**September 23, 1976**

**The First Carter-Ford Presidential Debate**

EDWIN NEWMAN, MODERATOR: Good evening. I’m Edwin Newman, moderator of this first debate of the 1976 campaign between Gerald R. Ford of Michigan, Republican candidate for president, and Jimmy Carter of Georgia, Democratic candidate for president. We thank you, President Ford and we thank you, Governor Carter, for being with us tonight. There are to be three debates between the presidential candidates and one between the vice-presidential candidates. All are being arranged by the League of Women Voters Education Fund. Tonight’s debate, the first between presidential candidates in sixteen years and the first ever in which an incumbent president has participated, is taking place before an audience in the Walnut Street Theater in Philadelphia, just three blocks from Independence Hall. The television audience may reach a hundred million in the United States and many millions overseas. Tonight’s debate focuses on domestic issues and economic policy. Questions will be put by Frank Reynolds of ABC News, James Gannon of the Wall Street Journal, and Elizabeth Drew of the New Yorker magazine. Under the agreed rules the first question will go to Governor Carter. That was decided by the toss of a coin. He will have up to three minutes to answer. One follow-up question will be permitted with up to two minutes to reply. President Ford will then have two minutes to respond. The next question will go to President Ford with the same time arrangements, and questions will continue to be alternated between the candidates. Each man will make a three-minute statement at the end, Governor Carter to go first. President Ford and Governor Carter do not have any notes or prepared remarks with them this evening. Mr. Reynolds, your question for Governor Carter.

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MR. REYNOLDS: Mr. President, Governor Carter. Governor, in an interview with the Associated Press last week, you said you believed these debates would alleviate a lot of concern that some voters have about you. Well, one of those concerns, not an uncommon one about uh – candidates in any year, is that many voters say they don’t really know where you stand. Now, you have made jobs your number one priority and you have said you are committed to a drastic reduction in unemployment. Can you say now, Governor, in specific terms, what your first step would be next January, if you are elected, to achieve that.

MR. CARTER: Yes. First of all is to recognize a tremendous economic strength in this country and to set the putting to – back to work of our people as a top priority. This is uh – an effort that ought to be done primarily by strong leadership in the White House, the inspiration of our people, the tapping of uh – business, agriculture, industry, labor and government at all levels to work on this uh project. We’ll never have uh – an end to the inflationary spiral, and we’ll never have a balanced budget until we get our people back to work. There are several things that can be done specifically that are not now being done. First of all, to channel research and development funds into areas that will provide uh large numbers of jobs. Secondly, we need to have a commitment in the uh private sector uh – to cooperate with government in matters like housing. Here a very small investment of taxpayer’s money – in the housing field can bring large numbers of extra jobs, and the guarantee of mortgage loans, and the uh – putting forward of uh – two-0-two programs for housing for older people and so forth to cut down the roughly 20 percent unemployment that now exists in the – in the construction industry. Another thing is to deal with our – uh needs in the central cities, where the unemployment rate is extremely high: sometimes among minority groups, or those who don’t speak English, or who’re black, or young people, or – 40 percent of the employment. Here a CCC type program would be appropriate to channel money into the ah – cha- in – in into the sharing with the private sector and also local and state governments to employ young people who are now out of work. Another very important – uh aspect of our – uh economy would be to increase production in every way possible, uh to hold down – uh taxes on individuals, and to uh shift the tax burdens onto those who have avoided paying taxes in the past. These uh – kinds of specific things, uh none of which are being done now, would be a great help in – in reducing uh unemployment. There is uh – uh an additional factor that needs to be done and covered very – very succinctly, and that is, to make sure that we have a good relationship between management – business on the one hand, and labor, on the other. In a > Transfer interrupted! ery high, we might channel specific uh targeted job – job – uh opportunities by paying part of the salary of unemployed people – uh and also sharing with uh – local governments the uh – payment of salaries which would uh – let us cut down the unemployment rate much lower, before we hit the inflationary level. But I believe that by the end of the first four years of uh – of the next term we could have the unemployment down to 3 percent adult unemployment, which is about uh – 4 to 4 and a half percent overall uh controlled inflation rate and have a uh balance of growth of about – uh 4 to 6 percent, around 5 percent which would give us a balanced budget.

MR. REYNOLDS: Governor, uh – in the event you are successful and you do achieve a drastic drop

MR. CARTER: Yes, in unemployment that is likely to create additional pressure on prices, how willing are you to consider an incomes policy, in other words, wage and price controls?

MR. CARTER: Well – we now have such uh – a low utilization of uh – our productive capacity – uh about 73 percent; I think it’s about the lowest since the Great Depression years – and such a high unemployment rate now – uh 7.9 percent – that – uh we have a long way to go in getting people to work before we have the inflationary pressures. And I think this would uh – this would be uh easy to accomplish, to get jobs down, without having strong in- inflationary pressures that – that would be necessary. I would not favor the uh – payment of uh – of a given fixed income to people unless they are not able to work. But with tax incentives for the low-income groups we could build up their uh – income levels uh – above the poverty level and not uh make welfare more uh – profitable than – than work.

MR. NEWMAN: Mr. President, your response.

MR. FORD: I don’t believe that uh that Mr. Carter’s been any more specific in this case than he has been on many other instances. I notice particularly that he didn’t endorse the Humphrey-Hawkins bill which he has on occasions and which is included as a part of the Democratic platform. That legislation uh allegedly would help our unemployment, but uh – we all know that it would’ve controlled our economy, it would’ve added uh – ten to thirty billion dollars each year in additional expenditures by the Federal Government. It would’ve called for export controls on agricultural products In my judgment the best way to get jobs is to uh – expand the private sector, where five out of six jobs today exist in our economy. We can do that by reducing Federal taxes as I proposed uh – about a year ago when I called for a tax reduction of $28 billion – three-quarters of it to go to private uh taxpayers and uh one-quarter to the business sector. We could add to jobs in the major metropolitan areas by a proposal that I recommended that would give tax incentives to business to move into the inner city and to expand or to build new plants so that they would take a plant, or expand a plant where people are, and people are currently unemployed. We could uh – also uh – help our youths with some of the proposals that uh – would give to young people an opportunity to work and learn at the same time just like we give money to young people who are going to college. Those are the kind of specifics that I think we have to discuss on these uh – debates, and these are the kind of programs that I’ll talk about on my time.

MR. NEWMAN: Mr. Gannon, your question to President Ford.

MR. GANNON: Mr. President, I would like to continue for a moment on this uh question of taxes which you have just raised. You have said that you favor more tax cuts for middle-income Americans – even those earning up to $30 thousand a year. That presumably would cost the Treasury quite a bit of money in lost revenue. In view of the very large budget deficits that you have accumulated and that are still in prospect, how is it possible to promise further tax cuts and to reach your goal of balancing the budget?

MR. FORD: At the time, Mr. Gannon, that I made the recommendation for a $28 billion tax cut – three-quarters of it to go to individual taxpayers and 25 percent to American business. I said at the time that we had to hold the lid an federal spending, that for every dollar of a tax reduction we had to have an equal reduction in federal expenditures – a one-for-one proposition. And I recommended that to the Congress with a budget ceiling of three hundred and ninety-five billion dollars, and that would have permitted us to have a $25 billion tax reduction. In my tax reduction program for middle-income taxpayers, I recommended that the Congress increase personal exemptions from seven hundred and fifty dollars per person to one thousand dollars per person. That would mean, of course, that for a family of four that that family would have a thousand dollars more personal exemption – money that they could spend for their own purposes, money that the government wouldn’t have to spend. But if we keep the lid on federal spending, which I think we can – with the help of the Congress, we can justify fully a $28 billion tax reduction. In the budget that I submitted to the Congress in January this year, I re- recommended a 50 percent cutback in the rate of growth of federal spending. For the last ten years the budget of the United States has grown from uh – about 11 percent per year. We can’t afford that kind of growth in federal spending. And in the budget that I recommended we cut it in half – a growth rate of 5 to 5 and one-half percent. With that kind of limitation, on federal spending, we can fully justify the tax reductions that I have proposed. And it seems to me with the stimulant of more money in the hands of the taxpayers, and with more money in the hands of business to expand, to modernize, to provide more jobs, our economy stimulated so that we’ll get more revenue and we’ll have a more prosperous economy.

