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MEMORANDUM

THE WHITE HOUSE
WASHINGTON

TO: DICK CHENEY

June 5, 1976

FROM: JIM REICHEY

RE: GROUPS OF VOTERS

If Carter should be nominated by the Democrats— as still seems likely— we are going to need very strong support from a group which traditionally has been overwhelmingly Republican, but which recently has been ~~drifting away~~ to some extent drifting away: white Northern Protestants. As Kevin Phillips, Pat Buchanan, and others correctly have pointed out, ~~the liberal and moderate wings of the white Northern Protestant group have increasingly been giving their support to Democratic candidates in New England, New York, and the belt of industrial states stretching from New Jersey to Minnesota. Phillips and Buchanan have not been much bothered by this development, as they have set forth the "New Majority" strategy which they have claimed will give Republicans a national majority, based on defecting Democrats among white Southern Protestants and working-class Catholics, as well as on conservative Protestants in the rural areas of the Midwest and West. This strategy frankly writes off all of the Northeast, from Pennsylvania to Maine, and also the Great Lakes states of Michigan, Wisconsin, Minnesota, and probably Illinois and Iowa. (The strategy holds out some hope of carrying New York, with the help of conservative Catholic ethnic groups.) Whatever the merits of this strategy against Humphrey or Kennedy— both of whom would probably hold most traditional Democrats among working-class Catholics— it will not work against Carter. Carter, who appeals to the same kind of emotions among Southerners as John Kennedy did among Catholics, would undoubtedly carry all of the Deep South, leaving a gaping hole in the New Majority electoral strategy. We can not yield to him~~

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the 30 ^(at least) rear States or Florida, among which President Ford should be able to get ~~some~~ an even split. We also should make a fight for Texas, although there Carter will have the advantage. But the bottom line remains that we will have to make up for losses in the South by doing specially well in New England and the New Jersey-to-Minnesota industrial belt. (I doubt that we can carry New York.)

These states have richly varied populations, but can be divided into the following rough categories: conservative Protestants, mainly in the rural areas (though working-class Protestants in the urban areas tend to be conservatives, at least on social issues); moderate-to-liberal Protestants, particularly in the suburbs; Catholics; Jews; and blacks. (The sizes of these groups of course vary greatly. Jews, except in New York, are relatively few, but are strategically placed and articulate. The fact that they traditionally have been so heavily Democratic makes a shift among them particularly important-- as happened in 1972.)

We may hope to make some inroads among black leadership groups against Carter, but the primaries have indicated that rank-and-file black voters relate favorably to Carter's personality, regardless of what their leaders tell them, which will reinforce their strong tendency to vote Democratic in November. ~~Among Catholics, as for N Catholics,~~ our polls indicate that they have not yet made up their minds about Carter. The primaries show that he is not their first choice, but they do not as of now react strongly against them as they did against McGovern in 1972. Catholics in the Northern industrial states should be a very important target, appealed to not only on economic issues, but also through the

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kinds of cultural and social initiatives that have been recommended by Bill Baroody. I think, however, that it would be overly optimistic to expect to do as well among Catholics as Nixon did in 1972.

Jews, on the other hand, are definitely concerned about Carter. Obviously we should not feed whatever suspicions Jews may feel toward Carter's religious beliefs. But we should make every effort to give liberal Jews "something to hang their hats on" to justify a vote for Ford.

Polls and primaries show that ~~GMH~~ Carter has unusual appeal for conservative rural Protestants in the Northeast and Great Lakes states. (Not, for some reason, in the Far West.) Republican victory in states like Pennsylvania, Ohio, Michigan, Illinois, and Wisconsin can not be achieved without heavy Republican majorities in the upstate rural counties. We must solidify the President's cultural appeal to these areas, and make clear that he, unlike many Republicans, does not "take them for granted." I can think of few things that would do the President more good politically than to be identified with a dynamic program for ~~RURAL~~ "rural development."

