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ISSUE BRIEF:

THE RETREAT OF U.S. BUSINESS ABROAD

I. ISSUE:

In the last three years the United States has lost export markets and overseas contracts to its European and Asian competitors because of Carter Administration policies. These policies have taken the specific form of:

- environmental and other restrictions on international exports
- restrictive human rights and arms control policies
- unfavorable U.S. tax treatment
- regulatory red tape leading to outrageous delays in necessary federal approvals
- anti-bribery crusades by the SEC and the Dept. of Justice under the Foreign Corrupt Practices Act
- a general "anti-business" attitude which permeates the political appointments of the Carter Administration.

The specifics of many of these problems are dealt with in the attached statement prepared by the American Chambers of Commerce abroad.

II. PRINCIPAL ARGUMENTS:

Proponents

The proponents of these anti-business policies point to the specific past abuses of particular industries and some foreign countries. In their zeal to reform the system, they have adopted a "unilateral disarmament" approach, which means that U.S. businessmen forego opportunities which are then left open to French, Japanese, German, British, Brazilian and even Soviet competitors. They argue that individual policies must be pursued vigorously and across the board, with few exceptions based on foreign policy considerations. The United States must convince the world that it stands for human rights, limiting arms sales, and fair dealing in business, regardless of the cost to the U.S. economy.

Opponents

These policies are important in the abstract and principle, but their application must be tempered with realism. In the absence of international agreements to deal with these problems, the United States is obviously disadvantaging

itself by observing restraints not accepted by other countries. The results are difficult to quantify, but the effects are seen every day in the balance of payments, the expansion of foreign competition in the third world markets, and the retreat of American expatriots and multinational corporations from foreign markets.

III. PRINCIPAL PEOPLE AND INSTITUTIONS AND PEOPLE INVOLVED:

Proponents

Carter Administration, U.S. Labor, U.S. environmentalists, liberal Congressmen.

Opponents

U.S. business associations, Chambers of Commerce, major U.S. corporations, Republican National Committee Advisory Group on Economics.

IV. BIBLIOGRAPHY OF REFERENCE MATERIAL

V. SUGGESTED POSITION:

(The Republican Party) supports the principles of fair trade and free investment in international economic relations. We believe these principles can best be carried out within a negotiated international framework of recognized universal rules and guidelines. Within this framework, specific problems such as environmental impact, government procurement, corrupt practices, subsidies discriminatory practices and other impediments to free trade and investment can be dealt with. Until such international regimes are negotiated, it is counterproductive for the U.S. and, in the coming years of potential economic crisis, extremely dangerous for the free world to pursue them alone.

STRENGTHENING AMERICAN COMPETITIVENESS:

MAJOR CONCERNS OF AMERICAN BUSINESS ABROAD

Introduction

In 1979, the United States suffered one of its worst trade deficits in history. Estimates indicate that in 1980 the imbalance will be the worst ever. Solving the imbalance of trade and strengthening U.S. competitiveness abroad are fundamentally dependent upon a healthy domestic economy and expanded capital formation and government policies to stimulate productivity at home.

This sheet highlights several of the more important U.S. government measures which American businessmen abroad believe are essential to strengthening the international position of the U.S. economy.

I. REMOVAL OF EXPORT DISINCENTIVES

American Business Abroad is seriously concerned about the extraterritorial application of U.S. laws which are considered arrogant and insulting to our allies. Moreover, U.S. exports are adversely affected by such laws as the Foreign Corrupt Practices Act of 1977. Significant modifications of the Act are required if the United States is to remain competitive in certain key markets abroad.

Passage of the FCPA has brought about a great loss in U.S. export sales. It has also offended foreign business and government leaders; has created excessive burdens and uncertainties for particularly new-to-market U.S. firms; and has actually rewarded foreign competitor nations that engage in practices covered by the law.

II. EXPORT PROMOTION

A. Eximbank

American Business Abroad supports a more vigorous and responsive Export-Import Bank with the capability to meet the financial terms offered by foreign competitor institutions.

Too often, American export opportunities are lost because Eximbank is unable to provide adequate financing and a timely response to foreign opportunities. In a world where comparable products, services and technologies are widely available, the terms of financing are often the decisive factor in securing an export market. The most critical need at present is to increase Eximbank's authorization from the \$3.75 billion as contained in the continuing resolution to the House-approved \$5 billion. Without it, Eximbank may be forced to cease operations during the May to October period.

B. Antitrust Policy and the Webb-Pomerene Act

American Business Abroad favors legislative changes in the Webb-Pomerene Act and supports pending legislation such as S. 2379 that would remove statutory vagueness, encompass service industry exports and promote the establishment of trading companies and export associations.

The 60-year-old Webb-Pomerene Act has not been effective in promoting export associations because of uncertainties relating to the antitrust immunity clause. Application of the Act to foreign activities should be repealed altogether, combined with an expression of Congressional intent that U.S. antitrust laws do not apply to conduct abroad now covered by Webb-Pomerene. In addition, S. 2379 would facilitate the formation and operation of export trading companies.

III. TAXATION

American Business Abroad, in order to achieve equality with their foreign competitors and to strengthen the "pull effect" on U.S. exports stemming from their presence abroad, supports the ending of the additional burden of U.S. tax that is levied on overseas Americans. Current U.S. tax policy amounts to a self-imposed tariff on the exports of U.S. goods and services.

The Foreign Earned Income Act of 1978 did not improve American competitiveness. What is needed is a complete re-examination of Sections 911 and 913 of the Internal Revenue Code with a view toward a U.S. tax policy based on a more competitive standard along the lines of H.R. 5211 (Rep. Frenzel) or similar legislation.

IV. SMALL BUSINESS

American Business Abroad supports the continuation and expansion of Commerce Department programs (e.g. trade centers, missions, fairs, etc.); supports extension of domestic SBA programs to small U.S. businessmen abroad; supports extension of OPIC risk insurance to small investors; supports simplified Eximbank procedures for small business exporters; and supports liberalization of the DISC.

Small American companies abroad play a significant role in the facilitation of U.S. exports. But, U.S. government programs focus predominantly on U.S.-based companies with little or no regard for those small entrepreneurs abroad that have very specific needs and concerns. Availability of many existing USG programs to small firms abroad will ensure more equitable access to export promotion services and support mechanisms.

V. GOVERNMENT REORGANIZATION

American Business Abroad has been concerned for many years with the poor coordination and implementation of U.S. foreign economic policy. The recent reorganization of the Commerce Department and the Office of the U.S. Trade Representative are positive steps toward a much needed consolidation of international trade and investment policy formulation and execution. However, serious questions remain as to the effectiveness of the reorganization, particularly with respect to the new Foreign Commercial Service under Commerce Department jurisdiction.

The current plan should be seen as an intermediate step toward the ultimate creation of a unified Department of International Trade and Investment (DITI).

FACT SHEET

Reagan Bush Committee

901 South Highland Street, Arlington, Virginia 22204 (703) 685-3400

Contact: Special Research Division

*File
Defense*

Fact Sheet #12

MR. CARTER'S UNILATERAL CUTBACKS

Jimmy Carter has cut \$38 billion from President Ford's defense budgets.

1. Mr. Carter delayed President Ford's plans for the MX missile.
2. Jimmy shut down our only ICBM plant- leaving us 50 missiles short of Gerald Ford's goal.
3. Jimmy delayed Ford's Trident 11 submarine and missile programs.
4. Jimmy cancelled the B-1 bomber planned by Gerald Ford.
5. Jimmy delayed, (and then claimed to accellerate) the cruise missile program.
6. Jimmy halted outright Ford's plans for the nuetron bomb.
7. Jimmy cancelled Gerald Ford's plans for a new military airlifter and a new tanker aircraft.

