil consuming nations. These provisions will directly reduce the nation's dependency on foreign oil by almost two million barrels per day by 1985. In addition, the strategic storage system and the stand-by authorities will enable the United States to withstand a future embargo of about four million barrels per day.

Oil rigs didn't begin shutting down. There were 1660 drilling rigs operating in 1975, the highest number in a decade. Through mid-March 1976, there were as many rigs operating as were operating in the comparable period during '75.

REAGAN STATEMENT:

Page 7, paragraph 2

"When I became Governor, I inherited a state government that was in almost the same situation as New York City. The state payroll had been growing for a dozen years at a rate of from 5 to 7,000 new employees each year. State government was spending from a million to a million and a half dollars more each day than it was taking in. The State's great water project was unfinished and underfunded by a half a billion dollars. My predecessor had spent the entire year's budget for Medicaid in the first six months of the fiscal year. And, we learned that the teachers' retirement fund was unfunded. A four billion dollar liability hanging over every property owner in the state. I didn't know whether I'd been elected Governor or appointed receiver."

RESPONSE:

The bonded indebtedness of California at \$4 billion does not compare to New York City's current problem.

The State payroll increased from 113,779 in 1967 to 127,929 in 1973.

The state budget more than doubled under Ronald Reagan. From \$4.6 billion in 1967 to \$10.2 billion in 1973.

REAGAN STATEMENT:

Page 7, paragraph 3

Page 9, paragraph 2

"California was faced with insolvency and on the verge of bankruptcy. We had to increase taxes. Well, this came very hard for me because I felt taxes were already too great a burden. I told the people the increase, in my mind, was temporary and that, as soon as we could, we'd return their money to them.

"This was government-by-the-people proving that it works when the people work at it. When we ended our eight years, we turned over to the incoming administration a balanced budget. A \$500 million surplus. And, virtually the same number of employees we'd started with eight years before. Even though the increase in population had given some departments a two-thirds increase in work load."

RESPONSE:

The number of state employees increased from 113,779 in 1967 to 127,929 in 1975. Under Reagan, there were three huge tax increases totalling more than \$2 billion.

In 1967, there was an increase of \$967 million, the largest state tax hike in the nation's history. Of this, \$280 million went for one-time deficit payment and state property tax relief. In 1971, the increase was \$488 million with \$150 million for property tax relief. In 1972, an increase of \$682 million with \$650 million for property tax relief. Much of this property tax relief was short term, but the overall tax increases were permanent.

State personal income tax revenues went from \$500 million to \$2.5 billion, a 500% increase. Taxable bracket levies were increased from 7% to 11%. The size of the brackets was reduced so that taxpayers reached the highest bracket more quickly and

personal exemptions were reduced. Finally, after he adamantly denied that he would ever do so, the Governor agreed to a system of withholding state income taxes.

Bank and corporation taxes went up 100%. The state sales tax rose from 4% to 6%. The tax on cigarettes went up 7 cents a pack and the liquor tax rose 50 cents per gallon. Inheritance tax rates were increased and collections more than doubled.

Under Reagan, the average tax rate for each \$100 of assessed valuation rose from \$8.84 to \$11.15. Under predecessor Pat Brown, the increase was much less in dollars and percentage -- from \$6.96 to \$8.84, and in the six years of Republican Knight's administration, it was still less -- from \$5.94 to \$6.96. One reason for the big increase under Reagan -- from \$3.7 billion to \$8.3 billion -- is that the state paid a steadily smaller percentage of the school costs -- one of the biggest reasons for local property taxes.

Despite periodic efforts to provide relief, there has been a substantial increase in the burden carried by most property owners. Inflation and high assessments have helped wipe out any savings. Only \$855 million of the record \$10.2 billion budget in Reagan's final year was for tax relief for homeowners and renters.

REAGAN STATEMENT:

Page 10, paragraph 4

"And in less than three years we reduced the rolls by more than 300,000 people. Saved the taxpayers \$2 billion."

RESPONSE:

Substitute for 300,000 and \$2 billion the following:

1. Drop by 20,000 persons in rolls due to correction in accounting procedures in largest county, Los Angeles.
2. Migratory rate of unemployed into California declined from 233,000 in 1967 to 44,000 in 1971.
3. 110,000 decline in rolls attributed to Reagan even though his welfare program had not gone into effect when decline occurred.
4. Rolls for welfare families increased in 8 years of Reagan's Governorship from 729,357 to 1,384,400 and their state expenditures went from \$408 million to \$995 million.