But to win ~~GMH~~ in the Northern industrial states we are still going to have to attract strong majorities among the middle-class Protestants concentrated in the suburbs of metropolitan areas, ^(and smaller cities) who tend to be moderate or ~~liberal~~ liberal in their political attitudes. These groups tend to be favorably disposed toward the President-- they supported him strongly in the primaries, and in states where they were few he tended to lose to Reagan. Most of them are from Republican backgrounds, and find it more natural to cast a Republican ballot than the majority of Catholics or Jews. Moreover, their "liberalism"-- among those who regard themselves as liberal--

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tends to be more social and cultural than economic. Most of them are feeling the bite of taxes, and have been frightened by inflation-- they are scared by Humphrey-Hawkins. But we need to reach them on social and moral issues as well. Protestants-- even conservative Protestants-- tend to be moved by moral concerns. They want to be on the side of the angels. To attract them, it will be most helpful for the President to be identified with a program of "reform." Fortunately, the elements for such a program are already in place, as set forth in the State of the Union message. As I have mentioned to you before, however, I do not think ~~THE~~ ~~MESSAGE~~ these elements have been sufficiently identified as a coherent program, or presented as a positive means for achieving social progress. I think we should also seek to establish cultural identification with middle-class Protestants wherever possible-- for instance, on a relatively minor matter, I think Archibald MacLeish would be a good choice for the Medal of Freedom for Literature-- both because he is qualified and because he is a representative figure of Protestant (particularly New England Protestant) culture.

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THE WHITE HOUSE
WASHINGTON

September 3, 1976



MEMORANDUM FOR JIM CAVANAUGH
FROM JIM REICHLEY
SUBJECT QUALITY OF LIFE ISSUES

During the first two years of the Ford Administration, President Ford necessarily concentrated on three areas of pressing concern to all Americans:

- Strengthening national defense
- Pursuit of world peace
- Economic recovery without inflation

Good progress has been made in all of these areas. Our armed forces are prepared to deal with a challenge from any aggressor. The U.S. is at peace, bonds with our allies have been strengthened, and potential trouble spots all over the world have been defused. The economy is growing along a steady course, while inflation has declined.

On the basis of improved security, at home and abroad, the President is now able to concentrate, as he looks toward the new administration that will begin next January, on positive programs to improve the quality of American life.

President Ford has identified six basic needs or goals, that most Americans regard as essential:

- A job
- A home
- Protection of health
- High quality education
- Protection against crime
- Opportunity for personal renewal through recreation

Americans of course have many other needs, but these six are perhaps the most fundamental. By concentrating on these six objectives at the beginning of the new administration, President Ford aims to achieve the same kind of rapid progress that has already been made in the areas of national defense, world peace, and restoration of economic health.

In each of these areas, the President has already made specific proposals. Congress has stalled on many of these proposals for political reasons. If Congress fails to act during the remainder of this session, the President will make these "quality of life" proposals top priority items in the new administration -- when he will stand before Congress with a mandate from the voters. In some areas, the President will make additional proposals as the campaign progresses.

The President expects to push most of these measures through to enactment during the first hundred days of the new administration.

These are the most pressing problems in each of the six priority areas, and what President Ford proposes to do about them:

JOBS (supplementary to material from Greenspan and Seidman)

Despite the current recovery, far too many Americans still remain without jobs. Almost 88 million workers now have jobs -- more than ever before in American history. But the unemployment rate continues to hang above seven percent. Even for heads of households, unemployment has been over five percent during four of the last seven months.

Some areas, moreover, suffer from chronic joblessness. These are areas -- such as the Detroit, San Francisco, and Jersey City labor market areas -- that have not benefitted as much as the overall economy from the present recovery.

It is the President's aim that every American who wants a job shall be able to find one. Jobs are the key not only to our economic problems but also to many of our social problems. Full employment will aid the restoration of our cities as good places to work and live, make it easier to overcome discrimination against minorities and women, and dry up many of the causes of delinquency among youth.

