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THE CARTER RECORD

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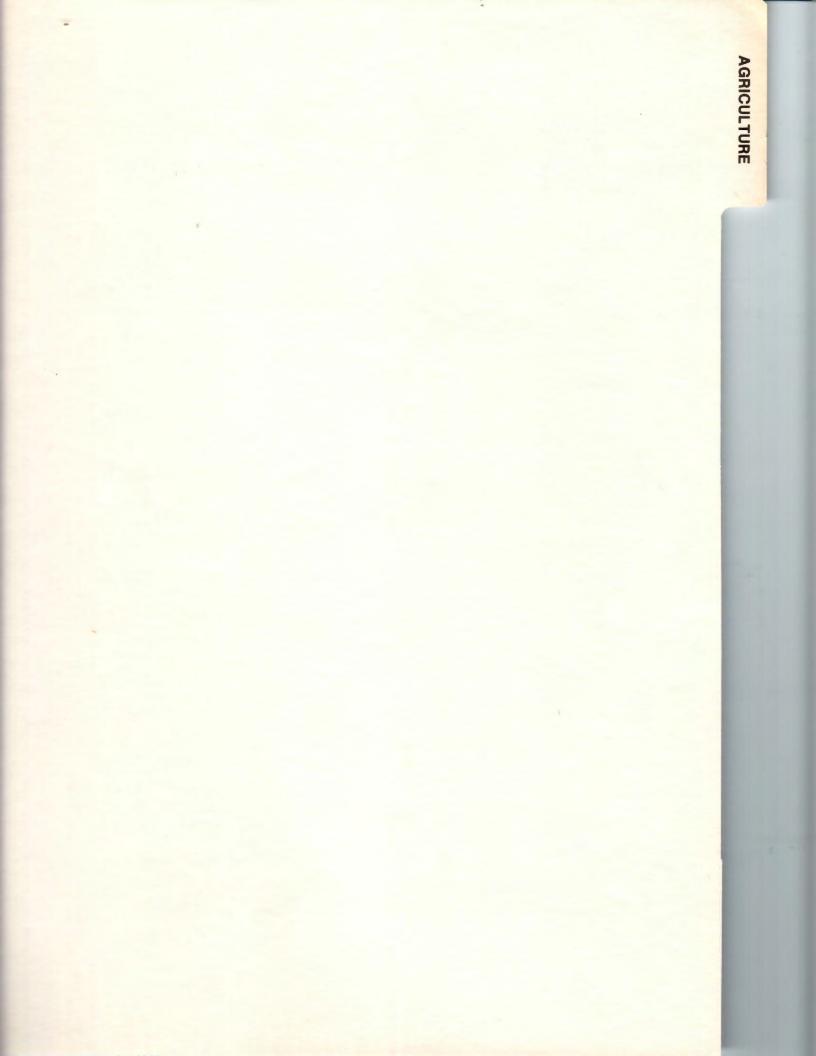
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Bill Brock, Chairman

August 1980

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AGRICULTURE -- THE RECORD

Despite his 1976 campaign promise to:

Insure stable prices to the consumer and a fair profit for farmers (Jimmy Carter's Presentation to the Democratic Platform Committee, June 16, 1976),

- Net farm income, per farm, after inventory adjustment, fell from \$13,690 in the first quarter of 1979 to \$10,602 for the first quarter of 1980, a drop of 22.6 percent. (Department of Agriculture, June 1980)
- Since 1976, food prices have risen by 39.3 percent.

Between May 1979 and May 1980:

- Farm production costs rose by almost 10.5 percent (Department of Agriculture, June 1980)
- <u>Prices received</u> by farmers for all products fell by 8.1 percent. (Department of Agriculture, June 1980)
- Livestock and other related product prices have fallen by more than 14 percent. (Department of Agriculture, June 1980)
- The parity ratio fell to 60 percent, a drop of 17.8 percent in the past year. This is the lowest level since the Great Depression. (Department of Agriculture, June 1980)
- Three billion dollars will be lost to farmers in grain exports to the Soviet Union as a result of the ineffective Carter grain embargo.

AGRICULTURE: ANALYSIS

Despite Mr. Carter's promise of "a coherent, predictable, stable, coordinated food and fiber policy," (1976 Carter Platform Presentation) his agricultural policy has been anything but consistent. In the areas of farm income and prices, expenses, credit, parity, government interference, and embargoes and exports, the Carter record has fared poorly -- especially when compared to the Carter rhetoric. He has abandoned the marketplace in favor of government intervention and regulation.

HIGH PRICES TO CONSUMERS, NO PROFIT FOR FARMERS

On June 16, 1976, candidate Jimmy Carter promised to "insure stable prices to the consumer and a fair profit for farmers." (1976 Carter Platform Presentation)

The American consumer has had to pay rapidly and steadily increasing prices for food under Mr. Carter. Within ten months of Carter's inauguration, food prices to consumers rose seven percent, and by 1979 they were increasing at an annual rate of nearly 11 percent. (Bureau of Labor Statistics) Carter's economic policies have further escalated this increase: an 18 percent inflation rate, coupled with Carter's ineffective policies on the farm front, had already by July 1980 produced an overall increase of 39.3 percent in consumer food prices since President Gerald Ford left office. (Bureau of Labor Statistics)

Meanwhile, the Department of Agriculture predicts that farm income will drop between 22 and 37 percent during 1980 -- the sharpest drop in over 50 years --(Washington Post, Clayton Fritchey, July 28, 1980) and that farm costs will rise an estimated nine to 15 percent during the same period. (Agricultural Outlook, June 1980, published by the USDA) Even before Carter's grain embargo, farm income had been expected to drop by 20 percent. (Congressional Quarterly, January 12, 1980) According to a statement by Senator Roger Jepsen on June 2, if "inflation and devalued dollars" are figured in, "the income drop is close to 40 percent." (Statement Released by Senator Roger Jepsen, June 2, 1980) By the end of this year's second quarter, farm expenses had already risen 10.5 percent above the level of a year ago, and the prices received by farmers were down by 5.7 percent. (Agricultural Outlook, June 1980) Senator Bob Dole said on May 30 that "the latest figures from the Department of Agriculture show that farm income is down 39 percent during the second quarter of 1980." (Dole newsletter, May 30, 1980) Last winter, a West Texas farmer translated these figures into practical terms: "Diesel fuel last year was 45 cents, now it's 95 cents. Fertilizer last year was \$125 a ton, now it's \$265 a ton." (Washington Post, February 29, 1980) Since then, those expenses have risen still further and faster; in all, during Mr. Carter's first four years, the Department of Agriculture estimates increases in farm expenses of between 49 and 57 percent. (Agricultural Outlook, June 1980)

At the same time that Candidate Jimmy Carter promised "a fair profit for farmers" he promiseed that "If I am elected we will make sure that our support prices are at least equal to the cost of production." (Carter Statement on Farm Policy, August 25, 1976) But consider, as one example, the Administration's record on wheat price supports. During the campaign Vice Presidential candidate Walter Mondale pointed out that the production costs "are at least \$3.00 (per bushel)...," (KFRM interview, Wichita, Kansas, October 1976) yet Agriculture Secretary Bob Bergland proposed a target-price for wheat of \$2.47 per bushel, and Carter subsequently threatened to veto any higher target. During 1979, farm production costs were as least 36 percent higher than when Mr. Carter took office. Yet in August of that year, Bergland announced a plan to lower target prices for wheat, resulting in a target price drop from \$3.40 to \$3.07 per bushel. (Promises, Promises, vol. 3, August 1, 1979)

Candidate Carter also promised "...a parity level that assures farmers a reasonable return on their investments," (1976 Carter Platform Presentation) but Mr. Carter's idea of parity is questionable. During the Carter Administration, parity fell to its lowest levels since March 1933 (H.R. Rep. 96-880, Part I, Appendix A, prepared by CRS) -- the depths of the Great Depression. This April, when it fell, it stayed there through April, through May, through June....(USDA as cited in Economic Indicators, July 1980)

CARTER'S BUREAUCRACY VS. THE FARMER

"A fair profit for farmers" has been further hampered by Mr. Carter's failure to control and manage his own government agencies.