REAGAN STATEMENT:

Page 11, top sentence

"And, increased the grants to the truly deserving needy by an average of 43%. We also carried out a successful experiment which I believe is an answer to much of the welfare problem in the nation. We put able-bodied welfare recipients to work at useful community projects in return for their welfare grants."

RESPONSE:

The average payment of the AFDC in 1970 was \$193.00 per family; in 1974, it was \$239.00. The average payment for Old Age Assistance in 1970 was \$117.00 per person; in 1974, the average payment was \$129.00 per person.

The program never touched more than 6/10th of 1% of welfare recipients. Also, the program was designed to have 59,000 participants in the first year in 35 counties, but it managed only 1,100 participants in 10 counties in mostly rural farm areas.

In May 1974 the California Auditor General found that 262 participants found regular work as a result of the program at a cost of \$1.5 million. This amounts to \$6,000 in overhead costs plus regular welfare costs for each person placed in regular employment.

In 1974, because the program was a complete failure, it was repealed by the Legislature.

REAGAN STATEMENT:

page 12, paragraph 4

"Independent business people, shopkeepers and farmers file billions of reports every year required of them by Washington. It amounts to some 10 billion pieces of paper each year and it adds \$50 billion a year to the cost of doing business. Washington has been loud in its promise to do something about this blizzard of paperwork. And they made good. Last year they increased it by 20%."

RESPONSE:

The figures 10 billion and 50 billion are guestimates. No one has counted the number of pages in all of these reports. Moreover, if it is liberally estimated that it costs \$100 an hour to work on these forms, the total cost to business would be \$4.3 billion.

Between December, 1974 and December, 1975, the number of reports from the Executive branch agencies excluding IRS, banking and regulatory agencies declined by 5%. However, the number of hours of burden associated with filling out the reports required by the Congress, i.e., the Real Estate Settlements Act which requires information to be filed when a house is sold added 4 million manhours of reporting burden last year. In the absence of that report the reporting burden would have declined. There are other reports mandated by Congress which have added to this burden.

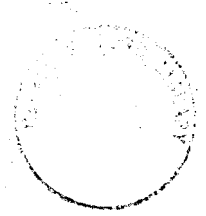
REAGAN STATEMENT:

Page 13, paragraph 2

"We gave just enough support to one side in Angola to encourage it to fight and die but too little to give it a chance of winning."

RESPONSE:

The U.S. objective in supporting the FNLA/UNITA forces in Angola was to assist them, and through them all of black Africa, to defend against a minority faction supported by Soviet arms and Cuban intervention. Despite massive Soviet aid and the presence of Cuban troops there was a good chance for a satisfactory outcome in Angola until December 19 when Congress adopted the Tunney Amendment cutting off further U.S. aid to the FNLA and UNITA.



REAGAN STATEMENT:

Page 13, paragraph 3

"In Asia our new relationship with mainland China can have practical benefits with both sides. But that doesn't mean it should include yielding to demands by them as the Administration has, to reduce our military presence on Taiwan where we have a long-time friend and ally, the Republic of China."

RESPONSE:

We have not reduced our forces on Taiwan as a result of Peking's demands. Instead, our reductions stem from our own assessment of U.S. political and security interests. We have drawn our forces down because the Vietnam conflict has ended and because the lessening of tension in the area brought about by our new relationship with the People's Republic of China has made it possible.

REAGAN STATEMENT:

Page 13, paragraph 3

"Mr. Ford's new Ambassador to the United Nations attacks our long time ally Israel."

RESPONSE:

Governor Scranton not only did not attack Israel, his veto blocked an unbalanced Security Council Resolution critical of Israel -- a resolution that every other member of the Security Council voted for. In his March 23 speech in the United Nations Security Council Governor Scranton was simply reiterating long-standing U.S. policy -- a policy articulated by every Administration since 1967 -- on Israel's obligations as an occupying power under international law with regard to the territories under its occupation.

REAGAN STATEMENT:

Page 13-14, paragraph 3

"And it is also revealed now that we seek to establish friendly relations with Hanoi. To make it more palatable, we are told this might help us learn the fate of the men still listed as Missing in Action."