Even at an annual rate of 5% real growth in defense spending would take 10 years simply to recover what Jimmy cut from Gerald Ford's projections.*****

Jimmy believes that "The number one priority of any President is to guarantee the security of his country----freedom from fear of attack or blackmail." (National Journal interview, 1976)

Jimmy promised to insure a "strong, tough, muscular, well-organized fighting force." (Christian Science MOnitor, Sept. 20, 1976)

FACT SHEET

Reagan Bush Committee

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Fact Sheet #12 page 2

But Senator Hollings gives the reality of the situation: "While the Soviets push ahead on all fronts we cancel the B-1 bomber, push aside the neutron bomb, stretch out the cruise missile, scrap the nuclear aircraft carrier, stretch the deployment of Trident far into the future, and shut down the production line for the Minuteman 11 missile and have stood aside while thousands of our best military personnel have been driven out of uniform by inadequate pay and benefits." (Congressional Record p. S12831 Sept. 18. 1979)

FACT SHEET

Reagan Bush Committee

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Contact: Special Research Division

Fact Sheet #10

*File
Defense*

DEFENSE QUOTES

CARTER VS. EVERYBODY ELSE

"Our existing mobility forces cannot meet the deployment objectives we have set for FY 1982 for NATO and for some non-NATO contingencies." (Department of Defense Annual Report, FY 1980, p. 208)

"The 1979 Soviet military effort was about 50% larger than our own" and has "a potential for strategic advantages if we fail to respond with adequate programs." (Harold Brown, Department of Defense Annual Report, FY 1980)

John Lehman, RNC defense panel Chairman urges a real growth of 20% for 1981 as a first step toward correcting the shortfall of the previous decade. Lehman told the Senate Budget Committee that "if we are to move to close defense gaps" an add-on of \$30 billion is needed in FY 1981. (Wall Street Journal, Jan. 29, 1980)

* * *

"It is customary in democratic countries to deplore expenditures on armaments as conflicting with the requirements of social services. There is a tendency to forget that the most important social service a government can do for its people is to keep them alive and free." (Sir John Slessor, Washington Post, Aug. 19, 1980)

"Since when has it been wrong for America to be first in military strength? How is military strength dangerous?" Ronald Reagan

"I do not mean 'first but,' I do not mean 'first when' I mean 'first period' only then can we stop the next war before it starts." John F. Kennedy

MR. CARTER CUT \$38 BILLION OFF OF GERALD FORD'S DEFENSE PROGRAMS

FACT SHEET

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Fact Sheet #7

*File
Defense*

Mr. Carter permitted the Soviets to outspend us on strategic weapons by three to one.

A member of Mr. Carter's own party and one of the most distinguished experts on defense matter in the Senate, Senator Ernest Hollings, put it more bluntly than any Republican ever could:

"And yet while the Soviet Union has been building its military might at an unprecedented rate, what have we done in response?"

"We cancelled the B-1 bomber, pushed aside the neutron bomb, stretched out the cruise missile, delayed deployment of the Trident far into the future, shut down the production line for the Minuteman II missile and stood aside while thousands of our best military personnel have been driven out of uniform by inadequate pay and benefits."

(Source: New York Times, 5/6/80)

FOR RELEASE FRIDAY, SEPTEMBER 7, 1979

REAGAN-REAGAN

RADICAL SHIFT IN THE WORLD COUNCIL OF CHURCHES -- BY RONALD
REAGAN

In the 31 years since the World Council of Churches was founded in Amsterdam, the organization has gone from being a sort of "voice of conscience" urging Christians to apply their principles to political problems to an indiscriminate supporter of Marxist terrorists.

What happened?

Ernest W. Lefever, in an impressive new book titled "Amsterdam to Nairobi: the World Council of Churches and the Third World," traces the radical change in the WCC's composition and method of operation. Initially the group was comprised of 152 member churches, mostly from North America and Western Europe.

"Today," says Dr. Lefever, "its center of gravity, like that of the U.N. General Assembly, has shifted to the Third World."

Between WCC assemblies (Amsterdam was the first; Nairobi -- in 1975 -- the latest) decisions are made by the 135-member

(MORE)

Reagan 9-7-79

Central Committee, in which Third World and Marxist state representatives outnumber those of the West. According to Lefever, ''In recent years the term 'Third World' has taken on an ideological meaning that focuses on grievances against the West. From this perspective, Third World people still suffer from past Western colonial control and are also being oppressed by 'neo-colonialism,' trans-national corporations and even 'imperialist' Christian missionary efforts.''

When you combine Third World paranoia with what London's Institute for the Study of Conflict calls the ''Western churches' obsession with guilt of the individual for the sins of society,' you get such things as last year's WCC grants to the Rhodesian guerrilla terrorists (who were murdering, among others, Christian missionaries), to SWAPO (Southwest Africa Peoples Organization), the externally-based Marxist guerrilla outfit that is trying to seize control of Namibia, and you get support for the Marxist regime in Angola.

These grants created a firestorm of disapproval from Christians in many lands. Three members (including the Salvation Army) withdrew from the WCC and others curtailed their contributions.

Dr. Lefever concludes that ''on the long road from the

(MORE)

Reagan 9-7-79

Amsterdam Assembly to the Nairobi Assembly, the WCC has moved from a largely Western democratic concept of political responsibility to a more radical ideology that... embraced the concept and practice of 'liberation theology' (which) bears a striking resemblance to Marxism.'

What is to be done about the excesses of the World Council of Churches?

Professor Lefever makes several specific and thoughtful recommendations. For example, 'The WCC should sharpen its understanding of the different but complementary functions of church, state and citizen. It should speak to society by making broad moral judgments against gross evils like genocide, not by giving specific policy advice better left to individual Christians and other citizens with responsibility for political and economic decisions.'

All of Lefever's recommendations are reasonable; however, if those who dominate the WCC today were reasonable, they would not be sending money to terrorists who kill civilians and missionaries.

For now, it seems to me, the best opportunity for reforming this radically-minded organization^{WCC} which has so distorted the teachings of Christ is for individual church-goers to make sure that none of the financial support they give their own church

(MORE)

Reagan 9-7-79

goes to the WCC where it may end up as a bullet in a terrorist's gun.

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END

Detente
Defense

(C) The "Peacemaker" - The Unilateral Cutbacks

And Americans ask why? Why did the Carter Administration eviscerate our nuclear and strategic readiness?

Thouroughly inexperienced in foreign affairs and defense matters when he came to Washington, Jimmy Carter did know a great deal about political image making - in this area at least he had the best advisors possible: pollster Patrick Caddell and PR man Gerald Rafshoon.

And the image of Jimmy Carter - "peacemaker" - appealed to the President, his pollster and PR man - they liked the idea of a President who could achieve a nuclear arms treaty with the Soviet Union.

But one vital lesson of the past six decades escaped the President, his pollster and PR man: the Soviets only come to the bargaining table when the other side has tremendous advantages of its own.

Jimmy Carter had promised in 1976 not to bargain away advantages to the Soviet Union. On April 7, 1976, he told the American people he would be a "tough negotiator with the Soviet Union", and on March 15, 1976, he said he would not be "afraid of hard bargaining with the Soviet Union."