"[Farmers] are in danger of being destroyed economically because of an insensitive government," (Carter Speech on Southern Heritage, September 17, 1976) candidate Jimmy Carter said in 1976. Yet Mr. Carter ironically has managed to juxtapose government over-regulation with government neglect to compound this insensitivity and further endanger the farm, especially the family farm.

Farmers, for example, have been over-regulated by a renegade Food and Drug Administration, Departments of Agriculture and Interior, and Environmental Protection Agency. The latter has failed to strike an intelligent balance for pesticide use, predator control and (along with Interior and the Forest Service) land development. This hurts not only farmers but also consumers, who must pay the higher prices which come from unnecessary and unwise regulation. The USDA's Assistant Secretary for Food and Consumer Services Carol Tucker Foreman and the FDA have similarly failed to recognize that there is a point at which additional regulation strangles the farmer while providing the consumer with little or nothing in the short run, and with higher prices in the long run.

The Carter Administration recently made an attempt, which the Supreme Court eventually held illegal, to limit eligibility for irrigation. (Washington Star, June 21, 1980) This step was to be taken despite the fact that even the Administration's own Department of Interior admitted that it would force thousands of farmers to stop irrigating or sell 1.3 million acres of land. (Washington Post, April 11, 1980) Mr. Carter's water and federal lands policies have been unwise and burdensome for all states, but particularly for the West.

Through neglect and mismanagement, Mr. Carter's Department of Agriculture itself has also victimized the American farmer. The food stamp program, for example, constitutes more and more of USDA's budget. Moreover, this program is indexed for inflation while the other farm related programs are not, and this compounds the abuse. As inflation skyrockets under Mr. Carter, USDA becomes less and less involved with the farmer. In fact, Congressman J. Kenneth Robinson said on June 20 that the latest USDA appropriation bill channeled "67 percent of all funds...to the domestic and international feeding programs of the USDA -- not the farmer." (Robinson newsletter, June 20, 1980) Waste is rampant in these programs. One hundred and thirteen thousand dollars was spent on a study of children's clothes, a major finding of which was that mothers don't like to iron them. (U.S. News and World Report, September 18, 1978) Moreover, Carter's Secretary of Agriculture Bob Bergland has demonstrated his own insensitivity by announcing that he favored federal withdrawal from further research and development for mechanization helpful to the American farmer. (Washington Post, February 28, 1980, as quoted by Colman McCarthy) Finally, the Carter Administration has opposed tax reform designed to correct the current inheritance tax laws which are destroying the family farm. (Congressional Quarterly, September 15, 1979)

THE SOVIET GRAIN EMBARGO: ANOTHER CARTER DISASTER

One of the greatest agricultural blunders of the Carter Presidency, however, was the imposition of the Soviet grain embargo.

"...I prefer to go from my farm to the White House and stop embargoes once and for all!" declared Mr. Carter in 1976. (Carter Speech on Farm Policy, August 25, 1976) Unlike many of his campaign promises, Mr. Carter continued to repeat this pledge when he assumed office:

One of the promises I made to the farmers of this state [Iowa] and others during my campaign was there would be no more grain embargoes -- and you can depend on that. There won't be as long as I am in the White House. (Presidential Documents, October 31, 1977)

Yet, on January 4, 1980, Carter announced an 18 million ton embargo of wheat, corn, and soybeans. He then quickly made another promise which he also quickly broke:

I am determined to minimize any adverse impact on the American farmer from this action. (Presidential Documents, January 4, 1980)

Yet, the Administration opposed implementing a paid acreage diversion to adjust next year's supply consistent with the reduced demand, waited until late March before purchasing wheat and corn embargoed on January 4, and opposed efforts in Congress to increase commodity loan rates. (1980 Republican Platform Committee Issue Brief, Agricultural Task Force: "Soviet Grain Embargo." See also Dole newsletter, April 2, 1980; GOP AgriNews; and Washington Post, March 1, 1980) Grain prices dropped sharply and stayed there; (Washington Post, March 1, 1980) the cost to the American farmer and taxpayer "may top \$4 billion." (Time, January 21, 1980) This figure, moreover, does not include the long-term damage which embargoes do to American trade. Following an embargo, potential trading partners will of course look askance at relying on the United States.

Nor has the embargo seriously inconvenienced the Russians. (New York Times, April 14, 1980; The Economist, July 19, 1980) Misguided though he was in conceiving it in the first place, Carter neglected even the most important aspect of its implementation. For a grain embargo to work, it is essential that the targeted nation be unable to buy its grain elsewhere. Though Administration officials initially announced that Argentina and Brazil would cooperate, these countries later said they would not. Similar miscalculations occured for other countries, notably Australia and Canada. Mr. Carter also failed to foresee the problem of leakage from Eastern Europe to the Soviet Union. A recent UPI wire quotes a Tokyo newspaper, for instance, as reporting "that the Russians are procuring U.S. grain in its satellite countries." (UPI, May 2, 1980) The USDA admits that Eastern European grain imports from the U.S. reached an all-time high in the post-embargo months. Moreover, the USDA itself raises the possibility that "Argentina grain exports may have been diverted from Eastern Europe to the Soviet Union" -- which makes Carter's failure to secure Argentine cooperation even more disastrous. (USDA/ESCS report: "U.S. Grain, Soybean and Oilmeal Exports to Eastern Europe, January-March 1980," May 7, 1980)

Without the cooperation of key grain-exporting countries, the inevitable happened. The Department of Agriculture increased its initial three million tons estimate of "leakage" to five million tons, and then quickly to "from five to nine million tons." (Jerry King of the <u>New York Times</u>, telephone interview) Ultimately, United Nations spokesman Edouard Saouma stated flatly that the embargo would have "no effect on the Soviet Union." (New York Times, March 13, 1980)

Other aspects of the grain embargo also smacked of bungling and incompetence. The Administratation only belatedly realized that it was pointless to embargo grain without also embargoing the fertilizers used to enhance grain production. Moreover, the phosphate embargo was ultimately implemented in the same haphazard and ineffective manner as the grain embargo. Furthermore, some grain was embargoed, and some was not, and many foodstuffs escaped the embargo altogether. The Administration has recently announced that American grain trading companies would not be asked to refrain from selling foreign grain to the USSR, as long as they did not sell grain grown by American farmers to them. (UPI, June 20, 1980)

A final facet of the embargo is worth noting. After years of foot-dragging and outright opposition to gasohol development, the Carter Administration suddenly announced that five million tons of embargoed corn would be used to produce 500 million gallons of ethanol for use in making gasohol. (Time, January 21, 1980) Yet, after three years of delay, the U.S. is now completely unprepared to meet such an unrealistic goal. U.S. present annual distilling capacity is only 80 million gallons. (Time, January 21, 1980) Moreover, according to Senator Larry Pressler, the Administration did not even have plans for interested farmers on how to make gasohol. (Testimony of Republican Platform Regional Hearings, Washington, D.C., May 8, 1980)

OTHER INTERNATIONAL TRADE FAILURES

The grain embargo, however, is only one of Carter's failings on the international agricultural front. Though Carter promised to promote free and fair agricultural trade with foreign countries, he has allowed the dumping of foreign agricultural goods -- including, for instance, Mexican tomatoes, foreign dairy products, and imported beef -- onto the U.S. market. (UPI, March 24, 1980, National Milk Producers News Letter, November 1977; Washington Post, April 19, 1980; RNC's Promises, Promises, volume 2 and 3, #199, 201-203) Additionally, he has failed to put adequate pressure on the Japanese and Europeans to remove their restrictions on importing American farm products into their countries, even though the U.S. continues to welcome the importation of their own goods -- again at the expense of the American farmer. Since 1979, Mr. Carter has continually reduced funding for the Commodity Credit Corporation's short-term and intermediate export loan programs, dealing a final blow to these important market development tools in his proposed 1981 budget by refusing to allocate any funds whatsoever to them. ("New Markets Needed to Offset Carter Grain Embargo," GOP Agriculture Task Force, May 1980)

AMERICA'S GREATEST RESOURCE

Carter's failed promises and mistakes, coupled with his lack of a cohesive agricultural policy, have proved to be a disaster for the country's greatest resource -- the American farm. Agriculture is the nation's largest industry. Total assets of U.S. agricultural holdings amount to \$790 billion -- over three-fourths of the capital assets of all American manufacturing corporations. One out of every five Americans employed in private enterprise works in some phase of growing or marketing food and fiber. This makes the agricultural sector of our economy the nation's largest employer. (Fact Book of U.S. Agriculture, published by USDA, November 1979) Despite Mr. Carter, the American farmer will sell more than \$38 billion worth of farm products abroad in 1980, double the amount which will be imported. (UPI, May 14, 1980) The American farmer is unmatched for productivity; he feeds, clothes, and houses not only America, but much of the rest of the world as well.

