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IRAN

FLIP

said "if documented evidence emerged of collaboration of U.S. intelligence with Iranian Secret Police", he'd want people to know it. "I would apologize. I would apologize."

Associated Press
6/11/80

FLOP

"There can be no discussion of either an apology, an investigation of the U.S. role in pre-revolutionary Iran, or an investigation into possible collaboration between CIA and SAVAK until the hostages are released."

Associated Press
6/13/80

KEMP-ROTH (Taxes)

FLIP

FLOP

co-sponsored Kemp-Roth, 1978;
has voted for it three times.

Opposes Kemp-Roth, 1980.

"There is nothing quite so
permanent as a temporary tax."

Proposes a 1 year surtax of
5% on the corporate income
tax.

January, 1967

Washington Post, 3/8/80

LABOR

FLIP

FLOP

"I believe that legislation
is needed to prevent national
strikes."

Boston Globe Magazine
6/15/80

"I am not anti-la r."

Pittsburgh Press
6/19/80

voted against National Labor
Law Reform Act (1979)

voted against common situs

voted to deny food stamps to
strikers' families

voted to exclude migrant
laborers from unemployment
benefits

sponsored amendment to block
expansion of minimum wage
to 1 million retail and
service workers

recent AFL-CIO newsletter
reported that during the
course of a 20 year career
in Congress, Anderson had
voted "wrong" 77% of the
time

-- Philadelphia Inquirer
6/20/80

MINORITY RIGHTS

FLIP

FLOP

"It is deplorable at a time when our cities are grappling with enormous problems... that we have a man who is supposed to be a reasonable leader of the civil rights movement suggesting this kind of mass (civil disobedience) on the part of those whom he would mislead."

--House floor 1967
(shortly after
King speech to
SCLC)

"Martin Luther King is one of those heroes who have truly challenged, uplifted and educated this nation."

--8/8/80

(speech to SCLC)

SCHOOL PRAYER

FLIP

FLOP

Supported and co-sponsored
1971 amendment to permit
prayer in public schools
(according to Associated Press)

Now opposes (NYT, 6/9/80)

WAGE-PRICE CONTROLS

FLIP

opposes mandatory wage-price
controls

--LA Times 5/30/80

FLOP

will call business together
to agree on new wage-price
guidelines (voluntary, but
with penalties for those
not volunteering)

-- Wall Street Journal
9/15/80

WOMEN'S RIGHTS

FLIP

"In his years in the House of Representatives, John Anderson has continually supported efforts to advance the cause of equal rights for all people, including complete equality for women."

--Anderson Platform
(8/80)

FLOP

Q: "Mrs. Anderson... a lot has been written about her role in the campaign. Just what is her role...?"

JA: "She's going to be in that kitchen, baking those biscuits."

--Plain Dealer
interview (8/10/80)

VIETNAM

FLIP

FLOP

Urged that the U.S. expand
the war to include bombings
of Haiphong Harbor

--2/12/68

*Voted for Gulf of Tonkin
resolution

Praised Nixon's "candid"
explanation of U.S. bombings
of Cambodia

--6/4/70

Suggested Nixon be considered
for Nobel Peace Prize

--9/30/71

First Republican Congressman
to come out against the war
in Vietnam.

First Republican Congressman
to call for Nixon's impeachment

EXCERPTS FROM 1978 ANDERSON SPEECH
IN FAVOR OF KEMP-ROTH

August 10, 1978
Congressional Record

"Here... (in this bill)... is your chance to do something for...

① Here is your chance to do something for every working man and for every working woman in this great country of ours, by simply giving back to them some of the lost purchasing power that they have suffered since the decade began because of the increase that has taken place in the cost of living and the push that has put them in these higher tax brackets.

② Now, you have the further question that we must address as to whether or not the reductions in marginal rates are going to destroy the discipline we need if we are going to control and check inflation. The answer ought to be perfectly clear. It is going to strengthen that discipline. It is going to force us to do what we should have been doing long ago to set forth more clearly the kind of spending priorities in this Congress we simply must have.

③ If you want to do something to repeal the cruelest tax of all—inflation; if you want to deal with this thief that robs us all—inflation; then I suggest that first you have to preempt the increase in tax revenues that is otherwise going to occur between now and 1983 when this proposal would be fully implemented. If that money—and I differ from the gentleman who just preceded me in the well; I would like to stand up here and believe that we can proceed to cut taxes and at the same time cut expenditures, but I think the lessons of my 18 years in Congress show me that we have got to proceed first to cut those taxes, and then we will have the enforced discipline to reduce expenditures.

④ Mr. Speaker, a few moments ago we heard the distinguished Speaker of this House praise the Corman-Fisher substitute because of its tilt in favor of those who earn below the medium income of this country, which is about \$17,000 a year. If we look at the tables that have been presented and distributed on the so-called Kemp-Roth bill, it clearly indicates that the largest percentage cuts are going to go precisely to that group, that the 90 percent cut is going to go to those in the adjusted income group of \$8,000 income a year or less, that those making \$17,500 a year are going to get a percentage cut of 37 percent in their tax bill. And without it, as we have heard from the distinguished minority leader, instead of presenting a tax cut to the American people, they are going to discover very early next year that we have instead handed them a tax increase.

ANDERSON ECONOMIC PROGRAM

Four parts:

1. Curb inflation & high interest rates

- Restrain the growth of spending in order to balance budget
- Tax-based incomes policy "highest priority"
work out after election *- wage + price guidelines w/ tax breaks for those who obey*
- 50¢ gas tax to limit consumption of gas, reduce imports, improve balance of payments, make it easier for Fed to lower interest rates.