RESPONSE:

The Congress, reflecting the desire of the American people and the Administration for an accounting of our Missing in Action and the return of the bodies of dead servicemen still held by Hanoi has urged the Administration to make a positive gesture toward Hanoi in an effort to obtain such information. The Administration, in keeping with this Congressional mandate, has offered to discuss with Hanoi the significant outstanding issues between us. We have not said we 'seek to establish friendly relations with Hanoi.' Such an assertion is totally false.

REAGAN STATEMENT:

Page 14, paragraph 2

"In the last few days, Mr. Ford and Dr. Kissinger have taken us from hinting at invasion of Cuba to laughing it off as a ridiculous idea. Except, that it was their ridiculous idea. No one else suggested it. Once again -- what is their policy? During this last year, they carried on a campaign to befriend Castro. They persuaded the Organization of American States to lift its trade embargo, lifted some U.S. trade restrictions; they engaged in culture exchanges. And then on the eve of the Florida primary election, Mr. Ford went to Florida, called Castro an outlaw and said he'd never recognize him. But he hasn't asked our Latin American neighbors to reimpose a single sanction, nor has he taken any action himself. Meanwhile, Castro continues to export revolution to Puerto Rico, to Angola, and who knows where else?

RESPONSE:

We did not persuade the OAS to lift the sanctions against Cuba. At Quito in the fall of 1974 we did not support a motion in the OAS to do so. At San Jose last summer the U.S. voted in favor of an OAS resolution which left to each country freedom of action with regard to the sanctions. We did so because a majority of the OAS members had already unilaterally lifted their sanctions against Cuba, and because the resolution was supported by a majority of the organization members. Since that resolution passed, no additional Latin American country has established relations with Cuba.

The U.S. did not lift its own sanctions against Cuba, did not enter into any agreements with Cuba, and did not trade with Cuba. We did not engage in cultural exchanges. We validated some passports for U.S. Congressmen and their staffs, for some scholars and for some religious leaders to visit Cuba. We issued a few select visas to Cubans to visit the U.S.. These minimal steps were taken to test whether there was a mutual interest in ending the hostile nature of our relations. This policy was consistent with the traditional American interest in supporting the free flow of ideas and people. We have, since the Cuban adventure in Angola, concluded that the Cubans are not interested in changing their ways. We have resumed our highly restrictive policies toward Cuban travel. With regard to Cuban efforts to interfere in Puerto Rican affairs, we have made it emphatically clear

REAGAN STATEMENT: (continued)

Page 14, paragraph 2

RESPONSE: (continued)

in the UN and bilaterally to the Cubans and other nations that
the U.S. will not tolerate any interference in its internal affairs.

REAGAN STATEMENT:

Page 15, paragraph 3.

"The Canal Zone is not a colonial possession. It is not a long-term lease. It is sovereign U.S. territory every bit the same as Alaska and all the states that were carved from the Louisiana Purchase. We should end those negotiations (on the Panama Canal) and tell the General: We bought it, we paid for it, we built it and we intend to keep it."

RESPONSE:

Negotiations between the United States and Panama on the Canal have been pursued by three successive American Presidents. The purpose of these negotiations is to protect our national security, not diminish it.

Finally, Governor Reagan's view that the Canal Zone is "sovereign U. S. territory every bit the same as Alaska and all the states that were carved from the Louisiana Purchase" is incorrect. Legal Scholars have been clear on this for three-quarters of a century. Unlike children born in the United States, for example, children born in the Canal Zone are not automatically citizens of the United States.

REAGAN STATEMENT:

Page 16, paragraph 1

"The Soviet Army outnumbered ours more than two-to-one and in reserves four-to-one. They out-spend us on weapons by 50%. Their Navy outnumbered ours in surface ships and submarines two-to-one. We are outgunned in artillery three-to-one and their tanks outnumber ours four-to-one. Their strategic nuclear missiles are larger, more powerful and more numerous than ours. The evidence mounts that we are Number Two in a world where it is dangerous, if not fatal, to be second best."

RESPONSE:

Our nation is not "in danger," but it is damaging to the interests of this country when a politician declare to our adversaries and our friends abroad -- falsely -- that we are in second place. Such statements are both irresponsible and dangerous in that they alarm our people and confuse our allies.

