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Text of Debate Between Anderson and Reagan

BALTIMORE (AP) — Here is a text of the remarks made last night during the presidential debate between Republican candidate Ronald Reagan and independent candidate John Anderson. The debate was sponsored by the League of Women Voters and was held in the Baltimore Convention Center.

Carol Loomis, Fortune magazine: Mr. Anderson, opinion polls show that the American public sees inflation as the country's No. 1 economic problem. Yet as individuals they oppose cures that hurt them personally. Elected officials have played along, by promising to cure inflation while backing away from tough programs that might hurt one special interest group or another and by actually adding inflationary elements to the system, such as indexing.

They have gone for what is politically popular rather than for what might work and amount to leadership. My question, and please be specific, is what politically unpopular measures are you willing to endorse, push and stay with that might provide real progress in reducing inflation?

Anderson: Well, Miss Loomis, I think it's very appropriate that the first question in this first debate of Campaign '80 should relate to the economy of the country. Because it seems to me that the people who are watching us tonight, 221 million Americans, are truly concerned about the poor rate of performance of the American economy over the last four years. Now Gov. Reagan is not responsible for what has happened over the last four years, nor am I. The man who should be here tonight to respond to those charges chose not to attend.

But I want to answer as specifically as I can the question that you have just put to me. Let me tell you that I first of all oppose an election year tax cut, whether it is the 10 percent across-the-board tax cut promised to the taxpayers by my opponent in this debate tonight, or whether it is the \$27.5 billion tax cut promised on the 20th of August by President Carter.

I simply think that when we are confronted by a budget deficit this year — and this fiscal year will end in about 10 days — and we are confronted with the possibility of a deficit of \$60 billion, perhaps as much as \$63 billion, that that simply would be irresponsible. That once again the printing presses will start to roll, once again we will see the monetization of that debt result in a higher rate of inflation.

Even though we've seen some hoped-for signs perhaps in the flash report on the third quarter, that perhaps the economy is coming out of the recession, we've also seen the rise in the rate of the prime, we have seen mortgage rates go back up again, a sure sign of inflation in the housing industry.

What I would propose, and I proposed it way back in March when I was a candidate in my own state of Illinois, I proposed \$11.3 billion specifically in cuts in the federal budget. I think we've got to have fiscal restraint. And I said at that time that one of the things that we could do, that perhaps would save as much as \$5 billion to \$7 billion, according to one of the leading members of the House Budget Committee, was to recalculate the index that is used to determine the cost-of-living benefits that are paid to civil service retirees, to military retirees, that we ought to in addition to that, we ought to pay those retirement benefits on the basis of once a year, rather than twice a year, and save \$750 billion. In other words, fiscal restraint.

Moyers: Mr. Anderson, your time is up. Ms. Loomis.

Loomis: Mr. Reagan, repeating the question, and I would ask you again to engage in as many specifics as you possibly can, what politically unpopular measures are you willing to endorse, push and stay with that might provide real progress in reducing inflation?

Reagan: I believe that the only unpopular measures, actually, that could be applied would be unpopular with government, and with those, perhaps, some special interest groups who are tied closely to government.

I believe that inflation today is caused by government simply spending more than government takes in at the same time that government is imposed on business and industry from the shopkeeper on the corner to the biggest industrial plant in America, countless harassing regulations and punitive taxes that have reduced productivity at the same time they have increased the cost of production. And when you are reducing productivity at the same time that you are turning out printing press money in excessive amounts, you're causing inflation, and it isn't really higher prices, it's just, you are reducing the value of the money, you are robbing the American people of their savings.

And so, the plan that I have proposed, and contrary to what John says, my plan is for a phased in tax cut over a three-year period, tax increase and depreciation allowances for business and industry to give them the capital to refurbish plant and equipment, research and development, improve technology, all of which we see our foreign competitors having — and we have the greatest percentage of outmoded plant and equipment of any of the industrial nations — produce more, have stable money supply, and give the people of this country a greater share of their own savings.

Now I know that this has been called inflationary by my opponent and by the man who isn't here to

night. But I don't see where it's inflationary for people to keep more of their earnings and spend it, and it isn't inflationary for government to take that money away from them and spend it on the things it wants to spend it on.

I believe we need incentive for the individual and for business and industry, and I believe the plan that I have submitted, with detailed backing and which has been approved by a number of our leading economists in the country, is based on projections — conservative projections, out for the next five years — that indicate that this plan would by 1983 result in a balanced budget.

We have to remember, when we talk a tax cut we're only talking about reducing a tax increase, because this administration has left us with a built in tax increase that will amount to 86 billion dollars next year and 500 billion dollars over the next five.

Moyers: You're time is up. Mr. Anderson?

Anderson: Mr. Moyers, in addition to saying that this is no time for a tax cut in view of the incipient signs of inflation, in addition to calling for restraint in federal spending, 15 months ago I also suggested we have an emergency excise tax on gasoline. I say that because I think this year we will send \$90 billion out of this country to pay for imported oil, even though those imports have been reduced.

And since I made that proposal 15 months ago the price of gasoline, which was then 80 cents a gallon, has gone up to \$1.30. In other words, we've had a huge increase of about 50 cents a gallon since that time and all of that increase has gone out of this country or much of it into the pockets of OPEC oil producers.

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Whereas I have proposed we ought to take — put that tax on here at home, reduce our consumption of that imported oil, recycle those proceeds back into the pockets of the American workers, by reducing their tax payments, their Social Security tax payments, by 50 percent. That I think in addition would be an anti-inflationary measure that would strengthen the economy of this country.

Moyers: Mr. Reagan.

Reagan: Well, I cannot see where a 50-cent-a-gallon tax applied to gasoline would have changed the price of gasoline. It would still have gone up as much as it has and the 50 cents would be added on top of that. And it would be a tax paid by the consumers and then we're asked to believe that in some way they would get this back to the consumers.

Well why? Why take it in the first place if you're going to give it back. Why not leave it with him.

And John spoke about 15 years ago on the position that he — or 15 months ago, on what he believed in, 15 months ago he was a co-signer in advocating the very tax cut that I am proposing and said that that would be a forward step in fighting inflation and that it would be beneficial to the working people of this country.

Moyers: The next question goes to Mr. Reagan from Daniel Greenberg.

Greenberg: Well, gentlemen, what I'd like to say first is I think the panel and the audience would appreciate responsiveness to the questions rather than repetitions of your campaign addresses.

My question for the governor is: Every serious examination of the future supply of energy and other essential resources, including air land and water, finds that we face shortages and skyrocketing prices and that in many ways we are pushing the environment to dangerous limits. I'd like to know specifically what changes you would encourage and require in American lifestyles, in automobile use, housing, land use and general consumption to meet problems that aren't going to respond to campaign lullabies about minor conservation efforts and more production.

Reagan: Well, I believe that conservation of course is worthy in and of itself. Anything that would preserve or help us use less energy, that would be fine and I'm for it. But I do not believe that conservation alone is the answer to the present energy problem, because all you're doing then is staving off by a short time the day when you would come to the end the energy supply.

To say that we're limited and in a dangerous point in this country with regard to energy I think is to ignore the fact. The fact is that in today's oil well, there is more oil still there than we have already so far taken out and used. But it would require what is known as secondary or tertiary efforts to bring it out of the ground. And this is known, oil reserves. Known supplies. There are hundreds of millions of acres of land taken out of circulation by the government for whatever reason they have that is believed by the most knowledgeable oil geologists to contain probably more oil and natural gas than we have used so far since we drilled that first well 121 years ago.

We have a coal supply that's equal to 50 percent of the world's coal supply, good for centuries in this country. I grant you that prices may go up because as you go further and have to go deeper, you are adding to the cost of production.

We have nuclear power, which, I believe, with the safest and most stringent of safety requirements could meet our energy requirements for the next couple of decades while we go forward exploring the energies of solar power and other forms

of energy that might be renewable and that would not be exhaustable.

All of these things can be done. When you stop and think that we are only drilling on 2 percent, have leased only 2 percent of the possible, possibility for oil of the whole continental shelf around the United States. When you stop to think to think that the government has taken over 100 million acres of land out of circulation in Alaska alone, that is believed by geologists to contain much in the line of minerals and energy sources, then I think it is the government, and the government with its own restrictions and regulations that is creating the energy crisis, that we are indeed an energy-rich nation.

Moyers: I would like to say at this point that the candidates requested the same questions to be repeated for the sake of precision on the part of the interrogator. So, Mr. Greenberg, you may address Mr. Anderson.

Greenberg: Mr. Anderson, I'd like to know specifically what changes you would encourage and require in American lifestyle and automobile use, housing, land use and consumption to meet problems that aren't going to respond to campaign lullabies about minor conservation efforts and more production.

Anderson: Well, Mr. Greenberg, I simply cannot allow to go unpassed the statements that have just been made by Mr. Reagan, who once again has demonstrated, I think, a total misunderstanding of the energy crisis that confronts not only this country but the world when he suggests that we have 27 years' supply of natural gas, 47 years' supply of oil and all the rest, and that really, all we have to do to is get the government off the back of the oil industry, and that's going to be enough.

I agree with what I think is the major premise of your question, sir, that we are going to have to create a new conservation ethic in the minds of the American people.

And that's simply why I proposed 15 months ago the emergency excise tax on gasoline that I did. I did it as a security measure to be sure, because I would rather see us reduce the consumption of imported oil than have to send American boys to fight in the Persian Gulf.

But at the same time, I think it's going to take a dramatic measure of that kind to convince the American people that we will have to reduce the use of the private automobile. We simply cannot have people sitting one behind the wheel of a car in these long traffic jams going in and out of our great cities.

We are going to have to resort to van pooling, to car pooling, we're going to have to develop better community transportation systems so that with buses and light rail we can replace the private automobile in those places where it clearly is not energy efficient.

I think that with respect to housing, when we are consuming, even though our per capita income today is about the same as that of the Federal Republic of Germany, we are consuming about, by a factor of two, the amount of energy that they consume in that country.

Surely there are things that we can do in the retrofitting, in the redesign of our homes, not only of our homes, but of our commercial structures as well, that will make it possible for us to achieve. According to one study that was published a short time ago, the Harvard Business School study, indicated that just in the commercial sector alone of the economy, we could save between 30 and 40 percent of the energy that we consume in this country today.

So I think yes, we will have to change in a very appreciable way, some of the lifestyles that we now enjoy.

Moyers: Mr. Reagan.

Reagan: Well, as I've said, I am not an enemy of conservation. I wouldn't be called a conservative if I were. But when my figures are challenged, as the president himself challenged them after I made them, I think it should be called to the attention of John and the others here that my figures are the figures of the Department of Energy, which has not been overly optimistic in recent years as to how much supply we have left.

That is the same government that in 1920 told us we only had enough oil left for 13 years and 19 years later told us we only had enough left for another 15 years. As for saving energy and conserving, the American people haven't been doing badly at that, because in industry today we're producing more, over the last several years, and at 12 percent less use of energy than we were back in about 1973 and motorists are using 8 percent less than they were back at that time of the oil embargo.

So I think we are proving that we can go forward with conservation and benefit from that, but also I think it is safe to say that we do have sources of energy that have not yet been used or found.

Anderson: Mr. Greenberg, I think my opponent in this debate tonight is overlooking one other very important fact and that is that we cannot look at this as simply a national problem, even though it's true that perhaps between now and the end of the decade, our total consumption of oil may not increase by more than perhaps a million or 2 (million) barrels of oil a day.

The rest of the Western world, we are told, may see its consumption increase from 51 million barrels to about 66 million and that additional 15 million is going to cause scarcity. It is going to cause scarcity in world markets because there are at least five reputable studies, one even by the American Petroleum Institute itself, that I think clearly indicate that somewhere, along around the

end of the present decade, total world demand for oil is simply going to exceed total available supply. I think that conservation, I think that a change in lifestyles, is necessary and we had better begin to plan for that now rather than later.

Moyers: This question goes to you, Mr. Anderson, from Charles Corddry.

