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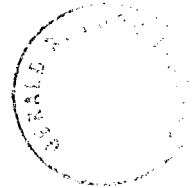
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50 pages



THE WHITE HOUSE
WASHINGTON

October 1, 1976



FOR THE PRESIDENT:

Re: Second Debate

Here is a briefing book prepared by Don Rumsfeld's staff and others. It generally covers defense issues and nuclear policy.

A handwritten signature in cursive script, appearing to read "Mike Duval".

Mike Duval

THE PRESIDENT HAS SEEN. . . .

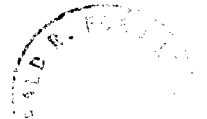
GENERAL THEMES

President's Strengths

- (1) Keeping America militarily strong. The Harris Poll gives him a 44% to 34% lead over Carter in this regard. Keeping the peace is extremely important for the President to emphasize. The Foreign Policy poll rates this as the most important aspect of U.S. foreign policy, according to the American people (with a current rating of 81, up from 74) in a poll two years ago.
- (2) Experience and ease in dealing with these issues, for the last two years, as President, and for 25 years before that as Congressman, the last 14 of which were spent on the Defense Appropriations Subcommittee. This should be exploited by interjecting one or two personal examples of active participation in foreign policy matters in the 1940's or 1950's.
- (3) Defense has traditionally been a Republican issue, whose time has come. The American people this year are standing firmly for a strong defense. Their Representatives in Congress are providing for real growth in the defense budget, for the first time since 1968. The Congressional Budget Committee provided a budget ceiling for defense adequate for what we requested. Even groups such as the Brookings Institution recognize that this is the year America must reverse the adverse trends of the recent past.

President's Weaknesses

- (1) Cutting out fat and controlling the bureaucracy (which the Harris Poll gives to Carter, 46 vs. 28 and 49 vs. 25).



GENERAL THEMES (Continued)

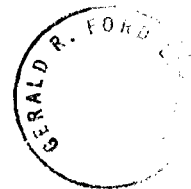
- (2) Lack of leadership, or at least seen leadership in this area --
with the possible exception of the Mayaguez incident.

THE CRUCIAL ISSUES OF NATIONAL SECURITY IN 1976

Thus far in the campaign, Mr. Carter has stressed administrative measures. He promised to cut the military budget by withdrawing troops from overseas -- even though such an action would actually increase defense costs in the future, not lower them. He promised to implement other administrative actions -- all of which the Department of Defense either has done or is in the process of doing.

While efficiency in government can always be improved -- and I will continue my efforts to pursue this goal -- there are much more fundamental issues of national security. I have not heard Mr. Carter address these issues at all during the campaign.

The real issue in national security -- the basic issue facing the American people in 1976 -- is: how can we keep the peace in the decades ahead, preserve our freedom, maintain our vital interests abroad, and continue to play a constructive role for the forces of freedom in the world? This is the real question facing the Nation. This is the issue which I consider most important. While concentrating on the administrative measures -- and a few high platitudes -- Mr. Carter has not addressed the real issues of national security in 1976.



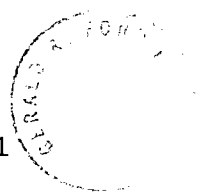
THE SECRETARY OF STATE

A President is often asked about his Secretary of State. As the one individual in our government charged with implementing the foreign policy of the United States, a Secretary of State is often at the center of controversy.

I entered Congress with Dean Acheson serving as Secretary of State, and watched the controversy surrounding him during the Administration of President Truman. The same type of controversy surrounded Secretary of State John Foster Dulles in the Eisenhower Administration, and today surrounds Secretary Kissinger in my Administration. It has almost become a basic rule of American political life that a Secretary of State who acts -- who implements the President's foreign policy in a dynamic and persistent manner -- will inevitably become controversial.

Secretary Kissinger has assured that my policies are, in fact, carried out by our over one hundred Ambassadors around the world. He has also worked tirelessly to bring peace to potentially volatile areas of the world, such as the Middle East and Southern Africa. To the extent that his efforts have avoided conflicts -- have avoided needless deaths and the agonies that always accompany war -- people around the world as well as Americans should be grateful.

Recently it seems that Secretary Kissinger has been criticized for carrying out the basic foreign policy of the United States. This is regrettable since that criticism should more properly be addressed to the originator of that policy, the President. I would gladly defend



THE SECRETARY OF STATE (Continued)

the foreign policies of the past two years, since I believe strongly they have been in the basic interests of the American people, not only now but in the future. I believe strongly they have brought America peace with security, better relations with our allies, and better communications with our adversaries.



CARELESS STATEMENTS -- LATER RETRACTED -- ARE DANGEROUS IN FOREIGN AFFAIRS

Our nation cannot risk careless statements made by a President of the United States. As the Chief Executive of our nation and leader of the free world, the President must carefully measure his words, since they are carefully heeded not only in our country but around the world.

Thus far in the campaign, Mr. Carter has made statements on such subjects as "ethnic purity" in neighborhoods, on President Johnson's integrity, and on taxes which later had to be retracted and explained.

A President cannot make such mistakes. He cannot always be retracting and explaining himself. In his hands lay the direction of our foreign policy and the security of our nation and our allies. There can be no room for mistakes or equivocations.

Possible Example in History

Secretary of State Acheson's speech on January 12, 1950, at the National Press Club during which he neglected to include South Korea in the U.S. "defense perimeter." This may have been a careless omission. In any case, it was a costly one since the Korean War broke out less than six months later.



NUCLEAR

NUCLEAR WAR PLANNING

Carter Position: "Our Defense Secretary and Secretary of State have talked about limited war. My belief is that if we ever start a limited atomic war that it would very quickly escalate into an all-out war...I think we ought to be prepared to recognize...that once a nuclear war starts...a very good likelihood is that it would be an all-out nuclear war" (7/7/76).

The policy of my Administration has been to maintain a rough equivalence with the USSR. We cannot allow the Soviet Union to become militarily superior if we are to preserve deterrence across the entire spectrum of possible conflict. The USSR has been dramatically improving its nuclear capabilities. Much of this improvement is clearly directed against our own deterrent forces. We must maintain the strength of our own nuclear forces in order to maintain deterrence. As changes occur in the threat posed by the Soviet Union, adjustments in the composition and capabilities of our military forces will be required.

Regarding the issue of Presidential flexibility at the time of a nuclear crisis, possibly Mr. Carter is right -- possibly all-out nuclear war is the only alternative once the first nuclear weapon is used.

Personally, I would never want to see a President of the United States have as his only alternative to defeat, nuclear holocaust. The flexibility provided by limited nuclear options and regional nuclear options allows the President other alternatives. If a President has a full range of nuclear responses -- as opposed to just massive nuclear retaliation and destruction -- our deterrence is strengthened. A stronger deterrence decreases the likelihood of nuclear war.

Background on Non-Proliferation

Six nations, including India, are capable of exploding nuclear devices now. Another nine nations are judged to be technically capable of exploding a nuclear device within one to three years of a decision to do so. Another twenty could become nuclear capable within four to ten years of such a decision.

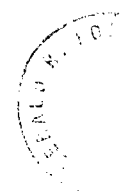
To retard further development of nuclear weapons capability, U.S. non-proliferation policy (apart from arms control) is framed by five elements as follows:

1. Non-Proliferation Treaty (NPT)

The NPT was signed in 1968 and became effective in March 1970; one-hundred nations are currently party, and another twelve have signed but not ratified. Major advances were made over the past two years in encouraging wider NPT adherence and several major states including members of the European Community and Japan recently joined the treaty. The NPT pledges nuclear weapons states not to transfer nuclear explosive devices or control over them to anyone. Non-nuclear weapons states pledge not to acquire or seek assistance in acquiring nuclear explosives. Verification of NPT obligations is by application of international safeguards on all nuclear facilities through agreements with the International Atomic Energy Agency. The NPT affirms rights of non-nuclear weapons states to exploit nuclear energy for peaceful purposes.