50-50 plan - 50¢ tax; 50% red. in S.S. tax

2. Structural reforms to encourage capital formation

- Liberalized tax depreciation (structures in 20 years, capital equipment in 2, 4, 7 & 10 years) not as big as RR & JC plans
- 25% tax credit for rehab of existing industrial, commercial structures.
- Refundable credit for investment tax credit
- Expand personal ~~xxxxxxx~~ exclusions for interest and dividends. Review IRA laws.

3. Industrial policy -- targeted on ailing industries

- Industrial Development Administration within Commerce -- offer loan guarantees, other forms ~~xx~~ of assistance to ~~xxxxxx~~ declining industries (e.g., autos and steel) raises specter of "lemon socialism"
- New export program

4

4. Employment

- ~~2~~ Counter-cyclical revenue sharing to aid cities
- ~~xxxxxx~~ -- \$2 billion youth training act
- \$1 billion youth energy projects act
- Extension of unemployment benefits.

(banned of Chrysler becomes - called it "corporate socialism")

NOTE

No personal income tax in program

No specific budget to show spending/deficits

Taxes will definitely increase -- 50 cent tax will raise \$50 bil by his own admission

Industrial policy/ tax incentives ~~xxxx~~ means more federal management of economy -- moving toward "lemon socialism", as Hollings says

Flip flop on Kemp Roth

- eg. 48 billion program to reduce S.S.

ANDERSON ATTACK ON RR PLAN -- ECONOMY

like~~x~~ Carter, very consumption-oriented proposals lack common sense

RR promises to cut personal income taxes by a third, increase defense spending by up to \$40 bil a year, retain essential govt. services, balance ~~gk~~ the budget and restore price stability.

New program abandons old RR defense proposals, any suggestion to eliminate the windfall profits tax (he now relies upon~~x~~ its revenues thruout his entire administration), elimination of marriage tax, and pledge to increase veterans benefits. Also has scaled down tax depreciation plan, has only a vague pledge~~x~~ to cut govt spending, but no details

"Either Governor Reagan has repudiated a large part of his program, or he faces an enormous ~~deficit~~ Budget deficit as the result of his tax cut ~~x~~ proposals. Like the Carter budget, Reagan's budget is constructed ~~xx~~ with mirrors."

OTHER ANDERSON ATTACK/ PROGRAM MATERIALS

Says RR election will mean continued stalemate in Congress

Has claimed RR is irrelevant, ideas too old

new excise taxes on alcohol, tobacco to pay for a community transportation trust fund

told Playboy interviewers that the next president ~~xxxxxxx~~
"is going to have to wear something of a ~~xxx~~ hair shirt;
he may have to be a little reminiscent of the prophet Jeremiah."

says his 50 cent gas tax will reduce consumption about 750,000 barrels a day -- save 10-15% of imports.

Justifies earlier favoring of Kemp Roth on inflation rate of 1978 -- what was it in Aug?

MX -- key point of disagreement

1978

EXCERPTS FROM ANDERSON SPEECH IN FAVOR OF KEMP-ROTH

AUGUST 10, 1978

ANDERSON ATTACK ON RR PLAN

Congressional Record

"Here...(in this bill)... is your chance ~~to~~ to do something for every etc.

country. ~~[Here in the motion to recom-~~
~~mit, I report,~~ is your chance to do some-
thing for every working man and for
every working woman in this great coun-
try of ours, by simply giving back to
① them some of the lost purchasing power
that they have suffered since the decade
began because of the increase that has
taken place in the cost of living and the
push that has put them in these higher
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August 10, 1978

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H. MAJOR DOMESTIC
ISSUES

B1. Economy

ECONOMY

- Carter

- Seven Deadly Sins
- Carter Record: A Longer View
- Summary Carter Economic Revival Plan (RIP)
- Attack Points RIP

- Reagan

- Five Point Strategy
- Q & A RR Plan

- Other Issues

- Federal Regulation
- Corporate Bailouts
- International Trade

Carter

SEVEN DEADLY SINS OF CARTER ECONOMICS

1. Created the worst inflation since World War II
2. More people unemployed than anytime in the past 40 years --- 8 million unemployed today
3. Nearly doubled the level of taxation
4. Increased spending by more than 50%
5. Four-year deficit is the largest of any President in American history
6. Increased national debt by over 40%
7. Highest interest rates since the Civil War

THE CARTER RECORD: A LONGER LOOK

1. INFLATION

- 4.8% when Ford left office.
- Rose to post-war high of 18.2 in 1st Qtr, 1980.
- Now running 12% -- and rising again.

Key necessities have risen dramatically under Carter:

- Food up 39%.
- Heating oil up 126%.
- Housing up 44%.
- Hospital care up 44%.

Another four Carter years like last four years would mean that when he left office, goods would cost twice as much as when he entered.

2. UNEMPLOYMENT

- 7.3 when Ford left office.
- 7.6 today. ~~8~~
- Carter says ~~10~~ million jobs have been created since he took office, but 2 million have lost their jobs in past year.
- Now over 8 million unemployed (Highest since 1940).
- Black unemployment today 13.2%. ~~6~~ (higher than when took office)
- Teenage black unemployment now 40+%.
- Many others no longer looking for work, not counted.

Key industries badly hit; unemployment today is:

- Auto industry, 20.9%.
- Construction, 18.3%.
- Steel, 13.9%.

Several states also have unemployment of over 10%:
Michigan, Indiana, Alaska.

3. TAXATION

- Taxes in his 1981 budget nearly double the level of 1976.
- Equivalent of tax increase of more than \$5,000 for average family of 4.
- Federal taxes were 18.5% of GNP when Ford left office.
- Federal taxes will be 21.7% in FY81.
- Carter budget envisions taxes as 24.4% of GNP by 1985.
(Highest in U.S. history as % of GNP)
- Average taxpayer must now work until May 11 each year to pay all taxes (federal, state, local).
- When Carter took office, federal revenues \$357 billion a year; CBO projects that if current rates of taxation still in effect, will rise to over \$1 trillion a year by 1985.
- Under Carter, taxes scheduled to soak up about 30% of GNP growth over next four years.

