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October 12, 1976

MR PRESIDENT:

**NATIONAL JOURNAL article
on -- Nation's Economy**

The attached article for the NATIONAL JOURNAL was prepared by Dave Gergen and reviewed by Alan Greenspan and Paul O'Neill.

The deadline for submission of this article is this morning and your signature is requested on the last page.

Jim Connor

*Signed 10/12/76
and returned to Virginia Whitehead.
11:30 AM x*

ARTICLE FOR NATIONAL JOURNAL

10/11/76

I welcome this opportunity to address the readership of the National Journal on a matter of utmost concern to all of us -- our Nation's economy.

A fundamental issue in this campaign is the approach that the Federal government should take to the national economy. I firmly believe that the United States has the best economic system in the world. It's called freedom, and it allows every individual to plan for himself. Families plan how to spend their own income -- at least, that share that the government doesn't take in taxes. People choose their own educational programs, and they choose their own careers. The Federal government does not try to substitute its judgement for the millions upon millions of daily decisions that you, the American people, have to make for yourselves, and I am opposed to such Federal interference in the future. This country grew because of individual economic planning; that's the way we became not only the freest but the most prosperous people in the world, and keeping freedom for economic choice with individual Americans is the only way we can move ahead.

Of course, necessary forethought must enter into Federal policy-making. One of my first actions as President was to create the Economic Policy Board to coordinate economic policy and decisions across every agency in Washington. So that you will know what to expect of Federal commitments, my last budget includes projections for the next five years. By contrast, my opponent for the Presidency offers a centralized national economic plan which only takes more power from the people and adds that power to Federal bureaucracy. I say, the purpose of Federal government is to solve our national problems, not to "solve" our individual choice.

Overriding governmental interference in our lives has gone far enough -- and our third century, the century of the individual, should reflect more independence of thought and more freedoms -- not more crippling of our Nation's creativity due to Washington dictating its desires to the states, to localities, and to you.

We cannot spend our way into paradise. I've been following Mr. Carter's speeches during the last few months and wondering

when he was going to tell the American people how much his programs will cost. Unfortunately, he has never said, so I've asked my experts to give me some figures.

- his national health insurance program is likely to add \$70 billion more a year.
- the Humphrey-Hawkins jobs bill will run anywhere from \$10 billion to \$30 billion a year.
- his education program is estimated to add another \$10 billion.

That's just three programs -- costing around \$100 billion a year. How many more billions of dollars will his 59 additional programs add to your tax burden?

My economic strategy is to cut inflation by reducing Federal spending, which balances the Federal budget and lowers your tax burden, which stabilizes and stimulates our private sector, and which leads to permanent, satisfying jobs for all Americans who want to work.

My opponent declares he can balance the Federal budget and deliver 62 new Federal programs without increasing your taxes and without more government control over your lives.

I say, my Administration will promise no more than it can deliver, and we will deliver all that we promise. That is what I mean when I speak of trust.

Let me emphasize just a few actions that I have taken in the last two years.

When I took office, the country was sliding toward its worst recession in a generation. Against the advice of free spenders in Congress and in big labor, we didn't panic into supporting massive new spending programs, but we adopted balanced, consistent policies designed to attack both inflation and unemployment. Today, inflation -- while still too high -- is only half of what it was in 1974. And while unemployment is also too high, there are more Americans working today -- 88 million -- than at any time in our history. I might add that if we had the same number of men and women in uniform as we did in Korea and Vietnam, our unemployment rate today would be as much as 20% lower. Personally, I prefer to bring down our unemployment figures in a different way. This Administration has achieved the peace, and I intend to keep it. This Administration has added over 4 million jobs in the past 18 months, and I intend to add at least 2½ million jobs per

year in my next Administration.

I am committed to the right policies for the future -- policies that will continue to cut inflation and increase employment on a permanent basis, not on a temporary, Federal make-work basis that would only solve immediate job needs and would lead in only one direction: higher taxes, higher prices, and ultimately higher unemployment.

Federal assistance can be utilized in target areas, and I fully support public service jobs where they can actually do some good. A few weeks after taking office, I proposed an emergency program targeted on the hardcore unemployed (those who have been unemployed for many weeks). That program, which, incidentally, my opponent also supports, is succeeding. I have also expanded summer jobs for youth. Mr. Carter has called for creating 800,000 summer jobs; this past summer, we had 900,000 teenagers in such jobs.

But what I oppose -- and where Mr. Carter and I have our sharpest area of disagreement -- is the spending of massive amounts of the taxpayers' money to create hundreds of thousands of public works jobs and heat up our economy. That has been tried before in this country, and we have found that this Big Government approach -- the approach advocated by Mr. Carter -- winds up putting the people in dead-end, unproductive jobs -- jobs which destroy peoples' pride. And, more than that, because these jobs do not add to the productive output of the economy, new and more devastating inflation is created as a result.