2. International Atomic Energy Agency (IAEA)

The IAEA implements international safeguards designed to detect diversion of nuclear material from peaceful uses. The system relies on materials accountancy, containment, and surveillance, including inspections. The IAEA relies heavily on national control systems for information, verified by IAEA inspections and independent measurements. IAEA safeguards do not allow for direct intervention to prevent diversion. When diversion is detected, penalties provided include suspension of a country's IAEA membership, disclosure of the diversion to the UN., and international censure. Effectiveness of IAEA safeguards and their enforcement has become a matter of public and Congressional concern. As part of our energy message, you pledged a special added U.S. financial contribution of \$5m to help further strengthen the IAEA safeguards program.



3. Essential U.S. Role as A Credible Supplier

Since 1954, the U. S. has operated on the basic principle that its non-proliferation goals are best fostered through a program of rigorously controlled nuclear cooperation in non-sensitive areas, rather than unilaterally attempting to deny nuclear technology to countries with legitimate energy requirements. Given the inherent ability of other nations to develop their own nuclear programs, we have sought to assert our safeguards leadership and influence by remaining a leading supplier of a low-enriched uranium and reactors.

4. Agreements for Cooperation in Civil Uses of Atomic Energy

Starting in 1955, the U. S. entered into agreements for cooperation in civil uses of atomic energy. These agreements have been negotiated under Republican and Democratic administrations. There are now 31 agreements in force, including one with IAEA and one with the European Atomic Energy Community (EURATOM). Two (Egypt and Israel) are in process. Exports of U. S. nuclear material and facilities are made pursuant to these agreements.

Agreements for cooperation are solemn contractual obligations. They are typically long-term, to cover shipments over a nominal 30-year reactor life, and they contain U. S. requirements for safeguards, physical security, and restraints on reprocessing and retransfers of sensitive materials. New or amended agreements are subject to review by the Joint Committee on Atomic Energy and may be disapproved by concurrent resolution of Congress. U. S. cut-off of fuel supply would be triggered by any safeguards violation.

5. U. S. Export Procedures

Exports of enriched uranium fuel and reactors must take place pursuant to license and under an agreement for cooperation. Exporters apply for licenses to the Nuclear Regulatory Commission (NRC). The Department of State coordinates formulation of Executive Branch views on licenses and notifies the NRC. NRC determines whether granting the license would be "inimical to the common defense and security" as required by the Atomic Energy Act of 1954. It evaluates (among other things) adequacy of physical security in the recipient country and that country's policy and actions regarding development of nuclear explosives. As an independent regulatory agency, NRC deliberations are subject to public hearing and intervention.



6. Supplier Agreements

Eighteen nations supply various elements of nuclear systems. Of them, six currently possess capability to enrich uranium, and ten are technically capable of reprocessing spent fuel, although only a few are acquiring a commercial scale capability. Growth of nuclear suppliers is a non-proliferation problem, particularly to the extent that their export and safeguards policies are inconsistent and are distorted by commercial competition. To avert such competition, the U.S. took the lead in forging new and up-graded common export guidelines among the principal suppliers. In the spring of 1975 the U.S. moved quietly to call a suppliers conference. The first meeting was held in London in April 1975. There have been six meetings of the group of seven supplier nations. In addition, we have had more than 30 bilateral meetings between ourselves and individual supplier countries. The results have been extremely promising. Each state has adopted common set guidelines for imposition of safeguards, restraints over retransfers of nuclear material, replication of technology, and physical security. U.S. nuclear export policy generally has been tougher and has set the model for other suppliers. However, cooperation in this area is dependent now more than ever, on multi-national actions.



Sensitive Countries

India. U.S. cooperation is confined to fueling a U.S. supplied nuclear power station. While we deplored India's decision to build a nuclear explosive device, we have elected not to cut-off our supply, (as did Canada) since India has not violated our nuclear power agreement. More importantly preservation of some U.S. nuclear tie with that country enables us to maintain positive influence in that country, including on India's declared ambitions to become a nuclear supplier. While the plutonium being produced through our cooperation is fully safeguarded we are now negotiating to repurchase the material.

The assertion that the U.S. helped the Indian nuclear explosive program through the provision of heavy water is misleading. The material was provided about twenty years ago and prior to the time that we required safeguards to be applied to such material, as is now our practice. Provision of the material was not significant in helping India acquire its nuclear device since India has produced far greater quantities of heavy water on its own.

Taiwan and South Korea. U.S. cooperation is confined to non-sensitive assistance through the export of nuclear power reactors and low-enriched fuel. Most significantly, the U.S. has successfully persuaded both of these countries to abandon any plans to acquire reprocessing facilities. This is consistent with our new policy favoring no further spread of national reprocessing facilities, particularly in sensitive regions.

South Africa. U.S. cooperation is limited to providing reactor fuel under a long-standing pre-existing arrangement. Our involvement has not introduced sensitive nuclear technology to the area. South Africa is a major uranium supplier, is developing its own enrichment capacity and is acquiring its first nuclear power station from France. We have been strongly urging South African NPT adherence.

Pakistan. Our cooperation is limited to fueling a small research reactor through the IAEA. However, we are urging Pakistan to cancel its plans to acquire a pilot reprocessing plant from France.

Egypt and Israel. Agreements covering the export of up to two nuclear power stations to each of these countries have been fully negotiated and are under statutory review. Negotiations were inaugurated during the previous Administration, as an adjunct to the Sinai accord and in recognition of the legitimate interest of both countries have in nuclear power. Egypt most certainly could acquire facilities from other suppliers if we didn't meet her legitimate needs. The safeguards we recently have negotiated are the toughest ever concluded and bar each country from reprocessing the spent fuel.



Iran. Negotiations on an agreement permitting the sale of up to eight reactors are continuing. The major outstanding issue concerns reprocessing. Iran has had long-term ambitions to acquire a reprocessing capability, but as an NPT party, appears inclined to shape its plans to foster non-proliferation objectives.

The Brazilian-German Agreement was widely criticized in the U.S., since, in addition to permitting the sale of reactors, it also provides for the transfer of pilot reprocessing and enrichment facilities. We made our reservations about the arrangement strongly known to the FRG beforehand. The FRG has moved substantially closer to our general position and is now taking a far more circumspect approach towards exporting sensitive technologies.



Rebuttal to Carter if Nuclear Proliferation Issue is Raised by Him

I am glad to see Governor Carter is concerned with the issue of nuclear proliferation. He has aligned himself with a great number of Republicans and Democrats who have treated this as a serious, but bipartisan, issue over the past three decades. I cannot imagine any sane person who would be against nuclear safety or for a system which would permit nuclear weapons to fall into the hands of irresponsible groups or nations.

As in so many areas the real issue which confronts a President is to make very sure that what he proposes is effective. He cannot be satisfied with mere words. In nuclear proliferation this means making sure that other countries which have the ability to export nuclear materials and technology abide by the same set of rules as the United States. This requires leadership on our part and a willingness to negotiate patiently, but firmly. Unilateral declarations may sound good, but they aren't sufficient to prevent nuclear proliferation.

Let me give you an example, Shortly after I came to office, I directed the Secretary of State to explore ways to prevent suppliers of nuclear materials from competing by being lax on the issue of safeguards. In April, 1975, as a direct result of this effort the first conference of nuclear supplier nations opened in London. That conference has met six times and the seven nations involved have agreed on a set of much stricter guidelines to govern nuclear exports. I have directed that

these guidelines be adopted as U.S. policy. The effort hasn't stopped. Several months ago I initiated a comprehensive re-examination of our nuclear policies. That effort is now just about completed. We are now consulting with other major suppliers and I expect to announce my decisions in the very near future.