That's what Jimmy Carter promised.

But what did Jimmy do?

Egged on by his pollster and PR man, Jimmy Carter engaged in all of those unilateral, crippling cutbacks of

President Ford's plans for the 80s.

Jimmy Carter permitted the Soviets to outspend us on strategic weapons by three to one.

A member of Mr. Carter's own party and one of the most distinguished experts on defense matters in the Senate, Senator Ernest Hollings, put it more bluntly than any Republican ever could:

"And yet while the Soviet Union has been building its military might at an unprecedented rate, what have we done in response?

"We cancelled the B-1 bomber, pushed aside the neutron bomb, stretched out the cruise missile, delayed deployment of the Trident far into the future, shut down the production line for the Minuteman II missile, and stood aside while thousands of our best military personnel have been driven out of uniform by inadequate pay and benefits."

By 1979, the damage done to our strategic forces was so great that even Jimmy Carter's commander of the Strategic Air Command said that we had fallen behind the Soviet Union.

"By today's measurements," ^{the SAC commander,} he said, "an inverse strategic imbalance has developed and will continue for several years to come"

^{Not long ago} ~~A few days~~ ^{the campaign trail} ago, Jimmy Carter said that we are now stronger militarily than we were three years ago.

The American people can believe a politician seeking re-election - listening to the advice of his pollster and

his PR man - ^(when he) ~~who~~ says we're strong^{ly} militarily.

Or the American people can believe the Commander of the Strategic Air Command and one of the Senate's ~~most~~ foremost experts on defense matters, ~~a member of Jimmy Carter's own party,~~

These men say Jimmy Carter is wrong. These men say we're behind. These men say the situation is getting more dangerous every day.

(D) Manpower, Spare Parts, Budget Magic and the Nimitz

During the 1976 campaign, Jimmy Carter didn't just promise us strategic strength; he also promised a "strong, able, tough, muscular, well-organized" conventional forces.

That's what Jimmy promised.

What did Jimmy do?

~~On~~ This year, for the first time in memory, ^a ~~the~~ Navy ship, the U.S.S. Canastota, could not leave port ^{to} ~~and~~ carry out its military mission because it was undermanned.

38 per cent of our fighting ships are in the lowest stages of military readiness because of similar manpower shortages, according to Admiral Heywood.

The Army is short 45,000 non-commissioned officers - the backbone of any fighting force - and re-enlistment rates are running only 22 per cent.

2,500 pilots, 1,000 engineers and 500 navigators are needed by the Air Force, traditionally the most stable service in the manpower area.

A Senate committee recently voted to reduce an already understrength Army by 25,000 men because of manpower shortages elsewhere.

The ready reserve is nearly 500,000 men short of its wartime needs and the selective reserve is almost 200,000 short of its wartime needs.

But a shortage of trained personnel is hardly the only problem ignored by the Carter administration! A recent staff study by a House subcommittee found:

- two-thirds of our F-15 fighters were grounded due to lack of parts and maintenance at Langley Air Force Base;

- three-fourths of our F-111B bombers were grounded for the same reason at Cannon Air Force Base;

- fifty per cent of our F-14s were grounded - some for thirty days or more - while they were cannibalized for spare parts at Miramar, California;

- only half of F-14s on the attack carrier U.S.S. Eisenhower were capable of combat during a recent wartime exercise;

- and on a worldwide basis just over half of our first line fighters are operational.

Even more frightening statistics about the scarcity of spare parts and reserve equipment needed in a major conflict were made public in a recent letter by Congressman

Jack Edwards to Secretary of Defense Harold Brown.

-- Air Force fighters could stay in action for only two or three weeks, not the three or four months required;

-- only four out of our 12 aircraft carriers would be combat operational;

-- in the first weeks or possibly days of a major conflict, supplies of munitions such as air-to-air missiles would run out;

-- our major transport aircraft, because of its structural defects, could fly only a fraction of the time needed;

-- reserve supplies of aircraft, tanks and ships simply do not exist;

-- and it would take American industry two years or more to produce such supplies.

The horror stories about our military readiness under the Carter administration go on and on.

The Navy is losing more aircraft each year than it is replacing, our shipbuilding program will only support a 470-ship Navy - a figure that even the Carter administration admits is inadequate.

Numerous Army units are without modern weaponry and even the celebrated 82nd airborne division - supposedly the most prepared unit in the U. S. Army - is not rated fully operational.

The Air Force is flying a heavy bomber that was designed and produced nearly 30 years ago and even the well-known

C-130 tanker aircraft - which was used in the recent tragic attempt to free our Iranian hostages - was designed in 1951.

For years the Air Force has sought an expanded, longer range version of the plane. Only days before the tragedy at Desert One in Iran, the Carter administration turned down plans for such a new aircraft.

And once again Americans ask themselves how did it happen? Even in administration so interested in ~~my~~^vllifying the special interests by cutting into the defense budget, how could military salaries, spare parts, weapons procurement and maintenance be so dangerously underfunded?

You remember that not long after taking office, Jimmy Carter - the same Jimmy Carter who promised never to mislead the public - pledged to the American people and our NATO allies that his administration would boost defense expenditures - even after inflation - by three per cent.

That's what Jimmy promised.

But what did Jimmy do?

Jimmy Carter's three per cent rise in military spending was a paper increease ~~only because~~ it was based on inflation estimates absurdly below the real rate of inflation.

By May of 1979, ~~a study by a~~ ^{minority report} House budget ~~staff member~~ showed that Jimmy Carter's 1978 budget was five billion below the outlays needed for a three per cent increase. For 1979, the figure was seven billion below; and for 1980, nine billion below - for a total shortfall of 17.5 billion dollars over a three-year period.

Once again, Jimmy Carter wasn't keeping his promises - the picture improved only after programs authorized under President Ford became operational, and after the Carter administration was pressured into submitting supplemental budget requests.

But even these supplemental requests were dictated by politics - they were submitted only because the White House politicians knew that our military posture had to be improved before the U. S. Senate would pass the Salt II arms control agreement ^(-- the agreement) so important to the "peacemaker" image sought by the President, his pollster and PR man.

But even then the Carter administration continued its budgetary shell game with Congress. After the Soviet invasion of Afghanistan and ^(the attack) the sad state of our military readiness leaked out to the public, Jimmy Carter sent Congress a dramatic new request for a 5.4 per cent real increase in authorized spending for 1981.

But Congress found that after inflation was taken into account, the Carter plan would result not in the promised five per cent increase, nor a four per cent increase, nor three per cent, ~~nor two per cent~~ but close to a ^{two} ~~one~~ per cent increase.

Even Democrats in Congress could by this time recognize snake oil when they saw it, and they hastily submitted proposals that would have boosted the defense budget by six billion dollars.

^{B*}
in Jimmy Carter's budget - the one that sought to keep the liberal special interests happy - the money just wasn't there to keep the military strong.

So what happened? Jimmy Carter decided it was the military that would suffer and wrote to Congress, opposing the very appropriations bill that would have permitted him to keep his own solemn promise of a 5.4 per cent real increase in defense spending.

But in an election year, when the American people were increasingly concerned about the decay in our armed forces, such duplicity was ^(politically) dangerous.

So what ~~was the~~ solution ^{did} ~~that~~ the president, his pollster and his PR man came up with?

Why, of course, a media event.

The very week Jimmy Carter sent a message to Congress, opposing the defense appropriations bill, the U.S.S. Nimitz, returning from extended duty in the Iranian crisis, was ordered to hurry back in time for Memorial Day.