4. SPENDING

- Spending has increased 58% in four years. (FY 77-81)
- Total spending increases \$231 billion (from \$402 billion in FY 77 to \$633 billion in FY 81).
- Projected to reach \$900 billion by FY 85.
- Spending in previous 8 Republican years rose 105%; in 8 Carter years, would rise by about 125%.

5. DEFICITS

- Total budget deficits of \$181 billion, so far most ever by any President.

FY 77	\$45 billion
FY 78	\$48
FY 79	\$27
FY 80 (est.)	\$61
	\$181 billion

- These don't count the off-budget items that have been growing steadily under Carter. (Now \$21.7 billion for FY '81)
- Total deficits under Ford: \$129.3 billion.
- Total deficits under Nixon: \$63.0 billion.
- Projected deficit of \$30 billion for FY 81.
- Carter's projected economic plan would balance the budget FY 1984; RR's would put in balance in FY 83. (Congressional Budget Office for Carter plan).

6. INCREASES IN NATIONAL DEBT

- Has risen \$300 billion under Carter (from \$709 billion in FY 1977 to \$1.01 trillion ! in FY 81).
- Increase of 42 percent.

7. HIGHEST INTEREST RATES SINCE THE CIVIL WAR

- Interest rates on conventional home mortgages nearly doubled.
- Rates went down after this spring but now rising again.
- Rates in Baltimore today (site of 1st debate): 13½%.
(30 year mortgage)

OTHER RESULTS OF CARTER ECONOMICS

● Real Economic Growth

- Economy grew 5.9% in 1976.
- Grew only 2.3 in 1979.
- 1st Qtr, 1980, grew at annual rate of 1.1%.

● Real Purchasing Power

- For average worker in private non-agricultural sector, purchase power has been dropping for 2 years.

● Misery Index

- Ford (1976) 12.5
- Carter (1980) 19.6 (CPI & unemployment rate)

● Productivity

- Rose 3.5% in Ford's last year in office.
- Has dropped steadily under Carter.
- Has been declining for past 6 quarters.
- Note: Don't claim too much for GOP. Productivity has been sloping downwards since late 1960s. Final Ford year was unusually good.

● Savings

- 5.8% in 1976, and declining ever since Carter took office (4.5 in 1979)
- 3.4% in 1st Qtr, 1980, lowest rate in non-communist industrial world.
- U.S. continues to have lowest level of capital investment among major industrial democracies.

● Small Business

- Bankruptcies have increased 48% since October, 1979.
- Estimated 660,000 small businesses will fail in 1980.
- Small business faces loss of 3.2 million jobs, \$228 billion in sales in 1980.

● Agriculture

- Net farm income down 22%.
- Net farm income per farmer (after inventory adjustment) fell from \$13,690 in 1979 (1st Wtr.) to \$10,602 in 1980 (1st Qtr.) -- 22.6% decrease.
- The cost-price squeeze under Carter:
 - Farm expenses in Carter's first 3½ yrs. up 57%.
 - Food prices increased 39% in same period.

● The American Dollar

- During the Carter Administration, the value of the dollar declined 25% in comparison to the Deutschmark and the Yen.
- Inflation in the U.S. has been twice that in Germany and Japan.

CARTER ECONOMIC REVIVAL PLAN (8/28/80)

- \$27.6 billion in tax credits for individuals and business; and \$3.6 billion in aid for economically distressed areas, R&D and energy conservation measures.
 - Administration says will boost FY81 deficit from \$30 billion to \$36 billion.
 - Only part of Plan to Congress this year in extension of unemployment benefits (from 39 to 52 weeks).
 - Tax cuts will not be sent to Congress until next year. Carter pledges not to accept pre-Election tax bill. (Senate Finance Committee has approved bill which would reduce 1981 taxes by \$39 billion.)
 - Expand CETA for hardcore unemployed.
- Economic Revitalization Board headed by Irving Shapiro (DuPont Chairman) and Lane Kirkland. Advisory for now.
- For individuals, tax cut (\$12.2 billion, mostly for those earning less than \$25,000).
 - Credit equal to 8% of what worker pays in social security tax (\$6.4 billion).
 - Small reduction in marriage penalty tax.
- For business (\$15.4 billion)
 - 40% increase in amount of depreciation for investment in new plant and equipment; simplification procedures.
 - Make 10% investment tax credit partly refundable where no taxable income, at least 30% (\$2.4 billion).
 - Income tax credit equal to 8% of what employer pays on social security, refundable in cash if no taxes; applies to state and local governments as well as private sector (\$6.4 billion).
 - Additional 10% investment tax credit for investments in economically depressed areas (\$0.2 billion).
 - Allow cost of starting or acquiring a business to be written off over 5 years (\$0.1 billion).

ATTACK POINTS ON CARTER REINDUSTRIALIZATION PROGRAM (RIP)

- Carter revitalization program is fifth program in this administration and the third economic program in last eight months. (~~"Or is it the eighth in 3 months?"~~)
- In March, Carter insisted he would propose no new tax cuts until a balanced budget for 1981 was achieved. He then switched to tax cut after Ronald Reagan and the Congress moved in this direction.
- Under Carter proposal, federal tax burden would rise more than \$80 billion next year.
- Carter plan does not significantly impact unemployment. Administration's own spokesmen say that even with the plan unemployment would run at 8.5% a year.
- Credit against Social Security tax is meager, a bandaid for largest peace-time tax increase (Carter social security tax) barely offsets inflation of last 4 years.
- Economic Revitalization Board designed to create a working partnership for business and industry, has potential for further government interference. We don't need another agency.
- Program emphasizes public sector jobs of short duration with no chance of advancement rather than permanent jobs in private sector.
- Carter program is politically designed to shore him up where he is weak and doesn't come to grips with fundamental economic problems.