"We need a President...who understand[s] the problems of the family farmer..." candidate Jimmy Carter said in August of 1976. (Carter Speech on Farm Policy, August 25, 1976) That President is not Jimmy Carter.

APPENDIX

"It is time that we developed a coherent, predictable, stable, coordinated food and fiber policy."

-- 1976 Carter Platform Presentation

"This policy should insure stable prices to the consumer and a fair profit for farmers."

--1976 Carter Platform Presentation

"If I am elected we will make sure that our support prices are at least equal to the cost of production."

--Statement on Farm Policy August 25, 1976

"[This policy should] guarantee adequate price supports and a parity level that assures farmers a reasonable return on their investments."

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"[Farmers] are in danger of being destroyed economically because of an insensitive government."

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"...I prefer to go from my farm to the White House and stop embargoes once and for all!"

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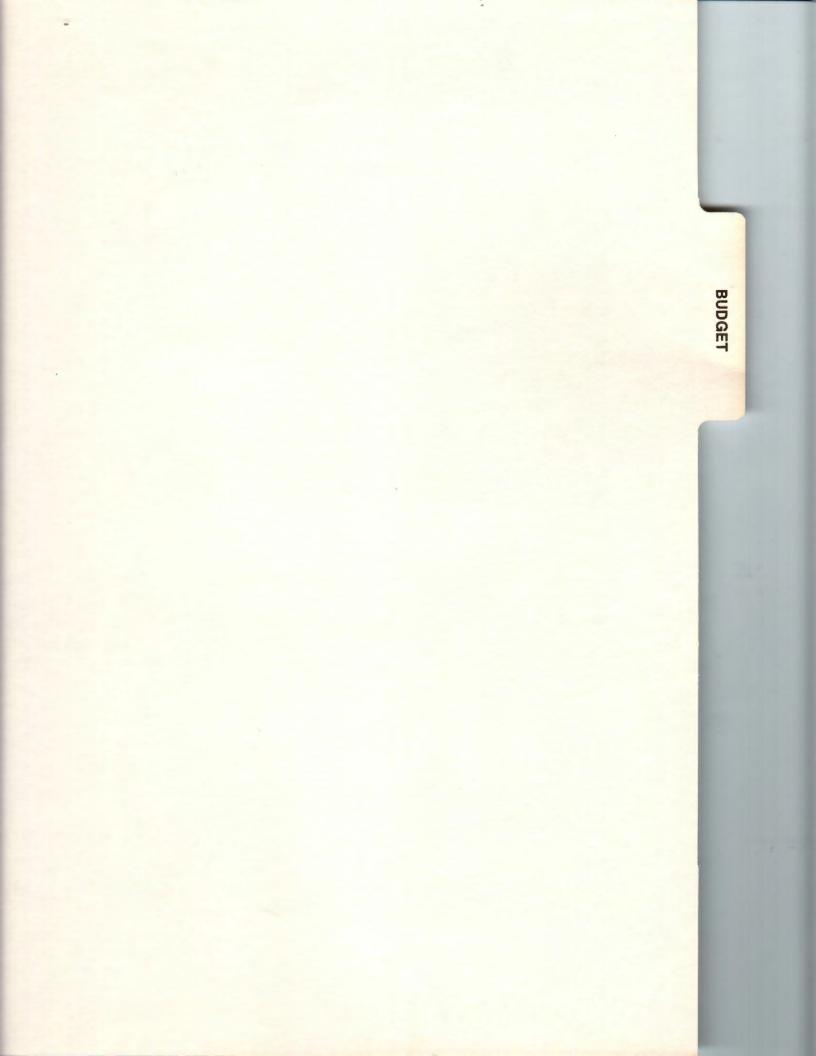
> --Presidential Documents October 31, 1977

"I am determined to minimize any adverse impact on the American farmer from this action."

--Presidential Documents January 4, 1980

"We need a President and a Secretary of Agriculture who understand the problems of the family farmer and the American consumer and if I am elected, we are going to have both."

> --Statement on Farm Policy August 25, 1976



THE CARTER BUDGET -- THE RECORD

During his campaign, Mr. Carter promised to deliver a balanced budget to the American people before he left office. He has, in fact, delivered four fiscal year budget deficits instead.

- In Fiscal Year 1977, the budget deficit stood at \$45 billion.
- In Fiscal Year 1978, the budget deficit rose to \$48.8 billion.
- In Fiscal Year 1979, a non-recessionary boom year, the budget went into the red by \$27.7 billion.
- In Fiscal Year 1980, although the budget deficit has not yet been determined, the Carter Administration conceded a \$60.9 billion deficit in July.
- At the same time, the declining incomes and tax revenues resulting from the Carter recession have turned the Administration's March forecast of a \$16.5 billion surplus into a \$29.8 billion deficit for Fiscal Year 1981.

(Source: Office of Management and Budget Mid-session Review of the 1981 Budget, July 21, 1980)

- Mr. Carter's plan to harness the federal budget by means of zero-based budgeting has not only proven to be an Administration failure, but has also received much criticism from the originator of the concept, Peter Pyhrr.
- Since Mr. Carter has come into office the rate of growth in taxes has exceeded spending by 69 to 57 percent.

Three and one-half years of Carter's imprudent and irresponsible budgetary policies have resulted in:

- A federal spending increase of \$231.1 billion.
- A federal tax increase of \$246.2 billion.
- A National Debt increase of \$300.9 billion.

(Source for above figures are from <u>Budget of the United States</u>, Fiscal Year 1981: March Revisions)

THE CARTER BUDGET: ANALYSIS

As a candidate, Mr. Carter promised that:

There's no doubt in my mind that before I go out of office the budget will be balanced. (Los Angeles Times, June 16, 1976)

After three and one-half years in office, this promise, like so many others Mr. Carter made, has been broken.

LARGE DEFICITS

Each budget the Carter Administration has submitted to the Congress from Fiscal Years 1977 to 1980 has been in deficit. In Fiscal Year 1977, the budget deficit stood at \$45 billion, a year later it rose to \$48.8 billion and in 1979, a non-recessionary boom year, the budget went into the red by \$27.7 billion. The final judgement is not in for the 1980 Fiscal Year, but the Administration which in March conceded a \$36.5 billion deficit, conceded a \$60.9 billion deficit in July. Moreover, the declining incomes and tax revenues resulting from the Carter recession have turned the Administration's March forecast of a \$16.5 billion surplus into a \$29.8 billion deficit for Fiscal Year 1981. (Office of Management and Budget Mid-session Review of the 1981 Budget, July 21, 1980)

ZERO-BASED BUDGETING

Mr. Carter, during his 1976 campaign, stated that he wanted to bring the budget under control by a mechanism called "zero-based budgeting," a management tool that was supposed to review the way in which each and every federal dollar was spent.