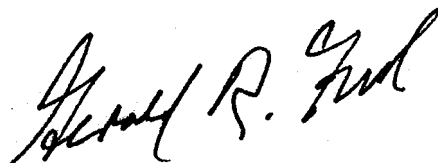
In fact, the greatest spending momentum in the Federal budget came in the 1960's during the era of massive Great Society programs. Most of those programs are still on the books. Even though their effectiveness has been almost universally questioned, they cost more than ever, and they are pushing us further and further into debt. The Food Stamp program is a good example. It began in 1965 as an experiment at the cost of \$14 million a year; since then, it has mushroomed so rapidly that it now costs \$5 billion a year. I think food stamps should go to the needy, but I am absolutely opposed to allowing free-loaders to abuse the program. I have proposed reforms that would increase benefits for the poor and end them for the others -- reforms that would save a billion dollars a year -- but so far Congress has refused to act.

In the last two years, I have proposed the largest tax cuts and the largest spending cuts in our history -- but rather than cutting taxes, this Congress is increasing them. Congress is going to pass this year a budget that is almost \$20 billion higher than the one I proposed. Fortunately, the President retains the weapon of veto power. During the past two years, 47 of my vetoes were sustained by the Congress, saving \$9 billion in new spending.

We just have to be more honest with ourselves. Over the past decade or more, we have been living beyond our means and now we're going through a belt-tightening. It's not especially pleasant, but the process is paying off. Our economy today is the strongest and one of the healthiest in the world. And as the recovery proceeds, we're laying the foundation for a long period of healthy, productive growth for the American worker and the American consumer.

Let me add that I have experience joining with my economic policy. For 28 years, I have been working, studying, and voting on programs that affect the lives of 215 million Americans. I think I can tell the good from the bad, the true from the phony. I don't believe the Oval Office is the ideal place for total on-the-job training, and our economic recovery is dependent upon continuity of leadership in my program of lower taxes, lower inflation, and lower unemployment.

In summary, if there is one fundamental difference between my opponent's philosophy and my own philosophy, it is the question of who should control your future. Mr. Carter wants to concentrate more power in Washington, and particularly in the White House. This is a strange position for one who spends so much time denouncing big government in Washington. It is also wrong. No planner in the White House can be a substitute for the genius of the American people. The secret of America's success has been individual freedom, and during the next four years, I will commit myself to maximizing that freedom.

A handwritten signature in dark ink, reading "Gerald R. Ford". The signature is written in a cursive, flowing style with a large, prominent "G" and "F".

THE WHITE HOUSE

WASHINGTON

October 12, 1976

MEMORANDUM FOR: JIM CONNOR
FROM: FRED SLIGHT *FWS*
SUBJECT: Presidential Signature on
National Journal article

The attached article which is to be published in the National Journal has been cleared by Alan Greenspan, Paul O'Neill and Dave Gergen.

Will you please arrange to have the President's signature at the end of the article.

The deadline was yesterday but was extended to this morning.

Thank you.

THE WHITE HOUSE
WASHINGTON

October 12, 1976

Trudy

The attached article is to be signed by the President. Dave Gergen has authorized this.

The deadline for submission of this article is first thing this morning (it was extended from yesterday)

(Joy Manson, Fred Slight's assistant talked to someone in Dr. Connor's office yesterday about this.)

If you will call me when it's ready, I'll pick it up. x 2337

Thank you


Virginia Whitehead

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National Journal

THE WEEKLY ON POLITICS AND GOVERNMENT

NEWS RELEASE

FOR RELEASE FRIDAY AM, October 8, 1976

Carter Lists Proposals for Effective Government Management

In an article written expressly for National Journal, Democratic Presidential candidate Jimmy Carter reports that, if elected, he will initiate a series of new management techniques designed to make the federal government more effective. Among his intentions for improving the conduct of government are plans to:

- * experiment with "incentive programs to reward government employees who save the government money;
- * "obtain pledges from appointees that they will remain in office until we have accomplished the goals upon which we agreed;
- * hold political appointees "personally accountable for failures" in their agencies; and
- * refuse support or approval of "any piece of legislation unless I am convinced that it can be successfully administered."

* The article on government management is the first of three that Mr. Carter will write for National Journal, the Washington-based weekly on politics and government. The article appears in POLICY FORUM, a section in which leaders from the public and private sectors state their positions on important national issues. President Ford has also been invited to contribute. Articles by both Mr. Carter and the President will appear in the next two issues of National Journal.

The full text of Mr. Carter's article is attached.

For further information contact Julie Hubbard, (202) 833-8000.

1730 M Street, N.W., Washington, D.C. 20036 Telephone (202) 833-8000

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