Reagan

REAGAN'S FIVE-POINT STRATEGY FOR ECONOMIC GROWTH

5 Basic Components:

1. Control government spending
2. Reduce taxes
3. Regulatory reform
4. Establish sound, stable monetary policy
5. Consistent national economic policy

I. CONTROLLING GOVERNMENT SPENDING

<u>Proposed Limitations on Spending</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Expected	2%	4%	5%	6%	7%
Goal	3%	6%	8%	10%	10%

- Carter projects federal spending will increase from \$563.60 in FY80 to over \$900 billion a year by 1985.
- RR expects to cut that amount by \$64 billion in FY 1985.
 - Would begin with a \$13 billion cut in FY 1981 budget.
- RR's goal is to cut spending by an additional \$28 billion by 1985 (total cut in 1985 budget would thus be \$92 billion).
- Plan to be achieved through comprehensive assault on waste and inefficiency.
- Steps that will be taken to implement the plan:
 - Appointments of men and women who share RR's philosophy
 - Immediate freeze on federal hiring (note: now in effect)
 - National Citizens' Task Forces to rigorously examine every department, agency as RR did in California
 - Spending Control Task Force, chaired by Weinberger, former OMB director, to submit detailed report during transition on specific ways to eliminate waste, extravagance.
- RR plan will carefully preserve necessary entitlements already in place -- e.g. Social Security. But RR will restrain Congressional desire for "add ons" and will make administrative savings. In some cases, savings will come when authority shifted back to states.

II. REDUCING TAXES

- Senate Budget Committee estimates federal tax revenues will more than double by FY 1985 to \$1.1 trillion a year (rise of about \$117 billion a year, total of \$584 billion).
- Taxes next year will rise by \$86 billion under Carter.
- RR calls for across-the-board reduction in personal income tax rates in 1981, '82 and '83.

-- RR proposes a three-part program:

1. Across-the-board reduction of 10% a year in individual income tax rates, 1981, 1982 and 1983.
2. Indexation for personal income tax brackets after the 30% cut phased in.
3. Accelerated depreciation to stimulate job-creating investments.

-- Revenue effects:

- a. Income tax cuts mean that taxes in 1985 would be cut that year by \$172 billion. Would begin with \$18 billion cut in 1981.
- b. Depreciation would mean a cut of \$20 billion in 1985.
- c. Cuts would stimulate an additional 1% in annual economic growth by 1985. Conservative Senate Budget Committee estimates are that such growth will produce an additional \$39 billion in revenue in 1985. RR, as a supply sider, has confidence that more revenues will be generated.
- d. Federal budget would move into balance in 1983 -- the first time since 1969 -- and would show surplus of \$93 billion in 1985. (Source: U.S. Budget FY81)

N.B.
Need to
check
whether
Rep. or
whole

-- Federal share of GNP

- Under Carter, Federal share of GNP rising steadily:

1976	18.5 %	(Source: U.S. Budget FY81)
1981	21.7 %	(projected)
1985	24.4 %	(projected) Highest rate in history.
- Under RR plan, federal share of GNP in 1985 would be 20.4% -- 16 % lower than Carter and much closer to historical average. (Source: Senate Budget Committee - Minority)
- Note that under Carter, Washington's projected share of economic growth through 1985 expected to be stunning 31%.

III. DEREGULATION

- Thorough and systematic review pledged; RR to see how regulation has contributed to economic deterioration without backing away from general goals.
- Future regulations must be accompanied by effective economic impact statement, weighing cost against benefit.
- Working with Congress, RR will tighten the reins on regulatory agencies -- too much discretion today.
- RR appointees to agencies will undertake thorough analysis of every current regulation -- like sunset review.
- RR appointing special task force headed by Dr. Murray Weidenbaum, one of nation's foremost authorities on subject. Submit detailed recommendations in November.

IV. MONETARY POLICY

- Federal Reserve must remain independent.
- But RR appointees would be men and women who share commitment to restoring value of U.S. dollar and believe in sound, stable, and predictable monetary policy.

V. RESTORING CONFIDENCE

- Carter has announced 5 new economic policies, 3 in the past 7 months. Uncertainty has created mass confusion, undermined credibility of his policies (only Carter certainty: more taxes, more hardship).
- RR plans to establish and implement economic policy early -- within first 90 days -- and then to stick to essentials of this policy.
- Policy will be oriented toward the long-term; no sudden or capricious change of "rules of the game".