Corddry: Mr. Anderson, you and Mr. Reagan both speak for better defense, for stronger defense and for programs that would mean spending more money. You do not either of you, however, come to grips with the fundamental problem of manning the forces, or who shall serve and how the burden shall be distributed. This will surely be a critical issue in the next presidential term. You both oppose the draft. The questions are, how would you fill the understrength combat forces with numbers and quality without reviving conscription, and will you commit yourself here, tonight, should you become the commander in chief, to propose a draft, however unpopular, if it becomes clear that voluntary means are not working?

Anderson: Mr. Corddry, I am well aware of the present deficiencies in the Armed Forces of this country, when you have a report as we did recently that six out of 10 COMUS divisions in this country, continental United States, Army divisions, simply could not pass a readiness test. That two out of three divisions that were to be allocated to the so-called rapid deployment force could not meet a readiness test, and in most cases, that failure to meet the test was because of a lack of manning requirements, an inability to fill many of the slots in those divisions.

Yes, I have seen figures that indicate that perhaps, as of September 1980, this very month, that there's a shortage of about 104,000 in the ranks between E-4 and E-9. And there were reports, public reports, not long ago, about ships that could not leave American ports because of lack of crew. I talked to one of leading former chiefs of naval operations in my office a few weeks ago, who told me about 25,000 chief petty officers being short.

But I think that that is clearly related to the fact that going back to the time that going back to the time when the all-volunteer Army was created in 1973, and I worked hard for it and supported it, we simply have failed to keep pace with the cost of living, and today, on the average, the average serviceman is at least 15 percent — and I happen to think that's a very modest estimate — 15 percent below what has happened to the cost of living over that period of time. As a result, the families of some of our young servicemen are on food stamps today, and I think that's shocking. It's shameful.

So yes, I told the American Legion national convention, the VFW national convention when I spoke to each of those bodies, I outlined a very specific program of increasing pay and allowances, re-enlistment bonuses, that only makes sense. But I would leave you with this thought, sir, to be quite specific in my answer to your question, that of course, to protect the vital interest of this country, if that became impossible, if I could not, despite the very best efforts that I asked the Congress to put forward, to raise those pay and incentives and allowances, of course I would not leave this country go undefended.

Moyers: Mr. Corddry.

Corddry: Mr. Reagan, I would just repeat the two questions. How would you fill the understrength combat forces with numbers and with quality, without reviving conscription, and will you commit yourself here, tonight, should you become the commander in chief, to propose a draft, however unpopular, if it becomes clear that voluntary means are not solving our manpower problems?

Reagan: Mr. Corddry, it's a shame now that there are only two of us here debating, because the two that are here are in more agreement than disagreement on this particular issue and the only one who would be disagreeing with us is the president, if he were present.

I, too, believe in the voluntary military. As a matter of fact, today the shortage of non-commissioned officers that John mentioned are such that if we tried to have a draft today, we wouldn't have the non-commissioned officers to train the draftees.

I believe the answer lies in first recognizing human nature and how we make everything else work in this country when we want it to work. Recognize that we have a voluntary military, we are asking for men and women to join the military as a career, and we're asking them to deal with the most sophisticated of equipment. And a young man is out there on a billion-dollar carrier in charge of a maintenance of a \$25 million aircraft, working 100 hours a week at times, and he's earning less for himself and his family, while he's away from his family, than he could earn if he were in one of the most menial jobs working 40 hours a week here at home.

As an aid to enlistment, we have an aid. Forty-six percent of the people who enlisted in voluntary military up until 1977 said they did so for one particular reason — the GI Bill of Rights, the fact that by serving in the military, they could provide for a future college education.

In 1977, we took that away from the military. That meant immediately, 46 percent of your people who were signing had no reason for signing up. So I think it is a case of pay scale, of recognizing that if we're going to have young men and women responsible for our security dealing with this sophisticated

equipment, then for heaven's sakes, let's go out and have a pay scale that is commensurate with the sacrifice that we're asking of them.

Along with this, I think we need something else that has been allowed to deteriorate. We need a million-man active reserve, that could be called up in an instant's notice and that would be also trained, ready to use, that type of equipment. Both of these I think would respond to the proper kind of incentives that we could offer these people. The other day I just, I'll hasten, I just saw one example. Down in Texas I saw a high school that is military ...

Moyers: Your time is up, Mr. Reagan.

Reagan: My, I'm sorry. I'll catch up that it later.

Moyers: You can finish that after it's over, Mr. Anderson.

Anderson: Mr. Moyers, I must say that I think I have a better opportunity, however, of finding the necessary funds to pay what admittedly will be very, very substantial sums of money. We signed one bill, or we passed one bill, just a couple of weeks ago in the House of Representatives for \$500 million, a half a billion dollars. That is just a down payment in my opinion.

But unlike Goy, Reagan, I do not support a boondoggle like the MX missile. I've just gotten a report from the Air Force that indicates that the 30-year lifecycle cost of that system is going to be \$100 billion. The initial cost is about \$54 billion and then when you add in the additional costs — not only the construction of the system, the missiles and the personnel and so on — when you add in the additional costs over the lifecycle of that system, over \$100 billion. I would propose to save the taxpayers of this country from that kind of costly boondoggle.

Moyers: Mr. Reagan?

Reagan: Well, let me just say that in regard to that same missile system I happen to support and believe in the missile itself, but that's not the \$54 billion cost that John is talking about. He's talking about that fantastic plan of the administration to take thousands and thousands of square miles out in the Western states, and first he was going to dig a racetrack and have it going around on the racetrack so it would meet the requirements of Salt II treaty and now he's decided it's haphazard, straight up and down thing so it can be both verifiable and yet hideable from the Soviet Union.

We need the missile, I think, because we are so out of balance strategically that we lack a deterrent to a possible first assault. But I am not in favor of the plan that is so costly. And therefore, if I only had another second left, I'd say that that high school class in a military training, 40 of its 80 graduates last year entered the United States service academies — West Point, Annapolis and the Air Force Academy — and to see those young men made me very proud and to realize that there are young people in this country that are prepared to go into that kind of a career and service of their country.

Moyers: This question, Mr. Reagan, comes to you from my colleague, Lee May.

May: Mr. Reagan, the military is the not the only area in crisis. American cities are physically wearing out, as housing, streets, sewers and budgets all fall apart. And all of this is piled upon the emotional strain that comes from refugees and racial confrontation.

Now, I'm wondering what specific plans do you have for federal involvement in saving our cities from these physical and emotional crises, and how would you carry out those plans in addition to raising military pay without going against your pledge of fiscal restraint?

Reagan: I don't think I'd have to go against that pledge. I think one of the problems today with the cities is federal aid.

The mayors that I've talked to in some of our leading cities tell me that the federal grants that come for a specific cause or a specific objective come with such red tape, such priorities established by a bureaucracy in Washington, that the local governments' hands are tied with regard to using that money as they feel it could best be used and for what they think might be the top priority.

If they had that money without those government restrictions, everyone of them has told me they could make great savings and make far greater use of the money.

What I have been advocating is, why don't we start with the federal government turning back tax sources to states and local govern-

ments as well as the responsibilities for those programs?

Seventy-five percent of the people live in the cities. I don't know of a city in America that doesn't have the kind of problems you're talking about.

But where are we getting the money that the federal government is putting out to help them?

New York is being taxed for money that will then go to Detroit, but Detroit is being taxed for money that let's say will go to Chicago, while Chicago is being taxed to help with the problems in Philadelphia.

Wouldn't it make a lot more sense if the government let them keep their own money there in the first place?

But there are other things that we can do with the inner cities. And I believe I have talked of having zones in those cities that are run down where there is a high percentage of people on welfare, and offer tax incentives.

The government isn't getting a tax now from businesses there because they aren't there. Or from individuals who are on welfare rather than working.

And why don't we offer incentives for business and industry to start up in those zones, give them a tax moratorium for a period if they build and develop there?

The individuals that would then get jobs, give them a break that encourages them to leave the social welfare programs and go to work.

We could have an urban homestead act. We've got thousands and thousands of homes owned by government, boarded up, being vandalized that have been taken in mortgage foreclosures.

What if we had a homestead act and said to the people, 'For one dollar we sell you this house, all you have to do is agree to refurbish it, make it habitable and live in it just as a hundred or more years we did with the open land in this country, urban or country renewal, uh, homesteading?'

Moyers: Mr. May.

May: Mr. Anderson, let me ask you what specific plans do you have for federal involvement in saving cities from physical and emotional crises that confront them, and how would you carry out those plans in addition to raising military pay without going against your pledge of fiscal restraint?

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Anderson: Recently saw a Princeton University study that indicated that the cities of this country, the large cities of this country, are in worse shape today than they were in 1960. It seems to totally bely the claim that I heard President Carter make a few days ago that he was the first president that had come forth with a real urban strategy to meet the problems of urban America.

Incidentally, just this past week the crown jewel in that program that he had devised was stolen, I guess, because the conference committee turned down the ambitious plan that he had to increase the amount of money that would be available to the Economic Development Administration for loan guarantees and direct loans and credits.

I am happy to say that in contrast to that, the Anderson-Lucey platform for America, program for the '80s, has devoted considerable time and in very specific detail, we have talked about two things that ought to be done to aid urban America. We call first of all for the creation of a \$4 billion urban reinvestment trust fund to do exactly what you spoke about in your question, to rebuild the streets, to rebuild the cities, the leaking water mains.

I was in North Pittsburgh, I think it was a few weeks ago in my campaign, the water mains in that city had begun to leak and literally there wasn't money available to fix them. And until we can begin to recreate the basic infrastructure of the great cities of America, particularly in the upper Midwest and in the Northeast, they simply are not going to provide the kind of economic climate that will enable them to retain industry, enable them to retain the kind of solid industrial base that they need so that they can provide jobs.

We have also provided in our program for a \$4 billion community trust fund and we told you where the money is coming from. It's going to come from the dedication, by 1984, of the excise revenues that today are being collected by the federal government on alcohol and tobacco. That money I think ought to be put in to rebuilding the base of our cities. In addition to that, job programs to re-employ the youth in our cities would be very high on my priorities' list. Both the Youth Opportunities Act of 1980 and a \$1 bil-

lion program that I would recommend to put youths to work in energy projects, in conservation projects, in projects that would carry out some of the great national goals of our country.

Moyers: Mr. Reagan, your response.

Reagan: There's government say, John claims that he is making plain where the money will come from. It will come from the pockets of the people who are living in those very areas.

And the problem is, with governments, federal state and local taking 44 cents out of every dollar earned, that the federal government has pre-empted too many of the tax sources and that the cities, if Pittsburgh does not have the money to fix the leaking water mains, it's because the federal government has pre-empted.

Now the federal government is going to turn around and say, 'Oh you have this problem, we will now hand you the money to do it.' But the federal government doesn't make money, it just takes it from the people.

And in my view, this is not the answer to the problem. Stand in the South Bronx, as I did in the spot where Jimmy Carter stood when he promised that he was going to refurbish with multimillion-dollar programs refurbish, that area that looks like bombed-out London in World War II.

I stood there, and I met the people, and I heard them ask just for something that would give them hope. And I believe that — well, all of the promises have been broken, they've never been carried out — but I believe that my plan might offer an opportunity for that, if we would move into those areas and let encourage with the tax incentive the private sector to develop and create the jobs for the people.

Moyers: Mr. Anderson?

Anderson: Well, of course, where has the private sector been, Gov. Reagan, during the years that our cities have been deteriorating? It seems to me that to deny the responsibility of the federal government to do something about our crumbling cities is to deny the opportunity for one thing, to 55 percent of the black population of our country that is locked within the inner cities of the metropolitan areas of our country.

We simply cannot ignore that in those cities today we have 55 percent youth unemployment among black and Hispanic youth. And why is that?

It's because they have lost their industry. And why have they lost their industry is because they no longer present the kind of viable economic climate that makes it possible for industry to remain there or to locate there.

I think government has a responsibility to find jobs for the youth of this country, and that the place to start is to assist in the important and very necessary of helping cities rebuild.

Moyers: Jane Bryant Quinn has the next question, for you, Mr. Anderson.