But, from its inception, zero-based budgeting has proven to be an Administration failure. In a letter to the then director of the Office of Management and Budget, Bert Lance, Peter A. Pyhrr, the originator of zero-based budgeting, noted that the Carter plan was too broad and was so "screwed up" from unworkable concepts that even he did not understand them. (St. Louis Dispatch, June 30, 1977)

Furthermore, a study by the Brookings Institution suggested that zero-based budgeting was ill-suited for dealing with most of the federal budget and actually reduces the chances for large cutbacks in old programs. (New York Times, July 14, 1977)

The failure to bring spending under control and institute managerial reforms has led to much fraud, waste, and abuse. A report prepared by the staff of the Joint Economic Committee stated that the Justice Department estimated that fraud and abuse account for one to 10 percent of total federal expenditures or \$5 to \$50 billion. The report further noted that:

> This figure excludes waste -- including it would give a much higher figure, as Justice (Department) estimated that fraud, abuse, and waste ranged between \$6.3 billion and \$7.4 billion in H.E.W.'s programs alone. (Productivity in the Federal Government, Joint Economic Committee, May 31, 1979)

In the opinion of Comptroller General Elmer Staats, the reasons that fraud waste, and abuse continue in the federal government are a lack of adequate management information systems, the low priorities given to fraud detection and referral for investigation, and inadequacy of agency investigators. (Productivity in the Federal Government, Joint Economic Committee, May 31, 1979)

INCREASED TAXES

Yet, in a perverse way, Carter has tried to balance the budget, not by cutting back on programs, not by eliminating waste and fraud, nor by even holding the lid on the rate of growth in spending. Instead, Mr. Carter has done so by raising taxes. Since Mr. Carter has come into office the rate of growth in taxes has outstripped even spending. Between Fiscal Year 1977 and Fiscal Year 1981, spending has grown by 57 percent while taxes have grown by 69 percent, (The Budget of the U.S. Government, Fiscal Year 1981 and Midsession Review of the 1981 Budget, July 21, 1980)

THE FISCAL YEAR 1981 BUDGET

The Fiscal Year 1981 budget represents a case study around which three years of budgetary failures have coalesced.

In January 1980, President Carter proposed his election year, Fiscal Year 1981 budget calling it "prudent and responsible." He further noted that his budgetary proposals "...reflect the maturing of the Administration's basic, consistent, underlying policy themes: restraint in budgeting the taxpayer's dollars..."

Mr. Carter concluded:

I believe that this budget...supports the fundamental policies that will prepare America for the future. (Text of Mr. Carter's Budget Message for Fiscal Year 1981 to Congress, January 28, 1980)

The Fiscal Year 1981 budget called for \$600 billion in taxes, \$615.8 billion in spending with a deficit of \$16 billion. In times of double digit inflation, the proposed Fiscal Year 1981 budget was hardly "prudent and responsible." It was, however, characterized by the Wall Street Journal (1/29/80) as "imprudent and irresponsible," and..."inflationary." The Journal also concluded that "it is larded with election year pork. It makes no attempt to bring runaway programs....under control."

By March 31 the Administration was forced to, in effect, concede that their once "prudent and responsible" budget was neither. Indeed the earlier claim that Jimmy Carter's budgetary policy would "prepare America for the future," became a threat and not a hopeful promise. In response to higher inflation and explosive interest rates, the Administration revised its January budget to include \$628 billion in taxes, \$611.5 billion in spending and a proposed surplus of \$16.5 billion.

The surplus in the revised 1981 Budget would be achieved by a rise in taxes. Mr. Carter proposed a 10 cents per gallon gasoline tax, a withholding tax on interest and dividend income, and a withholding tax on the earnings of independent contractors. In all, the revised Carter budget called for \$104.2 billion in higher taxes above his January 1979 budget proposal. This was the largest, single year, peacetime tax increase in U.S. history. (Fiscal Year Budget Revisions, March 1980)

On July 21, 1980 the Administration released its Mid-Session Review of the 1980 Federal Budget and Americans finally got a clear view of "the fundamental policies that will prepare America for the future." The report conceded that for the next two years inflation would continue in the double-digit range and that unemployment would rise to 8.5 percent in Fiscal Year 1980 and remain at that annual level through Fiscal Year 1981. The once touted \$16.5 billion Fiscal Year 1981 surplus, the political pearl of the March budget, now turned into a \$29.8 billion deficit. While the Administration called the July analysis a "policy of stringency ...," spending and deficits continued to rise. The report projected spending levels for 1980 rising from \$563.6 billion in January to \$578.8 billion in July -- an increase of \$15.2 billion. Its revisions took note that the recession reduced tax revenues by \$5.9 billion falling from \$523.8 in January to \$517.9 in July. With rising unemployment shrinking the revenue base, the federal deficit soared from the January level of \$39.8 billion to \$60.9 in July. The budgetary projections for Fiscal Year 1981 were even worse. The March through July revisions indicated that spending levels would grow from \$611.5 billion to \$633.8 billion, an increase of \$22 billion. A deepening recession along with congressional and judicial rejection of some of Carter's earlier taxing schemes caused projected revenues to fall from \$628 billion to \$604 billion while the \$16.5 billion surplus turned into a \$29.8 billion deficit.

The final judgement is still not in for the Fiscal Year 1980 and Fiscal Year 1981 budgets. As deficits deepen so does inflation, setting off even higher levels of unemployment.

CONCLUSION

The legacy of three and one-half years of Carter budgetary policy is the highest rates of inflation in the post-War period, the highest interest rates since the Civil War, the highest tax increases in history and a recession which may put more than nine million people out of work by the end of this year.

In short, Carter's most recent budget proposal was a continuation of his inflationary tax and spend policies which have, in turn, forced the economy into a recession. Three and one-half years of Carter's imprudent and irresponsible budgetary policies have resulted in:

- Federal spending increase by \$231.1 billion, rising from \$402.7 billion in Fiscal Year 1977 to \$633.8 billion in Fiscal Year 1981; an increase of 57 percent.
- Federal taxes rising by \$246.2 billion, rising from \$357.8 in Fiscal Year 1977 to \$628 billion for Fiscal Year 1981; an increase of 69 percent.
- The National Debt rising by \$300.9 billion, rising from \$709.1 billion in Fiscal Year 1977 to \$1.01 trillion in Fiscal Year 1981; an increase of 42 percent.
- A \$212 billion cumulative increase in spending deficits.

(Source for above figures are from Budget of the United States, Fiscal Year 1981, March revisions unless otherwise indicated.)

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APPENDIX

"There's no doubt in my mind that before I go out of office the budget will be balanced."

--Los Angeles Times June 16, 1976

"This budget for 1981 is prudent and responsible."

--Text of Mr. Carter's Budget Message for Fiscal Year 1981 to Congress January 28, 1980

"They [policy decisions] reflect the maturing of the administration's basic, consistent underlying policy themes: restraint in budgeting the taxpayers' dollars; the strengthening of our defense; providing energy for the future; improving opportunities for the Nation's youth; and making Government work better."

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In the opinion of Comptroller General Elmer Staats, the reasons that fraud waste, and abuse continue in the federal government are a lack of adequate management information systems, the low priorities given to fraud detection and referral for investigation, and inadequacy of agency investigators. (Productivity in the Federal Government, Joint Economic Committee, May 31, 1979)

INCREASED TAXES

Yet, in a perverse way, Carter has tried to balance the budget, not by cutting back on programs, not by eliminating waste and fraud, nor by even holding the lid on the rate of growth in spending. Instead, Mr. Carter has done so by raising taxes. Since Mr. Carter has come into office the rate of growth in taxes has outstripped even spending. Between Fiscal Year 1977 and Fiscal Year 1981, spending has grown by 57 percent while taxes have grown by 69 percent. (The Budget of the U.S. Government, Fiscal Year 1981 and Midsession Review of the 1981 Budget, July 21, 1980)

THE FISCAL YEAR 1981 BUDGET

The Fiscal Year 1981 budget represents a case study around which three years of budgetary failures have coalesced.

In January 1980, President Carter proposed his election year, Fiscal Year 1981 budget calling it "prudent and responsible." He further noted that his budgetary proposals "...reflect the maturing of the Administration's basic, consistent, underlying policy themes: restraint in budgeting the taxpayer's dollars..."

Mr. Carter concluded:

I believe that this budget...supports the fundamental policies that will prepare America for the future. (Text of Mr. Carter's Budget Message for Fiscal Year 1981 to Congress, January 28, 1980)

The Fiscal Year 1981 budget called for \$600 billion in taxes, \$615.8 billion in spending with a deficit of \$16 billion. In times of double digit inflation, the proposed Fiscal Year 1981 budget was hardly "prudent and responsible." It was, however, characterized by the Wall Street Journal (1/29/80) as "imprudent and irresponsible," and..."inflationary." The Journal also concluded that "it is larded with election year pork. It makes no attempt to bring runaway programs...under control."

By March 31 the Administration was forced to, in effect, concede that their once "prudent and responsible" budget was neither. Indeed the earlier claim that Jimmy Carter's budgetary policy would "prepare America for the future," became a threat and not a hopeful promise. In response to higher inflation and explosive interest rates, the Administration revised its January budget to include \$628 billion in taxes, \$611.5 billion in spending and a proposed surplus of \$16.5 billion.