President Ford proposes to produce full employment through two basic economic policies:



- Holding down the growth in federal spending, which is one of the major underlying causes of job-killing inflation.
- Freeing up investment capital, through reduction in federal taxation, which leads to the creation of more jobs in private industry.

In addition, to aid areas of chronic unemployment, the President proposes a Job Incentives Bill that will give favorable tax treatment to companies that build or expand plants in areas where unemployment rose above seven percent in 1975.

The opposition party in Congress, unfortunately, has consistently resisted all of these policies aimed at producing full employment.

- Budget-breaking appropriations voted by the Democrats in Congress, if they had not been blocked by President Ford's vetoes, would have stirred up further inflation, which is one of the major causes of unemployment.
- By failing to pass the full tax cut requested by President Ford, the Congress has held down the supply of investment capital needed for economic growth.
- So far, the Democrats have not even passed the President's Job Incentives Bill, despite their professed concern for areas of chronic high unemployment.

The President's policies are aimed at achieving full employment by 1978. The opposition candidate does not aim for full employment before 1979. But the inflation that would be set off by enactment of the Democratic platform would leave the economy such a shambles that full employment would be put off for at least a generation.



HOMEOWNERSHIP (to come from Lynn and O'Neill)

PROTECTION OF HEALTH CARE

What are the nation's fundamental health care problems?

- Skyrocketing medical and hospital costs
- Lack of emphasis on preventive medicine -- many more Americans are killed or disabled by failure to observe good health rules than by communicable disease
- Shortages of doctors, nurses, and other medical personnel in under-served areas, such as some rural counties in the South and West, and ghetto neighborhoods in big cities.



Here is what President Ford proposes to do about these problems:

- The President has called for a catastrophic health insurance program, which will assure that Americans over 65 will not have to pay doctors' bills of more than \$250 or hospital bills of more than \$500 per year. This will relieve older Americans not only of immediate costs but also of the overhanging fear that the savings of a lifetime may be wiped out by a single illness.
- The President also has asked Congress to put limits on increases in charges made under Medicare by both doctors and hospitals -- in effect, establishing a yardstick for charges to private patients, as well.
- The Ford Administration is now developing means, in cooperation with the private insurance industry, to provide health insurance coverage for Americans, regardless of age, who are not now adequately insured. (MUST BE CLEARED WITH OMB)
- To aid the development of preventive medicine, the Ford Administration is undertaking increased research in such areas as alcoholism, drug abuse, and pre-natal care. In addition, the President, despite Congressional foot-dragging, pushed through a program for swine flu vaccination that will protect Americans against recurrence of an epidemic like that in 1918.
- To help place medical personnel in areas where they are now either in short supply or completely lacking, the President has directed that the National Health Services Corps program, which pays doctors and dentists to locate in under-served areas, be quadrupled. This program was formerly devoted mainly to rural areas, but the President has directed that during the coming year one-third of the personnel be assigned to under-served ghetto areas in large cities.



QUALITY EDUCATION

What are the major problems in education?

- Parents in local communities have too little say in the kind of education their children receive.
- Teachers are smothered under layers of bureaucracy.
- Federal aid to education is ensnared in regulations and red-tape which stifle creativity and make it difficult for local school districts and teachers to carry out their missions.
- In many school districts, children who suffer from physical or mental disabilities still are not receiving the kind of help they need to prepare them for productive, active lives.
- In some areas, the cost of education falls too heavily on local school districts, pushing up local property taxes, and placing children and taxpayers in relatively poor districts at an unfair ^{dis}advantage.
- We still are not doing good enough at providing vocational training that fits young people for jobs actually available in American industry.
- The busing issue has caused unnecessary confusion and disruption in some school districts, particularly in metropolitan areas.
- Non-public schools, which make a valuable contribution to the nation's total education effort face serious financial difficulties.
- The costs of higher education are rising out of the reach of the average American family
- Private colleges are particularly vulnerable to the effects of inflation.