Quinn: Mr. Anderson, many voters are very worried that tax cuts, nice as they are, will actually add to inflation. Many eminent conservatives have testified that even business tax cuts, as you have proposed, can be inflationary as long as we have a budget deficit. Now Mr. Reagan has mentioned that he put out a five-year economic forecast, which indeed he did, but it contains no inflation numbers. You have published a detailed program, but it too doesn't have any hard numbers on it about how these things work with inflation. So I would like to ask you, if you will commit to publish specific forecasts within two weeks so that the voters can absorb them and understand them and analyze them, showing exactly what all these problems you've mentioned tonight on energy, on defense, on the cities, how these impact on inflation and what inflation's actually going to be over five years?

Anderson: Miss Quinn, I would be very happy to accept the challenge of your question tonight to tell the voters of this country exactly what I think it's going to cost. Because I believe that all too often in past elections, politicians have simply promising people things that they cannot deliver.

When these presidential debates were held just four years ago, I remember the incumbent president, who was willing to debate, President Ford, telling the American people that they simply ought not to vote for somebody who promised more than they could deliver.

Well, we've seen what has happened. We haven't gotten either the

economies in government that were promised, we haven't gotten the 4 percent inflation that we were supposed to get at the end of Mr. Carter's first term, instead we had, I think, in the second quarter, a consumer price index registering around 12 percent, and nobody really knows with the latest increase in the wholesale price index that's about 18 percent on an annualized basis, what it's going to be.

Let me say this. I think my programs are far less inflationary than those of Gov. Reagan. His own running mate, when he was running for the presidency, said that they would cost 30 percent inflation inside of two years, and he cited his leading economic adviser, a very distinguished economist, Paul McCavoy, as the source of that information. He went so far as to call it voodoo economics.

I've been very careful. I have been very careful in saying that what I'm going to do is to bring federal spending under control first. I would like to stand here and promise the American people a tax cut as Gov. Reagan has done. But you know, it's gotten to be about a \$122 difference. Somebody worked it out, and they figured out that between the tax cut that Gov. Reagan is promising the American people, and the tax cut that Jimmy Carter is promising in 1981, his is worth about \$122 more.

So you, dear voters, are out there on the auction block, and these two candidates are bidding for your votes, and one is going to give you \$122 more if you happen to be in that range of about a \$20,000-a-year income.

I'm going to wait until I see that that inflation rate is going down before I even begin to phase in the business tax cuts that I've talked about, but I think that by improving productivity they would be far less inflationary than the consumption-oriented tax cut that Gov. Reagan is recommending.

Moyers: Miss Quinn.

Quinn: Mr. Reagan, will you publish specific forecasts within two weeks so that the voters can have time to analyze and absorb before the election, showing exactly what all these things you've discussed tonight — for energy, cities and defense — mean for inflation over the next five years?

Reagan: Miss Quinn, I don't have to do that. I've done it. We have a backup paper to my economic speech of a couple of weeks ago in Chicago, that gives all of the figures. And we used, yes, we used the Senate Budget Committee's projections for five years, which are based on an average inflation rate of seven and a half percent, which I think that under our plan can be eliminated, and eliminated probably more quickly than our plan, but we wanted to be so conservative with it that people would see how well it could be done.

Now, John's been in the Congress for 20 years, and John tells us that first we've got to reduce spending before we reduce taxes.

But if you've got a kid that's extravagant, you can lecture him all you want to about extravagance, or you can cut his allowance and achieve the same end much quicker.

The government has never reduced — government does not tax to get the money it needs. Government always need the money it gets. And when John talks about his non-inflationary plan, as far as I have been able to learn there are 88 proposals in it that call for additional government spending programs.

Now, I speak with some confidence of our plan, because I took over a state, California, 10 percent of the population of this nation, a state that if it were a nation would be the seventh-ranking economic power in the world.

In that state we controlled spending, we cut the rate of increase of spending in half. But at the same time we gave back to the people of California in tax rebates, tax credits, tax cuts, \$5.7 billion. I vetoed 993 measures without having a veto overturned. And among those vetoes I stopped \$16 billion of additional spending. And the funny thing was that California, which is normally above the nation in inflation and unemployment, for those six years, for the first time was below the national average in both inflation and unemployment.

We have considered inflation in our figures. We deliberately took figures that we ourselves believed are too conservative. I believe the budget can be balanced by 1982 or 1983.

And it is a combination of planned reduction of the tax increase that Carter has built into the economy. And that's what Carter is counting on for his plan. That he's going to get a half a trillion dollars more over the next five years, that he can use for additional programs or hopefully someplace down the line, balancing the budget.

We believe that that's too much additional money to take out of the pockets of the people.

Moyers: Mr. Anderson.

Mr. Moyers, I'm not here to debate Gov. Reagan's record as governor. This is 1980, not 1966.

But I do know that despite his pledge to reduce state government spending, that it rose from \$4.6 billion when he took office in 1967 to \$10.2 billion during his eight years in office. Spending, in other words, more than doubled, and it rose at a faster rate than spending was rising in the federal government.

But on his very optimistic figures about his tax cut producing a balanced budget by 1983, and the fact that he is using, he says, the figures of the Senate Budget Committee, that Senate Budget Committee report does not accommodate all of the Reagan defense plans.

It doesn't accommodate the expenditures that he calls for for accelerated development and deployment of a new manned strategic bomber, for a permanent fleet in the Indian Ocean, for the restoration of the fleet to 600 ships, for the development and deployment of a dedicated modern aircraft interceptor.

In other words, I have seen his program costed out to the point where it would amount to more than \$300 million a year just for the military. And I think the figures that he has given are simply not going to stand up.

Moyers: Would you have a comment, Mr. Reagan?

Reagan: Yes, some people look up figures and some people make up figures. And John has just made up some very interesting figures.

We took the Senate report, of course, but we did factor in our own ideas with regard to increases in the projected military spending that we believe would, over a period of time, do what is necessary.

Now, also with regard to the figures about California, the truth of the matter is we did cut the increase in spending in half. It, at this, John doesn't quite realize — he's never an executive position of that kind — and I think being governor of California is probably the closest thing to the presidency, if that's possible, of any executive job in America today because it is the most populous state.

And I can only tell him that we reduced in proportion to other states the per capita spending, the per capita size of government. We only increased the size of government one-twelfth what it had increased in the preceding eight years.

And one journal, the San Francisco Chronicle, a respected newspaper, said there was no question about the fact that Gov. Reagan had prevented the State of California from going bankrupt.

Moyers: Our final question comes from Soma Golden, and it's directed to Mr. Reagan.

Preservation Copy

Text of Debate Between Anderson and Reagan

BALTIMORE (AP) — Here is a text of the remarks made last night during the presidential debate between Republican candidate Ronald Reagan and independent candidate John Anderson. The debate was sponsored by the League of Women Voters and was held in the Baltimore Convention Center:

Carol Loomis, Fortune magazine: Mr. Anderson, opinion polls show that the American public sees inflation as the country's No. 1 economic problem. Yet as individuals they oppose cures that hurt them personally. Elected officials have played along, by promising to cure inflation while backing away from tough programs that might hurt one special interest group or another and by actually adding inflationary elements to the system, such as indexing.

They have gone for what is politically popular rather than for what might work and amount to leadership. My question, and please be specific, is what politically unpopular measures are you willing to endorse, push and stay with that might provide real progress in reducing inflation?

Anderson: Well, Miss Loomis, I think it's very appropriate that the first question in this first debate of Campaign '80 should relate to the economy of the country. Because it seems to me that the people who are watching us tonight, 221 million Americans, are truly concerned about the poor rate of performance of the American economy over the last four years. Now Gov. Reagan is not responsible for what has happened over the last four years, nor am I. The man who should be here tonight to respond to those charges chose not to attend.

But I want to answer as specifi-

cally as I can. But I don't see where it's inflationary for people to keep more of their earnings and spend it, and it isn't inflationary for government to take that money away from them and spend it on the things it wants to spend it on.

I believe we need incentive for the individual and for business and industry, and I believe the plan that I have submitted, with detailed backing and which has been approved by a number of our leading economists in the country, is based on projections — conservative projections, out for the next five years — that indicate that this plan would by 1983 result in a balanced budget.

We have to remember, when we talk a tax cut we're only talking about reducing a tax increase, because this administration has left us with a built in tax increase that will amount to 86 billion dollars next year and 500 billion dollars over the next five.

Moyers: You're time is up. Mr. Anderson?

Anderson: Mr. Moyers, in addition to saying that this is no time for a tax cut in view of the incipient signs of inflation, in addition to calling for restraint in federal spending, 15 months ago I also suggested we have an emergency excise tax on gasoline. I say that because I think this year we will send \$90 billion out of this country to pay for imported oil, even though those imports have been reduced.

And since I made that proposal 15 months ago the price of gasoline, which was then 80 cents a gallon, has gone up to \$1.30. In other words, we've had a huge increase of about 50 cents a gallon since that time and all of that increase has gone out of this country, or much of it, into the pockets of OPEC oil producers.

Golden: I'd like to switch the focus from inflation to God. This week, Cardinal (Humberto) Medeiros of Boston warned Catholics that it's sinful to vote for candidates who favor abortion. This did not defeat the man he opposed, but it did raise questions about the role of church and state. You, Mr. Reagan, have endorsed the participation of fundamentalist churches in your campaign. And you, Mr. Anderson, have tried three times to amend the Constitution to recognize, quote, "the law and authority of Jesus Christ." My question: Do you approve of the church's actions this week in Boston and should a president be guided by organized religion on issues like abortion, equal rights and defense spending?

Reagan: My question? Well, whether I agree or disagree with some individual, or what he may say or how he may say it, I don't think there's any way that we can suggest that because people believe in God and go to church that they should not want reflected in those people and those causes that they support their own belief in morality and in the high traditions and standards that we've abandoned so much in this country.

Going around this country I think that I have felt a great hunger in America for a spiritual revival, for a belief that a law must be based on a higher law for a return to traditions and values that we once had. Our government, in its most sacred documents — the Constitution and the Declaration of Independence — speak of man being created, of a Creator, that we are a nation under God. Now, I have thought for a long time that too many of our churches have been too reluctant to speak up in behalf of what they believe is proper in government and they have been too, too lax in interfering in recent years with government's invasion of the family itself, putting itself between parent and child. I vetoed a number of bills of that kind myself when I was in California.

Now whether it is right for a single issue, for anyone to advocate that someone should not be elected or not, I won't take a position on that. But I do believe that no one in this country should be denied the right to express themselves or to even try to persuade others to follow their leader. That's what elections are all about.

Moyers: Miss Golden.

Golden: OK, I would point out that churches are tax exempt. Institutions and ... I'll repeat my question. Do you approve of the church's action this week in Boston, and should a president be guided by organized religion on issues like abortion, equal rights and defense spending.

Anderson: Miss Golden, certainly the church has the right to take a position on moral issues.

But to try, as occurred in the case that you mentioned, that specific case, to try to tell the parishioners of any church, of any denomination, how they should vote or for whom they should vote, I think violates the principle of the separation of church and state.

Now Gov. Reagan is running on a platform that calls for a constitutional amendment banning abortion. I think that is a moral issue that ought to be left to the freedom of conscience of the individual.

And for the state to interfere with a constitutional amendment and tell a woman that she must carry that pregnancy to term, regardless of her personal belief, that I think violates freedom of conscience as much as anything that I can think of.

And he is also running on a platform that suggests a litmus test for the selection of judges, that only judges that hold a certain, quotes, "view" on the sanctity of family life ought to be appointed to the federal judiciary, one of the three great independent branches of our government.

No, I believe in freedom of choice. I don't believe in constitutional amendments that would interfere with that. I don't believe in trying to legislate new tests for the selection of the federal judiciary.

On the amendment that you mentioned, I abandoned it 15 years ago, and I have said freely all over this country that it was a mistake for me or anyone to ever try to put the Judeo-Christian heritage of this country — important as it is, and important as my religious faith is to me, it's a very deeply personal matter — that for me to try in this pluralistic society of ours to try to frame any definition whatever of what that belief should be is wrong. And so not once but twice, in 1971, I voted on the floor of the House of Representatives against a constitutional amendment that tried to bring prayer back into the public schools.

