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SHOULD THIS GO TO THE  
PRESIDENT?

YES \_\_\_\_\_ NO ☒

*Hold until  
after Debate*

*he has  
already  
seen it  
in booklet  
form.*

THE WHITE HOUSE  
WASHINGTON

September 20, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: RON NESSEN *RHN*

Here is a preview copy of the Reader's Digest article, to be released in the next few days, containing the interview the magazine did with you and Jimmy Carter.

I have written a letter of thanks on your behalf to the Editor-in-Chief.

*P.S. Your tax remarks  
are timely and just right!*

Attachment:

*RHN*

Reader's Digest Article

NOT FOR COLOR

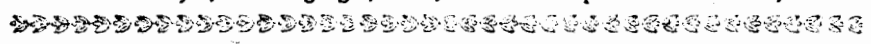
The 8/30

55TH YEAR

Reader's Digest

OCTOBER 1976

An article a day of enduring significance, in condensed permanent booklet form



# Conversation With the Candidates

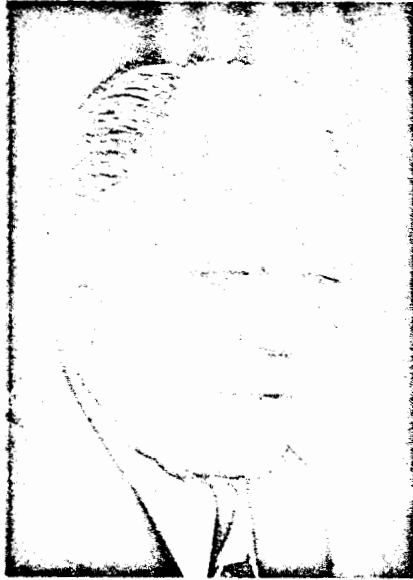
Recently, on successive days, editors of The Reader's Digest interviewed the two Presidential candidates: Democratic nominee Jimmy Carter, in his home in Plains, Georgia; and then the Republican nominee, President Gerald Ford, in the Oval Office of the White House. Each man was asked the same questions, in the same sequence. The questions were selected to probe those areas, both domestic and international, which most directly concern U.S. voters. On the pages that follow, the responses of the two candidates may be readily compared. Through this comprehensive debate-in-print, each reader will be able to evaluate the positions of the two nominees on a wide variety of issues, a process that should help in making an informed choice in the voting booth on November 2.

**Q.** There is today in the American people a certain distrust of government. What would you do, concretely, to try to restore that trust?

**Governor Carter:** I would do everything I could to open up the government to the people. I would hold frequent cross-examination-type press conferences. I would

minimize the "palace guard" orientation of the White House staff. As we evolve major policy decisions, I would do everything I could to involve Congress and the public in a bipartisan way. I would also make all appointments on the basis of merit and not as a political payoff.

**President Ford:** I think there has been a tremendous improvement in



Gerald Ford

trust since I became President. In October 1974, a Gallup poll showed that the public considered lack of trust in the government Number 2 on their problem list. Early in 1976, another poll did not rate that problem even in the first ten. Trust in the White House has been restored, I think, because of the openness and candor of this Administration, which I would intend to continue for the next four years.

**Q.** Polls tell us that by a wide margin inflation is the prime concern of the people of the United States. Who or what, in your view, is responsible for the inflation that has plagued us?

**Ford:** Primarily, today's inflation has been the result of improvident fiscal policies of the federal government. We have been trying to correct that and are headed in the right direction. My Administration has reduced the rate of growth in federal

October

spending, and, as a result, there has been a sizable reduction in the rate of inflation in the last 15 to 18 months.

But inflation is not a simple matter. The horrendous inflation that began in 1973 and ran through 1974 was also prompted by the oil embargo and the increase in oil prices. In addition, shortages of agricultural products throughout the world added to the inflationary pressures. Excessive creation of money, and wage increases beyond productivity gains, have also contributed to inflationary pressures in the past, and we are continuing to keep them under close watch.

But the basic problem lies in the fiscal difficulties of the federal government. We are on the road to correcting them. With the improvement in our economy, we are able to look forward to a balanced budget by fiscal year 1979.

**Carter:** In 1973 and 1974, some extraordinary events beyond normal inflationary pressures occurred. One was a change in the gold standard that made people search for commodities in which to invest, which resulted in exceptional price increases in all these products. Another was an excessive sale of American wheat to the Russians. Of course, the oil embargo and price increase were major causes of inflation and also created unemployment by draining dollars from our domestic economy. I also think that there has been a very poor correlation between government income and ex-

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penditures under the Republicans—they spend more money than they take in year after year. I consider this a major factor in inflation.