Special Nuclear Material Safeguards and Muf*

In producing nuclear weapons and fuel for naval propulsion reactors, ERDA produces and processes quantities of highly enriched uranium and plutonium. Because of the obvious danger connected with any theft, seizure, or loss of such material, extensive measures are taken to account for and protect special nuclear material. ERDA has in operation at its facilities a system which includes physical protection (such as fences, alarms, and guards); material controls (such as limiting access, continuous surveillance, two-man operations, material monitors and inventories); and material accounting procedures (to track and verify material quantities and location). These are integrated into a safeguards system which provides defense in depth against theft or accidental loss.

Frequently, accounting procedures will result in a difference between the material amounts carried in the book accounts of a facility and the results of physical inventory. This numerical value is termed Material Unaccounted For (MUF), and may be positive or negative. The MUF is always extremely small in comparison with the amount of material passing through the plant (a fraction of a per cent). However, the MUF numbers for ERDA's facilities when accumulated for all years of operation, - up to 29 years for some, - are sizeable.

Such MUF values do not represent nuclear material lost or stolen. Every MUF is thoroughly analyzed and a determination made as to the reason for its occurrence. Thorough investigations provide convincing evidence that this material, where not accounted for by personnel errors and instrumentation errors, is deposited in literally hundreds of miles of piping, valves, and the like within the large plants, or has been disposed of in Government disposal areas underground in the form of very low level waste (a gram in several kilograms).

A strongly supported safeguards research and development program, which has increased from \$7M in FY 1975 to \$29M in FY 1977, has resulted in major improvements in nuclear material measurement accuracies and timeliness of information. \$18M has been expended since 1974 in upgrading the accounting systems at ERDA's major facilities. As these improvements have been implemented in ERDA facilities, they have resulted in greatly reducing the MUFs. Also the overall support for safeguarding ERDA facilities has increased from \$94M in FY 1975 to \$176M in FY 1977, - almost doubling.

This new technology, as well as added monetary support to accelerate its implementation, is being provided to the International Atomic Energy Agency (IAEA) to assist in improving international safeguards.

* Material Unaccounted For (MUF)

A Complete Nuclear Test Ban

It has been a long standing goal of the U.S. to achieve a complete ban on nuclear weapons testing. We are also committed to this objective by virtue of being a party to the Non-Proliferation Treaty. Our attempts to negotiate such a ban have proven unsuccessful in the past because of the problem of verifying compliance with a complete test ban. Although we can detect and measure the occurrence of most tests, we cannot detect all of them. We need an adequate verification agreement if a complete ban is to be effective.

The Soviets thus far have not been willing to give us guaranteed on-site inspection rights which would be a major step in verification. It is an vital principle that international arms control agreements -- which significantly affect our national security -- must be verifiable. Otherwise, not only might cheating take place, providing a military advantage to that country, but uncertainties and risks would in themselves produce strains and instabilities in an agreement, and particularly in a moratorium.

(Over the past two years, we successfully negotiated with the Soviet Union an important, major step toward a test ban. This treaty, the Threshold Test Ban Treaty, is now before the Senate for ratification. In the treaty, we have mutually agreed to limit underground tests to be below 150 kiloton yield -- a limit that can be verified by remote technical means. In addition, nuclear explosions above that threshold, undertaken for peaceful purposes such as earthmoving, will be under the direct observation of nationals from the other side. This right of on-site observation and verification is a very important first. Once these two agreements are in operation, we can build up our confidence and may be able to move toward a complete test ban.

→ This is the best way to reach a permanent and verifiable test ban. It would not serve our national security to enter into unverifiable moratorium, where we would halt our own weapon development work and simply trust in Soviet compliance.



TROOP WITHDRAWALS,
EUROPE

TROOP WITHDRAWALS

Carter Position: Carter always mentions troop withdrawals in the context of cutting the defense budget. He said, for example, "we have a bloated bureaucracy in the Pentagon, too many troops overseas, too many military bases overseas..." (11/23/75), and "we're wasting enormous quantities of money. We've got too many military bases overseas" (3/21/76).

Withdrawal of U.S. troops from overseas would endanger the peace and stability which has existed in Europe and Northeast Asia for the past quarter of a century. Mr. Carter has often proposed that the number of troops overseas be reduced. He advocates this action in order to save money -- to make good his promise to cut the defense budget \$5-7 billion.

On this issue, Mr. Carter is ill-informed -- partially as a result of a lack of ever having national responsibilities and partially as a result of sloppy staff work. In any case, because he is ill-informed, he is misleading the American people.

The facts of the matter are clear. Withdrawing troops from overseas does not save large sums of money. If we bring troops home, we still have to feed, pay, clothe and house them here -- just as we do there. So there are no large savings.

In fact, bringing troops home initially costs considerably more money, because of the need to build new barrack in the states and provide more general support facilities. For example, to withdraw only one-fourth of our ground forces in NATO -- while still maintaining a capability to airlift troops to Europe -- would cost an additional \$700 million in the first year. Therefore, by seeking to reduce the defense budget through such an action, Mr. Carter would only find he would have to increase it.



TROOP WITHDRAWALS (Continued)

The only way he could save money in the defense budget would be to bring U.S. forces home from overseas and discharge them from the military. I absolutely oppose such an action. Our force levels today are lower than at any time since before the Korean War. They have been reduced from 3.5 million in 1969 to 2.1 million today. To go any lower would seriously cripple the capability of the military to perform their assigned missions. This, in turn, would endanger our nation.

Despite Mr. Carter's talk of troop withdrawals overseas, the fact of the matter is that the number of troops overseas has been reduced from 1.2 million in the last Democratic Administration down to 434,000 today. This is the lowest level in two decades.

Our forces in Europe and Korea have provided an effective deterrent force and helped maintain peace for over the past quarter century. In 1949, when American troops were first sent to NATO, we and our allies considered Europe as the most likely spot for future conflict. This has not happened, largely because together we have provided the strength to deter Soviet aggression. The same is true in Korea where general peace and stability has been maintained since the Korean War. We have deterred aggression, not because of an absence of threat in these areas, but through strength -- the strength our forces have provided in the past and continue to provide today. I do not believe that this effective deterrent force should be lowered.

Just as troops stationed in the United States cannot provide the same deterrent force as those stationed abroad, so they cannot provide the same defense capabilities in case of conflict. A strong conventional

TROOP WITHDRAWALS (Continued)

capability is essential to keep the nuclear threshold high -- to, in effect, make the use of nuclear weapons less likely in meeting a conventional attack. Surely, Mr. Carter would not wish to increase the possibility of nuclear war by carelessly degrading our conventional capabilities. He has often stated that he expects any nuclear conflict to escalate into all-out nuclear warfare. So he should be particularly sensitive to our ability to meet aggression with conventional forces.

Withdrawal of troops from Europe at this time would unilaterally surrender something that is currently being negotiated. We and our allies are now engaged in discussions on Mutual and Balanced Force Reductions with the Warsaw Pact nations. We are optimistic about eventually reaching an agreement which would be in our own national interest and in the interest of our allies. Unilaterally withdrawing troops from Europe only reduces the incentives for the other side to negotiate such an agreement. It would hand over something to the Soviets which they could not gain in negotiations.

Withdrawing troops from Korea would endanger the peace and stability of all of Northeast Asia. This includes the country of Japan, a democratic nation, our second largest trading partner and a strong ally. Such a move -- perhaps with the withdrawal of our troops from Japan itself, as Mr. Carter once suggested -- would damage -- perhaps irreparably -- our relations with that very close ally. It would also encourage Japanese rearmament -- much to the discomfort of many responsible Japanese themselves and to their Asian neighbors. It could encourage Japan to become a neutral country. This would be a serious blow indeed for us as a Nation, and for the overall balance in the world.

TROOP WITHDRAWALS (Continued)

As President, I am proud to stand on my record -- and that of my predecessors beginning with President Truman -- who had the foresight to realize that only through American presence and strength in Europe and on the Korean peninsula could we deter aggression and have peace and stability in those vital areas of the world.