It is meaningless to say the Soviet Army may now be twice the size of the U.S. Army when about half of the Soviet Army is deployed on the Chinese border. More meaningful is the Soviet Army strength in Europe. Such rhetoric based on simplistic factual comparisons indicate a disturbingly shallow grasp of what true balance is all about.

Mr. Reagan conveniently neglects to point out that our strategic forces are superior to Soviet forces. Our missiles are far more accurate and survivable. We have over twice as many missile warheads and, after all, it is the warheads which actually reach the target. Our lead in this area has been increasing over the past several years. Mr. Reagan likewise ignores our vast superiority in strategic bombers.

Addressing the implication that the President has tolerated a weak defense policy, President Ford is the one who reversed the trend of shrinking defense budgets. His last two defense budgets are the highest peacetime budgets in the nation's history. Mr. Reagan might better speak to the Democratic Congress about its \$32 billion cuts in defense over the past six years.

Examining in more detail the question of America's strength first, we must dispose of the numbers game. If national defense were a

REAGAN STATEMENT: (continued)

Page 16, paragraph 1

RESPONSE: (continued)

matter of bookkeeping we could point out that:

--Our missile warheads have tripled;

--We lead the Soviet Union by more than two-to-one;

--We have over a three-to-one lead in strategic bombers;

--Our missiles are twice as accurate as the Soviet Union's.

But it is a disservice to the American people to confuse them with any such numbers comparison. Two important facts are ignored by Governor Reagan.

First, the United States stands at the head of a great Alliance system in Europe, and we are firmly tied to the strongest economic power in Asia. We have friendly relations with most of the nations of the world. These relations are the product of our longtime bipartisan foreign policy and the valuable accomplishments of all of our previous Administrations since President Truman.

Second, we cannot ignore that whatever might be the balance of power today, it is not fixed. In our military programs and our defense budgets, we are indeed looking to the future to guarantee that this nation will never be in danger.

In our defense programs many new programs insure our position of strength:

--We are proceeding with the development and production of the world's most modern strategic bomber, the B-1.

--We are proceeding with the development and production of the world's most modern and lethal missile launching submarine, the Trident.

--We are developing a new large ICBM.



REAGAN STATEMENT: (continued)

Page 16, paragraph 1

RESPONSE: (continued)

-- We are producing three new fighters.

-- We are planning the production of 15 new fighting ships.

It is true a figure that can be cited to show that the Soviets have more ships, but it is a distortion to equate Soviet destroyers with our modern nuclear powered aircraft carriers.

The money we have put into defense over the past several years has been inadequate. However, the responsibility for slashing \$32 billion dollars must rest with the Congress, not the Administration.

Fortunately, under the prodding of President Ford, the Congress has begun to awaken to the risks of constantly reducing our defense spending. If the budget he proposed this year passes, the trend will have been reversed.

In fact we are number one. Unless we falter our give way to panic we will remain number one.

REAGAN STATEMENT:

Page 16, paragraph 2

"Why did the President travel halfway 'round the world to sign the Helsinki Pact, putting our stamp of approval on Russia's enslavement of the captive nations?"

We gave away the freedom of millions of people-- freedom that was not ours to give."

RESPONSE:

The President did not go to Helsinki to put the stamp of approval on Soviet domination of Eastern Europe. On the contrary, he went to Helsinki along with the Chiefs of State or heads of government of all our Western allies and, among others, a Papal Representative, to sign a documents which contains Soviet commitments to greater respect for human rights, self-determination of peoples, and expanded exchanges and communication throughout Europe. "Basket three" of the Act calls for a freer flow of people and ideas among all the European nations.

The Helsinki Act, for the first time, specifically provides for the possibility of peaceful change of borders when that would correspond to the wishes of the peoples concerned. With regard to the particular case of the Baltic States, President Ford stated clearly on July 25 that "the United States has never recognized the Soviet incorporation of Lithuania, Latvia and Estonia and is not doing so now. Our official policy of non-recognition is not affected by the results of the European Security Conference." In fact, the Helsinki document itself states that no occupation or acquisition of territory by force will be recognized as legal.