These were sailors who hadn't seen their loved ones for nearly nine months, ~~and~~ ^{did} let me tell you about the compensation some of them received because of Carter administration policies.

An aircraft handler on a ship like the Nimitz, who takes care of a 25-million dollar warplane, can work 100 hours a week with no overtime and earn less per hour than a cashier at McDonalds. His family, like 19 per cent of all

military families, probably lives below the poverty level and qualifies for food stamps.

Or ~~take~~ a chief petty officer on the Nimitz ~~he~~ can work 60 or 70 hours a week in highly complex assignments doing the work of three, sometimes four men and earn roughly what a union janitor earns for the same number of hours.

But there was Jimmy Carter on Memorial Day - flashing the famous smile, waving to ^(the) cameras, posing as the sailors' best friend, telling the Nimitz crew members ⁽⁻⁾ some of whom earned less than a McDonalds' cashier or union janitor ~~and who~~ never had an overdraft or loan extension from Bert Lance's bank - that he would get them the very pay raises that he had opposed in Congress.

It was too much even for a member of Mr. Carter's own party.

And Senator Hollings, using a word that the Philadelphia Inquirer had once used about the Carter administration, ^{labeled} called it ~~flirt~~ out hypocrisy.

"To have the commander in chief go to the Nimitz and say, 'Whoopee, you're heroes, I'm going to increase your pay'," Senator Hollings said, "and then 48 hours later say, 'Whoopee' to community leaders is the height of hypocrisy."

"It's sad to see the President speaking out when he doesn't know what he is talking about.

"He doesn't want a balanced budget, he wants a campaign budget.

"That's just outrageous deplorable conduct," ^(Senator Hollings) he said.

TASK FORCE ON DEFENSE AND FOREIGN POLICY

ISSUE BRIEF: U.S. Arms Control Policy and American Security Requirements.

ISSUE: Preserving the security of the United States while achieving meaningful and verifiable arms limitations.

PROBLEM

Under the Carter Administration U.S. security requirements have been subjected to Jimmy Carter's naive arms control objectives. Consequently, America's security has been severely compromised and today this nation faces greater military danger than at any time in its history. Consider the Carter record:

- Mr. Carter quickly adopted the Paul Warnke philosophy of unilateral arms restraint, foolishly believing that the Soviets would reciprocate. Instead, they continued to build and deploy missiles, ships, aircraft, tanks and other critical military systems at an unprecedented rate. Meanwhile, Mr. Carter:
 - Cancelled the B-1 bomber.
 - Delayed by at least four years the MX missile.
 - Cut the naval ship building rate in half.
 - Closed the Minute Man III production line.
 - Stretched out the building rate of the Trident SLBM submarine.
 - Vetoed the nuclear carrier in the FY 1971 budget.
 - Held down production of critical conventional systems.
- Mr. Carter reverted back to the thoroughly discredited McNamara theory of mutual assured destruction (MAD) which has drastically altered the strategic balance between the world's superpowers.
- Mr. Carter has proven to be the worst negotiator in the history of the American presidency. His concessionary approach and his weak leadership failed to protect American security interests in the SALT II negotiations. The treaty Mr. Carter ultimately signed is indicative of his naive willingness to subjugate American security requirements to unwise arms control policies.
- The combination of Mr. Carter's strategic decisions and his arms control policies has made the U.S. ICBM force and the bomber leg of the TRIAD very vulnerable to a Soviet nuclear

strike, a fact which has seriously altered the strategic balance as well as the diplomatic climate in the world.

GOP PLATFORM OPTIONS

1. The new Republican administration will establish as its top priority in national security affairs, the restoration of U.S. military power to its former position as the world's strongest and best.
2. The Republican administration will pursue a vigorous arms control program in order to reduce the possibility of nuclear and conventional war, but these negotiations will be subordinate to U.S. security needs and not the reverse.
3. We will return to the historical Republican posture that arms negotiations with the Soviet Union can only be successfully conducted from a position of strength and hard nosed bargaining.
4. Under the new Republican administration, arms control negotiations with the Soviet Union will be conducted upon the following principles:
 - a. Strict verification.
 - b. Equality in numbers and capabilities.
 - c. Strict reciprocity in treaty provisions.
 - d. Arms negotiations will in fact be linked to Soviet political and military acts and conduct around the globe. Linkage will be an integral factor in our arms negotiations.

TASK FORCE EXPERTS:

Bud McFarland
John Lehman

END K: CARTER AND 'K: DEFENSE SPENDING'

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FIND K: CARTER

3

AND K: DEFENSE SPENDING (26)

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390 WORDS

CARTER

DEFENSE

DEFENSE SPENDING

SUMMARY

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CARTER PROPOSED RECORD DEFENSE EXPENDITURES OF \$142.7 BILLION IN HIS FISCAL YEAR 1981 BUDGET REQUESTS.

IN HIS REVISED BUDGET SENT TO CONGRESS ON MARCH 31, 1980, CARTER CALLED FOR \$150.5 BILLION IN DEFENSE EXPENDITURES. THIS FIGURE REPRESENTS A \$16.5 BILLION INCREASE OVER THE FISCAL 1980 TOTAL.

"THE INCREASED LEVEL OF DEFENSE RESOURCES PROPOSED FOR 1981 WOULD HELP PRESERVE STRATEGIC DETERRENCE, IMPROVE THE COMBAT EFFECTIVENESS AND READINESS OF OUR NATIVE FORCES, AND ENHANCE OUR CAPABILITY TO DETERCONFLICT WORLDWIDE THROUGH THE RAPID DEPLOYMENT OF FORCES," CARTER'S BUDGET MESSAGE SAID.

THE PRESIDENT PROPOSED SPENDING ADVANCES ALL ACROSS THE SPECTRUM OF U.S. DEFENSE PROGRAMS, INCLUDING STRATEGIC WEAPONS SUCH AS THE NEW MX MOBILE INTERCONTINENTAL BALLISTIC MISSILE, ADDITIONAL AIR FORCE AND NAVY FIGHTER AND ATTACK PLANES, MORE NEW WARSHIPS AND SIGNIFICANT PRODUCTION OF THE ARMY'S NEW MX TANK IF IT PASSES ALL

TECHNICAL TESTS.

A MAJOR FOCUS IN THE NEW BUDGET IS A START-UP OF TWO HARDWARE PROGRAMS DESIGNED TO GIVE U.S. FORCES THE ABILITY TO REACH DISTANT AREAS SUCH AS THE PERSIAN GULF QUICKLY IN EMERGENCIES, AND TO FIGHT WHEN THEY GET THERE.

CARTER CLAIMS THAT SINCE HE TOOK OFFICE HE HAS REVERSED A DOWNWARD TREND IN MILITARY SPENDING THAT HAD BEEN OCCURRING "IN REAL TERMS EVERY YEAR FROM 1968 THROUGH 1976."

"THE TRENDS WE MEAN TO CORRECT CANNOT BE REMEDIED OVERNIGHT; WE MUST BE WILLING TO SEE THIS PROGRAM THROUGH. TO ENSURE THAT WE DO AS I AM SETTING A GROWTH RATE FOR DEFENSE THAT WE CAN SUSTAIN OVER THE LONG HAUL," CARTER SAID.

ALL OF THIS IS IN SHARP CONTRAST TO CANDIDATE CARTER WHO IN HIS 1976 CAMPAIGN ADVOCATED MILITARY BUDGET CUTS OF \$5 TO \$7 BILLION.