The surplus in the revised 1981 Budget would be achieved by a rise in taxes. Mr. Carter proposed a 10 cents per gallon gasoline tax, a withholding tax on interest and dividend income, and a withholding tax on the earnings of independent contractors. In all, the revised Carter budget called for \$104.2 billion in higher taxes above his January 1979 budget proposal. This was the largest, single year, peacetime tax increase in U.S. history. (Fiscal Year Budget Revisions, March 1980)

On July 21, 1980 the Administration released its Mid-Session Review of the 1980 Federal Budget and Americans finally got a clear view of "the fundamental policies that will prepare America for the future." The report conceded that for the next two years inflation would continue in the double-digit range and that unemployment would rise to 8.5 percent in Fiscal Year 1980 and remain at that annual level through Fiscal Year 1981. The once touted \$16.5 billion Fiscal Year 1981 surplus, the political pearl of the March budget, now turned into a \$29.8 billion deficit. While the Administration called the July analysis a "policy of stringency...," spending and deficits continued to rise. The report projected spending levels for 1980 rising from \$563.6 billion in January to \$578.8 billion in July -- an increase of \$15.2 billion. Its revisions took note that the recession reduced tax revenues by \$5.9 billion falling from \$523.8 in January to \$517.9 in July. With rising unemployment shrinking the revenue base, the federal deficit soared from the January level of \$39.8 billion to \$60.9 in July. The budgetary projections for Fiscal Year 1981 were even worse. The March through July revisions indicated that spending levels would grow from \$611.5 billion to \$633.8 billion, an increase of \$22 billion. A deepening recession along with congressional and judicial rejection of some of Carter's earlier taxing schemes caused projected revenues to fall from \$628 billion to \$604 billion while the \$16.5 billion surplus turned into a \$29.8 billion deficit.

The final judgement is still not in for the Fiscal Year 1980 and Fiscal Year 1981 budgets. As deficits deepen so does inflation, setting off even higher levels of unemployment.

CONCLUSION

The legacy of three and one-half years of Carter budgetary policy is the highest rates of inflation in the post-War period, the highest interest rates since the Civil War, the highest tax increases in history and a recession which may put more than nine million people out of work by the end of this year.

In short, Carter's most recent budget proposal was a continuation of his inflationary tax and spend policies which have, in turn, forced the economy into a recession. Three and one-half years of Carter's imprudent and irresponsible budgetary policies have resulted in:

- Federal spending increase by \$231.1 billion, rising from \$402.7 billion in Fiscal Year 1977 to \$633.8 billion in Fiscal Year 1981; an increase of 57 percent.
- Federal taxes rising by \$246.2 billion, rising from \$357.8 in Fiscal Year 1977 to \$628 billion for Fiscal Year 1981; an increase of 69 percent.
- The National Debt rising by \$300.9 billion, rising from \$709.1 billion in Fiscal Year 1977 to \$1.01 trillion in Fiscal Year 1981; an increase of 42 percent.
- A \$212 billion cumulative increase in spending deficits.

(Source for above figures are from Budget of the United States, Fiscal Year 1981, March revisions unless otherwise indicated.)

APPENDIX

"There's no doubt in my mind that before I go out of office the budget will be balanced."

--Los Angeles Times June 16, 1976

"This budget for 1981 is prudent and responsible."

--Text of Mr. Carter's Budget Message for Fiscal Year 1981 to Congress January 28, 1980

"They [policy decisions] reflect the maturing of the administration's basic, consistent underlying policy themes: restraint in budgeting the taxpayers' dollars; the strengthening of our defense; providing energy for the future; improving opportunities for the Nation's youth; and making Government work better."

> --Text of Mr. Carter's Budget Message for Fiscal Year 1981 to Congress January 28, 1980

"I believe that this budget...supports the fundamental policies that will prepare America for the future."

--Text of Mr. Carter's Budget Message for Fiscal Year 1981 to Congress January 28, 1980

CRIME-JUSTICE

CRIME AND JUSTICE -- THE RECORD

Although Mr. Carter said,

There is no excuse for crime...The time has come to declare that crime is unacceptable in our nation, (Carter speech to the Economic Club of Detroit, October 15, 1976)

Crime Index offenses soared eight percent in 1979. (Press Release, Federal Bureau of Investigation, April 30, 1980)

- In 1979, one household in five was hit by crime at least once, with either property stolen or a member of the household a victim of physical assault. (Gallup Poll, December 2, 1979)
- Violent crime has increased by nearly 20 percent during Mr. Carter's term of office. (Uniform Crime Reports, Federal Bureau of Investigation)
- Mr. Carter has systematically undermined the Law Enforcement Assistance Agency.
- Mr. Carter dismantled the White House Office of Drug Abuse Policy. Congressional Quarterly, October 7, 1978)

And, despite proclaiming

We can no longer afford to treat the administration of justice as political patronage, (Carter Position Paper, Criminal Justice, 1976)

Mr. Carter's "independent" judicial selection commissions included 162 commissioners through April 1979, of which 82 percent were Democrats, nine percent **Republicans**, and nine percent independents. ("A Study of the U.S. Circuit Judge Nominating Commissions," Judicature, September 1979)

--Of the first 84 commissioners appointed, 46 percent had participated in Mr. Carter's presidential campaign. (Judicature, September 1979)

--Of the first 28 Commission selections nominated by Mr. Carter, 24 were Democrats. (Judicature, September 1979)

• Although Mr. Carter stated,

The Attorney General of this nation must be removed from politics, (Carter Position Paper, Criminal Justice, 1976)

his then-Attorney General, Griffin Bell, fired Philadelphia U.S. Attorney David Marston "solely because of political considerations" after Mr. Carter received a phone call from Congressman Joshua Eilberg, D-Pa., who was under investigation, that Marston's dismissal be "expedited." (Washington Post, February 4, 1978) When campaigning for the presidency, Mr. Carter said,

Restoring order to our society is...a question of leadership. (Carter speech to the Economic Club of Detroit, October 15, 1976)

The facts show clearly that Mr. Carter has failed to provide the leadership necessary to combat crime in our nation. The Director of the Federal Bureau of Investigation was moved recently to say, "Crime remains one of our nation's most serious problems... Every American should be troubled." (Press Release, Federal Bureau of Investigation, April 30, 1980)

CRIME RATES UP SHARPLY

Although Mr. Carter stated emphatically,

There is no excuse for crime...The time has come to declare that crime is unacceptable in our nation..., (Carter speech to the Economic Club of Detroit, October 15, 1976)

crime is rising at an alarming rate nationwide.

Crime Index offenses soared eight percent in 1979. All city and county population groups, areas, and regions shared in the increase. (Press Release, Federal Bureau of Investigation, April 30, 1980) During 1979, one household in five was hit by crime at least once, with either property stolen or a member of the household a victim of physical assault. (Gallup Poll, December 2, 1979)

Violent crimes as a group rose II percent nationwide in 1979. Forcible rape and robbery each jumped 12 percent, while murder and aggravated assault each rose nine percent. Property crimes rose eight percent, with gains of ten percent for motor vehicle theft, nine percent for larceny-theft, and six percent for burglary. (Press Release, Federal Bureau of Investigation, April 30, 1980)

Violent crime has increased by nearly 20 percent during Mr. Carter's term of office. In 1976, the number of violent crimes reported was 986,578. In 1979, the figure was 1,178,627, the third straight year of seven-digit violent crime figures. (Uniform Crime Reports, Federal Bureau of Investigation)

Yet, not only has Mr. Carter failed to propose significant legislation in the area of law enforcement, he has moved to undercut successful programs that were in operation when he took office.

LAW ENFORCEMENT ASSISTANCE AGENCY UNDERMINED

Congress created the Law Enforcement Assistance Agency in 1968 to bolster state and local criminal justice and law enforcement programs. The legislation creating the agency employed a then-new concept, block grants. Under the block grant procedure, funds are given to the states. The money is then allocated to the local governments by state planning agencies.