MR. GANNON: Mr. President, to follow up a moment, uh – the Congress has passed a tax bill which is before you now, which did not meet exactly the uh – sort of outline that you requested. What is your intention on that bill, uh – since it doesn’t meet your – your requirements? Do you plan to sign that bill?

MR. FORD: That tax bill does not entirely meet the criteria that I established. I think the Congress should have uh – added another $10 billion reduction in personal income taxes, including the increase of personal exemptions from seven hundred and fifty to a thousand dollars. And Congress could have done that if the budget committees of the Congress, and the Congress as a whole, had not increased the spending that I recommended in the budget. I’m sure that you know that in the resolutions passed by the Congress, that have added about $17 billion in more spending, by the Congress over the budget that I recommended. So I would prefer in that tax bill to have an additional tax cut and a further limitation on federal spending. Now this tax bill – that hasn’t reached the White House yet, but is expected in a day or two – it’s about fifteen hundred pages. It has some good provisions in it. It has – uh left out some that I have recommended, unfortunately. On the other hand, uh when you have a bill of that magnitude, with – tho- those many provisions, a president has to sit and decide if there’s more good than bad. And from the a- analysis that I’ve made so far, it seems to me that that tax bill does uh – justify my signature and my approval.

MR. NEWMAN: Governor Carter, your response.

MR. CARTER: Well, Mr. Ford is – is uh changing uh considerably his previous philosophy. The present tax structure is a disgrace to this country; it’s just a welfare program for the rich. As a matter of fact, uh – 25 percent of the total tax deductions, go for only 1 percent of the richest people in this country, and over 50 percent of the tax uh credits go for the 14 percent of the richest people in this country. When Mr. Ford first became president in – in August of 1974, the first thing he did in – in October was to ask for a $4.7 billion increase in taxes on our people in the midst of the heaviest recession, since uh – since the great depression of nineteen uh – of the 1940s. In uh – January of 1975 he asked for a tax change: a $5.6 billion increase on low-and-middle-income private individuals, a six and a half billion dollar decrease on the corporations and the special interests. In uh – December of uh – 1975 he vetoed the roughly 18 to 20 billion dollar uh tax-reduction bill that had been passed by the Congress, and then he came back later on in January of this year and he did advocate a $10 billion tax reduction, but it would be offset by a $6 billion increase this coming January in deductions for Social Security payments and for unemployment compensation. The whole philosophy of the Republican party, including uh – my opponent, has been to pile on taxes on low-income people to take ’em off on the corporations. As a matter fact, in – sin- since the late sixties when Mr. Nixon took office, we’ve had a reduction in uh – in the percentage of taxes paid by corporations from 30 percent down to about 20 percent. We’ve had an increase in taxes paid by individuals, payroll taxes, from14 Percent up to 20 percent. And this is what the Republicans have done to us. And this is why a tax reform is so important.

MR. NEWMAN: Mrs. Drew, your question to Governor Carter.

MS. DREW: Uh Governor Carter, you proposed a number of new or enlarged programs, including jobs, health, welfare reform, child care, aid to education, aid to cities, changes in social security and housing subsidies. You’ve also said that you wanna balance the budget by the end of your first term. Now you haven’t put a price tag on those programs, but even if we price them conservatively and we count for full employment by the end of your first term, and we count for the economic growth that would occur during that period, there still isn’t enough money to pay for those programs and balance the budget by any – any estimates that I’ve been able to see. So, in that case what would give?

MR. CARTER: Well, as a matter of fact there is. If we assume the ah – uh – a rate of growth of our economy, equivalent to what it was during President Johnson, President Kennedy, even before the – the – the – uh wa uh – Vietnese- namese War, and if we assume that at the end of the four-year period we can cut our unemployment rate down to 4 to 4 and a half percent – under those circumstances, even assuming no elimination of unnecessary programs and assuming an increase in the ad- in the allotment of money to finance programs, increasing as the inflation rate does – my economic projections, I think confirmed by the House uh – and the Senate committees, have been with the $60 billion extra amount of money that can be spent in fiscal year ’81 which will be the last year of this next term. Within that sixty-billion dollars increase there would be fit the programs that I promised the American people. I might say too, that – that if we see that these goals cannot be reached – and I believe they’re reasonable goals – then I would cut back on the rate of implement- implementation of new programs in order to accommodate a balanced budget by fiscal year ’81 which is the last year of the next term. I believe that we ought to have a balanced budget during normal economic circumstances. And uh – these projections have been very carefully made. I stand behind them. And if they should be in error slightly on the down side, then I’ll phase in the programs that we’ve uh – advocated, more slowly.

MS. DREW: Governor, uh – according to the budget committees of the Congress tha- tha- tha- that you referred to, if we get to full employment – what they project at a 4 percent unemployment – and, as you say, even allowing for the inflation in the programs, there would not be anything more than a surplus of $5 billion by the end of ninet- by 1981. And conservative estimates of your programs would be that they’d be about 85 to a hundred billion dollars. So how – how do you say that you’re going to be able to do these things and balance the budget?

MR. CARTER: Well, the uh – the assumption that – that you uh – have described as different is in the rate of growth of our economy.

MS. DREW: No, they took that into account in those figures.

MR. CARTER: I believe that it’s accurate to say that – that the – that the committees to whom you refer with the – the employment that you uh – state, and with the 5 to 5 and a half percent growth rate in our economy, that the uh – projections would be a uh – a $60 billion increase in the amount of money that we’d have to spend in l981 compared to now. And uh – with that uh – in that framework would befit the – any improvements in the programs. Now this does not include uh – any uh – uh extra control over uh unnecessary spending, the weeding out of obsolete or obsolescent programs. Uh – we’ll have uh – a safety version built in with complete reorganization of the executive branch of government which I am pledged to do. The present bureaucratic structure of the – of the Federal Government is a mess. And if I’m elected president that’s gonna be a top priority of mine to completely revise the structure of the federal government, to make it economical, efficient, purposeful and manageable for a change. And also, I’m going to institute zero-based budgeting which I used four years in Georgia, which uh – assesses every program every year, and eliminates those programs that are obsolete or obsolescent. But with these projections, we will have a balanced budget by fiscal year 1981, if I’m elected president. Keep my promises to the American people. And it’s just predicated on very modest, but I think accurate, projections of employment increases and uh – a growth in our national economy equal to what was experienced under Kennedy, Johnson, before the Vietnam War.

MR. NEWMAN: President Ford.

MR. FORD: If it is uh true that there will be a $60 billion surplus by fiscal year 1981, rather than spend that money for all the new programs that Governor Carter recommends and endorses, and which are included in the Democratic platform, I think the American taxpayer ought to get an additional tax break – a tax reduction of that magnitude. I feel that the taxpayers are the ones that need the relief: I don’t think we should add additional programs of the magnitude that Governor Carter talks about. It seems to me that our tax structure today has rates that are too high. But I am uh – very glad to point out that since 1969, during a Republican administrations, we have had ten million people taken off of the tax rolls at the lower end of the taxpayer area. And at the same time, assuming that I sign the tax bill that was mentioned by Mr. Gannon, we will in the last two tax bills have increased the minimum tax on all wealthy taxpayers. And I believe that by eliminating ten million taxpayers in the last uh eight years, and by putting a heavier tax burden on those in the higher tax brackets, plus the other actions that’ve been taken uh – we can give taxpayers adequate tax relief. Now it seems to me that uh – as we look at the recommendations of the budget committees and our own projections, there isn’t going to be any $60 billion dividend. I’ve heard of those dividends in the past; it always happens. We expected one at the time of the Vietnam War, but it was used up before we ever ended the war and taxpayers never got the adequate relief they deserved.