**Q.** Is it really possible to reduce inflation and unemployment simultaneously?

**Carter:** Yes, I think so. The rough cost of welfare and unemployment compensation is about \$20 billion. I think that we should encourage increased employment, primarily through the private sector, but with some government instigation—using part of that \$20 billion in expanding housing starts and in transportation and energy research and development. This will result in lower unemployment and in both a relatively constant inflation rate—no higher than four percent yearly—and an annual increase in the gross national product of four to six percent.

**Ford:** We have reduced the rate of inflation since I have been President from over 12 percent to under 6 percent. In May 1975, the unemployment rate was 8.9 percent. As of this July, it was 7.8, and we expect it to drop under 7 by year's end. Today there are more than 88 million Americans at work, an all-time record.

So, we have been able to reduce the rate of inflation—by better than 50 percent—and the unemployment rate, and at the same time create new jobs for an expanding work force. Seven percent unemployment is still too high, but we are proving that you can fight inflation and



*Jimmy Carter*

unemployment at the same time.

**Q.** Federal spending has been increasing at enormous rates in recent years, and will pass \$400 billion this year. What chance of a balanced budget do you see?

**Carter:** I've consulted with economists representing a broad range of opinion. We project a balanced budget by 1979. This is a reasonable, and very conservative projection, and I feel we can do that.

I would never approve a new program, put forth either by Congress or by my own Administration, unless there had been a long-range analysis of its ultimate cost and unless we had adequate financial assurance for covering that cost. I'm committed to striving for a balanced budget in times of economic normality.

**Q.** Mr. President, you said earlier that you hoped for a balanced budget by fiscal 1979. How will you curb federal spending to achieve that?

**Ford:** Last January, I recommended to Congress a 50-percent cut in the growth of federal spending. For the previous ten years, the average rate of growth had been about 11 percent. I proposed a cut to 5½ percent. At that rate, we could have a balanced budget in fiscal 1979.

Unfortunately, Congress, instead of holding the line at \$395 billion for spending in fiscal 1977, has added about \$18 billion in anticipated spending. These additions could set back the prospects for a balanced budget. Yet I am optimistic because the American people now perceive the seriousness of the rate of growth of federal spending and have made known their wishes for a more responsible spending attitude to Congress. In addition, the Congressional Budget Act puts more limitations on the extravagance of Congress than in the past.

So, between the pressure that I as President have exerted and the support of the American people and the Budget Act, we can get a better handle on federal spending.

**Q.** Are you going to propose a national health-insurance plan?

**Ford:** I do not intend to, at this time. About 90 or 95 percent of our population is covered by either private plans or some version of federal assistance to citizens who need health coverage. The only health area, in my judgment, where there is an immediate need for additional federal help is in catastrophic illness. I have made a proposal to help people pay bills resulting from a cata-

strophic illness. This program would be integrated with Medicare and Medicaid.

**Carter:** Health care is a subject where I'll be very careful. I intend to implement a comprehensive health-care system for the country, but to do it sequentially over a period of, say, three to four years. We now spend on health care far more than any other nation in the world per capita—\$550 for every American. My belief is that the net cost above that figure would be very minimal.

**Q.** Welfare reform is in everybody's platform. What do you mean when you talk about it?

**Carter:** Like other governors, I have had the responsibility of administering the present welfare system. It is a conglomerate mess. There is absolutely no way to ensure that the money goes where it's needed most. About 12 million people chronically draw welfare payments, with about 2 million welfare workers at the local, state and federal levels administering the program—one worker for every six recipients. About 1.3 million of the 12 million welfare recipients can work full time and should. Once they get job training and are offered a job, if they don't take it I would not pay them any more benefits. It should never be financially advantageous to draw welfare instead of working. The other 10.7 million can't work full time and they ought to be treated with understanding and compassion—but with one basic payment varying only by regional cost-of-living differences to

meet the necessities of life, instead of a multiplicity of payments as presently exists. We now have about 100 different federal welfare programs under the broad generic sense of the word welfare. I think maybe two or three would be adequate.

I would favor joint federal and state financing, with the combined state and local level frozen and then gradually absorbed by the federal government. We ought to phase out very rapidly any local financing for the welfare system.

**Ford:** I think we can consolidate the present hodgepodge of welfare programs and make them a better delivery system to those who need help—and at the same time eliminate those who are not deserving or don't require federal assistance. I have submitted to Congress legislation which would achieve that objective. I have also asked for an analysis of more comprehensive welfare-reform alternatives.

Welfare should not be exclusively a federal matter. I think a strong local role is important. For example, in many cases, where determinations are made as to how much a person needs—and need is a real criterion—the people at the local level are far better able to make that determination than some rule-making federal employee in Washington, D.C.