I think mother ought to whisper to Johnny and to Suzy as they button their coats in the morning and leave for the classroom, 'Be sure to say a prayer before you start your day's work.'

But I don't think that the state, the board of regents, a board of education or any state official should try to compose that prayer for a child to recite.

Moyers: Mr. Reagan.

Reagan: The litmus test that John says is in the Republican platform says no more than the judges to be appointed should have a respect for innocent life. Now I don't think that's a bad idea. I think all of us should have a respect for innocent life.

With regard to the freedom of the individual for choice with regard to abortion, there's one individual who's not being considered at all. That's the one who's being aborted. And I've noticed that everybody that is for abortion has already been born. I think that technically, I know this a difficult and an emotional problem and many people sincerely feel on both sides of this, but I do believe that maybe we could find the answer, through medical evidence, if we would determine once and for all, is an unborn child a human being? I happen to believe it is.

Moyers: Mr. Anderson?

Anderson: I also think that that unborn child has a right to be wanted. And I also believe, sir, that the most personal, intimate decision that any woman is ever called upon to make is a decision as to whether or not she shall carry a pregnancy to term. And for the state to interfere in that decision, under whatever guise and with whatever rationale, for the state to try to take over in that situation and by edict command what the individual shall do, and substitute itself for that individual's conscience or her right to consult her rabbi, her minister, her priest, her doctor — any other counselor of her choice — I think goes beyond what we want to ever see accomplished in this country if we really believe in the First Amendment, if we really believe in freedom of choice and the right of the individual.

Moyers: Mr. Reagan, you now have three minutes for closing remarks.

Reagan: Before beginning my closing remarks here, I would just like to remark a concern that I have that we have criticized the failures of the Carter policy here rather considerably, both of us this evening, and there might be some feeling of unfairness about this because he was not here to respond.

But I believe it would have been much more unfair to have John Anderson denied the right to participate in this debate.

And I want to express my appreciation to the League of Women Voters for adopting a course with which I believe the great majority of Americans are in agreement.

Now as to my closing remarks, I've always believed that this land was placed here between the two great oceans by some divine plan. It was placed here to be found by a special kind of people.

People who had a special love for freedom, and people who had the courage to uproot themselves and leave hearth and homeland and come to what in the beginning was the most undeveloped wilderness possible.

We came from a hundred different corners of the earth, we spoke a multitude of tongues. We landed on this eastern shore and then went out over the mountains and the prairies and the deserts and the far western mountains to the Pacific, building cities and towns and farms and schools and churches.

If wind, water or fire destroyed them, we built them again.

And in so doing at the same time we built a new breed of human, called an American, a proud, an independent, and a most compassionate individual, for the most part.

Two hundred years ago, Tom Paine, when the 13 tiny colonies were trying to become a nation, said we have it in our power to being the world over again.

Today we're confronted with the horrendous problems that we've discussed here tonight. And some people in high positions of leadership tell us that the answer is to retreat, that the best is over, that we must cut back, that we must share in an ever-increasing scarcity, that we must, in the failure to be able to protect our national security as it is today, we must not be provocative to any possible adversary.

Well, we the living Americans have gone through four wars, we've gone through a Great Depression in our lifetime, that literally was worldwide and almost brought us to our knees. But we came through all of those things and we achieved even new heights, new greatness.

The living Americans today have fought harder, paid a higher price for freedom and done more to advance the dignity of man than any people who ever lived on this earth.

For 200 years we've lived in the future, believing that tomorrow would be better than today and today would be better than yesterday.

I still believe that.

I'm not running for the presidency because I believe that I can solve the problems we've discussed tonight. I believe the people of this country can, and together.

We can begin the world over again, we can meet our destiny, and that destiny to build a land here that will be for all mankind a shining city on a hill.

I think we ought to get on it.

Moyers: Mr. Anderson, you have the final three minutes.

Anderson: President Carter was not right a few weeks ago when he said the American people were confronted with only two choices, with only two men, and with only two parties. I think you've seen tonight in this debate that Gov. Reagan and I have agreed on exactly one thing: We are both against the reimp-
position of the peace-time draft. We have disagreed, I believe, on virtually every other issue. I respect him for showing tonight, for appearing here, and I thank the League of Women Voters for the opportunity that they have given me.

I am running for president as an independent because I believe our country is in trouble. I believe that all of us are going to have to begin to work together to solve our problems. If you think that I am a spoiler, consider these facts: Do you really think that our economy is healthy? Do you really think that eight million Americans being out of work and a 50 percent unemployment among the youth of our country are acceptable? Do you really think that our Armed Forces are really acceptably strong in those areas of conventional capability where they should be? Do you think that our political institutions are working the way they should when literally only half of our citizens vote? I don't think you do think that, and therefore I think you ought to consider doing something about it and voting for an independent in 1980.

You know, a generation of office seekers has tried to tell the American people that they could get something for nothing. It's been a time, therefore, of illusion and false hopes, and the longer it continues, the more dangerous it becomes. We've got to stop drifting.

What I wish tonight so desperately is that we had had more time, to talk about some of the other issues that are so fundamentally important. The great historian Henry Steele Commager said that in their lust for victory neither traditional party is looking beyond November. And he went on to cite three issues that their platforms totally ignore. Atomic warfare, Presidential Directive 59 notwithstanding, if we don't resolve that issue, all others become irrelevant. The issue of our natural resources, the right of posterity to inherit the earth, and what kind of earth will it be. The issue of nationalism, the recognition, he says, that every major problem confronting us is global, and cannot be solved by nationalism here or elsewhere that is chauvanistic, that is parochial, that is as anachronistic as states' rights was in the days of Jefferson Davis. Those are some of the great issues — atomic warfare, the use of our natural resources, and the issue of nationalism — that I intend to be talking about in the remaining six weeks of this campaign. And I dare hope that the American people will be listening and that they will see that an independent government of John Anderson and Patrick Lucey can give us the kind of coalition government that we need in 1980 to begin to solve our problems. Thank you.

Moyers: Mr. Anderson, we too wish there were more time, and for all the limitations of the form, and there are other forms to try, the chair for one would like to see such meetings become a regular and frequent part of every presidential campaign.

Mr. Reagan, Mr. Anderson, we thank you for coming, and thanks to our panelists, Carol Loomis, Daniel Greenberg, Charles Corddry, Lee May, Jane Bryant Quinn and Soma Golden. And thank you in the audience for joining us, this first presidential debate of 1980 has been brought to you as a public service by the League of Women Voters Education Fund. I'm Bill Moyers. Good night.

The Political Report

Text of Debate
Starring Reagan
And Anderson

Continued From A-5

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Associated Press

Nancy Reagan, joining her husband at the conclusion of last night's Anderson-Reagan debate, gives a thumbs-up sign.

kind myself when I was in California.

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Moyers: Mr. Anderson, you have

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Full Transcript of Debate Between Reagan

CLEVELAND (AP) — Here is the text of last night's debate between President Carter and Ronald Reagan.

Q: Governor, as you're well aware, the question of war and peace has emerged as a central issue in this campaign. In the give and take of recent weeks President Carter's been criticized for responding late to aggressive Soviet impulses, for insufficient build-up of our armed force, and a paralysis in dealing with Afghanistan and Iran. You have been criticized for being all too quick to advocate the use of lots of muscle — military action — to deal with foreign crises. Specifically, what are the differences between the two of you on the uses of American military power?

Reagan: I don't know what the differences might be, because I don't know what Mr. Carter's policies are. I do know what he has said about mine. And I'm only here to tell you that I believe with all my heart that our first priority must be world peace, and that use of force is always and only a last resort when everything else fails.

Now, I believe also that meeting this mission, this responsibility for preserving the peace, which I believe is a responsibility peculiar to our country, that we cannot shirk our responsibility as the leader of the free world because we're the only one that can do it, and therefore the burden of maintaining the peace falls on us. And to maintain that peace requires strength. America has never gotten in a war because we were too strong.

We can get into a war by letting events get out of hand as they have in the last 3½ years under the foreign policies of this administration of Mr. Carter's until we're faced each time with a crisis. And good management in preserving the peace requires that we control the events and try to intercept before they become a crisis.

But I have seen four wars in my lifetime. I am a father of sons; I have a grandson. I don't ever want to see another generation of young Americans bleed their lives into sandy beachheads in the Pacific or rice paddies and jungles in Asia or the muddy battlefields of Europe.

Q: Governor, we've been hearing that the defense buildup that you would associate yourself with would cost tens of billions of dollars more than is now contemplated, and assuming that the American people are ready to bear this cost, they nevertheless keep asking the following question: How do you reconcile huge increases in military outlays with your promise of substantial tax cuts and of balancing the budget, which in this fiscal year, the one that just ended, ran more than \$60 billion in the red?

Reagan: I have submitted an economic plan that I've worked out in concert with a number of fine economists in this country, all of whom approve it; and believe that over a five-year projection this plan can permit the extra spending for needed refurbishing of our defensive posture, that it can provide for a balanced budget by 1983 if not earlier, and that we can afford, along with the cuts that I have proposed in government spending, we can afford the tax cuts I have proposed and probably, mainly, because Mr. Carter's economic policy has built into the next five years and on beyond that a tax increase that will be taking \$86 billion more next year out of the people's pockets than was taken this year.

And my tax cut does not come close to eliminating that \$86 billion increase. I'm only reducing the amount of the increase. In other words, what I'm talking about is not putting government back to getting less money than government's been getting, but simply cutting the increase in spending.

Carter: I've had to make thousands of decisions since I've been president serving in the Oval Office. And with each one of those decisions that affect the future of my country, I have learned in the process. I think I'm a much wiser and more experienced man than I was when I debated four years ago against President Ford.

I've also learned that there are no simple answers to complicated questions. H.L. Mencken said that for every problem there's a simple answer. It would be neat and plausible and wrong.

The fact is that this nation in the eight years before I became president, had its own military strength decrease. Seven out of eight years the budget for defense went down, 37 percent in all.

Since I've been in office, we've had a steady, carefully planned, methodical but very effective increase in our commitment for defense. But what we've done is to use that enormous power and prestige and military strength of the United States to preserve the peace.

We've not only kept peace for our own country, but we've been able to extend the benefits of peace to others. In the Middle East, we've worked for a peace treaty between Israel and Egypt successfully, and have tied ourselves together with Israel and Egypt in a common defense capability.

This is a very good step forward for our nation's security. And we'll continue to do as we've done in the past. I might also add that there are decisions that are made in the Oval Office by every president which are profound in nature. There are always trouble spots in the world. And how those troubled areas are addressed by the president alone in that Oval Office affects our nation directly.

The involvement of the United States and also our American interests, that is a basic decision that has to be made so frequently by

every president who serves. That's what I've tried to do successfully by keeping our country at peace.

Q: I would like to be a little more specific on the use of military power, and let's talk about one area for a moment. Under what circumstances would you use military forces to deal with, for example, a shutoff of the Persian Gulf oil that should occur or to counter Russian expansion beyond Afghanistan into either Iran or Pakistan. I ask this question in view of charges that we are woefully unprepared to project sustained — and I emphasize the word sustained — power in that part of the world.

Carter: In my State of the Union address earlier this year I pointed out that any threat to the stability or security of the Persian Gulf would be a threat to the security of our own country. In the past we've not had an adequate military presence in that region. Now we have two major carrier task forces, we have access to facilities in five different areas in that region and we have made it clear that working with our allies and others we are prepared to address any foreseeable eventuality which might interrupt commerce in that crucial area of the world.

But in doing this, we have made sure that we have addressed this question peacefully, not injecting American military forces into combat but letting the strength of our nation be felt in a beneficial way. This, I believe, has assured that our interests will be protected in the Persian Gulf region, as we've done in the Middle East and throughout the world.

Reagan: I question the figure about the decline in defense spending under the two previous administrations in the preceding eight years to this administration. I would call to your attention we were in a war that wound down during those eight years, which, of course, made a change in military spending because of turning from war to peace.

I also would like to point out the Republican presidents in those years, faced with the Democratic majority in both houses of the Congress, found that their requests for defense budgets were very often cut.