DURING THAT CAMPAIGN CARTER SAID HIS REDUCTIONS COULD BE MADE BY CUTTING ADMINISTRATIVE WASTE, AND ASSERTED THAT \$3 BILLION ALONE COULD BE SAVED BY INCREASING THE TIME SERVICEMEN STAY AT ONE POST, RAISING THE RATIO OF MILITARY STUDENTS TO INSTRUCTORS AND STANDARDIZING WEAPONS USED BY NATO COUNTRIES.

- Q. Why should the United States match the Soviets in defense spending? We have more reliable allies, Western Europe is more technologically superior than the Eastern bloc, the Soviets are experiencing severe economic difficulties, and they must contend with China--why should we try to match the Soviets?
- A. We are not trying to match the Soviets, man for man. Ronald Reagan recognizes the differences between the East and West. But if we examine all of the pertinent factors and indices you will find that the West--with all its resources and technological sophistication--has not kept pace with the increase in Soviet-Warsaw Pact military capabilities. Because we have failed to keep pace, we are entering the decade of the 1980s with inferior strategic forces, theater nuclear forces, and conventional forces. We have allowed our navy to deteriorate and decline in numbers to the point where it is now facing severe strain because of the need to deploy forces in the Indian Ocean--forces which were stripped from other fleets. The Soviets, on the other hand, have increased their strategic, theater and conventional capabilities against the West and China simultaneously. It would be foolhardy to trust the fate of the West to the erroneous belief that the Soviets will become more moderate because of pressing internal economic difficulties. What we are witnessing is an increasingly confident Soviet Union more willing to use its military power. At some point, should their economic difficulties persist, they may be tempted to use their military power to help solve those difficulties. If we fail to rebuild our defenses, we would be unable to deter such adventurism.

Q. But don't we run the risk of fueling inflation by increasing the defense budget?

A. Inflation has not been caused by defense spending. Defense spending has been going down as inflation has been going up.

- Q. If the United States increases its defense budget, won't the Soviets follow suit, and as a result, how will our security be enhanced?
- A. The Soviets have not followed the American lead in restraint. If one looks at trends in defense spending, one finds that as the U.S. effort declined, Soviet defense spending increased. The case can be made that because the U.S. effort has lagged, the Soviets saw the opportunity to press hard and surpass the U.S. A more vigorous U.S. defense effort might have convinced the Soviets that their military superiority was not in the cards. The issue, then, is not one of American restraint, but Soviet restraint. Unless we restore the balance of power with a concerted effort to increase our defenses, international politics will continue to be buffeted by Soviet expansionism.

Q. But the defense budget consumes the greatest portion of the federal budget. Won't increasing the defense budget take more from other federal programs?

A. The defense budget does not consume the greatest portion of the federal budget, but less than one-quarter of it, and the issue isn't one of guns versus butter. As a percentage of the federal budget, defense spending has been declining, while federal outlays for nondefense programs have greatly increased. The critical point, however, concerns what the government spends money for and what criteria are used in determining those allocations. A gross comparison between defense spending and non-defense spending obscures the different objectives in each portion of the federal budget. In addition, and a point that is often overlooked in the debate on defense spending, is that several hundred billion dollars are spent on nondefense programs at the state and local levels, so if you look at how much we spend on defense as a percentage of net public spending (federal, state, and local spending), you will find that over the last decade it has declined from approximately 30% to 15.5%. Once again, the bottom line is that U.S. defense spending has significantly declined.

Q. But we're already spending well over \$140 billion a year on defense. Isn't that enough?

A. No, it is not enough, and looking at the total figure without putting it in the proper context fails to illuminate the problem. The Soviets are spending some 13 to 18% of their GNP on defense, and the Soviet economy is roughly one-half the size of ours. For the last decade, the Soviets have outspent the U.S. in strategic forces by some 270%. They've outspent the U.S. by 135% for general purpose forces and by 70% for support forces. For 1978, those figures had grown to 330% for strategic forces, 170% for general purpose forces and 95% for support forces. The Soviets have also spent significantly more on research and development. The net result of this effort has been the Soviet Union's massive peacetime military buildup.

The United States, on the other hand, has allowed its defense efforts to slide to the point where we are spending roughly 5% of our GNP on defense. This compares to over 9% in 1968 and over 12% in 1953. In addition, our forces face severe shortages in equipment, training, and operations and maintenance. We need to invest more in our defenses--from research and development to weapons procurement. Ronald Reagan believes there is no question that we can afford it. The Carter Administration's proposed defense budget is grossly inadequate to meet the growing Soviet threat. Deterrence of Soviet expansion depends on American military strength and the willingness to confront the Soviets with an array of unacceptable military risks. The Administration's budget won't restore our military strength. The problem we face exists because we've let our defenses down, not because we've spent too much.

RELEASE DATE: FRIDAY, FEBRUARY 18, 1977

KING FEATURES SYNDICATION

SUBJECT: Carter's
McGovernized Defense
Program

On his way to the White House, Jimmy Carter forgot to tell us that he planned to McGovernize the nation's foreign policy and defense program.

At least that's the way things are beginning to look, judging from some of his second-level appointments in the Defense and State departments and the National Security council, as well as from his nomination of Paul Warnke to be disarmament chief and strategic arms negotiator.

Warnke, currently the subject of hot controversy on Capitol Hill, was George McGovern's top national security adviser during the 1972 Presidential campaign. He subscribes to what might be called the Tooth Fairy theory of national security. It is based, in effect, on the wishful thought that if we disarm unilaterally and significantly, the Russians will promptly follow suit.

The history of the Soviet arms buildup (and foreign policy moves) in recent years offers plenty of proof that this won't happen, but Warnke has promoted the idea consistently at least since 1969.

McGovern's 1972 proposals, which Warnke defended, proposed sharp curtailment of U.S. strategic weapons systems.

In 1974, Warnke came out in favor of a systematic three per cent per year reduction in the defense budget (in constant dollars). In the current (Fiscal Year 1978) federal budget, that would have amounted to a reduction of nearly \$30 billion from present levels, at a time when recent revelations have shown that the Soviets have been spending far more on defense than we had believed.

more--more--more

RONALD REAGAN NEWSPAPER COLUMN

SUBJECT: Carter's McGovernized Defense Program

Warnke's wishful thinking about Soviet behavior was spelled out in some detail in an article in the quarterly, Foreign Policy, in its Spring, 1975 issue. A sampling: "The chances are good...that highly advertised restraint on our part will be reciprocated. The Soviet Union, it may be said again, has only one superpower model to follow. "It is time, I think for us to present a worthier model...We can be the first off the treadmill."

Such dreamy stuff was followed in 1976 by what amounted to a debate with former Deputy Secretary of Defense and SALT negotiator, Paul Nitze before the Senate Budget committee. Warnke came out then against the B-1 bomber, against improving U.S. missile accuracy and against the Trident submarine.

President Carter has stoutly defended his nomination of Warnke and, presumably, his McGovernesque ideas. About him, Carter said, "I believe that Mr. Warnke's proposals are sound. I have no concern about his attitude."

Then, last week, as if by magic, Warnke the dove turned into Warnke the hawk before the very eyes of the Senate Foreign Relations committee. He told them, "I reject any concept of unilateral disarmament by the United States..I don't think it is sufficient for the United States merely to have the capacity to respond to a Soviet first strike."