U. S. VIEW OF COMMUNIST LEADERSHIP IN ITALY

Carter Position: "I believe that we should support strongly the democratic forces in Italy, but still we should not close the doors to Communist leaders in Italy for friendship with us. I just hate to build a wall around Italy in advance, should the Communists be successful" (5/10/76).

A responsible American President should avoid encouraging Communism
anywhere else in the world -- particularly in an allied nation such as Italy.
Since Mr. Carter has not had extensive dealings in foreign affairs -- not having served in any position of national responsibility -- he does not appreciate the fact that statements of the President of the United States have great impact abroad. Even statements by leading Presidential candidates
can be used to further the forces of Communism. This was done during the Italian elections, when the head of the Communist Party, Enrico Berlinguer, said that statements like those made by Mr. Carter showed that Communist participation in Italy "should be viewed with relative tranquility."

Communist leadership in an allied nation should not be "viewed with relative tranquility" at all. NATO was formed to protect free and democratic nations from Communist aggression. Communist participation in a NATO country would change the very nature of that crucial alliance. A NATO nation with Communist leadership would be less cohesive, less friendly to Western democracies, and less willing to devote the resources necessary for continued deterrence and defense. It might lead to no NATO at all -- with everything that implies in terms of continued peace and stability in Europe.

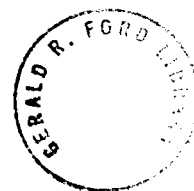
The Communist leaders in Italy make no bones about this. They have said openly that high on their list of reforms would be the restructuring of NATO. I oppose such action. NATO has provided the deterrent strength

U.S. VIEW OF COMMUNIST LEADERSHIP IN ITALY (Continued)

against aggression for the past quarter century. Nothing should be done to lower this barrier protecting our free allies and ourselves.

We know from history that the principles we hold dear -- freedom of speech, of the press, of religion, and of representative democracy by the people -- are not the principles of the Communists. There is no free Communist country. Nor is one likely since the principles of Communism are fundamentally opposed to all we cherish as free and independent people.

We know from history that Communist leaders always talk about freedom, democracy, and independence before they get power. Statements of Communist leaders from East Germany, Poland, Czechoslovakia, Hungary -- and other Iron Curtain satellite nations -- were filled with statements about liberty, sovereignty and independence after World War II. All their promises were broken when the leaders forcibly took the reins of power and deprived their people of these essential elements of human dignity. Many people were fooled once. We should learn the lessons of history, and no one should ever be fooled again.



Mr. Carter should realize that the President of the United States must stand up and clearly represent the national interests of our country. On a crucial issue like this, there can be no room for doubt, for inconsistencies, or for fuzziness -- as is his inclination.

I firmly oppose Communist leadership in Italy or elsewhere among our Allies because I value the peace and stability which our NATO Alliance has provided over the past 27 years.

U.S. VIEW OF COMMUNIST LEADERSHIP IN ITALY (Continued)

I firmly oppose Communism anywhere in the world because I love freedom and cherish the values on which America was founded and is based today. Freedom, liberty, representative government by the people -- these are our principles. One glance around the world shows these are not the principles of Communism.



READINESS IN EUROPE

American troops serve in Europe -- as they have since NATO was founded in 1949 -- to deter aggression and provide for the defense of Western Europe and North America in case of attack. They are prepared to provide an effective deterrent and, if necessary, defense strength against aggression.

This is not to say that their state of readiness is perfect -- or even as high as I would like it. It is not. Problems do exist.

We know exactly where improvements can be made, since this is an area of constant investigation within our defense establishment. As recently as a few months ago, the Chief of Staff of the Army asked General James F. Hollingsworth to visit Europe in order to evaluate the state of readiness of our forces. In his report, General Hollingsworth made hundreds of recommendations -- some of which were underway before the report was completed, others are now being implemented by the United States Army, still others are under consideration. This is, of course, the most recent of many studies done on a continuing basis on this very problem.

Our readiness in Europe deteriorated for a very basic reason. Democratic Congresses have cut defense budgets proposed by Presidents of both political parties by a total of \$45 billion over the past decade, \$33 billion in the last six years alone -- had to take its toll. When the overall defense budget is cut by such large amounts, munition stocks, stores, training exercises, spare parts, maintenance -- the very items



READINESS IN EUROPE (Continued)

which are essential for a high state of readiness -- are usually the items most heavily affected. If the Congress provides the essential resources for our national security in the future -- as I am hopeful they will -- then we can raise our forces to the state of readiness I seek and maintain them there.

As you know, the deterrent and defense forces in Europe are composed of all NATO countries. I am pleased to report that our allies have been improving their efforts -- and increasing their contribution -- to our mutual defense in recent years. Our European NATO allies together increased their efforts by an average of 2-3% in constant terms between 1970 and 1975. On the other hand, the United States -- because of the Congressional cuts -- actually reduced our defense spending an average of 4% a year.

The historical fact is that our troops stationed abroad have provided the deterrent force to keep the peace. The post-war American and allied leaders who founded NATO considered Europe the one area of the world most likely to suffer in conflict in the future. Contrary to their expectations -- and in part because of their foresighted actions to provide deterrent strength -- this has not happened. Bitter and brutal fighting has erupted in many other corners of the world since 1949, but the NATO treaty has known only peace. In short, the Warsaw Pact nations certainly realize our strength in Europe, even if the critics here at home do not.



DEFENSE BUDGET,
SPENDING

DEFENSE SPENDING

Question

Mr. President, critics of defense spending have long argued that \$5-10 billion of fat and unnecessary programs can be cut from the Defense budget without harming our military capability. Could we safely make this kind of reduction?

Answer

Clearly one of our highest priorities must be to ensure the defense of our country. There is no alternative to a strong national defense. For almost a decade, Congress repeatedly shortchanged the defense budget, while the Soviet Union significantly increased its military capability. In order to reverse these dangerous trends, I have recommended significant increases in defense spending during the last two years. We dare not do less.

If I felt in good conscience that I could propose less for defense, I would certainly do so. There are many worthwhile uses for these funds. But we must recognize that national security is expensive and that we cannot afford a second class defense.

At the same time that I have recommended the two largest Defense budgets in our history, I have also imposed the same strict budget discipline on the Department of Defense that I applied to other Federal programs. Let me give you some examples of the restraints I proposed in this year's Defense budget.

Within the powers granted me as President, I directed a reduction of 25,000 in civilian manpower. I have implemented efficiencies in Federal pay systems to assure that Federal pay does not exceed pay in the private sector and I have issued tight restrictions on Defense travel costs. These changes will save over \$15 billion in Defense costs over the next five years.

Other needed changes that I have proposed require the approval of the Congress. These include basic changes in compensation and retirement of military personnel, reservists and Federal blue collar workers. I have proposed a number of other economies in the way we do business. Taken together, these changes if approved by Congress would save over \$10 billion by 1981.



To date, Congress has been unwilling to enact many of these savings and proposes instead to make up the difference by cutting higher-priority Defense programs. This we must not allow. As I said in my recent Budget Message "If Congress is unwilling to enact, then we must pay for these items from our pocketbooks -- not by slashing national security."

Specific program adjustments not approved by Congress include:

- ° Revisions to the Federal blue collar pay system which would provide pay rates that are truly comparable to those in the private sector. These changes would save almost \$6 billion by 1981.
- ° The sale of items from our national stockpile, which are excess to our needs, would save \$750 million next year alone and \$2.6 billion by 1981.
- ° By changing pay practices in the Reserve and National Guard, modifying training and assignment policies, and transferring 44,500 Naval reservists to a different pay category we would save about \$1 billion by 1981.
- ° By reducing the subsidy in military commissaries, we could save \$1.2 billion by 1981 and still offer lower prices than are available in commercial stores.
- ° Legislation to overhaul the current military retirement system to correct inequities and slow the dramatic rise in costs. The legislation I proposed to the Congress this year would save \$10 billion by the year 2000.