Now, Gerald Ford left a five-year projected plan for a military buildup to restore our defenses and President Carter's administration reduced that by 38 percent, cut 60 ships out of the Navy building program that had been proposed and stopped the ... the B-1, delayed the cruise missiles, stopped the production line for the Minuteman missiles, stopped the Tridents or delayed the Tridents submarine and now is planning a mobile military force that can be delivered to various spots in the world, which does make me question his assaults on whether I am the one that is quick to look for use of force.

Carter: Well, there are various elements of defense. One is to control nuclear weapons, which I hope we will get to later on because that's the most important single issue in this campaign. Another one is how to address troubled areas of the world. I think habitually Governor Reagan has advocated the injection of military forces into troubled areas when I and my predecessors, both Democrats and Republicans, have advocated resolving those troubles in those difficult areas of the world peacefully, diplomatically and through negotiation.

In addition to that, the buildup of military forces is good for our country because we've got to have military strength in order to preserve the peace. But I'll always remember that the best weapons are the ones that are never fired in combat, and the best soldier is one who never has to lay his life down on the field of battle. Strength is imperative for peace, but the two must go hand in hand.

Q: When you were elected in 1976, the Consumer Price Index stood at 4.8 percent. It now stands at more than 12 percent. Perhaps more significantly, the nation's broader, underlying inflation rate has gone up from 7 to 9 percent. Now a part of that was due to external factors beyond U.S. control, notably the more than doubling of oil prices by OPEC last year. Because the United States remains vulnerable to such external

shocks, can inflation, in fact, be controlled? If so, what measures would you pursue in a second term?

Carter: Again it's important to put the situation into perspective. In 1974 we had a so-called oil shock, wherein the price of OPEC oil was raised to an extraordinary degree. We had an even worse oil shock in 1979. In 1974 we had the worst recession, the deepest and most penetrating recession since the Second World War. The recession that resulted this time was the briefest we've had since the Second World War.

In addition, we've brought down inflation. Early this year, the first quarter, we did have a very severe inflation pressure, brought about by the OPEC price increase. It averaged about 18 percent the first quarter of this year. The second quarter, we had dropped it down to about 13 percent. The most recent figures, the last three months or the third quarter of this year, the inflation rate is 7 percent. Still too high, but it illustrates very vividly that in addition to providing an enormous number of jobs — 9 million new jobs in the last 3½ years — that the inflationary threat is still urgent on us.

I noticed that Governor Reagan recently mentioned the Reagan-Kemp-Roth proposal, which his own running mate, George Bush, described as "voodoo economics" and said that it would result in a 30 percent inflation rate. And Business Week, which is not a Democratic publication, said that this Reagan-Kemp-Roth proposal, and I quote them I think, was completely irresponsible and would result in inflationary pressures which would destroy this nation.

So our proposals are very sound and very carefully considered: to stimulate jobs, to improve the industrial complex of this country, to create tools for American workers, and at the same time would be anti-inflationary in nature. So to add 9 million new jobs; to control inflation and to plan for the future with the energy policy now intact as a foundation for the years ahead.

Q: Mr. President, you have mentioned the creation of 9 million new jobs. At the same time, the unemployment rate still hangs high, as does the inflation rate. Now, I wonder, can you tell us what additional policies you would pursue in a second administration in order to try to bring down that inflation rate, and would it be an act of leadership to tell the American people they're going to have to sacrifice, to adopt a leaner lifestyle for some time to come?

Carter: Yes, we have demanded that the American people sacrifice and they've done very well. As a matter of fact, we are importing today about one third less oil from overseas than we did just a year ago. We've had a 25 percent reduction since the first year I was in office. At the same time, as I said earlier, we have added about 9 million net new jobs in that period of time, a record never before achieved.

Also, the new energy policy has been predicated on two factors: One, conservation, which requires sacrifice, and the other one, increase in production of American energy, which is going along very well. More coal this year than ever before in history. More oil and gas wells drilled this year, than ever before in history. The new economic revitalization program that we have in mind, which will be implemented next year, would result in tax credits which would let business invest in new tools and new factories, to create even more new jobs, about a million in the next two years. And we also have planned a youth employment program, which would encompass 600,000 jobs for young people. This has already passed the House, now has an excellent prospect to pass the Senate.

Q: Governor Reagan, during the past four years, the Consumer Price Index has risen from 4.8 percent to currently over 12 percent and perhaps more significantly, the nation's broader underlying rate of inflation has gone up from 7 to 9 percent. Now, a part of that has been due to external factors beyond U.S. control and notably the more than doubling of OPEC oil prices last year,

which leads me to ask you whether, since the United States remains vulnerable to such external shocks, can inflation in fact be controlled? If so, specifically what measures would you pursue?

Reagan: I think this idea that has been spawned here in our country that inflation somehow came upon us like a plague, therefore it's uncontrollable and no one can do anything about it, is entirely spurious and it's dangerous to say this to the people. When Mr. Carter became president, inflation was 4.8 percent. As you said, it had been cut in two by President Gerald Ford. It is now running at 12.7 percent.

President Carter also has spoken of the new jobs created. Well, we always, with the normal growth in our country and increase in population, increase the number of jobs. But that can't hide the fact that there are 8 million men and women out of work in America today and 2 million of those lost their jobs in just the last few months.

Mr. Carter had also promised that he would not use unemployment as a tool to fight against inflation. And yet his 1980 economic message stated that we would reduce productivity and gross national product and increase unemployment in order to get a handle on inflation because in January, at the beginning of the year it was more than 18 percent.

Since then, he has blamed, to the people, for inflation, OPEC. He's blamed the Federal Reserve system. He has blamed the lack of productivity of the American people. He has then accused the people of living too well, and that we must share in scarcity, we must sacrifice and get used to doing with less.

We don't have inflation because the people are living too well. We have inflation because the government is living too well. And the last statement, just a few days ago, was a speech to the effect that we have inflation because government revenues have not kept pace with government spending.

I see my time is running out here. I'll have to get this down very fast. Yes, you can lick inflation by increasing productivity and by decreasing the cost of government to the place that we have balanced budgets and are no longer running, grinding out printing press money, flooding the market with it, because the government is spending more than it takes in. My economic plan calls for that. The president's economic plan calls for increasing the taxes to the point that we finally take so much money away from the people that we can balance the budget in that way. But we'll have a very poor nation and a very unsound economy if we follow that path.

Q: You have centered on cutting government spending in what you have just said about your own policies. You have also said you would increase defense spending. Specifically, where would you cut government spending if you were to increase defense spending and also cut taxes so that, presumably, federal revenues would shrink?

Reagan: Well, most people when they think about cutting government spending, they think in terms of eliminating necessary programs or wiping out something, some service that government is supposed to perform.

I believe that there is enough extravagance and fat in government. As a matter of fact, one of the secretaries of HEW under Mr. Carter testified that he thought there was \$7 billion worth of fraud and waste in welfare and in the medical programs associated with it.

We've had the General Accounting Office estimate there is probably tens of billions of dollars that is lost in fraud alone and they have added that waste adds even more to that.

We have a program for a gradual reduction of government spending based on these theories. And I have a task force now that has been working on where those cuts could be made.

I'm confident that it can be done and that it will reduce inflation because I did it, in California. And inflation went down below the national average in California when we returned money to the people and reduced government spending.

Carter: Governor Reagan's proposal, the Reagan-Kemp-Roth proposal, is one of the most highly inflationary ideas that ever has been presented to the American public. He would actually have to cut government spending by at least \$130 billion to balance the budget under this ridiculous proposal.

I notice that his task force that's working for his future plans had some of their ideas revealed in the Wall Street Journal earlier this week. One of those ideas was to repeal the minimum wage. Several times this year, Governor Reagan has said that the major cause of unemployment is the minimum wage. This is a heartless kind of approach to the working families of our country, which is typical of many Republican leaders in the past, but I think has been accentuated under Governor Reagan.

In California—I'm surprised Governor Reagan brought this up—he had the three largest tax increases in the history of that state under his administration. He more than doubled state spending while he was governor, a 122 percent increase, and had between a 20 to 30 percent increase in the number of employees, so ...

Reagan: The figures that the president has just used about California is a distortion of the situation there because while I was governor of California, our spending in California increased less per capita than the spending in Georgia while Mr.

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Carter was governor of Georgia in the same four years.

The size of government increased only one-sixth in California of what it increased in proportion to population in Georgia and the idea that my tax cut proposal is inflationary, I would like to ask the president why is it inflationary to let the people keep more of their money and spend it the way they like and it isn't inflationary to let him take that money and spend it the way he wants?

Q: Governor Reagan, the decline of our cities has been hastened by the continual rise in crime, strained race relations, the fall in the quality of public education, the persistence of abnormal poverty in a rich nation, and a decline in the service to the public. The signs seem to point to a deterioration that could lead to the establishment of a permanent underclass in the cities. What specifically would you do in the next four years to reverse this trend?

Reagan: I have been talking to a number of congressmen who have much the same idea that I have. And that is that in the inner-city areas, that in cooperation with local government and with national government, and using tax incentives and in cooperation with the private sector, that we have development zones, that the local entity, the city, declare this particular area, based on the standards of the percentage of people on welfare, unemployed and so forth, in that area, and then through tax incentives induce the creation of businesses providing jobs and so forth in those areas.

The elements of government through these tax incentives, for example a business that would not have for a period of time an increase in the property tax reflecting its development of the unused property that it was making, wouldn't be any loss to the city, because the city isn't getting any tax from that now. And it would simply be a delay, and on the other hand, many of the people that would then be given jobs are presently wards of the government, and it wouldn't hurt to give them a tax incentive, because they ... that wouldn't be costing government anything either.

I think there are things to do in this regard. I stood in the South Bronx on the exact spot that President Carter stood on in 1977. You have to see it to believe it, it looks like a bombed out city. Great gaunt skeletons of buildings, windows smashed out, painted on one of them "Unkept promises," on another, "Despair," and this was the spot at which President Carter had promised that he was going to bring in a vast program to rebuild this area. There are whole blocks of land that are left bare, just bulldozed down flat. And nothing has been done, and they are now charging to take tourists through there to see this terrible desolation.

I talked to a man just briefly there who asked me one simple question: Do I have reason to hope that I can someday take care of my family again? Nothing has been done.

Q: Governor Reagan. Blacks and other non-whites are increasing in numbers in our cities. Many of them feel that they are facing a hostility from whites that prevents them from joining the economic mainstream of our society. There is racial confrontation in the schools, on jobs and in housing as nonwhites seek to reap the benefits of a free society. What do you think is the nation's future as a multiracial society?

Reagan: I believe in it, I am eternally optimistic and I happen to believe that we've made great progress from the days when I was young and when this country didn't even know it had a racial problem.

I know those things can grow out of despair in an inner city, ah, when there's hopelessness at home, lack of work and so forth, but I believe that all of us together—and I believe the presidency is what Teddy Roosevelt said it was, it's a bully pulpit and I think something can be done from there—because a goal for all of us should be that one day things will be done neither because of, nor in spite of, any of the differences between us, ethnic differences or racial differences, whatever they may be. But we will have total equal opportunity for all people and I would do everything I could in my power to bring that about.

Carter: When I was campaigning in 1976, everywhere I went the mayors and local officials were in despair about the rapidly deteriorating central cities of our nation. We initiated a very fine urban renewal program, working with the mayors, the governors, and other interested officials. This has been a very successful effort. That's one of the main reasons that we've had such an increase in the number of people employed. Of the 9 million people put to work in new jobs since I've been in office, 1.3 million of those has been among black Americans and another million among those who speak Spanish.

We now are planning to continue the revitalization program with increased commitments of rapid transit, mass transit. Under the wind-fall profits tax, we expect to spend about \$43 billion in the next 10 years to rebuild the transportation systems of our country. We also are pursuing the housing programs—We've had a 73 percent increase in the allotment of federal funds for improved education. These are the kinds of efforts, worked on a joint basis with community leaders, particularly in the minority areas of the central cities that have been deteriorating so rapidly in the past.

It's very important to us that this be done with the full involvement of minority citizens. I've brought into the top levels of government,

into the White House, into administrative offices of the executive branch, into the judicial system, highly qualified black and Spanish citizens, and women, who in the past had been excluded.