**Q.** What kind of tax reform would you favor? What about eliminating all deductions and lowering rates?

**Ford:** I favor giving greater tax relief to the so-called middle-income

taxpayers—those in the earning brackets of \$8,000 to \$30,000 a year. To achieve that, there are certain specifics that I have recommended to Congress. For example, an increase in the personal exemptions from \$750 a person to \$1,000 is highly desirable. Moreover, to permit one generation to pass on the labor of a lifetime to the next generation, I have proposed increasing the exemption on the estate tax from \$60,000 to \$150,000 or more, and not taxing transfer of property, on death, between husbands and wives. I would allow a longer time for payment of estate taxes on family businesses.

I believe we need to simplify the system, but I don't think eliminating all deductions is the way to achieve reform. If we want to stimulate home building, the right to deduct mortgage-interest payments is a proper use of tax legislation. Charitable contributions are also highly desirable as a tax deduction.

**Carter:** If elected, I intend to devote a full year of study to comprehensive tax reform. Therefore I can't describe the final result in detail. However, I can give you the basic principles I would incorporate in that reform.

First, I think all income ought to be taxed basically the same. I see no reason to tax capital-gains income, for instance, at half the rate of income earned from manual labor. The entire tax system—some 40,000 pages of regulations—ought to be greatly simplified. I would retain deductions for charitable gifts, but the



number of deductions overall ought to be drastically reduced—and any reduction in present tax incentives ought to be combined with a reduction in the rate of taxation.

Finally, I think that there ought to be a truly progressive tax rate, that people with higher incomes ought to pay a higher portion of their income in taxes. The reformed system would benefit low- and middle-income taxpayers who presently pay too much. Under today's system, people who make a million dollars a year before taxes on average actually pay a smaller percentage of their income in taxes than people who make less than \$10,000.

**Q.** Polls show that an overwhelming majority of Americans, black and white, oppose forced busing to achieve racial balance. Realistically, can anything be done to end this problem?

**Carter:** I'm strongly opposed to forced busing. The only kids that ever get bused are poor children. Rich parents either move or put their kids in private schools. My own preference is a plan whereby any child who wants to be bused can be bused at public expense—but that busing must not contribute to re-segregation; you wouldn't be able to be bused away from a school just because it's integrated. Second, black leadership must be adequately represented in the administration of the school system all the way from the school board down to the classroom, so that black parents feel that it is their school system as well as white

folks'. Third, no child should ever be bused against his or her wish.

I think that if a President took a responsible position on busing and encouraged full integration of the schools guaranteed through federal allotment of funds, leading to compensatory educational opportunities for kids who live in ghetto areas, whether they are black or white, such an approach would greatly alleviate the need and demand for busing.

**Ford:** Whatever the courts decide in school-desegregation cases, this Administration has upheld and will uphold. But some courts, I think, have gone beyond protecting Constitutional rights and have, in effect, taken over and run a whole school system. I think that is wrong. In those school districts where there are violations of Constitutional rights because of illegal segregation the problem ought to be corrected. But that does not justify the court taking over the whole system.

If Congress would pass the legislation I have recommended limiting the use of busing in school-desegregation cases to acts of unlawful discrimination, we could minimize court-ordered forced busing on a major scale and still protect Constitutional rights.

**Q.** What can a President do to reduce crime in the United States?

**Ford:** First, I would like to point out that in 1975, compared to 1974, the crime rate went from a 17-percent increase to a 9-percent increase, so we have made some progress.

But I am not satisfied. To reduce the rate of increase in crime further, we ought to have more severe penalties and more certain confinement for those convicted. We should penalize those who use guns in the commission of a crime. We should also take Saturday-night specials off the market. But I don't think we ought to take from the gun owner who uses his gun for legitimate purposes, his right to possess that gun.

Carter: The major contributing factor to the increase in the crime rate in recent years has been unemployment. This is not an excuse; it is a fact. Reduction of unemployment in poor areas, particularly among young people, would help a great deal. I would favor a volunteer effort similar to the domestic peace corps, with young leaders who are looking for jobs to be used as interns with police officers. I started such a program in Georgia.

Another very obvious thing is to have quicker and surer arrests, trials and convictions. I personally favor briefer periods of punishment that are surer rather than long and indeterminate sentences. We have a gross double standard of justice now where quite often poor people feel that they are not being treated fairly, and sometimes they aren't. I think a complete revision in the federal-court system to expedite trials will help a great deal. We have done this in Georgia's state courts, and we prescribe merit selection of judges without any political aspect, review commissions to remove unqualified

judges, and have a unified court system to apportion cases so no one particular court is overburdened.