A change of heart? Amnesia? Who knows, but Nitze, himself a highly respected analyst of national defense needs, said that Warnke lacks "clarity or consistency of logic."

more--more--more

SUBJECT: Carter's McGovernized Defense Program

The big question remaining is whether Carter himself is edging toward the wishful thinking theory, or whether he will have his negotiators sit down with the Soviets armed with the knowledge that the latter always exploit signs of weakness.

ARMS RACE #1

- Q. Won't the defense policies Ronald Reagan advocates lead to an endless costly arms race with the Soviet Union, the result of which both sides will be losers?
- A. Ronald Reagan's defense policies will be aimed at restoring American military power to the extent necessary to meet our vital national security requirements. Ronald Reagan believes we must reverse the adverse trends in the military balance. We must prevent our deterrent forces from vulnerability. To do these necessary things will require an effort.

Ronald Reagan believes we are in an arms race, but only the Soviets are racing. Soviet arms expenditures have largely followed their own pattern, regardless of what we have done, and they will probably continue to do so. The Soviet effort is already at the margin of what seems politically and economically feasible. This reflects a steady, determined growth during a long period when our own effort was declining. Consequently, while our defense expenditures are about 5% of GNP, theirs are approaching 20% according to reputable estimates.

But the major point is simply that we cannot safely permit a continuation of these trends. If the Soviets, for example, expand their ICBM capability so much that our land-based force is vulnerable and at risk, we then must remedy that imbalance.

ARMS RACE #2

Q. Doesn't the United States have a great technical superiority that compensates for Soviet numerical advantages?

A. The United States still has advantages in areas of technology which are not driven by military requirements alone--computers and advanced electronic components. Increasingly, however, we find that the United States does not press promising military technology or exploit the technology it has developed. The current reluctance of the Carter Administration to press explanation of the potential of laser orbital defensive systems is a case in point. One reason the Soviets closed the gap in missile accuracy is that for much of the 1970s the United States did not, as a matter of policy, improve the accuracy of its strategic missiles. Such a policy was derided as threatening the Soviet deterrent and restrictions on accuracy improvement were even incorporated in legislation.

Also, many alleged U.S. advantages in technology may simply reflect U.S. failure to detect the latest Soviet weapons. Finally, "inferior" Soviet technology has produced weapons that are quite adequate to do the job for which they were designed. Frequently we find that Soviet weapons with inferior electronic components are actually well-designed and perform equal or better to Western weapons in combat.



Carter Defense Policy:
A Republican Critique

Submitted by the Council on
National Security and International Affairs
Defense Subcommittee of the
Republican National Committee

March 1979

Dear Friend:

The national defense of a nation depends on two components—sufficient strength and the will to use that strength.

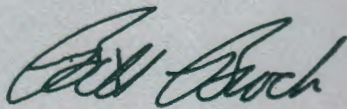
President Carter's Administration has consistently made decisions and taken actions which are ultimately leading to a significant weakening of U.S. Defense capabilities.

In addition to this erosion of military power the President has repeatedly demonstrated an unwillingness to use that strength. If we are perceived by our adversaries as lacking the will to use our might, then no amount of strength would protect our interests short of war.

John Lehman, Chairman of the RNC's Defense Subcommittee of the Advisory Council on National Security and International Affairs and former Deputy Director of the Arms Control and Disarmament Agency has analyzed the Carter Administration's defense budget and national security policies.

The following paper, prepared by the Defense Subcommittee, makes it clear we are on a precarious course unless U.S. leadership is restored.

Very truly yours,



CARTER DEFENSE POLICY

President Carter's foreign and defense policies remain shortsighted and dangerously inadequate: America's reliability as an ally is in doubt, our military defenses are becoming less capable of maintaining peace every year, our international economic strength is rapidly deteriorating, our position in some of the most vital regions of the world is crumbling. The Administration, in a spirit of retreat and resignation, takes this downward drift for granted. With its mistaken policies it accelerates our decline, and the danger of world disintegration increases as U.S. leadership falters.

The failure of this Administration in national security is enormous. It has come about through two years of specific decisions taken—and not taken—and policy choices made—and made wrongly culminating in the disastrous events of recent weeks—and we may be sure that there is worse to come. The consequence of this consistent performance has been to place this nation in a more perilous position than it has faced since 1941.

President Carter in his "So What" speech last week at Georgia Tech defends helplessness and paralysis as a virtue. In the absence of a defensible policy he substitutes utterly meaningless incantations about strength while continuing to pursue a policy of defense cancellations, deferrals and real budgetary reductions.

America is rapidly becoming number two, leading some military observers on both sides of the Atlantic to comment on the eerie parallel between Carter policies and the disastrous policies of the British Government in the 1930s. Once again we witness a Chamberlain-like government's fervid hopes that a dictatorship's good behavior will compensate for its own inadequacy. Yet these hopes are based more upon an obstinate denial of unpleasant facts that honest and realistic evaluation of the Soviet buildup, interventionism and expansion of control over nation after nation.

As American military power slips behind Soviet power in nearly every relevant measure of strategic, naval, and land forces attention is being willfully directed elsewhere by the Administration. The practice of giving a "net assessment" of the power balance in the annual Defense presentation to Congress has quietly been dropped. Why? The President and his senior Defense officials proclaim American "moral and economic" superiority as an excuse for neglecting the *military* balance, and ask Americans to consider with sympathy Russia's problems with now tepid allies, hostile neighbors, and "geographic circumstances."

Just as in the 1930s we are again witnessing a not very subtle debasing of official language. The President tells us that he is "strengthening" our commitment to East Asia by withdrawing U.S. forces from Korea and cancelling our defense commitment to Taiwan. Ridiculous. Unilateral cancellation of the B-1 bomber without any response whatsoever from the Soviets is made "in the interest of providing the United States with a strong, efficient, and cost-effective national defense." Incredible. The neutron warhead is not deployed despite the Russian tank buildup in Eastern Europe. The MX missile and Tomahawk Cruise missile are indefinitely postponed. This Administration characterizes such preemptive concessions to the Soviets as hard bargaining. Then we are told that since these weapons are not operational, SALT limitations on these weapons are perfectly acceptable. Double—think. The Nimitz aircraft carrier is vetoed as less cost effective than smaller ships, but the funds saved are not spent to produce the smaller ships. Result—less ability to maintain U.S. freedom of the sea.

Mr. Carter tells us of the success of social goals in military manpower. He does not tell us about the huge shortfalls and record low retention rates in all branches of the military. Quality manpower is not being recruited or

retained in the military in adequate numbers. For the first time in 1978, none of the three services have met their recruitment goals. Retention levels are inadequate due to more aggravation and less appreciation, less challenge and less compensation as the Administration's anti-military attitudes have their erosive effect.

Mr. Carter seeks to reassure us of the Soviets' good intentions. He does not tell us that neither he nor his Secretary of Defense can explain the rationale behind the continued Soviet military buildups, resulting from the unswerving dedication of 13-15% of their GNP to their national defenses. Mr. Carter's fervent hopes and wishful thinking—for our adversary's good behavior seem more and more to stand in obstinate denial of increasingly unpleasant facts!

Mr. Carter tells us that we are stronger than we were last year. He does not tell us that relative to our principal adversaries and their clients, we are weaker than we were last year—but our allies know it anyway. His Secretary of Defense claims only to find continued Soviet military buildups puzzling and "troublesome."

Mr. Carter tells us that we will always be "Number One" in military strength. He does not tell us that we will rapidly become Number Two at currently proposed levels of defense spending. His Secretary of Defense implies in his posture statement that being Number One is not important!