I noticed that Governor Reagan said that when he was a younger man that there was no knowledge of a racial problem in this country. Those who suffered from discrimination because of race, or sex, certainly knew that we had a racial problem. We have gone a long way toward correcting these problems, but we still have a long way to go. Carter: Ours is a nation of refugees, a nation of immigrants. Almost all of our citizens came here from other lands and now have hopes which are being realized for a better life.

Preserving their ethnic commitments, their family structures, their religious beliefs, preserving their relationships with their relatives in foreign countries, but still forming themselves together in a very coherent society, this gives out nation its strength.

In the past, those minority groups have often been excluded from participation in the affairs of government. Since I've been president, I've appointed, for instance, more than twice as many black federal judges as all the previous presidents in the history of this country.

I've done the same thing in the appointment of women, and also Spanish-speaking Americans. To involve them in administration of government and the feeling that they belong to the societal structure that makes decisions in the judiciary and the executive branch is a very important commitment which I am trying to realize and continue to do so in the future.

Reagan: Yes. The president talks of government programs and they have their place, but as governor, when I was at that end of the line and receiving some of these grants for government programs, I saw that so many of them were dead-end, they were public employment for these people who really want to get out into the private job market where there are jobs with a future.

Now, the president spoke a moment ago about that I was against the minimum wage. I wish he could have been with me when I sat with a group of teen-agers who were black and who were telling me about their unemployment problems and that it was the minimum wage that had done away with the jobs that they once could get. And indeed, every time it is increased, you will find there is an increase in minority unemployment among young people and therefore I have been in favor of a separate minimum for them.

With regard to the great progress that has been made with this government spending, the rate of black unemployment in Detroit, Michigan, is 56 percent.

Carter: Well, it's obvious that we still have a long way to go in fully incorporating the minority groups into the mainstream of American life. We have made good progress. And there's no doubt in my mind that the commitment to unemployment compensation, the minimum wage, welfare, national health insurance ... those kinds of commitments that have typified the Democratic Party since ancient history in this country's political life are a very important element of the future.

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In all those elements Governor Reagan has repeatedly spoken out against them, which to me shows a very great insensitivity to giving deprived families a better chance in life. This to me is a very important difference between him and me in this election and I believe the American people will judge accordingly.

There's no doubt in my mind that in the downtown central cities, with the new commitment on an energy policy, with a chance to revitalize homes and to make them more fuel efficient, with a chance for synthetic fuels program, solar power, this will give us an additional opportunity for jobs which will pay rich dividends.

Q: Mr. President, the eyes of the country tonight are on the hostages in Iran. I realize this is a sensitive area, but the question of how we respond to acts of terrorism goes beyond this current crisis. Other countries have policies that determine how they will respond. Israel, for example, considers hostages like soldiers and will not negotiate with terrorists.

For the future, Mr. President, the country has a right to know, do you have a policy for dealing with terrorism wherever it might happen and what did we learn from this experience in Iran that might cause us to do things differently if this or something similar happens again?

Carter: One of the blights on this world is the threats and the activities of terrorists. At one of the recent economic summit conferences between myself and the other leaders of the Western world, we committed ourselves to take strong action against terrorism. Airplane hijacking was one of the elements of that commitment.

There is no doubt that we have seen in recent years, in recent months, additional acts of violence against Jews in France, and, of course, against those who live in Israel, by the PLO and other terrorist organizations.

Ultimately, the most serious terrorist threat is if one of those radical nations who believe in terrorism as a policy should have atomic weapons. Both I and all my predecessors have had a deep commitment to controlling the proliferation of nuclear weapons. In countries like Libya and Iraq, we have even alienated some of our closest trade partners because we have insisted upon the control of the spread of nuclear weapons

East:

Carter: We would maintain our position of neutrality in the Iran and Iraq war. We have no plans to sell additional materiel or goods to Iran that might be of a warlike nature. When I made my decision to stop all trade to Iran as a result of the taking of the hostages, I announced then and have consistently maintained since then that if the hostages are released safely that we would make delivery on those items which Iran owns, which they have bought and paid for. Also that the frozen Iranian assets would be released. That's been a consistent policy, one I intend to carry out.

Reagan: Barbara, you've asked that question twice. I think you ought to have one answer to it. I have been accused lately of having a secret plan with regard to the hostages.

Now, this comes from an answer that I have made at least 50 times during this campaign to the press. Which is, that the question would be: 'Have you any ideas of what you would do if you were there.' And I said, 'Well yes,' and I think that anyone that is seeking this position, as well as other people probably, have thought to themselves: What about this, what about that.

These are just ideas of what I would think of if I were in that position and had access to the information in which I would know all the options that were open to me. I have never answered the questions, however, second, the one that says, 'Well, tell me, what are some of those ideas.' First of all, I would be fearful that I might say something that was presently under way or under negotiation and thus expose it and endanger the hostages. And sometimes I think some of my ideas might involve quiet diplomacy where you don't say in advance, or say to anyone, what it is you're thinking of doing.

Your question is difficult to answer because, in the situation right now, no one wants to say anything that would inadvertently delay in any way the return of those hostages if there is a chance of their coming home soon, or that might cause them harm.

What I do think should be done, once they are safely here with their families and that tragedy is over — we've endured this humiliation for just lacking one week of a year now. Then I think it is time for us to have a complete investigation as to the diplomatic efforts that were made in the beginning, why they have been there so long. And when they come home, what did we have to do in order to bring that about, what arrangements were made?

And I would suggest that Congress should hold such an investigation. In the meantime, I am going to continue praying that they will come home.

Q: Well, I would like to say that neither candidate answered specifically the question of a specific policy for dealing with terrorism, but I will ask Governor Reagan a different followup question. You had suggested that there would be no Iranian crisis had you been president because we would have given firmer support to the shah. But Iran is a country of 37 million people who were resisting a government they regarded as dictatorial. My question is not whether

think, came home in 12 hours, having heard a very definite "nyet." But taking that one "no" from the Soviet Union, we then went back into negotiations on their terms because Mr. Carter had canceled the B-1 bomber, delayed the MX, delayed the Trident submarine, delayed the Cruise missile, shut down the Minuteman missile production line, and whatever other things that might have been done. The Soviet Union sat at the table knowing that we had gone forward with unilateral concessions without any reciprocity from them whatsoever.

Now, I have not blocked the SALT II treaty as Mr. Carter and Mr. Mondale suggest that I have. It has been blocked by a Senate in which there is a Democratic majority. Indeed the Senate Armed Services Committee voted 10 to 0 with seven abstentions against the SALT II treaty and declared that it was not in the national security interests of the United States. Besides which, it is illegal, because the law of the land passed by Congress says we cannot accept a treaty in which we are not equal, and we're not equal in this treaty for one reason alone: our B-52 bombers are considered to be strategic weapons, their Backfire bombers are not.

Carter: Inflation, unemployment, the cities — all very important issues, but they pale into insignificance in the life and duties of a president when compared with the control of nuclear weapons. Every president who has served in the Oval Office since Harry Truman has been dedicated to the proposition of controlling nuclear weapons.

To negotiate with the Soviet Union balanced, controlled, observable and then reducing levels of atomic weaponry, there is a disturbing pattern in the attitude of Governor Reagan. He has never supported any of those arms control agreements: the limited test ban, SALT I nor the antiballistic missile treaty nor the Vladivostok treaty negotiated with the Soviet Union by President Ford and now he wants to throw into the wastebasket a treaty to control nuclear weapons on a balanced and equal basis between ourselves and the Soviet Union negotiated over a period of seven years by myself and my two Republican predecessors.

The Senate has not voted yet on the Strategic Arms Limitation Treaty. There have been preliminary skirmishings in the committees of the Senate, but the treaty has never come to the floor of the Senate for either a debate or a vote. It's understandable that a senator in the preliminary debates can make an irresponsible statement or maybe an ill-advised statement. You've got 99 other senators to correct that mistake, if it is a mistake. But when the man who hopes to be president says, "Take this treaty, discard it, do not vote, do not debate, do not explore the issues, do not, finally, capitalize on this long negotiation," that is a very dangerous and disturbing thing.

Reagan: I'd like to respond very much. First of all, the Soviet Union, if I have been critical of some of the previous agreements, it's because we've been out-negotiated for quite a long time. And they have managed, in spite of all our attempts at arms negotiations, to forward with the biggest military buildup in the history of man.

Now to suggest that two Republican presidents tried to pass the SALT treaty, that puts them on its side. I would like to say that President Ford, who was, within 90 percent of a treaty that we could be in agreement with when he left office, is emphatically against this SALT treaty. I would like to point out also that senators like Henry Jackson and Hollings of South Carolina, they are taking the lead in the fight against this particular treaty.

I am not talking of scrapping. I am talking about taking the treaty back and going back into negotiations, and I would say to the Soviet Union: We will sit and negotiate with you as long as it takes to have not only legitimate arms limitation but to have a reduction of these nuclear weapons to the point that neither one of us represents a threat to the other.

That is hardly throwing away a treaty and being opposed to arms limitation.

Carter: Governor Reagan is making some very misleading and disturbing statements. He not only advocates the scrapping of this treaty, and I don't know that these men that he quotes are against the treaty in its final form, but he also advocates the possibility — he said it's been a missing element — of playing a trump card against the Soviet Union of a nuclear arms race and insisting upon nuclear superiority by our own nation as a predication for negotiation in the future with the Soviet Union.

If (Soviet) President (Leonid) Brezhnev said, "We will scrap this treaty, negotiated under three American presidents over a seven-year period of time. We insist upon nuclear superiority as a basis for future negotiations and we believe that the launching of a nuclear arms race is a good basis for future negotiations," it's obvious that I as president and all Americans would reject such a proposition.

This would mean the resumption of a very dangerous nuclear arms race. It would be very disturbing to American people. It would change the basic tone and commitment that our nation has experienced ever since the Second World War with all presidents, Democratic and Republican. It would also be very disturbing to our allies, all of whom support this nuclear arms treaty. In addition to that, the adversarial relationship between ourselves and the Soviet Union would undoubtedly de-

teriorate very rapidly. This attitude is extremely dangerous and belligerent in its tone, although it's said with a quiet voice.

Reagan: I know the President's supposed to be replying to me, but sometimes I have a hard time in connecting what he's saying with what I have said or what my positions are. I sometimes think it's like the witch doctor that gets mad when a good doctor comes along with ay, Mr. President, with regard to negotiating, it does not call for nuclear superiority on the part of the United States. It calls for a mutual reduction of these weapons, as I say, to the point that neither of us can represent a threat, ah, to the other. And to suggest that the SALT II treaty that you're negotiators negotiated was just a continuation and based on all of the preceding efforts by two previous presidents is just not true. It was a new negotiation because, as I say, President Ford was within about 10 percent of having a solution that could be acceptable. And I think our allies would be very happy to go along with a fair and verifiable SALT agreement.

Carter: I think to close out this discussion it would be better to put into perspective what we're talking about. I had a discussion with my daughter Amy the other day before I came here, to ask her what the most important issue was. She said she thought nuclear weaponry. The ... and the control of nuclear arms ...

This is a formidable force. Some of these weapons have 10 megatons of explosion. If you put 50 tons of TNT in each one of railroad cars you would have a carload of TNT, a trainload of TNT stretching across this nation. That's one major war explosion in a warhead. We have thousands ... equivalent of megaton or million tons of TNT warheads. The control of these weapons is the single major responsibility of a president and to cast out this commitment of all presidents because of some slight technicalities that can be corrected is a very dangerous approach.

Q: Mr. President, as you have said, Americans, through conservation, are importing much less oil today than we were even a year ago. Yet U.S. dependence on Arab oil as a percentage of total imports is today much higher than it was at the time of the 1973 Arab oil embargo. And for some time to come, the loss of substantial amounts of Arab oil could plunge the U.S. into depression. Now this means that a bridge must be built out of this dependence.

Can the United States develop synthetic fuels and other alternative energy sources without damage to the environment and will this process mean steadily higher fuel bills for American families?

Carter: I don't think there's any doubt that in the future the cost of oil is going to go up. What I've had as a basic commitment since I've been President is to reduce our dependence on foreign oil. It can only be done in two ways.