The LEAA has proved to be one of the most popular and successful law enforcement programs, enjoying particularly strong support from those who shoulder the day-today responsibility for the protection of our citizens -- state and local law enforcement, judicial, and correction officials. Even the LEAA's critics acknowledge that the agency has had a positive impact. Senator Joseph Biden, D-Del., believes the agency "has promoted inter-agency planning and been a major force for innovation in law enforcement and the courts." (Congressional Quarterly, March 3, 1979)

But Mr. Carter has continually sought to undermine the LEAA during his term of office. In 1977, then-Attorney General Griffin Bell recommended to Mr. Carter that the LEAA be abolished altogether. In 1978, Mr. Carter proposed a plan whereby the LEAA would remain, but two new sister agencies would be created to assume some of the LEAA's functions. No congressional action was taken on the proposal.

During the final fiscal year of the Ford Administratin, the budget for the LEAA was approximately \$770 million. Mr. Carter has systematically reduced the amount allocated to the LEAA to the point where, in his Fiscal Year 1981 Budget Revisions, he requested only \$177 million for the LEAA, only 23 percent of its 1976 budget. (Fiscal Year Budget Revisions, March 1980)

WHITE HOUSE OFFICE OF DRUG ABUSE POLICY DISMANTLED

Illicit drug trafficking is one of our nation's major crime problems. Income from retail heroin sales in Chicago alone has been estimated to total between \$300 million and \$1 billion each year. (National Republican Congressional Committee brief, "A New Look at Drug Laws," December 15, 1979)

In 1976, Mr. Carter promised to

coordinate and escalate our efforts to control the illicit traffic in drugs, (Carter speech to the Economic Club of Detroit, October 15, 1976)

but has undermined, rather than escalated, the federal fight against drug abuse.

Widely credited with effectively coordinating the federal government's far-flung drug abuse enforcement and treatment agencies, the White House Office of Drug Abuse Policy (ODAP) was also applauded for reducing the availability of heroin to a seven-year low in 1976. (Congressional Quarterly, October 7, 1978) But, in Mr. Carter's 1977 reorganization of the executive office, the ODAP was abolished. The ODAP staff, reduced from ten to six, was transferred to the White House Domestic Policy Staff. The White House drug abuse effort was further diminished by the resignation, in 1978, of Drug Abuse Adviser Dr. Peter Bourne, after he was reported to have written a fraudulent prescription for Quaalude, a frequently-abused sedative.

Not content, Mr. Carter tried to dilute federal drug abuse efforts further, in 1979, by proposing to consolidate them with alcoholism and mental health programs. He was subsequently given a warning by Senate leaders not to tamper with the independent status of the National Institute on Drug Abuse (NIDA). (<u>Congressional Quarterly</u>, May 19, 1979)

POLITICIZATION OF JUSTICE.

On the issue of criminal justice, Mr. Carter piously proclaimed,

-15-

We can no longer afford to treat the administration of justice as political patronage...The Attorney General of this nation must be removed from politics...All federal judges and prosecutors should be appointed strictly on the basis of merit without any consideration of political aspect or influence...Independent, blue ribbon judicial selection committees should be established to give recommendations to the President of the most qualified persons available for positions when vacancies occur. (Carter Position Paper, Criminal Justice, 1976)

Mr. Carter's performance has fallen far short of his rhetoric. He did establish judicial selection commissions for U.S. Circuit Court judges, but they can hardly be referred to as independent. According to a 1979 report, of the 162 commissioners chosen from February 1977 through April 1979, 82 percent were Democrats, nine percent Republicans, and nine percent independents. Forty-six percent of the 84 commissioners appointed between February 1977 and October 1978 who responded to a survey conducted by <u>Judicature</u> stated that they had participated in Mr. Carter's presidential campaign. Thirty-four percent of these has "held an office in the Democratic Party or had been elected to public office as Democrats. (There was only one Republican office holder.)" ("A Study of the U.S. Circuit Judge Nominating Commissions," Judicature, September 1979)

As of May 1979, Mr. Carter had nominated 28 of the Commission's judicial selections. Twenty-four of these were Democrats, three were independents, and only one was a Republican. (Judicature, September 1979)

Federal District Court judges in many states are still appointed by the President after being recommended by the Senators from that state in which the district is located. (Congressional Quarterly, October 27, 1979) No arrangement has been made for the merit appointment of U.S. Attorneys. As of June 1979, "67 of the 94 U.S. Attorneys [had been] replaced, all by Democrats." (Wall and Ceiling News and Views, June 1979)

David Marston, a U.S. Attorney in Philadelphia appointed by President Ford, was fired by then-Attorney General Griffin Bell on January 20, 1978. Mr. Bell made it clear that Marston was being removed "not because of lack of merit qualification, but solely because of political consideration." (Washington Post, February 4, 1978) Mr. Carter admitted in a press conference on January 12, 1978 that he had received a call from Congressman Joshua Eilberg, D-Pa., asking that Marston's dismissal be "expedited." Eilberg's activities had been under investigation by Marston. Both Mr. Carter and Mr. Bell were officially cleared by the Justice Department of any obstruction of justice but questions remain. <u>Time</u> magazine suggested that Mr. Carter had lied four times in his press conference with respect to the Marston affair. (Time, February 6, 1978)

More evidence of Mr. Carter's political interference in the activities of the Attorney General surfaced when Mr. Bell admitted in testimony before the House Administration Committee that he "had nothing to do with drawing" the Universal Voter Registration Bill and a Department of Justice memo indicated Mr. Bell's testimony was drafted for him by the White House. (House testimony cited by Sen. Griffin in Senate Rules Committee Hearings on Universal Voter Registration)

In the words of David Cohen, President of Common Cause, "...[O]ne overriding weakness [of the Carter Administration] is that the Justice Department has been heavily poltiicized." (Washington Post, May II, 1977)

APPENDIX

"There is no excuse for crime...The time has come to declare that crime is unacceptable in our nation."

--Carter Speech to the Economic Club of Detroit October 15, 1976

"Restoring order to our society is...a question of leadership."

--Carter Speech to the Economic Club of Detroit October 15, 1976

"We must coordinate and escalate our efforts to control the illicit traffic in drugs."

--Carter Speech to the Economic Club of Detroit October 15, 1976

"We can no longer afford to treat the administration of justice as political patronage...The Attorney General of this nation must be removed from politics... All federal judges and prosecutors should be appointed strictly on the basis of merit without any consideration of political aspect or influence...Independent, blue ribbon judicial selection committees should be established to give recommendations to the President of the most qualified persons available for positions when vacancies occur."

> --Carter Position Paper Criminal Justice, 1976

. DEFENSE

DEFENSE -- THE RECORD

Despite his promise to maintain "a strong national defense, a defense second to none," Jimmy Carter has followed a course of unilateral disarmament. He:

- Cut \$38 billion in three years from President Ford's projected defense budget.
- Delayed the MX missile by at least three years.
- Shut down our Minuteman III ICBM production line.
- Cancelled the B-l bomber.
- Slowed down the Trident submarine and the Trident II ballistic missile programs.
- Slowed down all three cruise missile programs (air-, ground-, and sea-launched cruise missiles).
- Deferred any decision on enhanced radiation weapons (neutron bomb).
- Cut naval ship-building programs in half.
- Vetoed a nuclear aircraft carrier.
- Allowed our armed forces to fall far below their recruitment goals and our military reserves to fall 20 percent below necessary war-time preparedness levels.
- Cancelled a fleet of Advanced Tanker Cargo Aircraft.
- Jeopardized alliance cohesion and credibility with his vacillating policy stands and his failure to meet commitments or to consult in a timely and meaningful manner.
- Promised to adhere to the terms of an unratified and inequitable strategic arms limitation treaty (SALT II).

(Source: "An Evaluation of the Carter Administration's Defense Policies," prepared by the Defense Subcommittee, Republican National Committee's Advisory Council on National Security and International Affairs.)

DEFENSE: ANALYSIS

Mr. Carter's record on defense and national security policies has been one of shameful neglect and blatant deception. He came to office calling the Pentagon one of the most wasteful bureaucracies in Washington and claiming that he could "reduce present defense expenditures by about \$5 to \$7 billion annually" without undermining our national security. (Letter to the Democratic Platform Committee, January 17, 1976)

Over the last three years, the Administration's rhetoric has changed but its policies have not. They continue to be based on dangerous misperceptions about Soviet intentions and the motivations behind their unprecedented military buildup over the past decade.