REAGAN STATEMENT

Page 16, paragraph 3

"Now we must ask if someone is giving away our own freedom. Dr. Kissinger is quoted as saying that he thinks of the U.S. as Athens and the Soviet Union as Sparta. 'The day of the U.S. is past and today is the day of the Soviet Union.' And he added, '...My job as Secretary of State is to negotiate the most acceptable second-best position available.' "

RESPONSE

Governor Reagan's so-called quotes from Secretary Kissinger are a total and irresponsible fabrication. He has never said what the Governor attributes to him or anything like it. In fact, at a March 23, 1976 press conference in Dallas, Secretary Kissinger said: "I do not believe that the United States will be defeated. I do not believe that the United States is on the decline. I do not believe that the United States must get the best deal it can.

"I believe that the United States is essential to preserve the security of the free world and for any progress in the world that exists.

"In a period of great national difficulty, of the Viet-Nam war, of Watergate, of endless investigations, we have tried to preserve the role of the United States as that major actor. And I believe that to explain to the American people that the policy is complex, that our involvement is permanent, and that our problems are nevertheless soluble, is a sign of optimism and of confidence in the American people rather than the opposite."

REAGAN STATEMENT

Page 17, paragraph 2

"Now we learn that another high official of the State Department, Helmut Sonnenfeldt, whom Dr. Kissinger refers to as his "Kissinger", has expressed the belief that, in effect, the captive nations should give us any claim of national sovereignty and simply become a part of the Soviet Union. He says, 'Their desire to break out of the Soviet straightjacket' threatens us with World War III. In other words, slaves should accept their fate."

RESPONSE:

The statement is wholly inaccurate, and a gross distortion of fact, to ascribe such views to Mr. Sonnenfeldt or to this Administration. Neither he nor anyone else in the Administration has expressed any such belief. The Administration view on this issue was expressed by Secretary Kissinger before the House International Relations Committee on March 29 as follows:

"As far as the U.S. is concerned, we do not accept a sphere of influence of any country, anywhere, and emphatically we reject a Soviet sphere of influence in Eastern Europe.

"Two Presidents have visited in Eastern Europe; there have been two visits to Poland and Romania and Yugoslavia, by Presidents. I have made repeated visits to Eastern Europe, on every trip to symbolize and to make clear to these countries that we are interested in working with them and that we do not accept or act upon the exclusive dominance of any one country in that area.

"At the same time, we do not want to give encouragement to an uprising that might lead to enormous suffering. But in terms of the basic position of the United States, we do not accept the dominance of any one country anywhere.

"Yugoslavia was mentioned, for example. We would emphatically consider it a very grave matter if outside forces were to attempt to intervene in the domestic affairs of Yugoslavia. We welcome Eastern European countries developing more in accordance with their national traditions, and we will cooperate with them. This is the policy of the United States, and there is no Sonnenfeldt doctrine."

1. October 15, 1974 - Statement by President on signing into law Federal Campaign Act Amendments of 1974 (TAB A)
1976
2. January 30th - original Supreme Court decision that FEC would lose most of its powers effective Monday, March 1st (President issued statement - TAB B)
3. February 16th - President submitted legislation to the Congress to reconstitute FEC and issued Statement (TAB C)
Feb. 29-th Sen. Pell submitted proposed bill to FEC Act Amendments
4. February 23 - Rep. Hays submitted Federal Election Campaign Act Amendments of 1976 -
5. Feb. 27th - Supreme Court extended until March 22nd deadline for the FEC Commission reconstitution.
6. Feb. 27th - President issued statement that threatened veto of bill that would create confusion and will invite further delay and litigation (attached TAB E)
7. Since the original Court decision (Jan. 30th) the Congress has had two recesses - 1 on Lincoln's Birthday Feb. 12-13, and the Easter recess, From April 15 to April 26th.
8. April 8th- House and Senate conferees held their first meeting on legislation to reconstitute the FEC; they met 2 hours, but only 2 significant decisions reach. One provided for 6 member Commission rather than 8, the second, strengthened Packwood amendment contained in Senate bill. Conferees met again April 9th. No bill was passed to be sent to the President prior to the recess April 15th.
9. Counsel's office has draft of Conference Committee report - Conference expected to meet again at 3:00 pm on April 27th to approve the report. Republican members of Conference have not yet indicated whether they would sign report. Copy of report to be considered on 27th attached F)

OCTOBER 15, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

Today I am signing into law the Federal Campaign Act Amendments of 1974.