16 KEY ECONOMIC QUESTIONS ON REAGAN ECONOMIC PLAN

1. Inflation Strategy: The voters -- and many economists -- believe inflation is the most important problem in the U.S. Yet your new economic program envisions an inflation rate of 7.5% in 1985 -- almost 2 points higher than Carter's projection for his own program. What's going on?
 - Have intentionally tried to be cautious in economic projections because RR doesn't want to overpromise the way Carter did in 1976 -- and the way he is doing now. Thus, RR has projected very conservative rate of growth relatively high inflation.
 - But RR's personal goal -- and personal belief -- is that we can do better than the projections. Once we rev up the economic engine, can bring inflation down swiftly.
 - Carter acts as if inflation impossible to solve, blames heavily on OPEC. That's wrong:
 - Ford cut inflation in half in less than 2 years, left with 4.8% inflation. (even tho OPEC oil prices quadrupled from 73-76)
 - Germany, much more heavily dependent on OPEC than U.S., has inflation rate less than half of ours.
 - RR's personal goal in first term: ^{reduce} ~~cut~~ inflation ^{significantly} ~~(by more)~~ ~~than half~~ Achieve by attacking some of worst causes thru:
 - Excess spending (Carter & Anderson not proposing anything at all; Anderson says he wants to cut but hasn't said how much or how.)
 - RR wants to return size of govt. relative to total economy to where it was under John F. Kennedy.
 - Cut in tax rates & incentives for business investment. (If higher taxes were answer to inflation, there would be no inflation today.)
 - Sound monetary policy, good appointments to Federal Reserve.
 - Sensible regulation, allowing private sector to produce more at lower costs.
 - Consistent, steady policies.
2. A Hall of Mirrors? Anderson charges that the only way you can cut taxes, raise defense spending, and balance the budget -- all at the same time -- is with mirrors. RR response.
 - Have had some of best economists in country work with me in developing a credible plan. Plan has widespread blessing and support in economic community.
 - Key to success is this: Carter has built so much inflation, so much spending into system that govt. taxes and spending will both grow enormously in coming years. Like two runaway freight trains.

through elimination of
waste and fraud

-- RR's plan is to slow down both at same time.

-- On spending side, increases in defense (\$22 billion or so over Carter by 1985) will be more than offset by savings ^{reduce} ~~(cuts in other areas)~~ (at least \$64 billion below Carter spending). Makes an overall cut in ^{growth of} spending.

-- On tax side, RR will ~~cut~~ ^{reduce} rates & ~~increase~~ ^{accelerate} business depreciation. Will cut taxes substantially below ~~(Carter)~~ levels that would exist under Carter.

-- By harnessing runaway policies in Washington, can return to economic sanity -- and begin to enjoy the prosperity and security we had under men like Eisenhower and Kennedy.

3. "Giveaway for the Rich:" Democrats charge your tax proposal gives the rich enough to buy a Lincoln and average taxpayer only enough to buy a hubcap. How do you justify?

-- Nonsense. Tax proposal gives everyone the same cut in tax rates over 3 years.

-- System will remain progressive. Taxpayer who makes \$100,000 in taxable income pays 75 times as much in taxes as family earning \$10,000. After RR cut, family over \$100,000 would continue to pay at least 75 times as much.

-- Current taxes so high that many rich people investing in speculative ventures, non-productive assets in order to avoid payment. Lower tax rates would encourage them to put money in more productive, job-creating investments.

-- When Kennedy cut tax rates across the board, lowering top rate from 91 to 70 percent, federal income taxes paid by millionaires doubled within two years.

-- RR proposal also heavily weighted toward middle-income people. Currently those making under \$30,000 pay less than half the taxes; under RR plan, they would get more than half the benefits. (Joint Committee on Taxation)

4. Plan Unduly Rigid? Gerald Ford has said he favors a one-year cut in tax rates but not a 3-year plan. Too hard to look that far down the road. How do you respond to that?

-- Certainly Ford agrees that one of most serious problems with Carter is that you never know what his policy is until you read the morning papers each day. 5 policies so far, 3 in past 7 months. Has created enormous confusion. Just can't fine tune every day.

- RR plan has advantage of setting a clear course for more than one year. Consumers, investors, businesses can plan with greater certainty, confidence.
- Restoring economic confidence a key to future economic growth.

5. Spending Cuts Tied to Tax Cuts? Will you seek cuts in spending if Congress refuses to pass your tax plan?

- If Congress balks on cutting spending growth, will use veto to achieve the goal. President Ford made vetoes stick in 1975 and 1976, and so could RR -- especially because that's what the voters want.
- In Calif., RR brought the veto club out of the closet 994 times -- and only 1 of his vetoes was overridden.

6. Where will you cut? Where will you cut the budget to achieve \$13-19 billion in spending cuts in FY '81 -- a fiscal year that begins only a few days from now?

- Benjamin Civiletti, now Attorney General, gave a good indication of where to start when he told Congress last year that fraud^{and} abuse ~~waste ranged from \$6.6-7.4 billion in HEW alone,~~ *totalled as much as \$25 billion; waste constitutes far more.*
- All it takes is tough, hard-nosed management to give taxpayer an honest break.
- Have appointed Spending Control Task Force headed by Caspar Weinberger, former OMB director, to submit detailed report on ~~(cuts)~~ *ways to eliminate fraud + waste* during transition.
- If elected, will form National Citizens' Task Forces to examine every agency, dept -- similar to Calif. experience.

7. Business Incentives: In Chicago speech, you scaled down your proposals for business tax cuts. Of the \$192 billion in tax reduction realized in 1985, for example, only \$20 billion is for business -- rest for consumers. Even Carter

proposing larger incentives for business. Why?

-- RR still supports simplification and liberalization of depreciation.

-- 5/6 of all businesses, especially small businesses, are not incorporated and therefore pay personal income tax. Cut in personal income incentive to them, automatically reduces cap. gains tax rate, further spurring business

(-- For now, join with Republicans on Senate Finance Committee who have unanimously supported depreciation plan that goes long way -- not whole way -- toward 10-5-3. That plan would cut business taxes by a cumulative \$65 billion by 1985, and that's a good start.)

-- Overriding purpose of RR policies is economic growth -- a full dinner pail, as FDR used to say. Confident that can be done.

8. Items left out of economic program: Your Chicago speech did not address elimination of inheritance taxes, tuition tax credits, end of "double taxation" of dividends -- all items that you previously mentioned. Do you still support these measures?

-- Still support. Important and would drive to enact in first term. Top priority must go to individual and business cuts singled out.

-- Have asked distinguished group of tax experts to report to me just after the election on ways these reforms can be integrated into broader plan for 1st term.