Finally, as part of a major Governmentwide effort to improve efficiency, the Defense Department is achieving additional savings by:

- ° Reducing the number of senior officers by 4-5% this year.
- ° Cutting the size of management headquarters.
- ° Expanding the number of activities performed on contract by the private sector rather than by Federal employees.
- ° Consolidating audiovisual activities, implementing more efficient mail practices, and eliminating unnecessary telephone equipment.

CUTTING THE DEFENSE BUDGET

For the past ten years, the Congress has annually been going through a ritual of reducing the defense budgets sent to them by the President. In the last decade, they have reduced Presidential requests by over \$48 billion. They cut \$7 billion in Fiscal Year 1976 alone. The people who have supported these cuts have created an atmosphere where it is very fashionable to say things like, "I'm for a strong national defense, but ..." The implication being that you are for a strong national defense, but competing priorities in the country require that we spend less and less for our national security.

Some say, "I'm for a strong national defense, but we are at peace, and there is no great immediate threat so why should we be concerned." These individuals ignore the historical fact that when great nations of wealth and prosperity have ignored the needs of their own security, they have become dominated by others. The circumstances in today's world cannot be ignored.

In real terms, U.S. defense spending has been going down; Soviet defense spending has been steadily increasing. As a result, in constant dollars, real purchasing power, with the effect of inflation removed -- the defense budget of the United States has dropped significantly. It is some 30% lower today than in the early 1960's. We are spending a smaller percentage of our Gross National Product, a smaller percentage of our labor force, a smaller percentage of our federal budget, a smaller percentage of our net public spending than at any time before the Korean War or before Pearl Harbor, depending on which statistic you use.

CUTTING THE DEFENSE BUDGET (Continued)

Conversely, the Soviet Union has increased defense spending steadily, by approximately 3% a year, year after year, by the most conservative estimates. In constant 1977 dollars -- real purchasing power -- Soviet resources allocated to national defense have grown 32% over the last ten years. These trends are unfavorable to our national security interests. They must be reversed. That is why my budgets have called for real growth in defense expenditures.

Others say, "I'm for a strong national defense, but there is all that waste in the Pentagon." The implication being that, because there is some waste in the Pentagon, you can reduce the defense budget and not affect our national security. Indeed, there is some waste in the Pentagon and we are constantly striving to eliminate it, but there is no inexhaustible mother lode that will enable the Defense establishment to absorb billions of dollars of cuts and still assure the American people of a strong national defense.

The fact is that we are eliminating inefficiencies, duplication and waste. My FY 1977 Defense Budget asked Congress for the authority to achieve some major economies in defense. These actions would result in savings of \$ 4 billion in FY 1977 and \$ 27 billion between now and 1981. But the Democratic Congress has not passed the needed legislation so that we can save the American taxpayer money.

Mr. Carter has recommended that certain functions be transferred from the Defense budget to other agencies. This is only a shell game. It just moves the money from one Federal agency to another without reducing the Federal budget and without reducing the tax burden on the American people.

CUTTING THE DEFENSE BUDGET (Continued)

The days of saying, "I'm for a strong national defense, but ..." are gone. Either one will or will not face the facts. Either you are or you are not for a strong defense. You can't get it on the cheap. A \$7 billion cut in our defense budget will be a cut into our muscle at a time when we can least afford it.



COST OVERRUNS

Eliminating or minimizing cost overruns is a problem that requires constant attention in both government and private enterprise. Many critics have used cost overruns in the purchase of some of our weapons systems as reasons to cut the defense budget. There have been overruns; however, the cost overruns within the Pentagon are significantly less than some of the overruns experienced in other government agencies and many parts of private enterprise. The cost overruns on the John Hancock Building or in the Federal Housing Administration have each exceeded those normally found in the Department of Defense. In 1973, the Metro-Atlanta Rapid Transit in Georgia had a cost overrun of 240%.

I have been concerned about cost overruns in the Department of Defense since I served on the Defense Subcommittee when I was in the House of Representatives.

The general economic situation within the country significantly impacts on this problem. Our successful efforts to cut inflation help immensely. We will continue to put forth every effort to reduce inflation and to address possible cost overruns not only in the Defense Department but in all government activities.

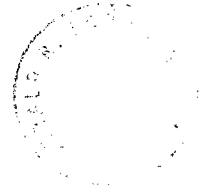
BACKGROUND:

Specific Steps Taken by DoD to Reduce Cost Overruns:

- (1) Contracts are now awarded in steps throughout development as opposed to a large contract at the beginning of development;
- (2) Competition is now retained within the development and acquisition process for as long as it is economically feasible;

COST OVERRUNS (Continued)

- (3) Specific cost and technical goals are established early in development, and progress toward the achievement of these goals is constantly evaluated; and
- (4) Incentives are provided to contractors who take efforts or make investments to reduce costs.



MANAGEMENT EFFICIENCIES AND \$5-7 BILLION CUT IN DEFENSE BUDGET

Carter Position: Most of Carter's remarks on defense focus on economy measures -- to trim down the huge bureaucracy and flabby, "frilled," military establishment. The Democratic Platform sets the tone: "... with the proper management, with the proper kind of investment of defense dollars, and with the proper choice of military programs, we believe we can reduce present defense spending by about \$5 billion to \$7 billion." Carter has come down to this figure from \$12-15 billion in March 1975; and \$7-8 billion in January 1976.

The proposal that the Pentagon should get more efficient has been made -- often by me through the years -- since the building went up. The Pentagon should become more efficient. It is possible for our military establishment to cut out waste, just as it is possible for other government agencies and private companies to cut out waste. While we can always do better, we can never have perfect efficiency. As long as human beings work in the Defense Department, some amount of inefficiency will exist.

This is not to say that we have \$5-7 billion worth of inefficiencies laying around the Pentagon waiting to be picked up by Mr. Carter's managers. There is just no way to continue our military strength and slice the defense budget below current levels by an amount of that magnitude. National defense has never been cheap. The fact is that today we are spending less relative to our Federal budget than at any time since the Korean War. Those who say that we can go even lower and still have as strong a defense force are deceiving the American people.

However, let me add that I do notice a trend in Mr. Carter's position. He wanted to cut the defense budget by \$12 to \$15 billion in March 1975; by \$7 to \$8 billion in January 1976, and now by \$5 to \$7 billion. If he keeps going in that direction, he may soon endorse the proposals I sent to Congress in January.

MANAGEMENT EFFICIENCIES AND \$5-7 BILLION CUT IN DEFENSE BUDGET (Continued)

Recognizing that greater efficiency can be realized, I went to the Pentagon in July 1975 and talked with the major program managers about their problems. I urged them to eliminate waste wherever possible. In the year since then, I am happy to report that progress has been made -- in some areas, substantial progress. Last January, I directed a series of measures to improve efficiency -- including adjustments between white collar and military pay comparability -- which will save \$2.3 billion this year and up to \$40 billion in the next fifteen years.

However, I did not have the authority to eliminate all the inefficiencies myself. Some measures required action by the Congress. For example, legislation was needed on retired pay, housing construction, headquarters reductions, and stockpile level adjustment. As a result, I sent legislation to Congress last January designed to restrain the growth of the Defense budget. This package would save \$1 billion of the taxpayers' money this year alone and more than \$80 billion over the next fifteen-year period. This past Congress voted to allow us to institute less than half the savings we proposed. Rather than Mr. Carter advocating new efficiency measures -- which he has yet to specify to the tune of \$5-7 billion -- he should be criticizing the Democratic Congress for not passing the measures already proposed, for sitting over there without much action on key elements of the package for over nine months.