I don't favor any restraint on people who own rifles and shotguns, but I do think that we ought to have some restraints on the cheap, commonly used Saturday-night specials and on importation of their component parts. I favor registration but not confiscation of hand guns.

Q. The Presidential veto may become an issue in this campaign. What are your views about the veto?

Carter: I've never hesitated to use the veto as governor, either to correct obvious mistakes or when the legislature and I had a violent disagreement. I guess that I vetoed about 50 or 60 bills a year. But with the Congress there would be a more organic interrelationship. I would much rather alleviate any problem with a proposed piece of legislation before it's sent to me, than use the veto as a frequent mechanism. But I would never hesitate to use it if I thought it was advisable. It's a legitimate part of the legislative process.

Ford: The veto is a President's Constitutional right, given to him by the drafters of the Constitution because they wanted it as a check against irresponsible Congressional action. The veto forces Congress to take another look at legislation that has been passed. I think this is a responsible tool for a President of the United States, and I have sought to use it responsibly.

I have vetoed more than 50 bills, and the large majority have been

sustained by Congress. The result is that we have saved more than \$13 billion in unnecessary expenditures.

**Q.** Organized labor would like to strike down Section 14(b) of the Taft-Hartley Act, which allows states to pass right-to-work laws that say people cannot be forced to join a union to hold a job. What is your position on that?

**Ford:** I am completely against the repeal of Section 14(b). I am today, always have been and always will be. This is a matter which each state should be able to decide for itself.

**Carter:** This is one subject on which I have no strong feelings. I told labor leaders when I was running for governor that if the legislature passed a repeal of Georgia's right-to-work law, I would sign the repeal. I've told the public since I've been a candidate for President that, although I would not take it on as a crusade and had no objection to the right-to-work law, if Congress repealed 14(b) I would sign the repeal.

**Q.** If the OPEC nations were to institute another oil embargo, as they did in 1973, what should the United States do?

**Carter:** I have already, in public statements, let the OPEC nations know that if they should impose such an embargo on us again, we would consider it not a military but an economic declaration of war, and we would institute a total embargo against them. We would not ship them any food, weapons, parts of weapons, oil-drilling rigs, oil pipes or anything else.

**Ford:** We are prepared in many ways for another embargo, but I don't anticipate that there will be one. This Administration has taken major steps to develop good relations between the United States and the various nations in the Middle East, including the moderate Arab states, as well as Israel. We have been successful, as a result of these good relations, in helping the negotiations that resulted in the Sinai II agreements, and in strengthening our economic cooperation. The prospects for continued progress in these areas are grounds for confidence that there won't be another oil embargo. But while we work for progress in the Middle East, we must also work to regain our independence from foreign sources of energy.

**Q.** The communist victory in Angola underlines a new threat to the West: the Kremlin's use of third parties, such as Cubans, as proxies. How can the West deal with that problem?

**Carter:** We waited until we got into an extreme state in Angola before we tried to exert our influence. We clung to the Portuguese until the last minute, and had no working relationship with the Angolan people. We let the Soviet Union and Cuba pre-empt us in the minds of the natives who were concerned. We have, I think, a real need to work harmoniously with the democratic forces in a country threatened because of internal disruption.

In addition, our positions have to be compatible with the basic inclina-

tions of the American people, and include, hopefully, bipartisan support from Congress. When Secretary of State Henry Kissinger makes a unilateral statement, without consulting Congress, that we're going to thwart a Cuban takeover by sending arms into Angola, and then is unable to follow through, it makes us look foolish in the minds of other nations. The American people must know what our policy toward each nation is, and that policy must be based on mutual respect for the democratic forces within the nations involved. Americans are no longer content to allow foreign policy to be made in secret by a small, sometimes isolated group of experts.

**Ford:** Taking the southern-African problem overall, I think that we have regained the trust of the moderate nations in that area and blunted to some extent the radical push. We have made it clear we will not stand for further Cuban or Soviet military intervention. We are working with Great Britain in trying to find a fair, negotiated solution in Rhodesia, and we hope to see a solution as well in Namibia.

As to the specific question of Angola, it was tragic that Congress precluded the U.S. government from helping Angolans to resist intervention and to settle their own problems by compromise. The net result was that Cuba came in, and the Soviet Union supplied very substantial military hardware, and we allowed this to determine the outcome of a local conflict.

**Q.** What can we do about the continuing, and perhaps growing, threat of international terrorism?

**Ford:** There is no easy solution. We have been working to try to get a U.N. plan to handle terrorism. Progress there has been less than I would like. We have worked with other powers to try and get cooperation; we are making headway in that area. But it would be better if it was on an international basis. This is what we are seeking.