Here is what President Ford proposes to do about these problems:

- The President has called for consolidation of 24 Federal grant programs for elementary and high school education into a single grant program -- leaving most decisions to local officials so that direction of education will be restored to local school boards and to the parents and taxpayers that elect them.
- The President's proposal requires that three-fourths of Federal funds in the program be used to help educate handicapped and disadvantaged children.
- Federal funds will be distributed partly on the basis of economic need of families in the state.
- Vocational education also will be targeted for special Federal support under the Ford proposal.
- States will be required to pass through Federal funds to local school districts.
- The Ford Administration is providing aid to students at non-public schools for such services as compensatory education in reading and mathematics, child nutrition programs, and training of children with learning disabilities -- all services that go directly to students rather than to institutions, and therefore are permitted under the Constitution.
- To deal with the busing problem, the President has asked Congress for legislation that will limit the courts to using busing only where racial segregation of school children is the result of unlawful discrimination, and will limit the use of busing to the time that is needed to overcome unlawful discrimination -- generally not more than five years. This legislation would also set up a multi-racial National Community and Education Committee to help any school community requesting assistance in solving its desegregation problem.

- To foster intensified research on educational achievement and performance, President Ford is requesting a 28 percent increase in Federal support for the National Institute of Education.
- To meet the rising costs of higher education, the President has asked for full funding of the Federal Student Aid Program, permitting students to receive grants up to \$1,400 per year. The Administration is now considering a cost differential, which would permit additional aid to needy students attending high-cost institutions. (CLEAR WITH OMB)
- President Ford will continue to place emphasis on aid to students rather than to institutions, so that the student can make his own choice among public and private colleges.

PROTECTION AGAINST CRIME (to come from Cannon)

RECREATION

President Ford shares the belief of most Americans in the value of outdoor recreation as a means for physical development and personal renewal.

The President has therefore proposed the Bicentennial Land Heritage Act, which will establish a ten-year commitment to double the nation's holdings of national parks, recreation areas, wildlife refuges, urban parks, and historic sites.

This program will authorize use of \$1.5 billion for recreation purposes, to be broken down as follows:

- \$141 million for land acquisition
- \$700 million for development of new and existing parks into recreation areas suitable for public use
- \$459 for upgrading and increased staffing of national parks and wildlife refuges
- \$200 million for grants to cities to upgrade existing parks. Under this program the cities will be given broad flexibility in choice of projects and use of funds.



The Bicentennial Land Heritage Act will come in addition to the 1976 Land and Water Acquisition Act, under which \$3.6 billion will be authorized for use over a ten-year period to acquire additional lands for Federal and state parks. The two bills dovetail -- the funds for development and staffing included in the Heritage proposal are needed for use on the new Federal parklands that will be obtained through the Land and Water Acquisition Act.

The states will receive 60 percent of the funds authorized under the Land and Water Acquisition Act, with the remaining 40 percent to go for new or expanded Federal parks.

Together, these two bills will make good the President's commitment to a vast expansion of outdoor recreation facilities.

Jobs...expansion of homeownership...health protection... quality education...protection against crime...expansion of recreation facilities -- these are the high priority goals which President Ford has pledged to pursue to enactment in the opening months of the new administration.



THE WHITE HOUSE
WASHINGTON

Date 9/27/76

To Mike DuVal

From Jim Reichley

file



THE WHITE HOUSE

WASHINGTON

September 14, 1976

MEMORANDUM FOR

DICK CHENEY

FROM

JIM REICHLLEY

SUBJECT

LONG-RANGE GOALS

Beyond this week's vision speech, I think there is need to develop some long-range objectives in the seven issue areas in which the President has established his high-priority goals. Some suggestions for these follow:

WORLD PEACE. We are moving toward the first world civilization in human history. Either all segments of mankind are going to become truly one people, or we probably are not going to survive at all. This does not mean that the United States is going to be submerged in a homogenized world culture, but it does mean that all nations and cultures are going to have to recognize the shared perils and opportunities that bind us to a common human destiny -- somewhat as the different regions and economic groups in the United States long ago came to realize that none of us can prosper individually if the common national interest falters.