Victor Utgoff, Mr. Carter's strategic arms limitation adviser on the National Security Council, explicitly states that "it is in the U.S. interest to allow the few remaining areas of (U.S.) strategic advantage to fade away" because we might "occasionally use (such an advantage) as a way of throwing our weight around in some very risky ways." Polls show that outright U.S. strategic inferiority to the Soviets is a position supported by only 4% of the American public. It would seem that such a

minority view has powerful and disproportionate influence in this Administration.

Mr. Carter tells us that his SALT II treaty will be a valuable addition to world stability. He does not tell us that this treaty could lock us into a position of strategic inferiority. His Secretary of Defense acknowledges, however, that most of the claimed growth in the defense five-year plan is for new strategic systems—just to “catch up” to the negotiated arms levels!

Mr. Carter tells us that SALT II will require the Soviet Union to reduce their overall number of strategic arms by 10%. He does not say, as has been widely noted editorially, that they will be destroying or dismantling only obsolete stock. Moreover, he misrepresents the facts by saying that Soviet “missiles” will have to be destroyed when in fact it is only missile launchers that are limited under the treaty—an important distinction.

Mr. Carter tells us that our highest conventional military priority is the defense of Western Europe. He does not tell us that we are failing to keep our implicit promise to increase spending for NATO forces. His Secretary of Defense shows that our actual spending for general purpose forces will decline over the next five years.

Mr. Carter tells us that our defense budget will continue the “real growth” trends of the last Republican Administration. He does not tell us that this growth is based on unrealistically low inflation rates and that use of actual inflation rates reveals this budget as a “real decline.” His Secretary of Defense indicates that much of that “growth” will have to be achieved under the *next* administration.

The FY 77 defense obligational authority was \$131.2 billion in constant '80 dollars. The FY 80 request is for \$135.5 billion for a net three-year increase of \$4.3 billion. If the obviously low inflation rate of 6.4% used by President Carter is applied, that yields a real growth of 1.36% per year average—not the 3% pledged. Worse,

if the *real* inflation rate actually being applied in Pentagon contracting (taking account of actual government pay and retirement increases and ceilings) is used then we find Carter's defense budget has declined in real terms an average of 2% per year.

As compared to last year's obligational authority, if one assumes that the supplemental request submitted with this year's budget is approved, Carter's FY 80 requests represents a real decrease of about 1.7% using the actual Department of Defense inflation indexes (which, through a complex process, equates to 9.5%).

Equally disturbing are the important program decisions contained in that budget.

Major “muscle” cuts made by the Carter Administration to date include the cancellation of such programs as: Minuteman III production; the B-1; the neutron bomb production; the next nuclear-powered carrier; the Marines' light and medium attack fighters; and the Air Force AMST transport. Many other programs have been seriously delayed or “stretched out,” including” the new MX missile; the TRIDENT submarine program; the SSN-688 attack submarine program, the Tomahawk cruise missile; and the F-15 fighter program.

Once again the Navy will receive fewer than half the ships planned by President Ford and only half the number of tactical aircraft needed to replace normal peacetime losses. Instead of the 600-ship Navy planned by President Ford, Carter will bequeath his successors a 400-ship Navy (in itself a national scandal)—including non-combat service ships.

Mr. Carter tells us that we can meet all our worldwide military commitments. He does not tell us that we can only meet them one at a time. Nor does he tell us that the greatest danger to our alliance system may be through methods less overt than direct military aggression. The Soviet Union can more readily defeat U.S. allies and absorb or dominate them

intact by less direct flanking actions, by "divide-and-intimidate" tactics, and by sapping our deterrent through military support of warring client states.

Mr. Carter tells us that our friends and allies hold us in higher esteem than ever. He does not tell us that we have fewer friends and allies than at any time in the past 40 years, or that they are questioning our will to lead!

Mr. Carter tells us that we are retaining our technological superiority. He does not tell us that our advantage is continuing to dwindle. Our supposed superiority in technology and general purpose weapons has disappeared because Soviet technology lag is shorter than our deployment schedule. His Secretary of Defense does not tell us that the Soviets are fielding relatively simple countermeasures in large numbers—faster than we can procure the technologically more sophisticated equipment in small quantities.

Mr. Carter and his Secretary of Defense tell us that we are strong geographically, morally, and economically. We agree on all three counts, but those characteristics are not an alternative to military strength for which in the "dangerous world" he describes there can be no substitute.

Mr. Carter tells us that the American people would not stand still for higher defense spending. He does not tell us that, when polled, the American people overwhelmingly favor whatever is necessary to remain Number One.

But no matter how large our defense budget or powerful our defense forces, if the President cannot or will not set forth strategic policies that define the position of the United States within the network of global power relationships (including but not limited to military power), then any and all governmental commitments of the United States will be consistently and heavily discounted. We have arrived at that state of affairs today. We are becoming irrelevant to the course of events in

the world, even where they involve our most vital interests.

The reasoning of the Carter Administration appears to recognize only two stark alternatives: appeasement of the Soviet Union coupled with deterioration of American leadership in the Western Alliance—and loss of American stature in vital areas of the world; or a dramatic arms race leading to national bankruptcy. Clearly, there are many rational alternatives between the naivete of these two extremes.

That is a false choice. Since 1960, federal spending in social welfare areas has more than doubled as a percentage of gross national product while spending on defense has been cut in half. At the same time while U.S. defense expenditures have declined to 4.2% of the GNP, Soviet defense expenditures have climbed to 13-15% of GNP (both excluding retirement costs).

What must be done to reverse this disastrous course can be carried out within austere budgets with a sustained real growth of 3% per year in defense spending.

During the next two years, the Republicans will provide such alternatives for a sound foreign policy and a strong national defense. The retention of adequate national military forces, suitably modernized, can be achieved without exceeding 25% of Federal Budget outlays, and without exceeding 6% of our growing GNP. The retention of adequate national will can be achieved by simply providing more positive national leadership—based on world realism, rather than rhetoric.

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Background

Ten Advisory Councils and Committees were formed by the Republican National Committee in 1977, to update and redefine Republican positions and initiatives on national issues and to foster participation in guiding the future course of the Party and Republican candidates.

The five Advisory Councils are Human Concerns, Economic Affairs, General Government, Natural Resources, and National Security and International Affairs. The Advisory Committees cover Campaign Services, Outreach, Communications, Fiscal Affairs, and Legal Affairs. The councils and committees are further divided into 30 subcommittees which deal with specific issues and problems.

Through frequent statements, the Advisory Councils and Committees will communicate positions and initiatives to Republicans, elected officials and the American public.

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**Republican National Committee
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*A Republican Position
On The
Carter Administration's
Foreign Policy*

Submitted by the Advisory Council
on National Security
and International Affairs of the
Republican National Committee

March 1979

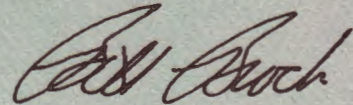
Dear Friend:

We have all watched American foreign policy deteriorate in its effectiveness, coordination and international impact during the past two years with first amusement, then concern and now a deep anxiety.

The confusion and drift inherent in the Carter Administration's approach to world affairs have been under continuous examination by the RNC's Advisory Council on National Security and International Affairs chaired by Fred C. Ikle. The following paper reviews the Administration's foreign policy actions, assesses them and promises that Republicans over the next two years will provide reasonable alternative approaches to those policies.