One, to conserve energy, to stop the waste of energy, and secondly to produce more American energy. We've been very successful in both cases. We've now reduced the importing of foreign oil in the last year alone by one-third. We imported today 2 million barrels of oil less than we did the same day just a year ago.

This commitment has been opening up a very bright vista for our nation in the future because with the windfall profits tax as a base, we now have an opportunity to use American technology and American ability and American natural resources to expand rapidly the production of synthetic fuels, yes, to expand rapidly the production of solar energy, yes, and also to produce the traditional kinds of American energy.

We will drill more oil and gas wells this year than any year in history. We'll produce more coal this year than any year in history. We're exporting more coal this year than any year in history. And we have an opportunity now, with improved transportation systems, improved loading facilities in our ports, to see a very good opportunity on the world international market to replace OPEC with American coal as a basic energy source.

This exciting feature will not only give us more security, it will also open up vast opportunities for Americans to live a better life and to have millions of new jobs associated with this new and very dynamic industry now in prospect because of the new energy policy that we've put into effect.

Reagan: I'm not so sure that it means steadily higher fuel costs, but I do believe that this nation has been portrayed for too long a time to the people as being energy poor when it is energy rich.

The coal that the president mentioned, yes, we have it, and yet one-eighth of our total coal resources is not being utilized at all right now. The mines are closed down, the 22,000 miners out of work. Most of this is due to regulations which either interfere with the mining of it or prevent the burning of it. With our modern technology, yes, we can burn our coal within the limits of the Clean Air Act. I think as technology improves, we'll be able to do even better with that.

The other thing is, that we have only leased out and begun to explore 2 percent of our outer continental shelf for oil, where it is believed by everyone familiar with that fuel and that source of energy that there are vast supplies of energy yet to be found. Our government has in the last year or so taken out of multiple use millions of acres of public lands that once were, while they were public lands, subject to mul-

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multiple use exploration for minerals and so forth. It is believed that probably 70 percent of the potential oil in the United States is probably hidden in those lands, and no one is allowed to even go and explore to find out if it is there. This is particularly true of the recent efforts to shut down part of Alaska.

Nuclear power. There were 36 power plants planned in this country — and let me add the word safety, it must be done with the utmost of safety — but 32 of those have given up and canceled their plans to build and again, because government regulations and permits and so forth make it take more than twice as long to build a nuclear plant in the United States as it does to build one in Japan or in Western Europe. We have the sources here, we are energy rich, and coal is one of the great potentials we have.

Carter: To repeat myself, we have this year the opportunity which we'll realize to produce 800 million tons of coal, an unequaled record in the history of our country. Governor Reagan says that this is not a good achievement, and he blames restraints on coal production on regulations. Regulations that affect the life and the health and safety of miners, and regulations that protect the purity of our air and the quality of our water and our land. We cannot cast aside those regulations. We have a chance in the next 15 years — insisting on the health and safety of workers in the mines and also preserving the same high air and water pollution standards — to triple the amount of coal we produce.

Governor Reagan's approach to our energy policy, which has already proven its effectiveness, is to repeal or to change substantially the windfall profits tax, to return a major portion of \$227 billion back to the oil companies, to do away with the Department of Energy, to short-circuit our synthetic fuels program, to put a minimal emphasis on solar power, to emphasize strongly nuclear power plants as a major source of energy in the future. He wants to put all our eggs in one basket, and to give that basket to the major oil companies.

Reagan: That is a misstatement, of course, of my position. I just happen to believe that free enterprise can do a better job of producing the things that people need than government can. The Department of Energy has a multibillion dollar budget, in excess of \$10 billion. It hasn't produced a quart of oil or a lump of coal or anything else in the line of energy.

And for Mr. Carter to suggest that I want to do away with the safety laws and with the laws that pertain to clean water and clean air and so forth, as Governor of California I took charge of passing the strictest air pollution laws in the United States, the strictest air quality law that has ever been adopted in the United States and we created an OSHA, an occupational safety and health agency, for the protection of employees before the federal government had one in place and to this day not one of its decisions or rulings has ever been challenged.

So I think some of those charges are missing the point. I am suggesting that there are literally thousands of unnecessary regulations that invade every facet of business and indeed, very much of our personal lives, that are unnecessary, that government can do without, that have added \$130 billion to the cost of production in this country and that are contributing their part to inflation. And I would like to see a little more free enterprise.

Carter: As a matter of fact, the air pollution standard laws that were passed in California were passed over the objections of Governor Reagan. And this is a very well-known fact. Also recently, when someone suggested that the Occupational Safety and Health Act should be abolished, Governor Reagan responded: 'Amen.'

The offshore drilling rights is a question that Governor Reagan raises often. As a matter of fact, in the proposal for the Alaska lands legislation, 100 percent of all the offshore lands would be open for exploration and 95 percent of all the Alaska lands where it is suspected or believed that minerals might exist, we have, with our five-year plan for the leasing of offshore lands, proposed more land to be drilled than has been opened up for drilling since this program first started in 1954. So we're not putting restraints on American exploration, we're encouraging it in every way we can.

Reagan: If it is a well-known fact that I opposed air pollution laws in California, the only thing that I can possibly think of is that the president must be suggesting the law that the federal government tried to impose on the state of California — not a law, regulations have made it impossible to drive an automobile in any California city, or have a place to put it if you did drive it against their regulations. It would have destroyed the economy of California. And I must say, we had the support of Congress when we pointed out how ridiculous this attempt was by the Environmental Protection Agency. We still have the strictest air control or air pollution laws in the country.

As for off-shore oiling, only 2 percent now is so leased and is producing oil. The rest, as to whether the lands are going to be opened in the next five years or so, we're already five years behind in what we should be doing. There is more oil now in the wells that have been drilled than has drilled.

Q: Governor Reagan, wage earners in this country, especially the young, are supporting a Social Security system that continues to affect their income drastically. The system

is fostering a struggle between the young and the old, and is drifting the country towards a polarization of these two groups. How much longer can the young wage earner expect to bear the ever increasing burden of the Social Security system?

Reagan: The Social Security system was based on a false premise with regard to how fast the number of workers would increase and how fast the number of retirees would increase. It is actually out of balance, and this first became evident about 16 years ago and some of us were voicing warnings then. Now it is trillions of dollars out of balance and the only answer that has come so far is the biggest single tax increase in our nation's history, the payroll tax increase for Social Security, which will only put a Band-Aid on this and postpone the day of reckoning by a few years at most.

What is needed is a study I have proposed by a task force of experts to look into this entire problem as to how it can be reformed and made actuarially sound, but with the premise that no one presently dependent on Social Security is going to have the rug pulled out from under them and not get their check.

We cannot frighten, as we have with the threats and the campaign rhetoric that has gone on in this campaign, our senior citizens; leave them thinking that in some way they're endangered and would have no place to turn. They must continue to get those checks and I believe that the system can be put on a sound actuarial basis, but it's going to take some study and some work and not just passing a tax increase to let the load or the roof fall in on the next administration.

Carter: As long as there's a Democratic president in the White House we will have a strong and viable Social Security system, free of the threat of bankruptcy. Although Governor Reagan has changed his position lately, on four different occasions he has advocated making Social Security a voluntary system which would in effect very quickly bankrupt it. I noticed also in the Wall Street Journal earlier this week that a preliminary report of his task force advocates making Social Security more sound by the adjustments in Social Security for the retired people to compensate for the impact of inflation.

These kinds of approaches are very dangerous to the security and the well being and the peace of mind of the retired people of this country and those approaching retirement age. But no matter what it takes in the future to keep Social Security sound, it must be kept that way. And although there was a serious threat to the Social Security system and its integrity during the 1976 campaign and when I became president, the action of a Democratic Congress working with me has been to put Social Security back on a sound financial basis. That's the way it will stay.

Reagan: Well, that just isn't true. It is, I said, delayed the actuarial imbalance falling on us for just a few years with that increase in taxes, and I don't believe we can go on increasing the tax because the problem for the young people today is that they're paying in far more than they can every expect to get out.

Now again, this statement that somehow I wanted to destroy it and I just changed my tune, that I'm for voluntary Social Security which would mean the ruin of it. Mr. President, the voluntary thing that I suggested many years ago was that a young man orphaned and raised by an aunt, who died, his aunt was ineligible for Social Security insurance because she was not his mother. And I suggested that if this is an insurance program, certainly the person who is paying in should be able to name his own beneficiaries, and that's the closest I've ever come to anything voluntary with Social Security.

I, too, am pledged to a Social Security program that will reassure these senior citizens of ours they're going to continue to get their money. There are some changes I would like to make. I would like to make a change that discriminates in the regulations against a wife who works and finds that she then is faced with a choice between her father or her husband's benefits if he dies first, or what she has paid in, but it does not recognize that she has also been paying in herself and she is entitled to more than she presently can get. I'd like to change that.

Carter: This constant suggestion that the basic Social Security system should be changed does cause concern and consternation among the aged of our country.

It's obvious that we should have a commitment to them, that Social Security benefits should not be taxed, and that there should be no preemptory change in the standards by which Social Security payments are made to the retired people.

We also need to continue to index Social Security payments so that when inflation rises, the Social Security payments would rise a commensurate degree and let the buying power of the Social Security check continue intact.

In the past, the relationship between Social Security and Medicare has been very important to provide some modicum of aid for senior citizens and the retention of health benefits.

Governor Reagan, as a matter of fact, began his political career campaigning around this nation against Medicare. Now we have an opportunity to move toward national health insurance with an emphasis on the prevention of disease, an emphasis on out-patient care, not in-patient care, an emphasis on hospital cost containment to hold down the cost of hospital care for those who are

ill, an emphasis on catastrophic health insurance so that if a family is threatened with being wiped out economically because of a very high medical bill, then the insurance would help pay for it.

These are the kind of elements of a national health insurance important to the American people. Governor Reagan again, typically, is against such a proposal.

Reagan: There you go again. When I opposed Medicare, there was another piame problem before the Congress. I happened to favor the other piece of legislation and thought that it would be better for the senior citizens and provide better care than the one that was finally passed. I was not opposing the principle of providing care for them. I was opposing one piece of legislation as, versus another.

There is something else about Social Security, of course, it doesn't come out of the payroll tax, it comes out of the general fund, that something should be done about. I think it's disgraceful that the disability insurance fund in Social Security finds checks going every month to locked up in our institutions for crime or for mental illness and they are receiving disability checks from Social Security every month while a state institution provides for all of their needs and care.

Carter: I think this debate on Social Security, Medicare, national health insurance, typifies as vividly as any other subject tonight the basic historic differences between the Democratic Party and the Republican Party. The allusions to basic changes in the minimum wage is another and the deleterious comments that Governor Reagan has made about unemployment compensation. These commitments that the Democratic Party has historically made to the working families of this nation have been extremely important to the growth in their stature and in a better quality of life for them.

I noticed recently that Governor Reagan frequently quotes Democratic presidents, in his acceptance address and otherwise. I have never heard a candidate for president who is a Republican quote a Republican president. But when they get in office, they try to govern like Republicans. So it's good for the American people to remember there's a sharp, basic, historical difference between Governor Reagan and me on these crucial issues, also between the two parties that we represent.

Q: You have addressed some of the major issues tonight. But the biggest issue in the minds of American voters is yourselves, your ability to lead this country. When many voters go into that booth just a week from today, they will be voting their gut instinct about you men. You've already given us your reasons why people should vote for you. Now would you please tell us, for this your final question, why they should not vote for your opponent, why his presidency could be harmful to the nation, and having examined both your opponent's record and the man himself, tell us his greatest weakness.

Carter: Reluctant as I am to say anything critical about Governor Reagan, I will try to answer your question. First of all is the historical perspective that I've just described. This is a contest between a Democrat in the mainstream of my party, as exemplified by the actions that I've taken in the Oval Office in the past four years, as contrasted with Governor Reagan, who in most cases does typify his party, but in some cases there is a radical departure by him from the heritage of Eisenhower and others.