9. Abandoning Art Laffer? You and others have spoken in past of Kemp-Roth plan stimulating so much economic growth that govt. revenues would quickly grow and there would be no inflationary deficit. The revenue "feedback" in your new plan makes much more modest claims. Have you abandoned the underlying notion of Art Laffer?

-- No. Deliberately estimated "feedback" at very low level so plan would be credible -- not overpromise, as Carter has done.

-- But both RR and economic advisers convinced that economic growth, not just from cuts in tax rates but from impact of sensible five-year plan, will greatly exceed our own cautious predictions.

10. RR's economic critics: Anderson likely to charge that RR's economic policies have been criticized by some leading lights in GOP economic galaxy. RR might note:

- Alan Greenspan, who once questioned Kemp-Roth, was one of chief architects of Chicago plan.
- Arthur Burns has written RR personal letter expressing his admiration for RR's Chicago speech/policies.
- Herbert Stein has written open editorial in Wall Street Journal saying why he is supporting RR.

11. Double counting of revenue effects? Carter's chief economic adviser, Charles Schultze, claims duplicity in RR plan. Says that original GNP growth projections of Senate Budget Committee (used by RR advisers) already assumed substantial tax cuts. Thus, RR advisers should not have assumed additional revenues would come from RR tax plan. Double-counting, says Schultze. Reaction?

There is absolutely no double counting in the Reagan plan. The Reagan plan assumes not just a cut in taxes but also that there will follow a stable, consistent and long-range policy which would reduce the burden of big government on business activity, that economic growth will rise by one-half a point per year. The result will be a modest but fully achievable increase in tax revenues. And that is by no means double counting.

12. Realistic Plan for Growth? Some of your critics say you only get budget surplus by assuming very large -- and unrealistic -- levels of economic growth. RR assumes economy will grow _____ in 1981, _____ in 1982, _____ in 1983 -- much higher than in recent past. Isn't this overpromising?

-- RR plan is more stimulative than Carter's -- tax cuts much larger. Thus, it was fair to assume that economy would grow $\frac{1}{2}$ percent more each year than under Carter administration projections -- and that is what RR put forward in Chicago.

-- Actually, RR believes we can do even better. Personal goals are higher -- and with surge of economic confidence, we can reach them.

13. Restore the gold standard? The GOP platform -- and some of your advisers -- hint at a return to the gold standard. What is your feeling?

Put
first

-- Attraction of backing the dollar with something of value like gold is that it has worked in past. U.S. dollar was backed by gold or silver, except in war-time emergencies, for many years. Problems with double-digit inflation began after gold window officially closed in 1971.

-- However, should recognize that no commodity -- gold, silver, etc. -- will work fully unless U.S. follows responsible fiscal and monetary policies. That's really the key.

-- After we have put responsible policies in place and have gotten the country moving again -- with inflation under control -- gold standard is something we might consider. But right now the idea has to be held until several years down the road.

14. Anderson has charged that Ronald Reagan has abandoned his plan to repeal the windfall profits tax in order to make his economic numbers come out right. Does the new economic plan in fact do this?

● The windfall profits tax ought to be repealed. Many of our problems here at home as well as abroad stem from our dependence on imported oil. Simply stated the way to get away from that kind of dependence is to develop the energy sources we have here at home. The windfall profits tax soaks up money that can and should be used to develop those domestic sources.

● The Congressional Budget Office and others have correctly forecast that the tax will reduce domestic production in each year between 1980 and 1990. In fact, new Dept. of Energy study (July, 1980) says tax is one of factors that "significantly increase the forecast of oil imports for 1980."

● The result is more inflation IF the tax stays in place. And, as if so often the case, it is the average citizen who pays the tab.

● The "numbers" that interest me are those numbers that the average American family has to struggle with each payday. When we get those "numbers" coming out right, there will be plenty of time for playing statistical ping pong.

15. Anderson is proposing to cure inflation through a tax incentive program.
What response should Ronald Reagan offer?

- Tax incentives, of course, are a part of any program designed to beat the problem of inflation. But to really solve the problem you have to get at the cause. Here in 1980 in American homes, the real problem is the Federal Government and that's where we have to attack the problem.
- Trimming the useless spending, curtailing unnecessary and unproductive agencies, addressing ourselves in a substantive way rather than looking at Federal spending as a political year goodie jar are all parts of the answer.
- To summarize, tax incentives are needed.. A sensible approach to Federal budgets, to Federal spending, to stabilizing the dollar and re-establishing our credentials abroad are all part of the answer. Tax incentives alone won't do it.
- The common sense answer is to simply take all of these elements and so shape them that they allow Americans to lead productive lives, free of the struggle against inflation. It has to be a coordinated and intertwined program.

16. Comment on the Anderson plan for a 50¢/per gallon tax on gasoline.

- Quite obviously the Anderson plan to charge each American a half dollar for every gallon of gas he puts in his tank is designed to prevent him from buying. Rather than hitting our citizens with this penalty clause on their mobility, we ought to push forward in developing our domestic resources in a way designed to meet our needs and goals.
- Quite obviously conservation - in government spending and in using gasoline - helps the situation.
- Charging a half dollar per gallon for gasoline, however, is a little like making the victim pay the damages in an auto accident. And the cost -- by Anderson's own admission -- will be about \$50 billion a year, at minimum.

OTHER ISSUES

FEDERAL REGULATION

Question:

You have said you would reduce federal regulations. What would you eliminate: Federal Trade Commission? OSHA? Trucking regulation? And how would you assure goals of such regulation?

