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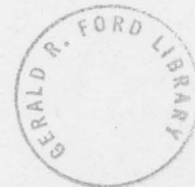
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Reichley

DEFINITION OF NATIONAL INTEREST

America's national interest, simply expressed, is that which promotes the peace and wellbeing of the people of the United States. Because of our far-reaching economic and military involvements in many parts of the globe, our national interest is affected by political or social changes within or among nations far beyond our boundaries. Some would argue that we should abandon these distant economic and military involvements, so that our national interest would be limited to protection against direct threats to the physical security of the United States. Of course, we can become over-extended -- perhaps were in the 1960s. But if the United States were to become isolated in the world, we almost surely would suffer severe internal social, economic, and political dislocations. Besides, our national interest is tied up with our general identification with the cause of human freedom and human rights. We have an interest in promoting the rights and welfare of others, where we can, because that is part of our idea of ourselves as a nation.

In general, our national interest is limited by two considerations: our national interest does not lie beyond where we can be effective; and possible benefits must always be measured against costs. For example, some element of our national interest is affected by the possibility of war between Kenya and Uganda. But not enough to justify any large commitment of our national prestige, or to run the risk of adverse reactions from the parties directly involved or from other African states. Prevention of a race war in southern Africa, in contrast, is of sufficient importance to our national interest to justify a major diplomatic effort.



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THE WHITE HOUSE
WASHINGTON

October 15, 1976

MEMORANDUM FOR

JIM CAVANAUGH
DICK CHENEY
~~MIKE DuVAL~~
DAVE GERGEN
ALAN GREENSPAN
RON NESSEN

FROM

JIM REICHLEY

This story appeared in yesterday's Inquirer - October 14.

I think we should follow up on it immediately. There is a brief story in today's Inquirer, in which Klein claims that he was erroneously quoted in saying that unemployment would not go down to 5.5% by 1980. He does not however challenge the remainder of the story.

Alan
how should
P use in
3rd debate

?
Mike

|||



CARTER CAN'T DELIVER ECONOMIC PROMISES, ADVISER SAYS

By Douglas A. Campbell
Inquirer Business Writer

*Head line in Inquirer
for James Reichley*

Jimmy Carter cannot deliver on his promises to lower the inflation rate to 4 percent and the unemployment rate to 4.5 percent by 1980 if elected president, his chief economic adviser says.

Inflation will range between 5 percent and 5.5 percent in 1980 due to "underlying forces" in the economy regardless of who is president, Dr. Lawrence R. Klein, the Carter adviser, said last night.

On reducing unemployment to 4.5 percent by 1980, Klein said: "My prediction is it will take a little longer."

Klein asserted that "there is no basic disagreement" between himself and Carter. Just a question of how soon we can get back to the 4.5 percent (unemployment) target," told a Wharton Club meeting at the Union League here.

Klein said Carter would rely on a combination of general economic stimulation and program to create a million new jobs in attempting to keep his promise of a 4.5 percent unemployment rate by 1980.

The economist from the Wharton School of the University of Pennsylvania said he did not expect the combination would reduce the jobless rate to 4.5 percent until after 1980.

The jobs program would be implemented by subsidizing private businesses that would hire and give on-the-job training to the hard-core unemployed.

He claimed that previous government programs had failed because they were "rinky tink", short-term and not aimed at specific people. He said this program would succeed.

The economist predicted that there would be a significant difference in the nation's rate of economic growth depending on whether Ford or Carter were elected president.

Klein, head of a Wharton team that used computer models to help forecast the economy's future, said the team expected the nation's economy would be growing at a 4.5 percent rate in 1980 under Carter and at a rate of 1 percent or 2 percent under Ford — A "growth recession."

Economists generally agree that the nation's economy should grow at a 4 percent to 5 percent annual rate to remain healthy.

Klein asserted that a continuing cycle of economic boom and recession could only be avoided by extra government spending proposed by Carter.