NO REAL INCREASES IN DEFENSE SPENDING

In recent months Mr. Carter has loudly proclaimed his commitment to a strong national defense and increased spending to reverse the adverse military balance that has emerged vis-a-vis the Soviet Union. But his conversion is shallow. In reality, he and his various spokesmen have glossed over the facts, performed continual flipflops on the issue, misled the public and made out-and-out misrepresentation of the facts.

Shortly after taking office, Mr. Carter proposed a three percent real annual increase in defense spending through 1984. When our NATO allies agreed in principle to cooperate in this effort Defense Secretary Brown said he hoped that "the decisions would convey to the Warsaw Pact countries...(that) the competition is not going to be one-sided." (Los Angeles Times, May 19, 1977) Mr. Carter has consistently claimed to have lived up to his pledge. Yet, his record on this is erratic. His claims have repeatedly been based on ridiculously low inflation estimates, requiring last-minute and confusing supplemental requests. Moreover, the Administration has indulged in questionable manipulation of figures. For instance, the Pentagon plans to cut \$82 million from its outlays for Fiscal Year 1980 in order to show a three percent growth rate from 1980 to 1981. According to a memo circulated in the Defense Department, it might cut an additional \$83 million in order to reach a 3.1 percent growth rate. (Richard Burt, New York Times, April 17, 1980)

But mere numbers manipulation is perhaps less disturbing than the outright deception of the American public. Mr. Carter's "tough" defense stand began when his SALT II treaty was jeopardized and hardened further when his pollsters became convinced that the American public's mood toward defense spending had changed.

For instance, an AP-NBC poll of January 23, 1980 found that 63 percent of the American public supports an increase in the defense budget while 21 percent wants to maintain current levels and eight percent wants a reduction. This compares to a poll taken in September 1979 that found sentiment divided over defense spending with 38 percent favoring an increase, 36 percent favoring the current level of spending and 16 percent favoring a decrease. Similarly, a <u>New York Times-CBS</u> poll of January 16, 1980 found that 46 percent of the public thought we were spending too little on defense, 23 percent thought we were spending the right amount and 14 percent thought too much was being spent. This was a complete turnaround from 1979 when 52 percent said too much, 31 percent said right amount and eight percent said too little. (Public Opinion Report, January 27, 1980, Issue No. 76)



Mr. Carter's newly proclaimed commitment to a strong national defense is not matched by his actions:

- In September 1979 the President rejected the Senate's overwhelming call for a five percent real growth in defense spending for 1981 and 1982, saying in a letter to Senator Ernest Hollings that he could not support that level of growth for either of those years. (Washington Post, September 12, 1980)
- In December, he changed his mind, saying that "events in Iran have been a vivid reminder of the need for a strong and united America" and that his five-year defense program "provides real funding increases that average more than four and one-half percent a year." (Televised Address, December 12, 1979)
- In January, the defense budget proposal called for a 5.4 percent real growth in authorization for Fiscal Year 1981. Defense Secretary Brown claimed that the request was carefully "calibrated" to meet our defense needs, that carrying out the program "completely" was "the most elemental and important of all our responsibilities" and that if inflation estimates proved too low the Administration would take "appropriate action to preserve the integrity of the program." (DOD Annual Report, Fiscal Year 1981, p. 13) Mr. Carter said that it was "imperative that Congress approve this strong defense budget...without any reduction." (State of the Union Address, January 23, 1980)

As the Congressional debate on the 1981 budget began, it became clear that Mr. Carter's estimates of 8.1 and 8.4 percent inflation were ridiculously below the real rate of 18 percent. Moreover, his proposals underestimated fuel costs by at least 40 percent and failed to take into account increased operations in the Indian Ocean prompted as a response to the Soviet invasion of Afghanistan and the crisis in Iran. (First Concurrent Resolution of the Budget, Fiscal Year 1981, Report of the House Committee on the Budget, Supplemental views, p. 299)

But what proposals did Mr. Carter make to offset these underestimates and to maintain the "integrity" of the proposed defense programs:

• In March, 1980, Mr. Carter submitted revised budget proposals. He cited the need for an additional \$2.96 billion for increased fuel costs, \$1 billion to offset inflation and \$619 million to cover Indian Ocean deployments, for a total of \$4.6 billion. Yet he asked only for an additional \$2.9 billion, saying that his defense budget would cut back on previously planned programs to make up the difference. (Charles Corddry, Baltimore Sun, April 1, 1980)

How programs considered essential before the Soviet invasion of Afghanistan became dispensible after that "most serious threat to the peace since the Second World War" is left to the imagination of anyone keeping up with Carter promises. But this is not even the worst of Carter's deceptions.

 After submitting the March request for an additional \$2.9 billion in spending, Mr. Carter, in a letter to House Speaker Tip O'Neil, stated that he "strongly favor(ed)" the adoption of an amendment offered by Congressman David Obey --- an amendment that proposed a cut of \$3.6 billion in defense spending.

And Mr. Carter continues to oppose Congressional additions to the defense budget that would bring it closer in line with his promise of 5.4 percent real increase.

• In May he sent a letter to Chairman of the Senate Armed Services Committee, Senator John Stennis, claiming that the \$6.2 billion added to the defense budget by the House-Senate conference committee would "adversely affect today's military readiness." (George Wilson, Washington Post, May 23, 1980)

In the midst of these flip-flops on defense spending, Mr. Carter added yet a new twist. Receiving the Nimitz aircraft carrier on its return from the Persian Gulf he promised support for greater military compensation in such areas as housing, reenlistment bonuses, sea duty pay and flight pay. Two months before, the Administration had lobbied against just such legislation when, despite Administration opposition, the Nunn-Warner sponsored legislation passed the Senate by an overwhelming margin. (Bernard Weinraub, New York Times, May 27, 1980)

Mr. Carter has come under heavy fire from members of his own party for these flip-flops. Senator Ernest Hollings called Mr. Carter's opposition to the conference committee's defense budget the "height of hypocrisy" and "outrageous, deplorable conduct." Senator Hollings said that Mr. Carter was trying to have it both ways and that "he doesn't want a balanced budget; he wants a campaign budget." (Helen Dewar, <u>Washington Post</u>, May 29, 1980) Senator Sam Nunn accused Mr. Carter of having "reversed his own course on national defense at least four times since last November" and termed his call for increased military compensation aboard the Nimitz "one of the most imaginative uses of mathematics in my time on the Hill." (George Wilson, Washington Post, June 3, 1980)

Mr. Carter's own Joint Chiefs of Staff have declared the current budget to be inadequate to meet the Soviet threat. Army Chief of Staff, General E.C. Meyer, said that we now "have a hollow Army" and that he didn't believe that "the current budget responds to the Army's needs for the 1980s." Marine Corps Commandant General Robert Barrow, asked if the budget was adequate, responded to the House Armed Services Committee that the answer was, "in a word, no." Deputy to the Chief of Naval Operations, Admiral James D. Watkins, said that the budget "fell short of Navy requirements." And Chairman of the Joint Chiefs, General David C. Jones, said that if he were a member of Congress he would not vote against the conference committee's compromise budget, the budget that Mr. Carter called detrimental to "today's military readiness." (George C. Wilson, <u>Washington Post</u>, May 30, 1980)

DEFENSE CAPABILITIES CUTBACK

It is apparent that Mr. Carter still fails to grasp the fundamental problem. America's increasingly urgent need for enhanced military capabilities and the calls for real increases in defense spending are not based on assumptions that a growing defense budget is intrinsically good. The key issue is whether our defense capabilities are adequate to meet our military objectives and defend our legitimate national security interests. Shortly after taking office, President Ford initiated a wide-ranging review of U.S. military posture. Foreseeing the development of several adverse trends in the military balance, he rejected the posture of U.S. military inferiority that would result if those trends were allowed to continue. Accordingly, he proposed a set of expensive but necessary military programs. His plans called for modernization of all three legs of our strategic triad. But Mr. Carter rejected all these initiatives.

• President Ford approved plans for a new land-based intercontinental missile, the MX. Mr. Carter delayed full production of the MX, pushing its initial operational capability date back by at least three years. Because the MX will not be fully deployed until late in the 1980s, the United States' ICBM force has become vulnerable to a Soviet first strike.