Many of the measures Mr. Carter has proposed are actions the Department of Defense has addressed. In fact, he could have chosen these issues from the Secretary of Defense's annual Posture Statement.



MANAGEMENT EFFICIENCIES AND \$5-7 BILLION CUT IN DEFENSE BUDGET (Continued)

On these issues, Mr. Carter has presented erroneous information to the American public. The facts and figures he uses are consistently wrong. He is ill-informed on the material -- partly because of sloppy staff work and partly because of his own inexperience. As a result, he is misleading the American people.

Let me present some quick examples:

(1) Mr. Carter has said that we now have one and a half military students for each instructor, and we can save \$1 billion by moving to a ratio of three students per instructor. The fact is that today we now have over five students per instructor -- not 1.5 at all -- and that moving to three per instructor would only cost more, not less. Still, improvement has been made in this area. Last year alone we decreased our training staff 14% while increasing the overall number of students being trained.

(2) Mr. Carter says we have too many admirals and generals -- more today than we had after World War II. The fact is that today we have about half the number we had after the war. Still we are reducing the percentage of officers to men. Over the past several years, reductions in officers were twice as great as reductions among the military in general.

(3) Mr. Carter complains about too many support to combat personnel. He does not realize that at the end of World War II, about one-third of our Army was made up of combat troops and two-thirds were support. Today, over half are combat troops, and the minority are support troops.

The list could go on and on. My primary point remains. Even though the Pentagon -- like every institution in America -- can always become more efficient, we are working on eliminating all the waste we can. If

MANAGEMENT EFFICIENCIES AND \$5-7 BILLION CUT IN DEFENSE BUDGET (Continued)

Congress were more responsible, the American taxpayer could save additional money.

Finally, Mr. Carter has concentrated upon such administrative matters when discussing defense issues throughout this entire campaign. Surely, there are more important issues facing the American people than these management concerns. The real national security issue facing America now is: How can we keep the peace in the decades ahead, preserve our freedom, maintain our vital interests abroad, and continue to play a constructive role for the forces of freedom in the world?

While consumed by administrative matters, Mr. Carter has not addressed himself to this major issue. The American people deserve to know more about his stand on the real national security challenges we face ahead.

BACKGROUND:

(1) Student to Instructor Ratio:

Carter: "We need to reexamine our military training program. We now have an average of one and a half military students for each instructor. By moving to a ratio of only three students to each instructor, we could save an estimated \$1 billion per year"(8/24/76).

FACTS:

- (a) Carter's figures are wrong. At present, there are five students per instructor, not 1.5 as he states. Moving to three per student, as Carter advocates, would only cost money, not save it.
- (b) We have already taken action in this area, beginning years before Mr. Carter ever raised the issue. While there were 5.4 students per instructor last year, this figure has increased to 5.7 today. We have reduced our training staff by 14% (or 31,600) while increasing the number of students 2% over last year. Flight training has been reduced by 44% and graduate education by 36% between FY 1973 and FY 1977.



MANAGEMENT EFFICIENCIES AND \$5-7 BILLION CUT IN DEFENSE BUDGET (Continued)

- (c) The figure of 5.7 per students per instructor cannot be raised too much higher without decreasing the effectiveness of such training due to its technical nature. In some pilot courses, for example, there must be a one-to-one ratio of students to instructors.

(2) Officer to Non-Officer Ratio

Carter: "What we have now are ... too many major military officers and generals" (8/23/75). "Waste and inefficiency are both costly to taxpayers and a danger to our own national existence. Strict management and budgetary control over the Pentagon should reduce the ratio of officers to men..." (8/12/74). "We've got too top-heavy a layer of personnel assignments. We've got more admirals and generals than we had at the end of the Second World War" (3/21/76).

FACTS:

- (a) We do not have more generals and admirals than at the end of WW II. In fact, today we have about half the number (1138 today vs. 2068 in 1945).
- (b) Efforts to reduce the officer to non-officer ratio have been underway for some time. Between FY 1973 and 1977, the reduction in senior officer personnel has been nearly twice that of military personnel overall (13% vs. 17%). These cuts include an 8% reduction in admirals and generals, and a 12% reduction in colonels and lieutenant colonels.
- (c) While we are making progress, the amount of savings possible by reducing the number of officers is minimal. To fire all generals and admirals outright would save DoD only \$60 million per year. To replace them with colonel-level officers in the same positions would save only \$10 million per year.
- (d) The officer to non-officer ratio must remain higher in peacetime than during war in order to allow for rapid mobilization, should the need arise.

(3) Tooth-to-Tail Ratio

Carter: "We've got too many support troops per combat troop" (3/21/76). "What we have are ... too many support troops per combat troop..." (11/23/75).

RESPONSE:

- (a) We have taken action in this area, beginning after World War II. The issue is certainly not a new one. Steady progress has been made, as seen by the fact that in the Army in 1945, 33% of the

MANAGEMENT EFFICIENCIES AND \$5-7 BILLION CUT IN DEFENSE BUDGET (Continued)

troops were for combat and 67% for support. By 1964, the figures had changed to 48% for combat and 52% for support. At present, the majority of troops -- 54% -- are for combat while the minority -- 46% -- are for support.

- (b) We have streamlined the entire military establishment, in part by eliminating or proposing for elimination 15 command headquarters and 25,600 headquarters positions since FY 1974.

(4) Troop Transfers

Carter: "We must recognize that our military personnel are transferred too much. At any given moment, about one out of seven of those personnel is in the process of moving. This year, \$2.5 billion will go simply to move service personnel, their families... Such frequent moves not only eat up money, they undermine morale. If we extend the average tour of duty by just two months, we could save \$400 million per year" (8/24/76).

FACTS:

- (a) We are working on this problem in DoD with the PAC/Turbulence reduction efforts, and have been working on it long before Mr. Carter addressed the issue.
- (b) Carter's figures are inaccurate. The \$2.5 billion figure includes some civilian personnel as well as "service personnel." Most important, a two-month extension of service would save less than half the amount he presents (\$186 million, not \$400 million as he states).



DIFFERENCES BETWEEN
CANDIDATES

CLEAR DIFFERENCES ON DEFENSE ISSUES

PRESIDENT FORD

1. Steady, continued growth in defense budget to reverse the adverse trends.
2. No foreseen withdrawals of troops from overseas, as they help provide deterrence and defense and do not cost substantially more than troops at home.
3. Continue to assist our friends and allies to provide for their own security through FMS.
4. Flexible response in all crisis situations, even nuclear.
5. Firm opposition to any Communist leadership in Italy; no signals of acceptability at all.
6. Start production of B-1 in November, if test results successful.
7. No transfer of programs out of Defense Department are planned since this would not save taxpayers any money.
8. Party Platform strong on defense. Party history one of strong defense.
9. Running-mate for strong defense.
10. Addressing main issues of national security in 1976, America at peace in the world with our interests in tact.

JIMMY CARTER

Cuts of \$5 to \$7 billion in defense budget which would continue the pattern of the decline.

Withdrawals from Europe, Korea, and possibly even Japan to save money.

Cut down on arms sales, "a policy as cynical as it is dangerous."

Expectation that any nuclear exchange would escalate to all-out nuclear holocaust.

Would not "close the door to Communist leaders in Italy for friendship with us;" signals of acceptability.

No production of B-1 now--though some statements to continue R&D on B-1 until new Administration.

Transfer of programs now in Defense Department to civilian agencies in order to reduce defense budget.

Platform Committee voted down U.S. military strength "second to none," and narrowly passed (37-35) resolution calling for U.S. to maintain strategic parity with USSR. Party history one of reducing defense.

Running-mate consistently opposed to defense measures--has contributed actively in the Senate to trends of today.

Nit-picking on administrative concerns and ignoring primary security issues of 1976.

SEARCHED
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DIFFERENCES BETWEEN THE CANDIDATES

As President, I am proud that our nation has the sufficient military strength to provide deterrence and help maintain peace and stability in the world. I am proud to stand and build on my record of 27 years of public service. My record for maintaining a strong America is clear and open for all the American people to see.