By removing whatever influence big money and special interests may have on our Federal electoral process, this bill should stand as a landmark of campaign reform legislation.

In brief, the bill provides for reforms in five areas:

--It limits the amounts that can be contributed to any candidate in any Federal election, and it limits the amounts that those candidates can expend in their campaigns.

--It provides for matching funds for Presidential primaries and public financing for Presidential nominating conventions and Presidential elections through use of the \$1 voluntary tax checkoff.

--It tightens the rules on any use of cash, it limits the amount of speaking honorariums, and it outlaws campaign dirty tricks.

--It requires strict campaign financial reporting and disclosure.

--It establishes a bipartisan six-member Federal election Commission to see that the provisions of the act are followed.

Although I support the aim of this legislation, I still have some reservations about it--especially about the use of Federal funds to finance elections. I am pleased that the money used for Federal financing will come from the \$1 checkoff, however, thus allowing each taxpayer to make his own decision as to whether he wants his money spent this way. I maintain my strong hope that the voluntary contribution will not become mandatory and that it will not in the future be extended to Congressional races. And although I do have reservations about the First Amendment implications inherent in the limits on individual contributions and candidate expenditures, I am sure that such issues can be resolved in the courts.

I am pleased with the bipartisan spirit that has led to this legislation. Both the Republican National Committee and the Democratic National Committee have expressed their pleasure with this bill, noting that it allows them to compete fairly.

The times demand this legislation.

There are certain periods in our Nation's history when it becomes necessary to face up to certain unpleasant truths.

We have passed through one of those periods. The unpleasant truth is that big money influence has come to play an unseemingly role in our electoral process. This bill will help to right that wrong.

I commend the extensive work done by my colleagues in both houses of Congress on this bill and I am pleased to sign it today.

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FOR IMMEDIATE RELEASE

JANUARY 30, 1976

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

Today's decision by the Supreme Court calls for quick action by political leaders of this country, as well as by candidates for high office, to insure that our elections remain free from the undue influence of excessive spending.


As President, I will ask leaders of Congress to meet with me to discuss the need for legislation to reconstitute the Commission or to assure by other mechanisms enforcement of the Federal Election Act as modified by the Supreme Court's decision.

I have asked the Attorney General to review the opinion and to advise me on what steps, if any, should be taken to ensure that our elections remain free from any abuses.

As a candidate for the Presidency, I am calling on others who seek this office to join with me in adhering to the spending limit that had been established under the 1974 law.

I am directing The President Ford Committee to limit its expenditures to that level.

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FOR IMMEDIATE RELEASE

FEBRUARY 16, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

THE BRIEFING ROOM

11:36 A.M. EST

In only two weeks time, unless there is affirmative action by the Congress, the Federal Elections Commission will be stripped of most of its powers. We must not allow that to happen.

The Commission has become the chief instrument for achieving clean Federal elections. If it becomes an empty shell, public confidence in our political process will be further eroded and the door will be opened to abuses in the coming elections.

We can and we must reconstitute the Commission in the next two weeks. I am today submitting essential legislation to get that job done and I urge the Congress to join with me in quick and effective action. There can be no retreat on an issue so fundamental to our democracy.

Thank you very much.

END (AT 11:38 A.M. EST)

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

In only two weeks time, unless there is affirmative action by the Congress, the Federal Election Commission will be stripped of most of its powers.

We must not allow that to happen. The American people can and should expect that our elections in this Bicentennial year, as well as other years, will be free of abuse. And they know that the Federal Election Commission is the single most effective unit for meeting that challenge.

The Commission has become the chief instrument for achieving clean Federal elections in 1976. If it becomes an empty shell, public confidence in our political process will be further eroded and the door will be opened to possible abuses in the coming elections. There would be no one to interpret, advise or provide needed certainty to the candidates with regard to the complexities of the Federal Election law. If we maintain the Commission, we can rebuild and restore the public faith that is essential for a democracy.

The fate of the Commission has been called into question, of course, by the decision of the Supreme Court on January 30. The Court ruled that the Commission was improperly constituted. The Congress gave the Commission executive powers but then, in violation of the Constitution, the Congress reserved to itself the authority to appoint four of the six members of the Commission. The Court said that this defect could be cured by having all members of the Commission nominated by the President upon the advice and consent of the Senate. Under the Court's ruling, the Commission was given a 30-day lease on life so that the defect might be corrected.