Answer:

- Firmly support goals of most regulation -- protection of consumers, safety of workplace, healthy environment, etc. Pledge no retreat from goals. But for our economic good, must find more effective, more efficient way of achieving.
- Problem of over-regulation has become very serious:
 - Federal regulations now cost over \$120 bil a yr, more than \$500 for every man, woman & child (Murry Weidenbaum) *Boo this!*
 - Cost passed on to consumers as "hidden tax"
 - Adds \$700 to cost of new American car;
 - Adds about \$2,000 to price of new home (Weidenbaum)
 - Adds to general inflation.
 - Helps drive some companies (e.g., Chrysler) to brink of bankruptcy, costing jobs
 - General drag on economic growth.
- Carter administration has made some forward strides (e.g., airline, trucking dereg) but every step forward accompanied by 2 steps backward.
 - Created Dept of Energy (35,000 regs today)
 - Pages in Code of Federal Regulations has increased by 1/3
 - Cost of regulation continues to soar (application for new arthritis drug 120,000 pages long)

REAGAN THREE-PRONGED ATTACK

Will shortly make address laying out program. Within 1st 90 days of inauguration, will launch 3-pronged attack:

- (1) Establish --- with the Congress --- a regulatory sunset agenda
 - Will mean that every year the White House & Congress review some of the agencies, regulations now on books; force Washington to reform -- or toss out -- what's not working. Will require legislation.
- (2) Establish regulatory budget
 - Just as we want to place limits on overall spending, must limit overall costs of regulation. Begin on trial basis.
- (3) Legislative Veto of regs considered unsatisfactory by Congress.
- (4) Effective cost-benefit analysis to accompany proposed regs.

- (5) Appoint people committed to deregulation, and improve reg. interpretation
(8) Fix clear accountability for regulations.

- RR to appoint experienced people to reg. agencies --- those who have balanced viewpoint.
- Senior RR official (perhaps in White House) will be charged with full-time responsibility for overseeing regulatory reform and bringing problems to RR personal attention.

OVERALL GOAL: REGULATORY RESTRAINT.

REGULATION: FACTS

● A Growth Industry:

- GAO says 116 agencies now engage in regulating some aspect of economic, social, and political life (20 created in past decade)
- Expenditures of agencies themselves have grown from \$800 mil in 1970 to over \$6 bil today.
- Code of Federal Regulations numbered 73,000 pages in 1976; will hit approximately 100,000 pages in 1980

● Pointed Examples:

- Average hamburger subject to 41,000 fed and state regs (U.S. News 2/11/80)
- Federal Paperwork Commission reported in 1977 that annual paperwork filled out for govt would fill every major league stadium in the country

● Examples of what can happen from over-regulation:

- Example of 'overkill': In mid-70s, large mft company (Dow Chemical) decided to build \$500 mil petrochemical plant in Calif. Would have created 1000 new jobs. Company found it needed 65 environmental permits (federal, state, local); spent 2 yrs trying to obtain, secured only 4 permits. In 1977 announced indefinite suspension of plans.
- Dr. Sam Peltzman of U of Chicago found that growth of Food and Drug Administration regulations now delays introduction of new drugs in U.S. by as much as 4 yrs, lead to higher costs. U.S. has typically lagged far behind U.K., others, in introduction of life-saving drugs.

● Carter Record

- Ford got ball rolling, but Carter deserves credit for sponsoring laws to deregulate airlines, trucks, rails, banks. Has also eliminated many nitpick regulations of OSHA, finally swallowed phased-in oil deregulation, and will claim paperwork reductions.
- But Carter record very uneven --- many, many setbacks. Dept. of Energy has kept allocation scheme, has 35,000 regulations, etc. Carter favors added regs on hospitals, agricultural employees, consumer protection agency, wage & price guidelines.

CORPORATE BAILOUTS

QUESTION

Chrysler may soon return to Washington asking for additional help. Will a corporation like this get help from you?

ANSWER

- Companies ought to stand on their own feet. As British have learned, trying to save dying companies is a loser -- for taxpayers and the economy.
- However, if Washington has helped to drive a company or an industry to the wall -- as it has with autos and steel -- then government should consider ways to help.
- Take the auto industry -- 300,000 auto workers unemployed.

Three criticisms of government:

- Spending policies have fueled inflation, driving up cost of average American-built car nearly \$2,000 in past four years.
- Tax policies dried up capital investment, making Detroit less competitive. Capital investment in U.S. lowest among Western democracies.
- Regulatory policies (emission, mileage, safety) add, as of 1979, \$700 to cost of average car -- will increase prices as much as \$1,000 per car (1980-85 period).
- So, Washington should look closely at ways to help. Following immediate steps:
 - Temporary moratorium on all new auto regulations.
 - Reform of unnecessary regulations now on books.
Examples: RR would encourage auto industry to provide air bags (safety) as an option instead of mandating them; would keep 1985 energy efficiency standard (fleet average 27.5 mpg), but leave to industry ^{interim} timetable as to how to get there.
 - Repeal of 1969 Credit Control Act sections that permitted Carter to impose credit crunch on motorists.
 - Accelerated depreciation legislation.
 - Extension of federal legislation to help unemployed auto workers.

CORPORATE BAILOUTS: FACTS

1. The Ailing Auto Industry

Directly or indirectly, industry employs 1 out of every 6 Americans. Unemployment in industry now more than 20.9% (an industry record). Foreign car invasion: 10 years ago, 1 of every 10 cars bought in the U.S. was foreign; today it's 1 in 4.

- Chrysler

- 10th largest U.S. corporation
- Loan guarantee was for \$1.5 billion, contingent on matching amount from private and state financial sources. Matching amount raised this spring (barely) and guarantee went into effect. Worry that Chrysler may come back for more.

- Federal regulations: 3 types of regs on cars: emissions, safety, energy efficiency.