MR. NEWMAN: Mr. Reynolds.

∑domestic policy∑

MR. REYNOLDS: Mr. President, when you came into office you spoke very eloquently of the need for a time for healing, and very early in your administration you went out to Chicago and you announced, you proposed a program of uh case-by-case pardons for draft resisters to restore them to full citizenship. Some fourteen thousand young men took advantage of your offer, but another ninety thousand did not. In granting the pardon to former President Nixon, sir, part of your rationale was to put Watergate behind us to – if I may quote you again – truly end our long national nightmare. Why does not the same rationale apply now, today, in our Bicentennial year, to the young men who resisted in Vietnam, and many of them still in exile abroad?

MR. FORD: The amnesty program that I recommended in Chicago in September of 1974 would give to all draft evaders and – uh military deserters the opportunity to earn their uh – good record back. About fourteen to fifteen thousand did take advantage of that program. We gave them ample time. I am against- an across-the-board pardon of draft evaders or military deserters. Now in the case of Mr. Nixon, the reason the – the pardon was given, was that, when I took office this country was in a very, very divided condition. There was hatred, there was divisiveness – uh people had lost faith in their government in many, many respects. Mr. Nixon resigned, and I became president. It seemed to me that if I was to uh adequately and effectively handle the problems of high inflation, a growing recession, the uh – involvement of the United States still in Vietnam that I had to give a hundred percent of my time to those two major problems. Mr. Nixon resigned. That is disgrace. The first President out of thirty-eight that ever resigned from public office under pressure. So when you look at the penalty that he paid, and when you analyze the requirements that I had – to spend all of my time working on the economy, which was in trouble, that I inherited; working on our problems in Southeast Asia – which were still plaguing us – it seemed to me that Mr. Nixon had been penalized enough by his resignation in disgrace and the need, and necessity for me to concentrate on the problems of the country fully justified the action that I took.

MR. REYNOLDS: I take it then, sir, that you do not believe that uh – it is – that you are going to reconsider and uh – think about those ninety thousand who are still abroad. Uh – have they not been penalized enough – many of ’em been there for years?

MR. FORD: Well, Mr. Carter has uh indicated that uh – he would give a blanket pardon to all uh – draft evaders. I do not agree with that point of view. I gave, in September of 1974, an opportunity for all draft evaders, all deserters, to come in voluntarily, clear their records by earning an opportunity to restore their good citizenship. I think we gave them a good opportunity – we’re – I don’t think we should go any further.

MR. NEWMAN: Governor Carter.

MR. CARTER: Well I think it’s uh… very difficult for President Ford to uh – explain the difference between the pardon of President Nixon and – and uh – his attitude toward those who violated the draft laws. As a matter of fact – now- I don’t advocate amnesty; I advocate pardon. There’s a difference in my opinion – uh and in accordance with the ruling of the Supreme Court and accordance with the definition in the dictionary. Amnesty means that – that you uh – that what you did was right. Pardon means that what you did, whether it’s right or wrong, you’re forgiven for it. And I do advocate a pardon for – for draft evaders. I think it’s accurate to say that in uh – two years ago when Mr. Nixon – Mr. Ford put in this uh amnesty that three times as many deserters were uh – excused as were – as were the uh – the ones who evaded the draft. But I think that now is the time to heal our country after the Vietnam War and I think that what the people are concerned about is not the – uh pardon or the amnesty of uh – those who evaded the draft, but – but whether or not our crime system is – is fair. We’ve got a – a sharp distinction drawn between white collar crime – the – the – the big shots who are rich, who are influential uh very seldom go to jail; those who are poor and – and who have uh no influence – uh quite often are the ones who are punished. And – and the whole uh subject of crime is one that concerns our people very much, and I believe that the fairness of it is – is what – uh – is a – is a major problem that addresses our – our leader and this is something that hasn’t been addressed adequately by – by this administration. But I – I hope to have a complete uh responsibility on my shoulders to help bring about a – a fair uh – criminal justice system and also to – to bring about uh – an end to the – to the divise- divisiveness that has occurred in our country uh as a result of the Vietnam War.

MR. NEWMAN: Mr. Gannon.

∑domestic policy∑

MR. GANNON: Governor Carter, you have promised a sweeping overhaul of the federal government, including a reduction in the number of government agencies – you say it would go down about two hundred from some nineteen hundred. That sounds, indeed, like a very deep cut in the federal government. But isn’t it a fact that you’re not really talking about fewer federal employees or less government spending, but rather that you are talking about reshaping the federal government, not making it smaller?

MR. CARTER: Well, I’ve been through this before, Mr. Gannon, as the governor of Georgia. When I took aver we had uh a bureaucratic mess, like we have in Washington now, and we had three hundred agencies, departments, bureaus, commissions – uh some uh – fully budgeted, some not, but all having responsibility to carry out that was in conflict. And we cut those three hundred – uh agencies and so forth down substantially. We eliminated two hundred and seventy-eight of them. We set up a simple structure of government that could be administrated fairly and it was a – a tremendous success. It hasn’t been undone since I was there. It resulted also in an ability to reshape our court system, our prison system, our education system, our mental health programs and – and a clear assignment of responsibility and – and authority and also to have uh our people once again understanding control our government. I intend to do the same thing if I’m elected president. When I get to Washington, coming in as an outsider, one of the major responsibilities that – that I will have on my shoulder is a complete reorganization of the – of the executive branch of government. We now have uh – a greatly expanded White House staff. When Mr. Nixon went in office, for instance, we had three and a half million dollars spent on – on the White House and its staff. That has escalated now to sixteen and a half million dollars, in the last uh Republican administration. This needs to be changed. We need to put the responsibilities back on the cabinet members. We also need to have a great reduction in agencies and programs. For instance, we now have uh – in the health area three hundred and two different programs administered by eleven major departments and agencies, sixty other advisory commissions responsible for this. Medicaid’s in one agency; Medicare is in a different one. The – the check on the quality of health care is in a different one. None of them uh are responsible for health care itself. This makes it almost impossible for us to have a good health program. We have uh – just advocated uh – this past week a consolidation of the responsibilities for energy. Our country now has no comprehensive energy program or policy. We have twenty different agencies in the federal government responsible for the production, the regulation, the uh – information about energy, the conservation of energy, spread all over government. This is a – a gross waste of money, so tough, competent management of government, giving us a simple efficient purposeful and manageable government would be a great step forward and if I’m elected – and I intend to be – then it’s gonna be done.

MR. GANNON: Well, I’d like to – to press my question on the number of federal employees – whether you would really plan to reduce the overall – uh number, or – or merely put them in different departments and relabel them. Uh – in your energy plan, you consolidate a number of a – agencies into one, or you would, but uh does that really change the overall?

MR. CARTER: I can’t say for sure that we would have fewer federal employees when I go out of office than when I come in. It took me about three years to completely reorganize the Georgia government. The last year I was in office uh – our budget was – was actually less than it was a year before, uh which showed a great uh improvement. Also, we had a – a 2 percent increase in the number of employees the last year. But it was a tremendous shift from administrative jobs into the delivery of services. For instance, we uh – completely revised our prison system. We established eighty-four new mental health treatment centers. And we shifted people out of administrative jobs into the field to deliver better services. The same thing will be done uh – at the federal government level. I – I accomplished this with s – substantial reductions in employees in some departments. For instance, in the Transportation Department uh we had uh – we cut back about 25 percent of the total number of employees. In giving our people better mental health care, we increased the number of employees. But the efficiency of it, the simplicity of it, the uh ability of people to understand their own government and control it was a – was a uh – substantial benefit derived from complete reorganization. We uh – have got to do that at the federal government level. If we don’t, the bureaucratic mess is going to continue. There’s no way for our people now to understand what their government is. There’s no way to get the answer to a question. When you come to Washington to try to – as a governor – to try to begin a new program for your people, like uh the treatment of drug addicts, I found there were thirteen different federal agencies that I had to go to, to manage the uh drug treatment program. In the Georgia government we only had one agency responsible for drug treatment. This is the kind of change that would be made. And uh – it would be of – of tremendous benefit in long-range planning, in tight budgeting, uh saving the taxpayers’ money, making the government more efficient, cutting down on bureaucratic waste, having a clear delineation of authority and responsibility of employees, and giving our people a better chance to understand and control their government.