The United States appears to have been fated by history to play a central role in the development of a world civilization. We have sometimes exaggerated our role, and even sometimes behaved as though we thought that the world civilization would simply be an enlargement of existing American culture -- an empire, really, rather than an international community. But there now is some danger that we will go to the opposite extreme, and treat our role too lightly, proceeding as though our interests and responsibilities do not extend beyond those of an ordinary power.



The fact is that we are the most powerful nation in the world's history -- economically, militarily, and diplomatically. This power gives us both interests and responsibilities that go beyond those of other nations -- even of the Soviet Union, which, despite its military strength, is trapped intellectually, economically, and morally within the confines of its ideological system; or of China, which, despite its huge population, remains far behind us in economic development; or of Japan or the democracies of Western Europe, which, despite their remarkable economic progress, still lack the means to give effective political leadership to the non-Communist world. It has well been said that the President of the United States is in effect the President of the Western World. In a real sense, it may also be said that our President necessarily functions as leader of the entire emerging world community.

There is another reason why the United States has a special responsibility in the development of a world civilization. We are convinced that the moral and spiritual tradition of the West -- in conception, if only rarely in actual practice -- provides the highest ethical norm now available to mankind. As leader of the West, it is our responsibility to do our utmost to assure that the future world civilization will be founded, not on slavery, not on despotism, not on intellectual conformity, but on freedom and a sense of human brotherhood.

Our role for the foreseeable future will be both defensive and creative. Our first and most urgent responsibility is to see to it that humanity completes the journey to world community without, alternatively, blowing itself apart, or succumbing to a reactionary form of social and political organization. This means that we have got to maintain sufficient military strength to deter any possible aggressor, and to help protect other nations that share our values and international objectives. We should insist on help from our allies in carrying out this role, but we must accept the fact that the main burden of defense for many years to come is going to remain with us.



While maintaining our defense capabilities to the full degree necessary to preserve peace and assure the credibility of our international commitments, we must do our utmost to bring the arms race in strategic weapons under control. Failure to renew the SALT agreement next year would plunge us into a competition that would cost us at least \$20 billion -- with no guarantee that we would emerge with our relative position significantly stronger than it is today. We must take no chances with American or world security -- but we must miss no opportunity to bring an end to the childlike rivalry in stacking up higher and higher piles of weapons of annihilation.

Beyond preserving peace, we have affirmative responsibilities to strengthen our economic and cultural ties, not only with our allies, but also among the emerging nations of the Third World, and even -- insofar as is prudently possible -- with our potential adversaries among the Communist countries. Mutually beneficial economic relationships do not necessarily reduce political differences -- but they certainly help sweeten the diplomatic pot.

A principal barrier to the development of a world civilization is, of course, the economic disparity between the relatively rich industrial countries, located mainly in the Northern Hemisphere, and those which have not yet gone very far toward industrialization, mainly in the South. In 1975, the Gross National Product per capita of the United States was 13 times that of Ecuador, 20 times that of Ghana, and more than 50 times that of India. Some countries among the so-called developing nations have entered phases of rapid growth. The average annual increase of per capita GNP for South Korea, for instance, over the last five years was four times that of the United States. Also, we have seen during the last few years, in the examples offered by the oil producing countries, how rapidly nations that are prepared to fix prices of their natural resources at artificially high levels can increase their wealth.

Nevertheless, the majority of poorer nations continue to face serious difficulties in their efforts to achieve quick economic progress. Population growth, physical problems of terrain and climate (as in the Sahelian nations of Africa), limitations of resources, and the inherent disadvantages that rise from starting out toward the end of the parade -- some or all weigh on the aspirations for growth of most of the poorer nations.