The economist attributed the stubborn inflation problem to current trends in union wage agreements, future imported oil price boosts and a lack of adequate increase in business productivity due to unproductive spending on pollution control and energy-saving systems.



10/19
9:40 a.m.

Mike

copies have been hand
delivered

Patty

THE WHITE HOUSE
WASHINGTON

October 19, 1976

MEMORANDUM FOR: JACK MARSH
JIM CANNON

FROM: MIKE DUVAL

Attached you will find Jim Reichley's pieces on "Urban Problems" and crime. In addition, he is doing additional pieces (will be ready this morning) on blacks and housing and a wrap-up "vision" two pager. I'll send them along as they come in.

The edits are mine -- we will have rewrites by 3:00 p.m. today.

Attachments



Cut down

Reichley
10/18/76

DEBATE TOPICS - CRIME

President Ford has made enactment of his legislative crime-fighting proposals one of his top priority objectives for the first hundred days of the new administration that begins next January.

The tide in the war against crime has seemed to be turning in favor of the peace-keeping forces during the past two years. In 1974, the crime rate increased 18 percent. Last year the increase was down to nine percent. And for the first six months of this year, the increase in the overall crime rate was only three percent -- while the rate for the violent crimes of murder, rape, robbery, and aggravated assault actually decreased six percent!

In Georgia under the administration of Jimmy Carter, in contrast, the rates for the major crimes of murder, aggravated assault, and burglary were consistently well above the national average.

[How much of the improvement in the national struggle against crime during the past two years is due to the actions of the Ford Administration is hard to determine. But a major underlying cause of the rise in crime in recent years was the sense of instability that had crept into our national life.]
By strengthening respect for moral values, and guiding the nation toward improved economic security, President Ford has helped counteract some of the deeper causes of crime.

In addition, President Ford has taken leadership in the war against crime by proposing an anti-crime package which includes:

- Mandatory sentences for such Federal crimes as kidnapping, hijacking, trafficking in hard drugs, and crimes involving dangerous weapons.
- A comprehensive Federal criminal code to replace the mass of overlapping and sometimes contradictory laws now on the books.
- Increased job opportunities for young people, to provide an alternative to crime.
- ~~A ban on Saturday Night Specials, which are used almost exclusively for criminal purposes.~~

Insert
Career Criminal
Compensate
Victims

drop



put
LAST

- Tougher laws against drug pushers -- such as permitting judges to deny bail for defendants with record of past convictions.
- More Federal judges.
- Construction of four new Federal prisons -- many judges are reluctant to sentence convicted criminals to do time in prison because of the overcrowding and inadequacy of existing facilities.



*More
out*

- A "Career Criminal" program, through which Federal aid has been given to law enforcement agencies in twelve cities to identify and speed prosecution of defendants with long records of convictions. Under this program, 95 percent of defendants have been convicted, with average sentences of almost 20 years. Program will be enlarged to cover 50 cities next year, and 100 cities the following year.

A move-up

Compensation for victims of Federal crimes.

(cut down - delete
bracketed material)

Reichley
10/18/76

DEBATE TOPICS - URBAN PROBLEMS

Life in great cities is never likely to be as tranquil or secure as life in rural areas or small towns. [This is a price that most citydwellers are prepared to pay in return for the economic opportunity, social variety, and intellectual and cultural stimulation that are uniquely available in big cities.]

In many of today's American cities, however -- particularly the cities of the Northeast and Middlewest -- the discomforts and dangers of city life have begun to outweigh the compensating advantages.

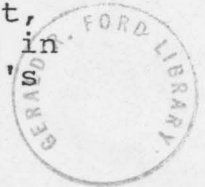
The special problems of modern American cities are to a great extent the result of two massive movements of population, following World War II:

-- The movement into the cities of large numbers of displaced former farmworkers, seeking economic opportunity, and often, particularly in the case of blacks, fairer treatment under the law. This movement enlarged the supply of labor available for work in auto factories in Detroit, steelmills in Pittsburgh, and office buildings in New York -- thereby contributing to the nation's economic growth. Also, however, in times of economic slowdown, it caused specially heavy unemployment in many cities; and faced the cities with the need for providing education, health care, police protection, and welfare benefits for millions of relatively unskilled workers and their families.