MR. NEWMAN: President Ford.

MR. FORD: I think the record should show, Mr. Newman, that uh – the Bureau of Census – we checked it just yesterday – indicates that uh – in the four years that uh – Governor Carter was governor of the state of Georgia, uh – expenditures by the government went up over 50 percent Uh – employees of the government in Georgia during his term of office went up over 25 percent; and the figures also show that the uh, uh – bonded indebtedness of the state of Georgia during his governorship went up over 20 percent. And there was some very interesting testimony given by Governor Carter’s successor, Governor Busby, before a Senate committee a few uh – months ago on how he found the Medicaid program when he came into office following Governor Carter. He testified, and these are his words – the present governor of Georgia – he says he found the Medicaid program in Georgia in shambles. Now let me talk about what we’ve done in the White House as far as federal employees are concerned The first order that I issued after I became president was to cut or eliminate the prospective forty-thousand increase in federal employees that had been scheduled by my predecessor. And in the term that I’ve been president – some two years – we have reduced federal employment by eleven thousand. In the White House staff itself, when I became president, we had roughly five hundred and forty employees. We now have about four hundred and eighty-five employees, so we’ve made a rather significant reduction in the number of employees on the White House staff working for the president. So I think our record of cutting back employees, plus the failure on the part of the Governor’s programs to actually save employment in Georgia, shows which is the better plan.

MR. NEWMAN: Mrs. Drew.

∑ECONOMY∑

MS. DREW: Mr. President, at Vail, after the Republican convention, you announced that you would now emphasize five new areas; among those were jobs and housing and health and improved recreational facilities for Americans. And you also added crime. You also mentioned education. For two years you’ve been telling us that we couldn’t do very much in these areas because we couldn’t afford it; and in fact we do have a $50 billion deficit now. In rebuttal to Governor Carter a little bit earlier, you said that if there were to be any surplus in the next few years you thought it should be turned back to the people in the form of tax relief. So how are you going to pay for any new initiatives in these areas you announced at Vail you were going to now stress?

MR. FORD: Well, in the uh – last two years, as I indicated before, we had a very tough time. We were faced with uh – heavy inflation, over 12 percent; we were faced with substantial unemployment. But in the last uh – twenty-four months we’ve turned the economy around and we’ve brought inflation down to under 6 percent, and we have reduced the uh – well, we have added employment of about four million in the last seventeen months to the point where we have eighty-eight million people working in America today – the most in the history of the country. The net result is we are going to have some improvement in our receipts. And I think we’ll have some decrease in our disbursements. We expect to have a lower deficit in fiscal year 1978. We feel that with this improvement in the economy; we feel with more receipts and fewer disbursements we can in a moderate way increase, as I recommended, over the next ten years a new parks program that would cast a billion and a half dollars, doubling our national park system. We have recommended that in the h- housing program we can reduce down payments and moderate monthly payments. But that doesn’t cost any more as far as the federal treasury is concerned. We believe that we can uh do a better job in the area of crime, but that requires a tougher sentencing, mandatory certain prison sentences for those who violate our criminal laws. We – uh believe that uh you can revise the federal criminal code, which has not been revised in a good many years. That doesn’t cost any more money. We believe that you can uhh – do something more effectively with a moderate increase in money in the drug abuse program. We feel that uh – in education we can have a slight increase – not a major increase. It’s my understanding that Governor Carter has indicated that uh – he approves of a $30 billion uh – expenditure by the federal government as far as education is concerned. At the present time we’re spending roughly three billion five hundred million dollars. I don’t know where that money would come from. But as we look at the quality-of-life programs – jobs, health, education, crime, recreation – we feel that as we move forward with a healthier economy, we can absorb the small necessary cost that will be required.

MS. DREW: Sir, in the next few years would you try to reduce the deficit, would you spend more money far these programs that you have just outlined, or would you, as you said earlier, return whatever surplus you got to the people in the form of tax relief?

MR. FORD: We feel that uh – with the programs that I have recommended, the additional $10 billion tax cut, with the moderate increases in the quality-of-life area, we can still have a balanced budget which I will submit to the Congress in January of 1978. We won’t wait one year or two years longer, as Governor Carter uh – indicates. As the economy improves, and it is improving, our gross national product this year will average about 6 percent increase over last year. We will have the lower rate of inflation for the uh – calendar year this year – something slightly under 6 percent. Employment will be up, revenues will be up. We’ll keep the lid on some of these programs that we can hold down as we have a little extra money to spend for those quality-of-life programs which I think are needed and necessary. Now I cannot, and would not, endorse the kind of program that uh – Governor Carter recommends. He endorses the Democratic uh – platform which, as I read it, calls for approximately sixty additional programs. We estimate that those programs would add a hundred billion dollars minimum and probably two hundred billion dollars – uhh maximum each year to the federal budget. Those programs you cannot afford and give tax relief. We feel that you can hold the line and restrain federal spending, give a tax reduction and still have a balanced budget by 1978.

MR. NEWMAN: Governor Carter.

MR. CARTER: Well, Mr. Ford takes the uh – same attitude that the Republicans always take. In the last three months before an election, they’re always for the programs that they always fight the other three-and-one-half years. Uh – I remember when uh – Herbert Hoover was against uh – jobs for people. I remember when Alf Landon was against Social Security and uh – later President Nixon, sixteen years ago, was telling the public that John Kennedy’s proposals would bankrupt the country and would double the cost. The best thing to do is to look at the record uh – of Mr. Ford’s Administration and Mr. Nixon’s before his. Uh – we had last year a $65 billion deficit – the largest deficit in the history of our country – more of a deficit spending than we had in the entire eight-year period under President Johnson and President Kennedy. We’ve got five hundred thousand more Americans out of jobs today than were out of work three months ago and since Mr. Ford’s been in office two years, we’ve had a 50 percent increase in unemployment from five million people out of work to two and a half million more people out of work and a total of seven and a half million. We’ve also got uh – a comparison between himself and Mr. Nixon. He’s got four times the size of the deficits that Mr. Nixon even had himself. This uh – talking about more people at work – uh is distorted because with a 14 percent increase in the cost of living in the last uh – two years, it means that – that women and young people have had to go to work when they didn’t want to because their fathers didn’t make enough to pay the increased cost of uh – food and uh housing and clothing. We have uh – in this last uh two years alone a hundred and twenty billion dollars total deficits under President Ford and uh – at the same time we’ve had, in the last eight years, a doubling in the number of bankruptcies for small business: we’ve had a negative growth in our – in our national economy measured in real dollars. The take-home pay of a worker in this country is actually less now than it was in 1968 – measured in real dollars. This is the kind of record that’s there and talk about the future and a drastic change or conversion on the part of Mr. Ford as of last minute is one that just doesn’t go.

MR. NEWMAN: Mr. Reynolds.

∑energy crisis∑

MR. REYNOLDS: Governor Carter, I’d like to turn uh – to what we used to call the energy crisis. Yesterday a British uh – government commission on air pollution, but one headed by a nuclear physicist, recommended that any further expansion of nuclear energy be delayed in Britain as long as possible. Now this is a subject that is quite controversial among our own people and there seems to be a clear difference between you and the President on the use of nuclear power plants, which you say you would use as a last priority. Why, sir, are they unsafe?