Many of the developing countries have taken to placing the blame for their current economic problems on the relatively more developed. This charge is not wholly false. During the colonial era, political and economic policies of the colonial powers were largely responsible for the slowness of their colonies to acquire the trained workforce or technology needed for economic growth. Even today, practices of some of the multinational corporations with headquarters in the industrial countries continue to take unfair advantage of the economic weakness of some of the poorer countries.

The overriding truth, however, is that economic growth within the poorer countries is now inextricably tied to the continued prosperity of the developed industrial nations, such as the United States. The poorer countries cannot hope to advance without the help of capital, technology, and managerial assistance that are available in the developed countries. This aid will not be forthcoming unless the developed countries themselves maintain healthy economies.

At the same time, prosperity in the developed countries depends to a great degree on the growth of markets and trade opportunities among the developing nations. As Adam Smith long ago demonstrated, trade between nations, carried on without artificial restraints, has the natural effect of providing economic benefits for the peoples of all the nations that are involved.

As economic interdependence among nations increases, internal instability in one country quickly sets off reverberations around the globe. Inflation, high unemployment, extreme monetary fluctuations are no longer national problems alone. These conditions, left untended, cause shivers in the economies of neighbors and trading partners, and ultimately among all members of the world economic community.

For all of these reasons, the developed countries and the developing countries have large stakes in each others' economic stability and prosperity.

Some of the help coming from the industrial countries to the developing countries will be in the form of outright grants, taken from the surplus wealth that results from rising levels of productivity in the industrial countries.



But experience has shown that the economic market is the best guide to truly productive uses of capital, labor, and natural resources, in developing and developed countries alike. We must act with other nations to clean up the abuses and unfair practices employed by some multi-national corporations. But we must not lose sight of the fact that the multi-national corporation, under proper national and international supervision, is the best tool now available to aid the productive development of most of the poorer countries.

The world of the future -- well before the year 2000, if we are able to avoid military or economic disasters -- will be one of closely interconnected national economies -- each complementing and helping to support the others. It will be a world in which all will prosper -- in which all will benefit from the continued growth of all the others. The poorer countries, in particular, still have some very difficult economic problems to solve. But there is no physical reason -- no economic reason -- why these problems cannot be handled. The underlying problem, truly, is one of will and ideas -- of creating the political environment through which our technological capabilities can be brought to fullest utilization.

As the world grows toward economic fulfillment, we are confident that pressures will grow for increased freedom among peoples now living under authoritarian systems. It is no accident that the greatest economic development so far has come in the nations that are political democracies. Economic growth and political freedom reinforce each other. Individual creativity and effort, which receive encouragement and reward in a free society, lead directly to economic development. At the same time, when the worst burdens and fears of economic hardship are lifted, men and women tend naturally to demand rights of free expression, equal treatment before the law, and democratic participation.

The outlook for mankind is hopeful -- not without extraordinary peril, but nevertheless, on the whole, hopeful. The coming world civilization should offer increased economic opportunity, intellectual stimulation, and personal fulfillment to all sections of the human race. In the long run, arrival at this goal will probably require some kind of religious dimension. But in purely political and economic terms, the United States has an essential role to play -- as example, as leader, as good citizen in the movement toward genuine world community that is now opening before us.



FULL EMPLOYMENT. The United States is certainly the most successful, and probably still the freest, of all the world's market economies. Yet in recent times we have moved increasingly toward the model of the planned economies, of which the Soviet Union is the prime example. Tax rates, both on individuals and corporations, have risen; regulation of private industry has increased; government has intruded more and more into the details of decision-making in economic life. The Ford Administration, during the short two years of its existence, has reversed this trend. Even so, government today plays a considerably larger role in the nation's economic life than it did thirty, or even fifteen, years ago.

Planned economies, as the Soviet Union, China, and Cuba have shown, can be made to work. Not very efficiently, not with very rapid growth of productivity -- but nevertheless with low unemployment and a relatively low rate of inflation. But the condition for this success is the complete absence of political freedom.