- Carter Auto Program, supplemented with new economic package, not doing much:

- Series of studies.
- Minor lightening of regulations.
- Speed-up of UAW import relief petition before International Trade Commission (ITC)
- Little more aid to affected communities.
- Tax relief (refund plan for investments by declining companies).

2. Steel Industry

- Losing competitive position in world. Unemployment in industry around 13%; industry has half-million workers. Rising tide of imports fluctuate between 13-20% of US market.

- Problems:

- Outmoded equipment due to lack of investment. Steelworkers in best Japanese plants now produce 3-4 times as much steel an hour as in Gary, Indiana.
- 5,000 complex, burdensome government regulations.
- High labor costs (Note: Don't use this in debate as such.)
- Competes with subsidized foreign imports. U.S. industry also complains of illegal dumping (selling below cost in U.S.).

- Solutions:

- Tax cuts and accelerated depreciation to stimulate economic growth and necessary investment.
- Free trade, but fair trade. Elimination foreign barriers and dumping.

INTERNATIONAL TRADE

QUESTION

You say you are for free trade and fair trade. How can we increase exports while protecting American jobs?

ANSWER

- Americans benefit greatly from trade
 - 1 manufacturing job in 5
 - 1 dollar out of every 3 of profits
 - 1/3 of our agricultural production now goes to exports
- Free trade permits most efficient investment and higher return
 - more jobs, better jobs
- But under Carter
 - Highest deficits in history; ~~600~~ \$122 bil over 4 yrs (12 x higher than 8 yr GOP record -- Ford Admin showed no net deficit); Carter blames deficit on higher oil prices, but Germany and Japan, more dependent on foreign oil, show surpluses.
relation to Deutchmark and yen.
 - Auto, steel, textiles hurting from increasing imports
- Reagan Agenda
 - Most important: provide tax incentives to increase productivity at home, make us more competitive, create more and better jobs. (US investment in R&D has declined 25% in last 15 years; need more than Carter 79 policy bromides)
 - particularly for large essential industries like autos and steel
 - Make strong effort (not rhetoric) to reduce non-tariff barriers to US exports. (Fair trade means equal access to markets. Must eliminate unfair practices overseas.
 - Reduce unnecessary regulation and unfair taxation which make our companies non-competitive. Need to study other countries' tax laws to see if comparative disadvantages, review anti-trust and other laws.
 - Ensure that bribery laws are enforced, but negotiate with other major trading countries common standards, so US industry is not penalized. (Problem has existed since Ford; Carter efforts for UN agreement unsuccessful.)
 - Adequately fund Exim Bank (support Venice summit decision to have agreement on foreign credits). (RR's campaign mgr., Bill Casey, former head of Exim.)

N.B.
Party
wants
us to try
to find
another
word
for "fair"--
code word
for protec-
tionism.
Query.

INTERNATIONAL TRADE: FACTS

- US share of world trade has decreased by 13% since 76 (13.7 to 12%) due to:
 - US reduced capital investment, increased regulation, decreased productivity
 - other countries developing new technology, increasing capital investment and supporting exporters through govt programs
 - from 1976-79, US exports grew 37% while overall world exports grew 40% (Germany grew 46%; Japan, 48%).
- US still world's largest exporter (\$183.1 billion) compared with Germany (\$173.2 billion) who is second. Exports have grown from 3% to 8% of GNP during last twenty years.
- US balance of trade deficit highest in history
 - string of Carter deficits peaked in 78 at \$33.8 bil; 79 deficit \$29.5 bil; 80 deficit est at \$25-30 bil
- Increasing oil prices force countries, such as Japan and West Germany that depend on imported oil, to increase export earnings to pay for oil. Increases foreign competitiveness and increases trade deficit.
- Multilateral Trade Agreements Act (1979) resulting from Toyko Round (MTN) reduces overall tariffs by approx 1/3; also decreases non-tariff measures through establishment of international codes (this was principal focus of Tokyo Round, as tariffs had previously been largely reduced)
 - US (with one of lowest tariff levels in the world) vulnerable. US average tariffs after MTN 5.7%; European Community average tariffs 7.2%
 - Carter claims procurement code of the new agreement as centerpiece export program (\$21 bil in foreign govt purchasing open to int'l competition) but enforcement may be difficult.
 - Indirect subsidies (which are greater abroad) will continue to be problem
- Certain industries (auto, steel, textile) hurting due to:
 - autos: difficult transition to high cost energy/small car market
 - steel: environment regs and lack of investment to modernize
 - textiles: low cost labor abroad (This highly political -- over 2 million textile and apparel workers; currently 10% unemployed (only slightly above 76; but 40% above 79 due to lax enforcement multi-fiber arrangements according to Am. Textile Manufacturers). Overall unemployment 7.6%.
 - lack of support for small business to enter into foreign markets

- Carter stated in 78 would place high priority on exports. But:
 - Much study and reorganization; no definitive action
 - Steel trigger price system (designed to stop unfair dumping of foreign steel) has failed.
 - Int'l Trade Comm study of foreign auto pricing has not produced definitive finding, despite Carter efforts to expedite review.
 - 1979 reorganization consolidating programs in Commerce largely *shifting of "boxes" from other Depts.*
 - Treasury, shuffling of boxes from other agencies, continues to oppose increasing export financing. Exim Bank has exhausted its lending authority.
 - Justice and SEC have done nothing to clarify Foreign Corrupt Practices laws (exporters don't know what will be considered a bribe)
 - Soviet Grain Embargo poorly planned and executed, hurting only US farmers
 - Reorganization of government trade activities could grow to over 2,800 employees under current authorization, and still not provide services needed to promote exports
- Trade Adjustment Assistance under 74 Trade Act provides for assistance in the event of adverse trade impacts -- for workers, firms and communities.