-- The movement away from the cities of many middle-class and working-class families, attracted by the suburban style of life. This migration to the suburbs tended to erode the economic base of the cities, and also deprive the cities of some of their most effective citizens.

The movement from the farms into the cities has now largely ceased -- even to some extent has begun to reverse itself. The movement to the suburbs, however, continues.

The most pressing need for America's cities today, therefore, is to make themselves more attractive as places to live -- [so that they hold their more able citizens, and even draw back some who find themselves not wholly satisfied with life in the suburbs.]



[A great deal of this work of reclamation will have to be done by the cities themselves.]

[But since both the states and the nation as a whole have vital interests in the revival of the cities, both the state and Federal governments must be prepared to give special help to the cities in their struggles for recovery.]

Obviously, the Federal government should not adopt policies that would undermine the general national economy -- on whose prosperity the cities depend along with everybody else. This means that Federal aid to the cities can not rise faster than overall growth of the economy, unless savings can be made elsewhere in the Federal budget.

Also, Federal aid should not be administered in a way that handicaps initiative and creativity within the cities. It is absolutely essential that citydwellers regain a sense of having control over the political decisions that most directly affect their lives. The shape and direction of government programs, therefore, must largely be determined at the local level.

Within this framework, there is much that the Federal government can and must do to help the cities.

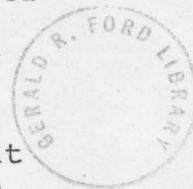
The Ford Administration is taking the following specific steps to enhance the quality of life in our major cities:

-- Five-year reenactment of revenue sharing, signed by the President on October 12, 1976. [The revenue sharing program, initiated under Republican leadership, permits states and cities to spend Federal funds (up to \$6.85 billion for each fiscal year) on problems which they themselves view as most urgent -- including tax relief. The Democratic candidate for President would eliminate all revenue sharing funds for the states -- which would reduce the states' abilities to coordinate action on problems, such as transportation and pollution, in which the interests of the cities and the suburbs overlap. (Governor Carter himself, incidentally, recognized this point in his argument last fall that Federal help for New York City should go to the state rather than directly to the city.)]

*MAKE POINT
that State
funds
used for
education
Therefore under
Carter's plan
property taxes
would go up.*

- Community Development Grant Program, signed into law by President Ford on August 22, 1974, to take the place of seven overlapping and cumbersome categorical Federal aid programs, for such purposes as sewer lines, municipal parks, and urban renewal. Federal aid is now distributed on the basis of population, poverty, and overcrowded housing. Programs are designed and administered at the local level. Funding for fiscal 1977 is \$3.25 billion -- one-third more than was spent on all seven of the old categorical programs at their highest level of funding.
- Proposed a job incentives bill, which would give special tax treatment to companies building new plants in areas of chronic unemployment -- a program that will mean more jobs for most cities in the Northeast and Middlewest. Unfortunately, not acted on by Congress this year.
- Established an administration task force on Urban Development and Neighborhood Revitalization, to come up with specific steps through which the Federal government can help strengthen urban neighborhoods. The task force, in its first report this week, called for enactment of a package of innovative measures, including bringing together all Federal housing assistance into a single block grant program, a block grant program for urban surface transportation, and special tax credits for homeowners who invest in improvement on older housing. These recommendations are now being considered for inclusion in the Administration's legislative program next year.
- Proposed a package of crime-fighting measures, including tougher laws against drug-pushers, that will help the cities in their efforts to provide physical safety for their citizens.
- Called for a \$3.3 billion Federal aid to education program, which will give each school district freedom to use Federal funds in ways that best meet its particular problems and needs.