**Carter:** We have an official policy, which I approve, of not negotiating with terrorists. We have been successful in alleviating the problem of airplane hijackings to Cuba by indirect negotiations with Fidel Castro. I think similar efforts on our own, plus actions through multinational organizations, including the United Nations, would help. I would like to encourage all the nations of the world to join with us in not honoring the demands of terrorists and to guarantee quick punishment for those guilty of terrorist acts. I think economic sanctions can be exerted against nations, even ones as powerful as the Soviet Union, that train and support terrorists.

**Q.** Former Defense Secretary James Schlesinger has said that no nation in history has ever engaged in a military buildup comparable to that of the Soviet Union today. What do the Soviets have in mind, and should we reduce any of our troops abroad?

**Ford:** This Administration has no plans for reduction of our troops or

military capability. Some suggest cutting back our forces in South Korea and reducing our military bases. I can't see that now. Nor do we expect to cut back in Western Europe unless there is an agreement on mutual balanced reduction of forces between us and the Warsaw Pact nations. We should recognize that the Soviets have increased their military commitment. They have modernized their weapons systems and expanded their navy. I cannot speculate on their motives for doing this. They see threats on a very lengthy border with China and its 800 million people in the East, and a problem with NATO's strong and growing defense. In some respects, they are building up from a position of inferiority; in some areas, they are building more than they need for their own defense.

But whatever their motive in this buildup, we will take the necessary precautionary action. That is, of course, why I have submitted the two largest defense budgets in the history of the United States—the most recent, for fiscal 1977, was \$115 billion. I don't see how this can be cut now. The United States has to maintain its capability and credibility in military affairs if we are going to maintain the peace.

Carter: I would not pull back troops in Western Europe except in an evolutionary way and only as I was sure that NATO defense was equal to or better than what it is now. Over a four- to five-year period our troops in South Korea should

be withdrawn, while maintaining that nation's strength to withstand ground action and providing U.S. air cover. I would guess our overall military strength is equivalent to, or superior to, the Soviet Union's still—particularly when you add in our economic strength. The Soviets have made an extraordinary increase in naval strength in order to extend their influence throughout the world. But I don't think it necessarily means a commitment toward belligerency. It may be that they have decided that, in the absence of war, their emphasis should be on influence through peaceful means and the assertion of military strength. I am very concerned about it. I consider it the President's Number 1 priority to guarantee our nation's security—but I am not overly fearful of the Soviets, and I don't think that they are making their naval buildup with plans to start a war.

**Q.** Why would voters be making a mistake if they vote for your opponent?

Ford: Since Mr. Carter has embraced the Democratic platform approved in New York, and since he has embraced the record of the 94th Congress, which is controlled by the Democratic Party, he obviously believes that the role of the federal government and spending by the federal government should be dominant in solving this country's domestic problems. I do not agree with that approach. I believe the federal government should reduce its impact and influence, and that more

decision-making and more responsibility should be made available to state and local units of government. That is a very fundamental difference between Mr. Carter and myself.

**Carter:** I think that President Ford has shown a remarkable absence of leadership capabilities. He seems to have little concept of administrative procedures or management techniques; he has done nothing about the wasteful and confused organizational structure of the federal government; he has let the relationship between the White House and Congress deteriorate grossly; he has perpetuated a secret evolution of the nation's foreign policies; he has not taken the leadership in proposing a single program as far as I know to alleviate our problems. As a result, the country is drifting.

**Q.** Finally, what do you personally consider would be your strongest qualities as President?

**Carter:** I believe my strongest quality would be my natural inclination to treat each person as an important individual and to derive my political support and basic attitudes directly from the people rather than through powerful intermediaries. I also think it is helpful to have a President who knows what it is to work for a living, who understands

the frustration and fears and hopes and dreams of the average citizen. I believe I do.

**Ford:** My strongest qualities are the experience that I have had in working with problems of this country—as a Congressman, as a leader of one of the two major parties in the House for nine years, as Vice President for almost a year, and as President for more than two years. This background—a familiarity with domestic economic and social problems and intimate knowledge of international problems—is invaluable for the solving of future problems. In addition, I think my political convictions are in tune with the views of a majority of the American people. I have a proven record that the people know they can trust. My greatest asset is the fact that I have done things, and haven't promised more than I can produce.

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#### Rake's Progress

**I**T'S ABOUT TIME to begin raking up the grandeur of another autumn—then the brief respite before shoveling the glory of winter.

—Mary H. Waldrip in Dawson County, Ga., *Advertiser and News*