After reading this paper the Republican National Committee at its annual winter meeting in Washington unanimously passed a resolution setting forth the Republican position. That resolution follows the Advisory Council paper. I believe you will find both of interest.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Bill Brock". The signature is fluid and cursive, with the first name "Bill" and last name "Brock" clearly distinguishable.

A Republican Position On The Carter Administration's Foreign Policy

Bipartisanship in support of the President's foreign policy has often served our country well. It has become an American tradition which we Republicans have nurtured, and have practiced constructively for many years. We have recently entered a period, however, when the President's foreign and defense policies have become clearly detrimental: America's reliability as an ally is in doubt, our military capabilities are becoming more inadequate every year, our international economic strength keeps deteriorating, our position in some of the most vital regions of the world is crumbling. The Carter Administration, in spirit of retreat and resignation, takes this downward drift for granted—with its mistaken policies it accelerates our decline.

The time has come when Republicans must balance their responsibility as citizens with their tradition of bipartisanship.

Republican statements last year warned of mistaken policies in many areas of foreign affairs. Unfortunately, in almost every area the Administration policies and the situation for the United States have deteriorated further.

1) The unilateral cut-backs and cancellations of our defense investment programs continue. Initially, the Carter Administration cancelled the B-1 bomber, closed our only ICBM production line for Minuteman III missiles, and slowed down our new land-based missile (the MX); then it deferred the enhanced radiation weapon ("neutron bomb"), delayed the ground- and sea-launched cruise missiles, slowed ground force and tactical air modernization, and drastically curtailed naval shipbuilding. As a direct result of such decisions the gap between American and Soviet military strength is widening. The United States has been cosigned to become

"number two" by current Administration policies and long-range plans.

2) Since all these unilateral cut-backs have remained totally unreciprocated by the Soviet Union, they have severely damaged our bargaining strength in arms control negotiations.

3) Mr. Carter fails to explain to the American people and to the world that it is the Soviet military build-up which fuels the arms competition. Only the Soviets are racing. Less than two years ago, Mr. Carter sensibly favored genuine and substantial nuclear arms limitations. But as soon as the Soviets opposed him, he lost the courage of his convictions. Now, the Carter Administration has put such unwarranted priority on a new SALT Treaty that it no longer seems to have any convictions about the objectives arms control must serve—the Treaty has become an end in itself.

4) By letting the Soviet Union overtake us in nearly all aspects of military strength, the Carter Administration invites disastrous setbacks in our foreign policy. Where could we marshal the necessary forces and support if it came to a military contest in the Middle East, for example, or in the Persian Gulf? The fact that the answer to this question is so painfully in doubt cannot fail to have an impact on the outcome of the crisis in Iran. If Soviet pressure should be applied at some future juncture, it may well seem too dangerous to resist. A major setback in Iran would lead to increased danger to Israel and the moderate Arab states in the Middle East.

5) The way in which Mr. Carter scuttled our longstanding defense treaty with the Republic of China on Taiwan sends a frightening signal to our remaining allies. Which nation, counting on our support, will be sacrificed next? The abrogation of our defense treaty was not only

taken without consultation with Congress, but initially the public and Congress were not even told about the one-year moratorium on new arms shipments to Taiwan. Evidently, this dangerous concession to Peking was too embarrassing to admit.

6) The withdrawal of U.S. forces from South Korea, on which Mr. Carter continues to insist, can only encourage the ruthless dictatorship in North Korea to step up its preparations for aggression. Moreover, this American withdrawal has further undermined the confidence of our Japanese allies in our ability and will to meet our defense commitment to them.

7) Carter's policy on Africa and toward Castro has encouraged the continued presence of the Cuban Afrika Korps, financed and supplied by the Soviet Union. Not surprisingly, the African outposts of Soviet Imperialism are becoming more entrenched. By opposing the moderate blacks in Rhodesia and in other parts of Africa, and by encouraging and sympathizing with the forces of violence, the Carter Administration has made the totalitarian extremists ever more intransigent. The result of the Carter policies: More bloodshed in Rhodesia, the weakening of democratic forces working for genuine racial equality, and the prospect of increasing Soviet intervention throughout Southern Africa.

8) The Carter Administration has permitted the continued debilitation of our intelligence capability that had been initiated by the Democratic-controlled Congress. The Administration inflicted further damage to the morale of our intelligence organizations and added rigid constraints on their ability to function efficiently and with the requisite secrecy. The decline of our intelligence capabilities has led—and will continue to lead—to disastrous consequences for the United States. Afghanistan fell under Soviet dominance with no advance warning and contrary to Administra-

tion expectations; the developments in Iran gained momentum totally unanticipated by the Carter Administration; Hanoi defeated Cambodia in a lightning campaign to Washington's utter surprise. Instead of rebuilding our intelligence capabilities—especially in crucial functions of covert intelligence—and defending the need for them in Congress, the Carter Administration still supports new legislation which would further cripple them.

We are confident that the American people will support a sound foreign policy and the necessary defense effort to back it up. What we need is new leadership to provide inspiration and guidance. Over the next two years, we Republicans shall work hard to that end.

RESOLUTION

Around the world, America's reliability and political will are in doubt. Our military capabilities become less adequate every year. Our international economic strength is deteriorating sharply. Our position in some of the world's most vital regions is crumbling. In a spirit of retreat and resignation, the Carter Administration accepts this downward trend, and with its mistaken policies accelerates America's decline.

Historically, America's bipartisan foreign policy has been grounded in a strong national defense. Mr. Carter has unilaterally cancelled or delayed many of our important defense programs, such as the B-1 bomber, the "neutron bomb," and the development of the Cruise Missile.

Our bargaining position at SALT has been severely damaged by these unilateral cut-backs, making it likely that the Treaty will fail to curtail the massive Soviet military build-up and will lock the United States into an inferior position.

Mr. Carter has failed to explain to the American people and to the world that the United States has exercised restraint without reciprocation, and that only the Soviet Union is running an arms race.

The Carter Administration has failed to develop effective countermeasures to make Castro's Afrika Korps and other Soviet mercenaries withdraw from Africa and the Middle East.

The Carter Administration has encouraged the forces of violence and extremism in Africa, and failed to support our friends.

Mr. Carter scuttled our longstanding defense treaty with the Republic of China on Taiwan without consulting Congress, and recognized Communist China without adequate commitments on the part of Peking.

The Carter Administration has continued the

debilitation of our intelligence organizations—a process irresponsibly initiated by the Democratic-controlled Congress, and which has yielded disastrous consequences in Afghanistan, Cambodia, and Iran.

The Republican National Committee has therefore resolved that:

1) The time has come for Republicans to place their responsibility as citizens ahead of their long-standing tradition of bipartisanship in foreign policy;

2) The unilateral and unreciprocated disarmament of the United States must cease;

3) The United States must develop a political strategy, backed up by the necessary military strength, to deter further Soviet intervention in Africa and the Middle East;

4) The United States must rebuild its intelligence capabilities, instead of adopting new legislation in Congress which would further cripple it; and that

5) Efforts be redoubled to remove through electoral process all elected Democratic officials who espouse the Carter doctrine.

We are confident that the American people will support a sound foreign policy and the necessary defense effort to back it up. What we need is the leadership to provide inspiration and guidance. Over the next two years, we Republicans shall work hard toward that end.

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Harold Smith, Jr.
Robert Strausz-Hupe
James Theberge
John Tower
Caspar Weinberger

*Denotes Chairman

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