MR. CARTER: Well among my other experiences in the past, I’ve – I’ve been a nuclear engineer, and did graduate work in this field. I think I know the – the uh capabilities and limitations of atomic power. But the energy – uh policy of our nation is one that uh has not yet been established under this administration. I think almost every other developed nation in the world has an energy policy except us. We have seen uh – the Federal Energy Agency established, for instance. Uh – in the crisis of 1973 it was supposed to be a temporary agency, uh now it’s permanent, it’s enormous, it’s growing every day. I think the Wall Street Journal uh reported not too long ago they have a hundred and twelve public relations experts working for the Federal Energy Agency to try to justify to the American people its own existence. We’ve got to have a – a firm way to handle the energy question. The reorganization proposal that I have put forward is one uh first step. In addition to that, we need to have – uh a realization that we’ve got uh about thirty-five years worth of oil left in the whole world. We’re gonna run out of oil. When Mr. Nixon made his famous uh speech on Operation Independence we were importing about 35 percent of our oil. Now we’ve increased that amount 25 percent. We now import about 44 percent of our oil. We need to shift from oil to coal. We need to concentrate our research and development effort on uh coal burning and extraction, with safer mines, but also it’s clean burning. We need to shift very strongly toward solar energy and have strict conservation measures. And then as a last resort only, continue to use atomic power. I would certainly uh – not cut out atomic power altogether. We can’t afford to give up that opportunity until later. But to the extent that we continue to use atomic power, I would be responsible as president to make sure that the safety precautions were initiated and maintained. For instance, some that have been forgotten; we need to have the reactor core – below ground level, the entire power plant that uses atomic uh – power tightly sealed and a heavy – heavy vacuum maintained. There ought to be a standardized design. There ought to be a full-time uh – atomic energy specialist, independent of the power company in the control room, full time, twenty-four hours a day, to shut down a plant if an abnormality develops. These kinds of uh – procedures, along with evacuation procedures, adequate insurance, ought to be initiated. So, shift from oil to coal, emphasize research and development on coal use and also on solar power, strict conservation measures, not yield every time that the special interest groups uh – put pressure on the president like uh this administration has done, and use atomic energy only as a last resort with the strictest possible safety precautions. That’s the best overall energy policy in the brief time we have to discuss it.

MR. REYNOLDS: Well Governor, on that same subject, would you require mandatory conservation efforts to try to conserve fuel?

MR. CARTER: Yes, I would. Some of the things that can be done about this is a change in the rate structure of electric power companies. We uh – now encourage people to waste electricity, and uh – by giving uh – the lowest rates to the biggest users. We don’t do anything to cut down on peak load requirements. We don’t have an adequate requirement for the insulation of homes, for the efficiency of automobiles. And whenever the uh – automobile manufacturers come forward and say they can’t meet the uh – amendments that the Congress has put forward, this Republican administration has delayed the implementation dates. In addition to that, we ought to have a – a shift toward the use of coal, particularly in the Appalachian regions where the coal is located. A lot of uh – very high quality, low-carbon coal, uh – low-sulfur coal is there, it’s where our employment is needed. Uh – this would – would help a great deal. So mandatory conservation measures – yes. Encouragement by the president for people to uh voluntarily conserve – yes. And also the private sector ought to be encouraged to – to bring forward to the public the benefits from efficiency. One bank in uh – Washington, fo- for instance, gives lower interest loans for people who adequately insulate their homes or who buy efficient automobiles. And some major uh – uh – manufacturing companies, like Dow Chemical, have through uh – very effective efficiency mechanism cut down the use of energy by uh – as much as 40 percent with the same out-product. These kinds of things uh – ought to be done, uh they ought to be encouraged and supported, and even required uh by the government, yes.

MR. NEWMAN: President Ford.

MR. FORD: Governor Carter skims over a very serious and a very broad subject. In January of uh – 1975 I submitted to the Congress and to the American people the first comprehensive energy program recommended by any president. It called for an increase in the production of energy in the United States. It called for uh – conservation measures so that we would save the energy that we have. If you’re going to increase domestic oil and gas production – and we have to – you have to give those producers an opportunity to uh – develop their land or their wells. I recommended to the Congress that we should increase production in this country from six hundred million tons a year to twel- a- a billion two hundred million tons by 1985. In order to do that we have to improve our extraction of coal from the ground; we have to improve our utilization of coal – make it more efficient, make it cleaner. In addition we uh – have to expand our research and development. In my program for energy independence we have increased, for example, solar energy research from about $84 million a year to about a hundred and twenty million dollars a year. We’re going as fast as the experts say we should. In nuclear power we have increased the research and development, uh – under the Energy Research and Development Agency uh – very substantially, to insure that our ener- uh – nuclear power plants are safer, that they are more efficient, and that we have adequate safeguards. I think you have to have greater oil and gas production, more coal production, more nuclear production, and in addition you have to have energy conservation.

MR. NEWMAN: Mr. Gannon.

∑ECONOMY∑

MR. GANNON: Mr. President, I’d like to return for a moment to this problem of unemployment. You have vetoed or threatened to veto number of job bills passed or uh – in development in the Democratic Congress – Democratic-controlled Congress. Yet at the same time the government is paying out, uh – I think it is $17 billion, perhaps $20 billion a year in unemployment compensation caused by the high unemployment. Why do you think it is better to pay out unemployment compensation to idle people than to put them to work in public service jobs?

MR. FORD: The bills that I vetoed, the one for an additional $6 billion, was not a bill that would have solved our unemployment problems. Even the proponents of it admitted that no more than four hundred thousand jobs would be uh – made available. Our analysis indicates that something in the magnitude of about one hundred fifty to two hundred thousand jobs would uh – be made available. Each one of those jobs would’ve cost the taxpayers $25 thousand. In addition, the jobs would not be available right now. They would not have materialized for about nine to eighteen months. The immediate problem we have is to stimulate our economy now so that we can get rid of unemployment. What we have done is to hold the lid on spending in an effort to reduce the rate of inflation. And we have proven, I think very conclusively, that you can reduce the rate of inflation and increase jobs. For example, as I have said, we have added some four million jobs in the last seventeen months. We have now employed eighty-eight million people in America, the largest number in the history of the United States. We’ve added five hundred thousand jobs in the last two months. Inflation is the quickest way to destroy jobs. And by holding the lid on federal spending we have been able to do an- a good job, an affirmative job in inflation and as a result have added to the jobs in this country. I think it’s uh – also appropriate to point out that through our tax policies we have stimulated uhh – added employment throughout the country, the investment tax credit, the tax incentives for expansion and modernization of our industrial capacity. It’s my – my opinion that the private sector, where five out of six jobs are, where you have permanent jobs, with the opportunity for advancement, is a better place than make-work jobs under the program recommended by the Congress.

MR. GANNON: Just to follow up, Mr. President: the – the Congress has just passed a three point seven billion dollar appropriation bill which would provide money for the public works jobs program that you earlier tried to kill by your veto of the authorization legislation. In light of the fact that uh – unemployment again is rising – or has in the past three months – I wonder if you have rethought that question at all; whether you would consider uh – allowing this program to be funded, or will you veto that money bill?

MR. FORD: Well, that bill has not yet come down to the Oval Office, so I am not in a position to make any judgment on it tonight. But that is an extra $4 billion that would uh – add to the deficit which would add to the inflationary pressures, which would help to destroy jobs in the private sector – not make jobs, where the jobs really are. These make-work, temporary jobs – dead end as they are – are not the kind of jobs that we want for our people. I think it’s interesting to point out that uh – in the uh – two years that I’ve been president I’ve vetoed fifty-six bills. Congress has sustained forty-two vetoes. As a result, we have saved over $9 billion in federal expenditures. And the Congress by overriding the bills that I did veto, the Congress has added some $13 billion to the federal expenditures and to the federal deficit. Now Governor Carter complains about the deficits that uh – uh – this administration has had. And yet he condemns the vetoes that I have made that has – that have saved the taxpayer $9 billion and could have saved an additional $13 billion. Now he can’t have it both ways. And therefore, it seems to me that we should hold the lid, as we have, to the best of our ability so we can stimulate the private economy and get the jobs where the jobs are – five out of six in this economy.