What does not work is a planned economy operating within the framework of democratic government. As the example of Britain shows, a planned economy subject to the pressures of democratic politics tends to produce economic stagnation: the demands of powerful interest groups, such as trade unions, becomes irresistible; investment dries up; economic enterprise is discouraged; and uneconomical uses of resources are continued long after they have lost all rational justification. (The example of Sweden is sometimes pointed to as a planned economy that has prospered while maintaining political democracy. But Sweden, though under the rule of the Socialist party for more than 40 years, has kept most of the economy in free enterprise. The Swedish government does consult closely with business and labor to determine the general course of the economy, so far without serious adverse economic effect. Sweden, however, is a small, homogeneous country, and comprises only one segment -- economically well placed -- of the general European economy. Whether the degree of planning practiced by the Swedes would work in a large, heterogeneous, complex country, like the United States -- or, for that matter, Germany or Japan -- is highly questionable.)

The movement toward increased interference by government in economic life in the United States in recent times has contributed to our economic difficulties. Taxation has shifted GNP away from investment, leading to a slowdown of economic growth. Growing regulation of business by government has stifled enterprise and hampered efficiency. Introduction of huge draughts of federal spending, intended to reduce unemployment, has fostered inflation -- the effect of which has been to increase unemployment.



Most Americans today accept the need for some government regulation to protect our natural environment and to safeguard consumers against unfair business practices. Likewise, most Americans look to government to provide services that the people need and the economy can afford. There will always be some argument over how much spending on services the economy can afford at a given time, and over how priorities are to be assigned among expenditures. But the main debate now is over regulation, taxation, and spending that have mainly economic objectives -- such as reducing unemployment or holding down prices. Republicans, in general, would hold this kind of government interference to a minimum; while Democrats see little danger in almost unlimited government interference in economic life -- in fact, propose overcoming the bad effects of some kinds of interference, such as excessive government spending, through more interference, such as price controls or creation of make-work government jobs (like those provided for under the Humphrey-Hawkins Bill.)

The Ford Administration has aimed at creating a climate for economic stability, upon which consumer and investor confidence can grow. Although to some extent balked by the Democratic Congress, the policies introduced by President Ford have already led to substantial economic progress -- more jobs created during the last 18 months than at any previous time in the nation's history; inflation cut in half; capital investment rapidly rising.

The continuation of relatively high unemployment results in part from the rapid growth of the workforce, which in turn results in part from the growing percentage of women of work age who are seeking jobs. This growth of the workforce -- apart from any bad effects that the absence of mothers from the home may have on family life -- is itself a good thing. It means that we have more minds and hands available to contribute to the nation's growth, and the production of more goods for the satisfaction of human needs and wants.

Our objective now is to guide the economy through a period of stable growth, in which the fears of inflation and uncertainties caused by excessive government regulation are shaken out, arriving at a condition of full employment in 1978, and a balanced federal budget for the fiscal year 1979.



While a market economy will always have its ups and downs-- leading to some degree of unemployment at times when the economy is undergoing adjustment, or when shifts in technology or consumer preferences require some redistribution of the workforce -- there is no reason, given prudent behavior by government, why a free economy should not provide secure jobs, stable prices, and rising production of goods -- all without the inefficiency and loss of personal freedom associated with government-directed economies.

The key to the nation's economic future is investment. With adequate investment, we will be able to provide more jobs, increase production, unlock new sources of energy, improve job conditions for workers, and develop and install equipment that meets high standards for environmental safety.

The policies of tax reduction, restraint on government spending, and regulatory reform that have been proposed by President Ford will lay the foundations for stable economic growth -- leading to richer, more productive lives for the American people.



HEALTH. Medical science has made unprecedented progress during the past thirty years. Such ancient scourges as lobar pneumonia, tuberculosis, typhoid, and polio are now largely under control. But the phase that medical research is now entering promises to be even more exciting and beneficial.