The most important crucial difference in this election campaign, in my judgment, is the approach to control of nuclear weaponry, and the inclination to control or not control the spread of atomic weapons to other nations that don't presently have it, particularly the terrorist nations.

The inclination that Governor Reagan has been exemplified in

many troubled times since he's been running for president, I think since 1968, to inject American military forces in places like North Korea, to put a blockade around Cuba this year, or in some instances, to project American forces into a fishing dispute against the small nation of Ecuador on the west coast of South America. This is typical of his long-standing inclination on the use of American power, not to resolve disputes diplomatically and peacefully, but to show that the exercise of military power is best proven by the actual use of it.

Obviously, no president wants war. And I certainly do not think Governor Reagan, if he were president, would want war. But a president in the Oval Office has to make a judgment on almost a daily basis about how to exercise the enormous power of our country, for peace, through diplomacy, or in a careless way, in a belligerent attitude, which has exemplified his attitudes in the past.

Reagan: I believe that there is a fundamental difference and I think it has been evident in most of the answers that Mr. Carter has given tonight: That he seeks the solution to anything as another opportunity for a federal government program.

I happen to believe that the federal government has usurped powers and autonomy and authority that belongs back at the state and local level. It has imposed on the individual freedoms of the people, and that there are more of these things that could be solved by the people themselves if they were given a chance or by the levels of government that were closer to them.

Now, as to why I should be, and he shouldn't be. When he was a candidate in 1976, President Carter invented a thing he called the Misery Index. He added the rate of unemployment and the rate of inflation, and it came at that time to 12.5 under President Ford and he said that no man with that size Misery Index had a right to seek re-election to the presidency. Today, by his own decision, the Misery Index is in excess of 20 percent, and I think this must suggest something.

But, when I have quoted the Democrat president, as the president says, I was a Democrat. I said many foolish things back in those days. But the president that I quoted had made a promise, a Democrat promise, and I quoted him because it was never kept and today you would find that that promise is at the right very heart of what Republicanism represents in this country today. And that's why I believe there are going to be millions of Democrats that are going to vote with us this time around because they too want that promise kept. It was a promise for less government, and less taxes and more freedom for the people.

Carter: I mentioned the radical departure of Governor Reagan from the principles or ideals or historical perspective of his own party. I don't think this can be better illustrated than in the case with guaranteeing women equal rights under the Constitution of our nation. For 40 years, the Republican Party platforms called for guaranteeing women equal rights with a Constitutional amendment. Six predecessors of mine who served in the Oval Office called for this guarantee of women's rights. Governor Reagan and the new Republican Party has departed from this commitment, a very severe blow to the opportunity for women finally to correct discrimination under which they have suffered.

When a man and a woman do the same amount of work, a man gets paid a dollar, a woman only gets paid 59 cents. And the Equal Rights Amendment only says that equality of rights shall not be abridged for women by the federal government or by the state government. That's all it says. A simple guarantee of equality of opportunity which typifies the Democratic Party and which is a very important commitment of mine, as contrasted with Governor Reagan's radical departure from the long-standing policy of his own party.

Reagan: Mr. President, once again, I happen to be against the amendment, because I think the amendment will take this problem out of the hands of elected legislators and put it in the hands of unelected judges. I am for equal rights, and while you have been in office for four years not one single state — and most of them have a majority of Democratic legislators — has added to the ratification or voted to ratify the Equal Rights Amendment. While I was governor, more than eight years ago, I found 14 separate instances where women were discriminated against in the body of California law, and I had passed and signed into law 14 statutes that eliminated those discriminations, including the economic ones that you have just mentioned, equal pay and so forth.

I believe that if in all these years that we've spent trying to get the amendment, that we'd spent as much time correcting these laws as we did in California, and we were the first to do it, if I were president, I would also now take a look at the hundreds of federal regulations which discriminate against women and which go right on while everyone is looking for an amendment. I would have someone ride herd on those regulations and we'd start eliminating those discriminations in the federal government against women.

Carter: I'm a Southerner. And I share the basic beliefs of my region about an excessive intrusion into the private affairs of American citizens and in the private affairs of the free enterprise system.

One of the commitments I made was to deregulate the major industries of this country. We've been remarkably successful with the help of the Democratic Congress.

We've deregulated the air industry, the rail industry, the trucking industry, financial institutions, now we're working on the communications industry.

In addition to that, I believe this element of discrimination is something that the South has seen so vividly as a blight on our region of the country which has now been corrected.

Not only racial discrimination, but discrimination against people that have to work for a living. Because we have been trying to pick ourselves up by our bootstraps since the long Depression years and lead a full and useful life in the affairs of this country.

We've made remarkable success. It's part of my consciousness and my commitment to continue this progress. So my heritage, as a Southerner, my experience in the Oval Office, convinces me that what I just described is a proper course for the future.

Reagan: Well, my last word is again to say that this ... we were talking about this very simple amendment and women's rights and I make it plain again, I am for women's rights.

But I would like to call the attention of the people to the fact that that so-called simple amendment could be used by mischievous men to destroy discriminations that properly belong by law to women respecting the physical differences between the two sexes; labor laws that protect them against doing things that would be physically harmful to them; those would all, could all be challenged by men and the same would be true with regard to combat service in the military

I thought that was the subject we were supposed to be on, but if we're talking about how much we think about the working people and so forth, I'm the only fellow that ever ran for this job who was six times president of his own union and still has a lifetime membership in that union.

Carter: First of all, I'd like to thank the League of Women Voters for making this debate possible. I think it's been a very constructive debate, and I hope it's helped to acquaint the American people with the sharp differences between myself and

Governor Reagan. Also, I want to thank the people of Cleveland and Ohio for being such hospitable hosts during these last few hours in my life.

I've been president, now, for almost four years. I've had to make thousands of decisions, and each one of those decisions has been a learning process. I've seen the strength of my nation, and I've seen the crises that it approached in a tentative way, and I've had to deal with those crises as best I could. As I've studied the record between myself and Governor Reagan, I've been impressed with the stark differences that exist between us. I think the results of this debate indicate that that fact is true.

I consider myself in the mainstream of my party. I consider myself in the mainstream even of the bipartisan list of presidents who served before me. The United States must be a nation strong. The United States must be a nation secure. We must have a society that's just and fair. And we must extend the benefits of our own commitment to peace to create a peaceful world. I believe that since I've been in office there've been six or eight areas of combat evolve in other parts of the world.

In each case, I alone have had to determine the interest of my country, and the degree of involvement of my country. I've done that with moderation, with care, with thoughtfulness, sometimes consulting experts, but I've learned, in this last 3½ years, that when an issue is extremely difficult, when the call is very close, the chances are the experts will be divided almost 50-50, and the final judgment about the future of our nation — war, peace, involvement, reticence, thoughtfulness, care, consideration, concern — has to be made by the man in the Oval Office.

It's a lonely job, but with the involvement of the American people in the process with an open government, the job is a very gratifying one. The American people now are facing next Tuesday a lonely decision. Those listening to my voice will have to make a judgment about the future of this country, and I think they ought to remember that of difference. If one vote per precinct had changed in 1960, John Kennedy would never have been president of this nation. And if a few more people had gone to the polls and voted in 1968, Hubert Humphrey would have been president, Richard Nixon would not. There is a partnership involved in our nation to stay strong, to stay at peace, to raise high the banner of human rights, to set an example for the rest of the world, to let our deep beliefs and commitments be felt by others in all other nations. Here's my plan for the future. I ask the American people to join me in this partnership.

Reagan: I would like to add my words of thanks, too, to the ladies of the League of Women Voters, in making these debates possible. I'm sorry that we couldn't persuade the bringing in of the third candidate so that he could be seen also in these debates. Still, it's good that at least once all three of us were heard by the people of this country.

Next Tuesday is Election Day. Next Tuesday, all of you will go to the polls, and stand there in the polling place and make a decision. I think when you make that decision it might be well if you would ask yourself, are you better off than you were four years ago? Is it easier for you to go and buy things in the stores than it was four years ago? Is there more or less unemployment in the country than there was four years ago? Is America as respected throughout the world as it was? Do you feel that our security is as safe, that we're as strong that we were four years ago?

And if you answer all of those questions, yes, why then I think your choice is very obvious as to who you'll vote for. If you don't agree, if you don't think that this course we've been on for the last four years is what you would like to see us follow for the next four, then I could suggest another choice that you have.

This country doesn't have to be in the shape that it is in. We do not have to go on sharing in scarcity with the country getting worse off, with unemployment growing. We talk about the unemployment lines. If all the unemployed today were in a single line allowing two feet for each one of them, that line would reach from New York City to Los Angeles, California.

All of this can be cured, and all of it can be solved. I have not had the experience that the president has had in holding that office, but I think in being governor of California, the most populous state in the union — if it were a nation it would be the seventh ranking economic power in the world — I, too, had some lonely moments and decisions to make.

I know that the economic program that I have proposed for this nation, in the next few years, can resolve many of the problems that trouble us today. I know because we did it there. We cut the cost, the increased cost of government, the increase, in half over the eight years. We returned \$5.7 billion in tax rebates, credits and cuts to our people. We, as I've said earlier, fell below the national average in inflation when we did that. And I know that we did give back authority and autonomy to the people.

I would like to have a crusade today, and I would to lead that crusade would be one to take government off the backs of the great people of this country, and turn you loose again to do those things that I know you can do so well, because you did them and made this country great. Thank you.

Reagan Claims Win, Heads for Texas

By Lisa Myers
Washington Star Staff Writer

CLEVELAND — Boasting victory in last night's crucial debate, Republican presidential nominee Ronald Reagan goes to Texas today in hope of establishing bragging rights on a state which Republicans traditionally find hard to come by.

The challenger's polls show him leading President Carter in the Lone Star State, which Carter carried in 1976. But with only six days left to stump, the fact that Reagan is devoting a full day to stops in Houston, Fort Worth and Dallas indicates that he is taking nothing for granted and underscores the importance placed on carrying the state that gave birth to the expression "yellow-dog Democrat."

In addition to its 26 electoral votes, the fourth-largest single bloc, Texas has superstitious value. No Democrat has been elected president in modern times without winning this state.

"We're going to win this thing,"

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a clearly upbeat Reagan told a GOP rally last night after what was generally perceived as the most important performance of his career.

"I feel great. It was wonderful finally to be able... to respond to some of the false accusations and charges and some of the ridiculous things that have been said in this campaign."

His senior strategists, who appeared a bit apprehensive earlier in the day, were ear-to-ear smiles. They claimed that their decision to gamble the long campaign on a 90-minute rhetorical duel with a detail-oriented incumbent president had paid off.

"All we had to do was hold our own, and we did better than that," said James Baker III, a top Reagan adviser.

Press secretary Lyn Nofziger described Reagan as "ebullient," claiming that the former California governor did "exceedingly well."

Although claims of victory were predictable, in this case the Reagan camp genuinely felt it won the big showdown.

His advisers claimed that Reagan at least dueled Carter to a draw on substance and clearly won on style with his relaxed, easygoing manner.

Asked whether being on the same stage with a president contributed to his tentativeness at the beginning of the debate, Reagan replied: "No, not at all. I've been on the same stage with John Wayne."

The candidate also disagreed with suggestions that he spent an inordinate amount of time on the defensive. His advisers said it was decidedly well ahead of time to use the vast national audience to dispel allegations of warmongering and insensitivity that had been plaguing his candidacy.

"What we were trying to do was make a certain number of points trying to correct some misperceptions," Nofziger averred.

Some of Reagan's more lighthearted lieutenants were having particular fun with the president's statement about spending "these few hours of my life" in Cleveland. "We wondered if that were kind of a premonition," Nofziger quipped.

Reagan will all but sleep on hopscotching airplane until election eve, when he will wind up his year quest for the Oval Office with an extravaganza in San Diego, though his schedule is subject to revision on the basis of his nonpolling, he now is slated to campaign in Louisiana, New Jersey, Pennsylvania, Illinois, Michigan and Oregon, in addition to Texas and California.

The overriding purpose of his appearances in the waning days of the race is to get out his vote and invigorate what his strategists maintain is a top-flight organization. Voter turnout will be a critical factor in close states, including the traditional Midwest, where both camps expect this election to be decided.