Mr. Carter has no such record. Not having served in any position of national responsibility -- having experience only as Governor of a state with the population of Detroit or Philadelphia -- the American people can only guess how he might react when faced with a real life situation. Many of his statements are fuzzy and contradictory -- the only definite one relating to cutting the defense budget. So, we cannot look at his statements for any clear idea on how he would actually lead the nation. However, we can look at some concrete actions taken at his Democratic Convention -- both on the Platform and on his selection of a Vice Presidential candidate.

After the Convention, I was shocked to learn that Mr. Carter's Platform Committee had overwhelmingly voted down a statement calling for the United States to maintain a military capability "second to none." Personally, I believe very strongly that it is only by maintaining a capability "second to none" that we can provide for our national security and preserve peace and stability in the world.

I was also shocked to learn -- both from the Congressional Quarterly and some personal reports -- that this same committee considered a statement to maintain United States parity with the Soviet Union in overall

DIFFERENCES BETWEEN THE CANDIDATES (Continued)

strategic forces, debated it for a long while, and then only narrowly passed it by 37 to 35! Do the American people really have any doubt that we should -- indeed must -- maintain our nuclear arms and missiles at a level equal with the Russians? How can any group of Americans -- especially Mr. Carter's Platform Committee -- discuss and debate so basic an issue and then pass it narrowly by 37 to 35?

A few days after Mr. Carter's committee voted against affirming U.S. strength remaining "second to none," he selected Walter Mondale as his running mate. By doing so, he chose a Senator typical of those Democrats who vote to cut the defense budget every chance they get -- who ignore the warnings that only through strength can we protect our nation, our interests abroad, and help preserve freedom in the world -- who ignore the warnings that unless the United States remained strong, Americans would one day wake up to a world fundamentally different from the one they had known -- a world where those opposed to freedom might prevail -- who ignore these warnings, and instead continue to put our nation down, on a pattern of declining military power. Today we are left with defense spending at the lowest percentage of our net public spending, the lowest percentage of our GNP, and the lowest percentage of the Federal budget since Pearl Harbor or the Korean War, depending upon which statistic you use.

I will continue to oppose those who cut or would cut our defense capabilities at every opportunity. I do not believe that our military budget is inexhaustible -- that we can simply dip into it at any time we wish to fund Great Society programs, that we can afford to continually

DIFFERENCES BETWEEN THE CANDIDATES (Continued)

slash away at it -- without seriously decreasing our military capabilities and endangering our freedom.

On this issue, the American people are being given a clear choice. They can select either Mr. Carter and his party -- who vote down resolutions calling for America to maintain military capability "second to none" -- or they can select those who firmly believe we must maintain our strength second to none and have a 25 year record to prove it. They can choose Mr. Carter and his party -- which is apparently divided over whether we should maintain our nuclear balance with the Soviets or allow them clear superiority -- or those who have no doubts on this score at all -- who believe that Soviet nuclear superiority would seriously weaken the forces of freedom in the world and result in a world substantially different from the one we know today.

The choice is clear. It is fundamental. In fact, I can think of no issue before the American public which is more fundamental, which is more important, which is more telling on who is best equipped to lead the nation in the critical four years ahead.



RESERVE READINESS

RESERVE READINESS

Carter Position: "... I have been concerned that our reserve force, both the regular reserve and the National Guard, do not play a strong enough role in our military preparedness. We need to shift toward a highly trained, combat-worthy reserve, well-equipped and closely coordinated with regular forces -- always capable of playing a crucial role in the nation's defense" (8/24/76).

Our Reserve Forces are more capable of performing their assigned mission today than at any time since World War II. Am I completely satisfied with their state of readiness? No. However, I am committed to a well-equipped and trained Reserve Force which maintains a high degree of readiness.

Today, our Reserve Forces are not as capable as I would like them for a very basic reason. The Congress has continually cut the Defense Budget requests over the last ten years -- \$45 billion in all, \$33 billion in the past six years alone. The readiness of both the reserve and active duty forces must be hurt when there are such sizeable overall reductions in our military effort.

Additional cuts in the Defense Budget of the magnitude promised by Mr. Carter would only further endanger the Reserves' ability to serve our nation, as well as degrading the readiness of the entire defense establishment.

The character of the National Guard and the Reserves has changed dramatically over the last decade. In previous years, Reserves were to be ready for battlefield duty one year -- according to plans -- after their initial call up. Today's Reserve Forces will be the primary source of expansion of the Armed Forces in the event of a conflict. As a result,



RESERVE READINESS (Continued)

they should be ready for action thirty to ninety days after the beginning of a conflict -- not a year later.

To assure our Reserves are ready, the Department of Defense has a Total Force Policy. Under this policy, we have taken steps forward to integrate the regular and reserve forces of our Armed Services. To help the Reserves meet their additional responsibilities for combat, we have been equipping them with better and newer equipment for training.

ARMS SALES

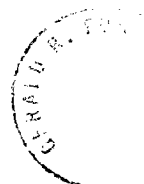
FMS - MILITARY SALES

Carter Position: "Can we be both the world's leading champion of peace and the world's leading supplier of the weapons of war? If I become President, I will work with our allies ... and also seek to work with the Soviets to increase the emphasis on peace and to reduce the commerce in weapons of war" (7/18/76). "I think that our country is best served by minimizing as much as possible our dependence on military experts for stabilizing our economy and balancing the trade relationships. And in every instance, as President I would minimize those sales" (11/23/75). "...we (must) put a stop to the dubious practice of arms giveaway programs for potential adversaries" (8/24/76).

On the night of the debate, Carter may raise the points that: (1) FMS program is now "out of control" with U.S. the world's major "arms dealer" and "merchant of death;" (2) weapons we are providing are too sophisticated for effective use by the recipients; (3) our weapons often end up on both sides of a regional conflict (India-Pakistan, Greece-Turkey, now Israel and Arab states); or (4) our advisors and civilian technicians would become involved in a local war because of the necessity of their expertise to enable the recipient country to use the military or supporting equipment.

The United States Government has had an active program of arms sales and military assistance to friends and allies beginning with the lend-lease program during the war. Immediately after World War II, we continued such assistance to our allies. In fact, during a three-year period in the Truman and Eisenhower Administrations, we provided \$7 billion more worth of arms -- in today's dollars -- than we provided over the past three years.

Our military assistance and sales program is in our own national interest. It was established then and is run today by both the legislative and executive branches of our national government. Congress, of course, wrote the authorizing legislation for the program. Congress appropriates the funds for any credit extended, provides guidelines for the type of equipment and the recipient countries, the use of the equipment, and terms



FMS - MILITARY SALES (Continued)

of any sales. In recent years, each sale over \$25 million is immediately stopped if Congress disagrees with a request. This has never happened.

There has been general agreement on this program since our leaders in Congress -- as our leaders in the Executive Branch -- recognize that it is in our national interest to help friends and allies provide for their own security. As a young nation, we felt quite vulnerable -- even though we were protected by huge oceans on either side. We had to receive arms from abroad to defend ourself. Young nations today feel no different. They look to us for assistance in maintaining their sovereignty and independence. We cannot turn a deaf ear.

Israel, for example, just does not have the capability to produce sufficient equipment to defend itself. For this reason, an overwhelming part of our program -- 71% of our credits in the past four years, for example -- has gone to Israel. I, for one, would not want Israel to be left standing alone -- without a source of supply to enable it to defend itself -- in the face of a threat. The United States has a vital interest in maintaining the independence and well-being of that young, vibrant democratic nation. And Israel has no one else to whom to turn in order to obtain that equipment.

A large part -- in fact, a majority -- of our military assistance and sales program goes -- not to weapons systems -- but to communications equipment, airfields, port facilities, support and training -- the very things these countries need for their economies to modernize and develop.