I fully recognize that other aspects of the Court's decision and that, indeed, the original law itself have created valid concerns among Members of Congress. I share many of those concerns, and I share in a desire to reform and improve upon the current law. For instance, one section of the law provides for a one-House veto of Commission regulations, a requirement that is unconstitutional as applied to regulations of an agency performing Executive functions. I am willing to defer legislative resolution of this problem, just as I hope the members of Congress will defer adjustment of other provisions in the interest of the prompt action which is now essential.

It is clear that the 30-day period provided by the Court to reconstitute the Commission is not sufficient to undertake a comprehensive review and reform of the campaign laws. And most assuredly, this 30-day period must not become a convenient excuse to make ineffective the campaign reforms that are already on the books and have been upheld

more

by the Court. There is a growing danger that opponents of campaign reform will exploit this opportunity for the wrong purposes. This cannot be tolerated; there must be no retreat from our commitment to clean elections.

Therefore, I am today submitting remedial legislation to the Congress for immediate action. This legislation incorporates two recommendations that I discussed with the bipartisan leaders of the Congress shortly after the Court issued its opinion.

First, I propose that the Federal Election Commission be reconstituted so that all of its six members are nominated by the President and confirmed by the Senate. This action must be taken before the February 29 deadline.

Second, to ensure that a full-scale review and reform of the election laws are ultimately undertaken, I propose that we limit through the 1976 elections the application of those laws administered by the Commission. When the elections have been completed and all of us have a better understanding of the problems in our current statutes, I will submit to the Congress a new, comprehensive election reform bill to apply to future elections. I also pledge that I will work with the Congress to enact a new law that will meet many of the objections of the current system.

I know there is widespread disagreement within the Congress on what reforms should be undertaken. That controversy is healthy; it bespeaks of a vigorous interest in our political system. But we must not allow our divergent views to disrupt the approaching elections. Our most important task now is to ensure the continued life of the Federal Election Commission, and I urge the Congress to work with me in achieving that goal.

GERALD R. FORD

THE WHITE HOUSE,

February 16, 1976.

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A BILL

To establish the offices of members of the Federal Election Commission as officers appointed by the President, by and with the advice and consent of the Senate, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the Federal Election Campaign Act Amendments of 1976.

SEC. 2(a). The text of paragraph 1 of section 310(a) of the Federal Election Campaign Act of 1971 (hereinafter "the Act) (2 U.S.C. 437c(a)) is amended to read as follows:

"There is established a Commission to be known as the Federal Election Commission. The Commission is composed of 6 members, appointed by the President, by and with the advice and consent of the Senate. No more than three of the members shall be affiliated with the same political party."

(b)(1) Subparagraph (A) and subparagraph (D) 310(a)(2) of the Act (2 U.S.C. 437c(a)(2)(A), 437c(a)(2)(D)) each are amended by striking out "of the members appointed under paragraph (1)(A)".

(2) Subparagraph (B) and subparagraph (E) of section 310(a)(2) of the Act (2 U.S.C. 437c(a)(2)(B), 437c(a)(2)(E)) each are amended by striking out "of the members appointed under paragraph (1)(B)".

(3) Subparagraph (C) and subparagraph (F) of section 310(a)(2) of the Act (2 U.S.C. 437c(a)(2)(C), 437c(a)(2)(F)) each are amended by striking out "of the members appointed under paragraph (1)(C)".

SEC. 3(a). The terms of the persons serving as members of the Federal Election Commission upon the enactment of this Act shall terminate upon the appointment and confirmation of members of the Commission pursuant to this Act.

(b) The persons first appointed under the amendments made by the first section of this Act shall be considered to be the first appointed under section 310(a)(2) of the Act (2 U.S.C. 437c(a)(2)), as amended herein, for purposes of determining the length of terms of those persons and their successors.

(c) The provision of section 310(a)(3) of the Act (2 U.S.C. 437c(a)(3)), forbidding appointment to the Federal Election Commission of any person currently elected or appointed as an officer or employee in the executive, legislative, or judicial branch of the

Government of the United States, shall not apply to any person appointed under the amendments made by the first section of this Act solely because such person is a member of the Commission on the date of enactment of this Act.