MR. NEWMAN: Governor Carter.

MR. CARTER: Well, Mr. Ford doesn’t seem to put into perspective the fact that when – when uh five hundred thousand more people are out of work than there were three months ago, while we have two and a half million more people out of work than were when he took office, that this touches human beings. I was in uh – a city in uh – Pennsylvania not too long ago, near here, and uh – there were about four or five thousand people in the audience – it was on a – on a train trip. And I said, “How many uh – adults here are out of work?” About a thousand raised their hands. Mr. Ford uh – actually has fewer people now in the private sector in non-farm jobs than when he took office. And still he talks about – uh success. Seven point nine percent unemployment is a terrible tragedy in this country. He says he’s learned how to match unemployment with inflation. That’s right. We’ve got the highest inflation we’ve had in twenty-five years right now, except under this administration, and that was fifty years ago. And we’ve got uh – the highest unemployment we’ve had uh – under Mr. Ford’s administration, since the Great Depression. This affects human beings, and – and his insensitivity in providing those people a chance to work has made this a welfare administration, and not a work administration. He hasn’t saved $9 billion with his vetoes. There’s only been uh – a net savings of $4 billion. And the cost in unemployment compensation, welfare compensation, and lost revenues has increased $23 billion in the last two years. This is a – a typical attitude that really causes havoc in people’s lives, and then it’s covered over by saying that our country has naturally got a 6 percent unemployment rate, or 7 percent unemployment rate and a 6 percent inflation. It’s a travesty. It shows a lack of leadership. And we’ve never had a president since the War between the States that vetoed more bills. Mr. Ford has vetoed four times as many bills as Mr. Nixon – per year. And eleven of ’em have been overridden. One of his bills that was overridden – he only got one vote in the Senate and seven votes in the House, from Republicans.

MR. NEWMAN: Governor Carter. So this shows a breakdown in leadership.

MR. NEWMAN: Under the rules, I must stop you there. And Mrs. Drew.

MS. DREW: Governor Carter, I’d like to come back to the subject of taxes. You have said that you want to cut taxes for the middle and lower income groups.

MR. CARTER: Right.

MS. DREW: But unless you’re willing to do such things as reduce the itemized deductions for charitable contributions or home mortgage payments, or interest, or taxes, or capital gains, you can’t really raise sufficient revenue to provide an overall tax cut of any size. So how are you gonna provide that tax relief that you’re talking about?

MR. CARTER: Now we have uh such a grossly unbalanced tax system – as I said earlier, that it is a disgrace – ah of all the tax – benefits now, 25 percent of ’em go to the 1 percent of the richest people in this country. Over 50 percent – 53 to be exact – percent of the tax benefits go to the 14 percent richest people in this country, and we’ve had a 50 percent increase in payroll deductions since Mr. Nixon went in office eight years ago. Mr. Ford has – has advocated since he’s been in office over $5 billion in reductions for corporations, special interest groups, and the very, very wealthy who derive their income – not from labor – but from investments. That’s got to be changed. A few things that can be done: we have now a deferral system so that the multinational corporations who invest overseas – if they make a million dollars in profits overseas – they don’t have to pay any of their taxes unless they bring their money back into this country. When they don’t pay their taxes, the average American pays the taxes for them. Not only that, but it robs this country of jobs, because instead of coming back with that million dollars and creating a shoe factory, say in New Hampshire or Vermont, if the company takes the money down to Italy and – and builds a shoe factory, they don’t have to pay any taxes on the money. Another thing is a system called DISC which was originally designed, proposed by Mr. Nixon, to encourage exports. This permits a company to create uh – a dummy corporation, to export their products, and then not to pay the full amount of taxes on them. This costs our uh – government about uh – $1.4 billion a year. And when those rich corporations don’t pay that tax, the average American taxpayer pays it for ’em. Another one that’s uh – that’s very important is the uh – is the business deductions, uh – jet airplanes, uh – first class travel, the fifty-dollar martini lunch. The average working person can’t – uh – can’t take advantage of that, but the – the wealthier people – uh can. Uh – another system is where uhh – a dentist can invest money in say, raising cattle and uh – can put in a hundred thousand dollars of his own money, borrow nine hundred thousand dollars – nine hundred mi- thousand dollars – that makes a million – and mark off a great amount of uh – of loss uh – through that procedure. Uh – there was one example, for instance, where uh – somebody uh – produced pornographic movies. They put in $30 thousand of their own money and got a hundred and twenty thousand dollars in tax savings. Well, these special kinds of programs have – have robbed the average taxpayer and have benefited those who are powerful, and who can employ lobbyists, and who can have their CPAs and their lawyers to help them benefit from the roughly uh – eight thousand pages of the tax code. The average uh American person can’t do it. You can’t hire a lobbyist uh out of unemployment compensation checks.

MS. DREW: Ah – Governor, to follow up on your answer. Uh – in order for any kind of tax relief to really be felt by the middle and lower-income people

MR. CARTER: Yes. You need about, according to Congressional committees on this, you need about $10 billion. Now you listed some things – the uh – deferral on foreign income as estimated: that would save about $500 million. DISC, you said, was about 1.4 billion. uh – The estimate of the outside, if you eliminated all tax shelters, is 5 billion. So where else would you raise the revenue to provide this tax relief – would you, in fact, do away with all business deductions, and what other kinds of preferences would you do away with?

MR. CARTER: No, I wouldn’t do away with all – uh business deductions. I think that would be a – a very serious mistake. But uh – if – if you could just do away with the ones that are unfair, you could lower taxes for everyone. I would never do anything that would increase the taxes for those who work for a living, or who are presently required to list all their income. What I wanna do is not to raise taxes, but to eliminate loopholes. And this is uh – the point of my first statistics that I gave you – that – that the present tax benefits that have been carved out over a long period of years – fifty years – by sharp tax lawyers and by lobbyists have benefited just the rich. These programs that I described to you earlier – the tax deferrals for overseas, the DISC, and the tax shelters, uh – they only apply to people in the $50 thousand-a-year bracket or up, and I think this is the very best way to approach it. It’s to make sure that everybody pays taxes on the income that they earn and make sure that you take whatever savings there is from the higher income levels and give it to the lower- and middle-income families.

MR. NEWMAN: President Ford.

MR. FORD: Governor Carter’s answer tonight does not coincide with the answer that he gave in an interview to the Associated Press a week or so ago. In that interview uh – Governor Carter indicated that uh – he would raise the taxes on those in the medium or middle-income brackets or higher. Now if you uh – take the medium or middle-income taxpayer – that’s about $14 thousand per person – uh – Governor Carter has indicated, publicly, in an interview that he would increase the taxes on about 50 percent of the working people of this country. I think uh – the way to get tax equity in this country is to give tax relief to the middle-income people who have an income from roughly $8 thousand up to twenty-five or thirty thousand dollars. They have been short-changed as we have taken ten million taxpayers off the tax rolls in the last eight years, and as we have uh – added to the minimum tax uh – provision to make all people pay more taxes. I believe in tax equity for the middle-income taxpayer, increasing the personal exemption. Mr. Carter wants to increase taxes for roughly half of the taxpayers of this country. Now, the Governor has also played a little fast and loose with the facts about vetoes. The records show that President Roosevelt vetoed an average of fifty-five bills a year. President Truman vetoed on the average, while he was president, about thirty-eight bills a year. I understand that Governor Carter, when he was Governor of Georgia, vetoed between thirty-five and forty bills a year. My average in two years is twenty-six. But in the process of that we have saved uhh – $9 billion. And one final comment, uh – Governor Carter talks about the tax bills and all of the inequities that exist in the present law. I must remind him the Democrats have controlled the Congress for the last twenty-two years and they wrote all the tax bills.