These are only a few of the programs that President Ford has put into action or proposed to help the cities. In addition, the President has promised that in the next four years he will give top domestic priority to six "quality of life" issues -- jobs, education, housing, health care, law enforcement, and recreation -- all problems which particularly affect the nation's cities.



Reichley

SUBSTITUTE PHRASES FOR NATIONAL INTEREST

As I mentioned to you on the phone, I think that the Watergate onus lies more on "national security" than on "national interest." There is, however, some Cold War tinge to "national interest." I don't think we should make an exaggerated effort to avoid use of the term, but we might at times substitute, in varying contexts: "national aims", "peace and welfare of the United States," "legitimate objectives of American foreign policy," and "national goals."



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THE WHITE HOUSE

WASHINGTON

October 25, 1976

MEMORANDUM FOR JIM CAVANAUGH .
FROM JIM REICHLEY ✓
SUBJECT TAX STATEMENT

The Gergen tax statement seems to be a good one, and I would include it as part of a speech, probably on Wednesday in Chicago.

I would, however, use it as a one-shot, and not make it the single focus of the campaign for the rest of the week. I think it would be most unwise to try to turn the campaign at this point into a referendum on taxes, Yugoslavia, or any other single issue. First, because any issue cuts both ways, and the exact fallout is simply too difficult to calculate at this stage. Second, leaning on a single issue tends to become strident, which puts many voters off. Third, leaning exclusively on a single issue is not credible -- particularly an issue like lowering taxes, on which most voters are extremely skeptical. Nothing could be worse than for the voters to get the impression at this point that the President is simply one more deceiving politician. Our strategy has been to present the choice to the voters as a decision between the President and his opponent on the basis of a general impression of strength, honor, credibility, common sense and compassion. There are risks to this strategy, but the risks in switching to making the election a choice on a particular issue seem to me much more grave. Foreign policy, taxes, jobs, and inflation should now be given emphasis -- but as means to promoting the overall impression that we are convinced the voters in the end will prefer in the voting booth.

cc:
Dave Gergen
Foster Chanock
Jim Connor
✓ Mike Duval
Jerry Jones
Jim Lynn
Paul O'Neill



~~Greenspan~~ Gergen/Duval

October 25, 1976

STATEMENT ON TAXES

Throughout this campaign, we have been told by the experts that there are no real issues this year, but as I have traveled in the West over the past weekend, I have discovered that one issue does weigh very heavily upon the minds of our people.

It is the issue of taxation.

For many, many Americans, the burdens of taxation far overshadow the benefits at every level of government. Taxes have become the fastest growing item in the family budget -- growing even more rapidly than inflation. And too much of the money paid into government coffers seems to be siphoned off not by those who are supposed to receive the benefits of government but by those who work for the government.



The American people deserve relief from the crushing burden of taxation.

This Administration has been in the forefront of the fight to hold down government spending and lower the tax burden. In the past two years, under prodding from the White House, we have enacted the biggest tax cuts in our history.

But more action is clearly needed.

I propose today that the first order of business in Washington in January should be an additional tax cut of \$10 billion. As soon as the new Congress is organized, I intend to meet with its leadership so that we can put

taxes at the top of the agenda for 1977

I will sign ^{such} tax cut legislation if it comes to my desk but Congress must first pass it — which this far it has failed to do

In the meantime, I believe that every candidate for high office in Washington in 1977 has an obligation in the closing days of this campaign to say precisely where he stands on tax cuts.



(for the Congress)

Specially, I call upon all candidates to tell

tell their prospective constituents -- before the

election, not after the election -- whether they will

^(the additional) support tax cuts ~~in the new year~~ I have proposed, ~~as the priority~~ ~~reason for next year.~~

I pledge to the American people that I will seek tax cuts as the first order of business, and I ask for the help of the voters in electing a Congress that will work with me toward that end.

~~I have directed my campaign organization to publicize these Congressional~~