FMS - MILITARY SALES (Continued)

Aside from the help to their general development we provide in FMS and arms sales, the United States gives considerable economic assistance to developing nations throughout the world. The Communist nations currently spend more than twice as much for military aid than for economic aid to developing nations. Our priorities are just reversed. Even though our grant military aid is now ending, at times in recent years we have spent twice as much for economic aid as military aid.

Nor are we the major arms supplier in recent history. According to the Stockholm International Peace Research Institute, the Soviet Union had 50% more deliveries of arms abroad to developing countries in 1974 -- the last year statistics were available -- than the U.S. Since World War II, the Soviet Union has spent more on arms for developing nations than we -- even though our supplies to Israel have been considerable all during these years.

Many critics of the FMS and arms sale programs now are the very ones who, years ago, urged our friends and allies to do more themselves -- to provide for their own defense without the need for American troops. Today, these same people criticize a program which does just that -- which enables many of our friends to provide for their own security without the need for our troops to bear this burden.

Most important of all, I see no harm in standing up for our interests in the world, in providing tools to friends and allies who wish to maintain their own independence and protect themselves against threats. The United States has many interests and relations abroad. We would be naive to think otherwise. Anyone can clearly see the threats to these interests and to those who stand beside us in the world.

FMS - MILITARY SALES (Continued)

It is no sin to sell equipment to our friends if they are able to pay cash, to extend credit if they wish to pay us back later, or -- as in the case of Israel -- to provide them with equipment they cannot afford in order to protect themselves. If we do not stand up for our interests and our friends, certainly no one else in the world will.

Specific Subjects
(e.g. B-1)

B-1

Carter Position: "We don't need the B-1 bomber" (2/9/75). "I believe we should cancel the B-1 bomber. It's too expensive and it's an unnecessary new system" (12/2/75). After a visit to SAC Headquarters in Omaha, Carter stated he would continue research and development on the plane because "it might be after I become President, I would change my mind" (5/10/76). The Democratic Platform states, "Exotic weapons which serve no real function do not contribute to the defense of this country. The B-1 bomber is an example of a proposed system which should not be funded and would be wasteful of taxpayers' dollars."

We must maintain nuclear strength today to keep the peace tomorrow. We must be strong so that no nation would dare attack us. This is the essence of deterrence -- to maintain sufficient strength so that an adversary realizes it would be suicidal to initiate aggression.

Our strategic deterrence cannot be placed in one weapons system. This would make us too vulnerable. We have developed our strategic nuclear capability in three areas -- the so-called nuclear TRIAD -- composed of manned bomber forces, land-based missiles, and submarine-based missiles. This strategy guards against technological breakthroughs or failures during times of conflict in any one system. Something as central as the survival of our nation must be assured and protected in every way possible.

Our manned bomber force is a key leg of this Triad -- in some ways the key leg. It is survivable against an incoming attack as it can get airborne quickly. It presently carries almost half of our nuclear megatonnage. As the only manned system, it can be sent on a mission and then be recalled if that should be necessary, and can be used as a clear warning of our determination in time of tension.


B-1 (Continued)

Since the early 1960's, we have known that a replacement for our sturdy, but aging, B-52 would be necessary. This plane has served the nation well but it is now between 15 and 25 years old. Just as few today drive a 20-25 year old car, so our nation cannot base its survival and nuclear strength on old technology or old equipment.

The Defense Department has, for the last ten years, conducted extensive studies to determine an appropriate replacement for the B-52. The B-1 is the weapons system which has been developed as a result of this search. It has greater speed, greater offensive power, better defensive systems, and can get airborne faster than the B-52. They have considered cost, speed, survivability, penetrating ability, and every other possible factor you could imagine. By any measure, pre-production testing of the B-1 exceeds that of any other military aircraft in history. Over 90% of all these tests on the B-1 have been completed and they have been very successful.

Two former Presidents, six Secretaries of Defense and the past five Congresses have all concluded that the B-1 is the best weapons system to fill this essential role. I agree with them. If the pre-production testing and final evaluation show that we should proceed, I intend to do so.

Mr. Carter has indicated that he is not willing to go forward with the production of the B-1. I would ask him here tonight: "Mr. Carter, what are you going to do to provide this nation with the manned bomber it needs for its national security?"



B-1 ALTERNATIVE: AIR LAUNCHED CRUISE MISSILE

The use of air-launch cruise missiles on both wide-bodied aircraft and B-52s has been considered by the Department of Defense as they made their decision about the B-1. However, they cannot fulfill the primary requirement of a penetrating bomber to attack heavily-defended targets with weapons of high accuracy.

Defense Department cost analysts have established that it would be somewhat more expensive to begin a program of this sort and develop it than the amount of money necessary to complete the currently anticipated B-1 program.

(Then use B-1 discussion.)



XM-1 TANKS

The selection of a contractor for the XM-1 tank program, originally scheduled for late July, was withheld for up to four months to develop additional configuration options for the tank and have those options bid on by contractors in a competitive environment.

It has been and remains the intention of the Department of Defense to develop and produce a cost effective tank as quickly as possible. The selection of the final XM-1 tank requires balancing technical risk, growth potential, cost, maintenance, and cost effectiveness to name just a few considerations.

Of course, one of the considerations is that of the standardization of the tank we select with those used by our allies. Almost any individual who has ever studied the use of equipment on the battlefield in Europe has indicated that the standardization of our weapons systems and the interoperability of our arms with those of our allies is of critical importance to success on the battlefield. Congress has directed that we give every consideration to standardization of our weapons and this is precisely what Secretary Rumsfeld and the Army has been doing with regard to the selection of a new tank for our Army.

SHIPBUILDING STATEMENT

Since the birth of our nation 200 years ago, the United States has been a maritime country. Today, we continue to rely upon freedom of the seas for our defense as well as for avenues of commerce. Almost all of our ever-increasing foreign trade travels by sea. One of our States, our territories, the Commonwealth of Puerto Rico, and 41 of the 43 nations with whom we have security arrangements -- lie overseas.

Our dependence upon the oceans stands in contrast to that of the Soviet Union. As the dominant nation on the Eurasian land mass, Russia has historically stressed defense of its land against continental enemies. It shares the land mass with all its important allies and a majority of its adversaries in NATO and China. Until the 1960's the Soviet Union concentrated almost entirely upon building up its land forces and, except for a large submarine force, relegated its Navy to coastal defense.

Today, however, the expansion of the Soviet fleet threatens the freedom of the seas. Recent Soviet worldwide naval exercises, the expanding Soviet deployment in the Mediterranean, the Atlantic, the Pacific, and the Indian Oceans, and the launching of their first aircraft carrier, the Kiev, are all indications of increasing Soviet capabilities and interests in projecting power far from their shores.

To preserve our maritime strength -- so essential to our very survival and ability to play a constructive role in the world -- I recommended \$6.3 billion for shipbuilding last January in my regular budget message. However, at that time, I told the Congress that I

would order a full study by the National Security Council on our maritime strength in light of the growing Soviet threat and our need to modernize our entire fleet. I told the Congress that, if the results of the study warranted it, I would propose a supplemental for shipbuilding in the middle of the year. The first part of the study did demonstrate the urgent need to quicken the pace of our shipbuilding program. As promised, in May I requested \$1.2 billion additional to bolster our maritime strength.

Unfortunately, the Congress of the United States has not acted on this most urgent request. The Seapower Subcommittee of the House Armed Services Committee unanimously approved the bulk of my proposal, but -- regrettably for America -- the full Committee did not. The House as a whole did not even have a chance to vote on this important measure. The refusal of Congress to grant the necessary funds for a strong Navy was shortsighted and dangerous. It could seriously damage America's ability to preserve the freedom of the seas -- freedom upon which the nation's economy and security have always depended and will continue to depend into the future.