MR. NEWMAN: Mr. Reynolds.

∑qualification∑

MR. REYNOLDS: I suspect that uhh – we could continue on this tax argument for some time. But I’d like to move on to another area. Mr. President, uh everybody seems to be running against Washington this year. And I’d like to raise two coincidental events and ask you whether you think perhaps this may have a bearing on the attitude throughout the country. The House Ethics Committee has just now ended its investigation of Daniel Schorr, after several months and many thousands of dollars, trying to find out how he obtained and caused to be published a report of the Congress that probably is the property of the American people. At the same time. the Senate Select Committee on Standards and Conduct has voted not really to begin an investigation of a United States senator because of allegations against him that he may have been receiving corporate funds illegally over a period of years. Do you suppose, sir, that events like this contribute to the feeling in the country that maybe there’s something wrong in Washington, and I don’t mean just in the executive branch but throughout the whole government?

MR. FORD: There is a considerable anti-Washington feeling throughout the country. But I think the feeling is misplaced. In the last two years, we have restored integrity in the White House, and we’ve set high standards in the executive branch of the government. The anti-Washington feeling, in my opinion, ought to be focused on the Congress of the United States. For example, this Congress, very shortly, will spend a billion dollars a year for its housekeeping, its salaries, its expenses and the like. It – the next Congress will probably be the first billion-dollar Congress in the history of the United States. I don’t think the American people are getting their money’s worth from the majority party that run this Congress. We, in addition, see that uh – in the last uh – four years the number of employees hired by the Congress has gone up substantial- uh much more than uh – the gross national product, much more than any other increase throughout our society. Congress is hiring people by the droves, and the cast as a result has gone up. And I don’t see any improvement in the performance of the Congress under the present leadership. So it seems to me instead of the anti-Washington feeling being aimed at everybody in Washington, it seems to me that the focus should be where the problem is, which is the Congress of the United States, and particularly the majority in the Congress. They spend too much money on themselves. They have too many employees. There’s some question about their morality. It seems to me that in this election, the focus should not be on the executive branch but the corrections should come as the voters vote for their members of the House of Representatives or for their United States senator. That’s where the problem is and I hope there’ll be some corrective action taken so we can get some new leadership in the Congress of the United States.

MR. REYNOLDS: Mr. President, if I may follow up. Uh – I think you’ve made it plain that you take a dim view of the uh – majority in the Congress. Isn’t it quite likely, sir, that you will have a Democratic Congress in the next session, if you are elected president? And hasn’t the country uh – a right to ask whether you can get along with that Congress, or whether we’ll have continued confrontation?

MR. FORD: Well, It seems to me that uh – we have a chance – the Republicans – to get a majority in the House of Representatives. We will make some gains in the United States Senate. So there will be different ratios in the House, as well as in the Senate, and as president I will be able to uh – work with that Congress. But let me take the other side of the coin, if I might. Supposing we had – had a Democratic Congress for the last two years and we’d had uh – Governor Carter as President. He has, in effect, said that he would agree with all of – he would disapprove of the vetoes that I have made, and would have added significantly to expenditures and the deficit in the federal government. I think it would be contrary to one of the basic concepts in our system of government – a system of checks and balances. We have a Democratic Congress today, and fortunately we’ve had a Republican president to check their excesses with my vetoes. If we have a Democratic Congress next year, and a president who wants to spend an additional one hundred billion dollars a year, or maybe two hundred billion dollars a year, with more programs, we will have in my judgment, greater deficits with more spending, more dangers of inflation. I think the American people want a Republican president to check on any excesses that come out of the next Congress, if it is a Democratic Congress.

MR. NEWMAN: Governor Carter.

MR. CARTER: Well, it’s not a matter of uh – Republican and Democrat. It’s a matter of leadership or no leadership. President Eisenhower worked with a Democratic Congress very well. Even President Nixon, because he was a strong leader at least, worked with a Democratic Congress very well. Uh – Mr. Ford has vetoed, as I said earlier, four times as many bills per year as Mr. Nixon. Mr. Ford quite often puts forward a program just as a public relations stunt, and never tries to put it through the Congress by working with the Congress. I think under presidents For- uh – Nixon and Eisenhower they passed about 60 to 75 percent of their legislation. This year Mr. Ford will not pass more than 26 percent of all the legislative proposals he puts forward. This is government by stalemate, and we’ve seen almost a complete breakdown in the proper relationship between the president, who represents this country, and the Congress, who collectively also represent this country. We’ve had uh – Republican presidents before who’ve tried to run against a Democratic – uh Congress. And I don’t think it’s uh – the Congress is Mr. Ford’s opponent; but if uh – if – if he insists that uh – that I be responsible for the Democratic Congress, of which I’m – have not been a part, then I think it’s only fair that he be responsible for the Nixon administration in its entirety, of which he was a part. That, I think, is a good balance. But the point is, that – that a president ought to lead this country. Mr. Ford, so far as I know, except for avoiding another Watergate, has not accomplished one single major program for this country. And there’s been a constant squabbling between the president and the Congress, and that’s not the way this country ought to be run. I might go back to one other thing. Mr. Ford has uh – misquoted an AP uh – news story that was in error to begin with. That story reported several times that I would lower taxes for low and middle-income families and uh – that correction was delivered to the White House and I am sure that the president knows about this uh – correction, but he still insists uh – on repeating an erroneous statement.

MR. NEWMAN: President Ford, Governor Carter, we no longer have enough time for two complete sequences of questions. We have only about six minutes left for questions and answers. For that reason we will drop the follow-up questions at this point but each candidate will still be able to respond to the other’s answers. Uh – to the extent that you can, gentlemen, please keep your remarks brief. Mr. Gannon.

∑economy∑

MR. GANNON: Governor Carter, one uh – important uh – part of the Government’s economic policy uh – apparatus we haven’t talked about is the Federal Reserve Board. I’d like to ask you something about what you’ve said and that is that uh – you believe that a president ought to have a chairman of the Federal Reserve Board whose views are compatible with his own. Based on the record of the last few years, would you say that your views are compatible with those of Chairman Arthur Burns? And if not, would you seek his resignation if you are elected?

MR. CARTER: What I have said is that the president ought to have a chance to appoint a chairman of the Federal Reserve Board to have a coterminous uh term; in other words, both of ’em serve the same four – four years. The Congress can modify the supply of money by modifying the income uh tax laws. The president can modify the uh – economic structure of a country by public statements and general attitudes in the budget that he proposes. The Federal Reserve has uh – an independent status that ought to be preserved; I think that Mr. uh – Burns did take a typical, erroneous Republican attitude in the 1973 year when inflation was so high. They assumed that the uh – inflation rate was because of excessive demand and uh – therefore put into effect tight constraint on the economy, very high interest rates, which is typical also of the Republican administration, uh – tried to increase the uh – the tax uh – payments by individuals, and cut the tax payments by corporations. I would have uh – done it opposite. I think the uh – problem should’ve been addressed by increasing productivity, by having uh – put – put people back to work so they could purchase more goods, lower income taxes on individuals, perhaps raise them, if necessary, on corporations in comparison. But uh – Mr. Burns uh – in that respect made a very serious mistake. I would not wanna destroy the – the independence of the uh Federal Reserve – uh Board. But I do think we ought to have a cohesive economic policy with at – at least the chairman of the Federal Reserve Board and the president’s terms being uh – the same and letting the Congress, of course, be the third uh – entity with uh – with independence subject only to the president’s veto.

MR. NEWMAN: President Ford, your response.