(d) Section 310(a)(4) of the Act (2 U.S.C. 437c(a)(4)) is amended by striking out "(other than the Secretary of the Senate and the Clerk of the House of Representatives)".

(e) Section 310(a)(5) of the Act (2 U.S.C. 437c(a)(5)) is amended by striking out "(other than the Secretary of the Senate and the Clerk of the House of Representatives)".

SEC. 4. All actions heretofore taken by the Commission shall remain in effect until modified, superseded or repealed according to law.

SEC. 5. The provisions of Chapter 14 of Title 2, the United States Code, of Section 608 of Title 18, and of Chapters 95 and 96 of Title 26 shall not apply to any election, as defined in Section 301 of the Act (2 U.S.C. 431(a)), that occurs after December 31, 1976, except run-offs relating to elections occurring before such date.

4/27/73
THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

One year ago the Federal Election Commission was set up because voters across the country wanted a strong watchdog to ensure that we have clean and honest elections.

Now, as a result of a Supreme Court decision and a delay in Congressional action, the essential powers of that Commission are in jeopardy. Unless Congress acts within the 20-day extension just granted by the Supreme Court, the Commission will no longer be able to:

- Enforce the campaign reform laws;
- advise candidates on what those laws mean;
- or certify candidates for Federal matching funds.

In short, the watchdog will have lost its teeth. We must not retreat from our commitment to clean elections.


When the Supreme Court acted on this matter, it made it clear that the Congress could remedy this problem by simply reconstituting the Commission. I supported the court's view and asked that the Congress act swiftly to extend the life of the Commission.

Instead, various interests -- both political and otherwise, both in and out of the Congress -- have chosen this moment to advance a wide-range of hastily considered changes in the campaign laws. Most of the bills now being considered in the Congress would introduce great uncertainty into the campaign process. With the 1976 elections only nine months away, I do not believe this is a proper time to begin tampering with the campaign reform laws, and I will veto any bill that will create confusion and will invite further delay and litigation.

Certainly no one is fully satisfied with the campaign laws now in the books. When the current political season is behind us, I ask the Congress to work with me in conducting a thorough review and revision of those laws. But right now, the most pressing task is to re-establish the Federal Election Commission as quickly as possible. I urge the Congress to put aside its debates and enact the bill that I have sent to the Congress to provide for an immediate and simple extension of the Commission.

We must get on with the job of ensuring that the political process in 1976 will be just as fair and honest as we can make it.

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It returns



Income and Tax Information for the President and Mrs. Ford - 1966/1975

Year	Gross Income	Taxable Income	D e d u c t i o n s				Federal Income Tax	All Taxes As % of Gross Income
			Medical	Contributions	Mail State, Local & Other <i>Property</i> Taxes	Interest & Other		
1966	59,513.65	50,267.90	277.79	1335.00	1012.55	20.41	17,389.05	31%
1967	71,608.55	60,827.53	150.00	2960.00	1071.02		22,896.16	33 1/2%
1968	68,952.43	56,759.55	150.00	2353.20	3089.68		22,617.43	37%
1969	80,741.98	67,838.99	611.98	2125.50	3565.51		29,610.90	41%
1970	94,322.11	80,944.31	1001.18	1892.50	3348.91	385.21	35,121.09	41%
1971	71,114.58	55,308.68	1886.45	2187.00	4090.02	592.43	20,390.53	34 1/2 %
1972	67,927.41	53,723.20	150.00	2286.25	4036.85	221.00	20,296.75	36 %
1973	92,745.40	77,867.06	150.00	2760.20	4297.38	170.76	31,997.58	39 %
1974	147,683.10	128,472.96	150.00	5849.00	5984.71	2726.43	56,296.49	42 %
[1975	251,991.24	[204,605.83]	[150.00]	[6759.34]	[11,941.91]	1087.39	94,568.93	42 %

*(includes NET SEATS, = bank acct INT.)
Dividends.*

*\$3950 (5 exemptions - personal
did not take) Steve, not living at home, full time student)*

*\$23,000 + business expenses.
35,000
(1) Xmas cards } biggest single item
(2) postage }*

Low limit - taxes on earned income to 50%.