Medicine still has many problems to solve. But the process of developing solutions seems to have been mastered. "Having proved, once and for all, that science can provide conclusive measures for disease control," a distinguished physician recently said, "we have begun to discern clues, feasible scientific approaches to each of the major diseases still at large." Medical science seems to be taking off on a decisive forward leap, comparable to the progress achieved in biology in the time of Darwin, or in physics in the time of Einstein.

As medical science has progressed, two important changes in attitudes toward health care have been taking place among the American people. Americans increasingly have come to believe that good health care is a public right, comparable to education or protection against crime; and that costs in the health care industry, because of its unique character, should not be left entirely under the control of market forces. As the emphasis on health care in coming years shifts to preventive medicine, both of these trends are found to continue.

There is no reason, however, why the growing public role in health care should not be compatible with preservation of the superior services achieved by American medicine, or the cost-benefit advantages developed by the American health insurance industry.

President Ford has proposed measures that will meet the public's demand for good health care at affordable costs, while maintaining the benefits of private medical care.

The Ford Administration has identified three fundamental areas of health care problems requiring attention:

- Rapidly rising medical and hospital costs
- Need to facilitate the development of preventive medicine
- Local shortages of medical personnel

The President has made proposals or ordered new initiatives in all these areas.



Problems of cost for persons over 65 and disabled persons will largely be solved through enactment of President Ford's proposal for catastrophic health insurance. Once Congress passes catastrophic health insurance, aging or disabled Americans will never again see their savings wiped out by the cost of a single illness. The aging will not live in constant dread of medical or hospital bills running into thousands of dollars. And young people will not have to fear paying huge bills for prolonged or costly illnesses which may strike their parents. Under the President's proposal, persons covered by Medicare will pay no more than \$250 for doctors' bills and no more than \$500 for hospital bills in any one year.

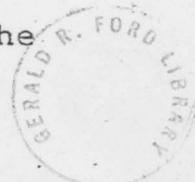
The Administration is now seeking means, in cooperation with the private insurance industry, to provide health insurance coverage for the approximately 19 million Americans who now lack basic insurance protection, because of unemployment or low income.

To attack the general rise in health costs, the President has asked Congress to place limits on increases in charges made under Medicare by both doctors and hospitals -- in effect, establishing a yardstick for charges to private patients.

Many of the nation's most urgent health needs now lie in the area of preventive medicine. Progress in this area is being made through increasing use of Health Maintenance Organizations. The Administration is now studying means to attract increased support for the HMOs. In addition, the Ford Administration has expanded research in preventive medicine on such concerns as alcoholism, drug abuse, and pre-natal care.

The President's proposal for child nutrition reform will help protect the health of at least 700,000 needy children who are receiving benefits under any of the federal government's existing nutrition programs. This proposal combines 15 overlapping Federal nutrition programs into a single program, supported by Federal funds and administered by the states. Under the new program, all Federal benefits will go to children from needy families. Through elimination of overlap and withdrawal of benefits now given to children from middle-class or wealthy families, the new program will actually cost less than the combined cost of the 15 programs now in operation.

Enlargement and improvement of education and training facilities have gone a long way toward overcoming national shortages of medical personnel. However, in some areas -- particularly rural areas in the South and West, and ghetto neighborhoods in big cities -- local shortages still exist. President Ford has asked Congress to quadruple appropriations for the National Health Services Corps program, which pays doctors



and dentists to locate in under-served areas. This program was formerly devoted mainly to rural areas, but the President has directed that during the coming year one-third of the personnel be assigned to under-served ghetto areas in large cities.

Under the comprehensive approach to health care problems set forth by President Ford, the nation has every reason to expect steady progress in both prevention and treatment of health defects.

Good health will always depend to a great extent on the informed common sense and will power of the individual. But the American health care system, serving public rights largely through private care, will increasingly provide better health opportunities for all.