MR. FORD: The chairman of the Federal Reserve Board should be independent. Fortunately, he has been during Democratic as well as Republican administrations. As the result in the last uh – two years uh – we have had a responsible monetary policy. Uh the Federal Reserve Board indicated that the supply of money would be held between four to four and a half and seven and seven and a half. They have done a good job in integrating the money supply with the uh – fiscal policy of the uh – executive and legislative branches of the government. It would be catastrophic if the chairman of the Federal Reserve Board became the tool of the political uh – party that was in power. It’s important for our future uhh – economic security that that job be nonpolitical and uh – separate from the executive and the Legislative branches.

MR. NEWMAN: Mrs. Drew.

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MS. DREW: Uh Mr. President, the real problem with the FBI and, in fact, all of the intelligence agencies is there are no real laws governing them. Such laws as there are tend to be vague and open-ended. Now, you have issued some executive orders, but we’ve learned that leaving these agencies to executive discretion and direction can get them and, in fact, the country in a great deal of trouble. One president may be a decent man, the next one might not be. So, what do you think about trying to write in some more protection by getting some laws governing these agencies?

MR. FORD: You are familiar, of course, with the fact that I am the first president in thirty years who has reorganized the intelligence agencies in the federal government: the CIA, the Defense Intelligence Agency, the National Security Agency and the others. We’ve done that by executive order. Uhh – and I think uh – we’ve tightened it up; we’ve uh – straightened out their problems that developed over the last few years. It doesn’t seem to me that it’s needed or necessary to have legislation in this particular regard. Uhh – I have recommended to the Congress, however – I’m sure you’re familiar with this – legislation that would uhh – make it uhh – very uhh – proper in – in the right way, that the attorney general could go in and get the right for wiretapping under security cases. This was an effort that was made by the attorney general and myself, working with the Congress. But even in this area, where I think new legislation would be justified, uh the Congress has not responded. So, I feel in that case, as well as in the reorganization of the intelligence agencies, as I’ve done, we have to do it by executive order. And I’m glad that we have a good director in George Bush. We have good executive orders, and the CIA and the DIA and NASA uh – uh – NSA are now doing a good job under proper supervision.

MR. NEWMAN: Governor Carter.

MR. CARTER: Well, one of the very serious things that’s happened in our government in recent years, and has continued up until now, is a breakdown in the trust among our people in the [twenty-seven-minute delay]

MR. NEWMAN: failure in the broadcasting of the debate, it occurred twenty-seven minutes ago. Uh the fault has been dealt with and uh – we want to thank President Ford and Governor Carter for being so patient and understanding while this uh delay went on. Uh we very much regret the technical failure that lost the sound as it – as it was leaving this theater. It occurred during uh Governor Carter’s response to what would have been and what was the last question put to the candidates. That question went to President Ford. It dealt with the control of government intelligence agencies. Uh Governor Carter was making that response and had very nearly finished it. Uh – he wil1 conclude his response now after which uh – President Ford and Governor Carter will make their closing statements. Governor.

MR. CARTER: There has been too much government secrecy and not uh – not enough respect for the personal privacy of American citizens.

MR. NEWMAN: It is now time for the closing statements, which are to be up to four minutes long. Governor Carter, by the same toss of the coin that directed the first question to you, you are to go first now.

MR. CARTER: Well, tonight we’ve had a chance to talk a lot about the past. But I think it’s time to talk about the future. Our nation in the last eight years has been divided as never before. It’s a time for unity. It’s a time to draw ourselves together: to have a president and a Congress that can work together with mutual respect for a change, cooperating for a change, in the open for a change, so the people can understand their own government. It’s time for government, industry, labor, manufacturing, agriculture, education, other entities in our society to cooperate. And it’s a time for government to understand and to cooperate with our people. For a long time our American citizens have been excluded, sometimes misled, sometimes have been lied to. This is uh – not compatible with the purpose of our nation. I believe in our country. It needs to be competent. The government needs to be well-managed, efficient, economical, We need to have a government that’s sensitive to our people’s needs – to those who are poor, who don’t have adequate health care, who have been cheated too long with our tax programs, who’ve been out of jobs, whose families have been torn apart. We need to restore the faith and the trust of the American people in their own government. In addition to that, we’ve suffered because we haven’t had leadership in this administration. We’ve got a government of stalemate. We’ve lost the vision of what our country can and ought to be. This is not the America that we’ve known in the past. It’s not the America that we have to have in the future. I don’t claim to know all the answers. But I’ve got confidence in my country. Our economic strength is still there. Our system of government – in spite of Vietnam, Cambodia, CIA, Watergate – is still the best system of government on earth. And the greatest resource of all are the two hundred and fifteen million Americans who have within us the strength, the character, the intelligence, the experience, the patriotism, the idealism, the compassion, the sense of brotherhood on which we can rely in the future to restore the greatness to our country We ought not to be excluded from our government anymore. We need a president who can go in – who derives his strength from the people. I owe the special interests nothing. I owe everything to you, the people of this country. And I believe that we can bind our wounds. I believe that we can work together. And I believe that if we can tap the tremendous untapped reservoir of innate strength in this country, that we can once again have a government as good as our people, and let the world know what we still know and hope for – that we still live in the greatest and the strongest and the best country on earth.

MR. NEWMAN: President Ford.

MR. FORD: On November second all of you will make a very, very important decision. One of the major issues in this campaign is trust. A president should never promise more than he can deliver and a president should always deliver everything that he’s promised. A president can’t be all things to all people. A president should be the same thing to all people. Another issue in this campaign, Governor Carter has endorsed the Democratic platform, which calls for more spending, bigger deficits, more inflation or mare taxes. Governor Carter has embraced the record of the present Congress, dominated by his political party. It calls for more of the same. Governor Carter in his acceptance speech called for more and more programs, which means more and more government. I think the real issue in this campaign, and that which you must decide on November second, is whether you should vote for his promise or my performance in two years in the White House. On the fourth of July we had a wonderful two hundredth birthday – for our great country. It was a superb occasion. It was a glorious day. In the first century of our nation’s history our forefathers gave us the finest form of government in the history of mankind. In the second century of our nation’s history, our forefathers developed the most productive industrial nation in the history of the globe. Our third century should be the century of individual freedom for all our two hundred and fifteen million Americans today and all that join us. In the last few years government has gotten bigger and bigger; industry has gotten larger and larger; labor unions have gotten bigger and bigger; and our children have been the victims of mass education. We must make this next century the century of the individual. We should never forget that a government big enough to give us everything we want is a government big enough to take from us everything we have. The individual worker in the plants throughout the United States should not be a small cog in a big machine. The member of a labor union must have his rights strengthened and broadened and our children in their education should have an opportunity to improve themselves based on their talents and their abilities. My mother and father, during the Depression, worked very hard to give me an opportunity to do better in our great country. Your mothers and fathers did the same thing for you and others. Betty and I have worked very hard to give our children a brighter future in the United States, our beloved country. You and others in this great country have worked hard and done a great deal to give your children and your grandchildren the blessings of a better America. I believe we can all work together to make the individuals in the future have more and all of us working together can build a better America.

MR. NEWMAN: Thank you President Ford. Thank you Governor Carter. Our thanks also to the questioners and to the audience in this theater. Ahh – we much regret the technical failure that caused a twenty-eight-minute delay in the broadcast of the debate. We believe, however, that everyone will agree that it did not detract from the effectiveness of the debate or from its fairness. The next presidential debate is to take place on Wednesday, October sixth, in San Francisco at nine-thirty P. M., Eastern Daylight Time. The topics are to be foreign and defense issues. As with all three debates between the presidential candidates and the one between the vice-presidential candidates, it is being arranged by the League of Women Voters Education Fund in the hope of promoting a wider and better informed participation by the American people in the election in November. Now, from the Walnut Street Theater in Philadelphia, good night.