- Mr. Carter shut down the only existing ICBM production line, leaving us 50 short of the number of Minuteman III missiles recommended by the Joint Chiefs of Staff. (Armed Forces Journal International, March 1978)
- President Ford approved plans for the Trident submarine and for a new submarinebased missile, the Trident II. Mr. Carter has delayed both of these programs, despite an aggressive Soviet effort to advance their anti-submarine warfare capabilities.
- President Ford approved a new manned strategic bomber, the B-l, with a complementary air-launched cruise missile system capable of overwhelming Soviet air defenses. Mr. Carter cancelled this bomber altogether, leaving the United States with only an aging fleet of B-52s, most of which are 25 years old. He also slowed down the air-launched cruise missile program.

Mr. Carter's record on correcting deficiencies in our conventional and tactical nuclear forces is equally dismal:

- President Ford approved plans for extensive development and production of ground- and sea-launched cruise missiles. Mr. Carter slowed down development of these systems.
- President Ford approved plans for a fleet of Advanced Tanker Cargo Aircraft to enhance U.S. airlift capabilities. Mr. Carter cancelled this fleet shortly after taking office, delaying by many years the necessary upgrading of our ability to move rapidly into trouble spots throughout the world.
- President Ford approved plans for enhanced radiation (neutron) weapons to offset the three to one Soviet/Warsaw Pact advantage in tanks and armored personnel carriers in Europe. Mr. Carter badgered our European allies into making politically risky commitments to the neutron weapons and then pulled the rug out from under them by deferring any decision on production of the weapons.
- President Ford approved plans for naval ship-building capable of producing an active fleet of 550 ships. Despite promises to favor an "aggressive" ship-building program, (New York Times, June 6, 1976) Mr. Carter cut this plan in half.

ARMS CONTROL

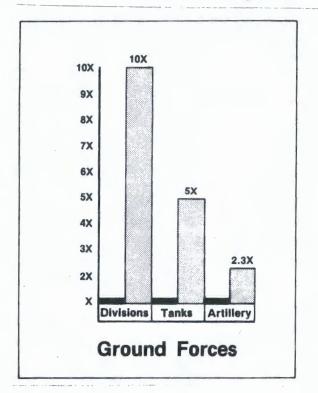
Mr. Carter's approach to defense policies throughout his term in office has been dictated more by his moral commitment to disarmament than by concern for maintaining legitimate United States' interests. Convinced that the Cold War is over and that we are free of our former "inordinate fear" of Communism (Address at Notre Dame, May 22, 1977), he has pursued arms control negotiations -- on strategic weapons, on forces in Central Europe, on anti-satellite weapons, on demilitarization of the Indian Ocean, on a comprehensive ban on nuclear tests -- with a zeal unmatched in other areas of policy. Despite his promises to be "a tough negotiator with the Soviet Union" (The Indianapolis Star, April 7, 1976) and that he would not be "afraid of hard bargaining with the Soviet Union," (Chicago Council on Foreign Relations Speech, March 15, 1976) Mr. Carter proceeded with the series of unilateral cutbacks and cancellations of weapons systems listed above. No attempt was made to gain comparable concessions from the Soviet Union, either in or outside the framework of ongoing negotiations. Actions and decisions were based on the belief that the United States need only set a good example and the Kremlin would follow suit, relieved forever of their historical paranoia.

Nor were limitations on our own vital weapons systems confined to unilateral moves. In his rush to conclude a SALT II treaty, Mr. Carter authorized concession after concession. Some, such as the acceptance of limitations of cruise missile ranges -limitations consistently rejected by Republican Administrations -- had the experts cringing. Others required no expertise to discern as incompetent and incomprehensible steps. For instance, the Administration excluded the new Soviet Backfire bomber from limitations on strategic nuclear delivery vehicles despite a general consensus that the bomber possessed intercontinental capabilities. Instead, Mr. Carter accepted an unsigned letter from Leonid Brezhnev during the final negotiations in Vienna which essentially stated that the Soviets would not give up the bomber capabilities that it already had. The unsigned letter graciously added that the bomber would not be deployed in a threatening mode during peaceful conditions. (Hedrick Smith, "Brezhnev Letter on Soviet Bomber Said to Lack Desired Assurance," New York Times, June 17, 1979) So much for Mr. Carter the "tough negotiator."

SOVIET BUILDUP IGNORED

Mr. Carter has shown particular ambivalence about the Soviet military buildup. During the campaign he acknowledged Soviet superiority in many military sectors (Speech to the American Legion Convention, Seattle, Washington, September 24, 1976) but maintained that in "the cumulative strength of our own military forces, plus those of NATO and others, are still superior to the Soviet Union." (Washington Post, March 21, 1976) But his overall attitude toward the growing Soviet threat has been one of complacence, despite evidence that their military buildup has only picked up momentum. Since 1970, the Soviet Union has outspent the United States in military investment by around \$240 billion. Last year alone such investment exceeded that of the U.S. by 85 percent. Soviet investments in strategic forces has outpaced the U.S. throughout the decade by two and one-half times. In 1979 this gap widened with the Soviets outspending us by three times. (Fiscal Year 1981 Posture Statement, Under Secretary of Defense for Research and Engineering, William Perry, p. 3) The result has been frightening:

Soviet Military Strength In Multiples Of U.S. Strength





Soviet Military Strength In Multiples Of U.S. Strength continued 119X 120X **United States** 110X 100X 90X Soviet Union 80X 70X 60X 50X 40X 30X 20X 11.5X • 10X 1.4X 1.4X х 1. Med. Fighter & Air Def. Trans-Bombers ports Radars Attack **Air Forces** 4X 3.5X 3X 3X | 2.2X 2.4X 2X 1.4X 2X 1.3X 1.5) X -4X 1.1X Х -2X -2X -3X Ballistic Heavy ICBM SLBM Missile -4X Bombers Submarine Naval & Marine Aircraft Attack Active Carriers Subs Fleet Strategic **Naval Forces**

Nor were Mr. Carter's policies influenced by the Soviet Union's continued promotion and financing of Cuban activity throughout the Third World despite his campaign statement that

> we should make it clear that detente requires that the Soviets, as well as the United States, refrain from irresponsible intervention in other countries. (Chicago Council on Foreign Relations, March 15, 1976)

Evidently when he said "the Russians have no more business in Angola than we have," he excluded proxy forces as irrelevant. As a result, the Cuban military presence throughout Africa has more than doubled, bringing their total to over 40,000 throughout the continent. Nor has Mr. Carter learned anything from this expansion of proxy forces. Despite Cuban activity in support of guerrilla forces throughout the Caribbean and Central America, he continues to declare that he sees

no military threat to the integrity of the nations in the Caribbean from an outside force and therefore (doesn't) consider it to be necessary to define it as one of vital interest where military action by our own country would be necessary to defend it. (Question and Answer session with Editors and News Directors, January 29, 1980)

ALLIANCE DISARRAY

Mr. Carter's vacillation and empty rhetoric have created deep concern among our military allies. This was already apparent during the campaign when at one time he said "we have too many troops overseas" (Boston Advertiser, July 25, 1976) and then two months later said he "would intend to maintain our present level of troop deployment in Europe" and "would even be willing to increase ground forces... if that was what it took to give us equivalent strength." (Associated Press, September 19, 1976) He repeatedly cited the importance of our alliance relationships, asserting that they "must know that we will keep our promises" and that they will "be reassured not by promises but by tangible actions and regular consultations." (Address to members of the American Chamber of Commerce, Tokyo, Japan, May 28, 1975) But Mr. Carter has succeeded only in undermining U.S. credibility within our alliance system. He failed to live up to increased defense spending commitments. He embarrassed West Germany with his vacillation on the neutron weapons issue. During the first year of his Administration a leaked National Security Council memorandum envisioning the loss of one-third of Germany should war break out in Europe caused a major uproar and necessitated a series of denials and explanations from Administration officials. (Rowland Evans and Robert Novak, "The U.S. Commitment to Defend Europe (Amended)," Washington Post, August 8, 1977) Lack of consultation on SALT negotiations raised serious concerns among NATO allies, particularly concerning limitations on weapons systems of particular concern to them. General neglect of timely consultation was not limited to West European countries, Neither Japan nor South Korea was consulted prior to his announcement that he planned to withdraw U.S. ground forces from Korea. He abruptly and unilaterally cancelled our mutual defense treaty with the Republic of China.

MILITARY MANPOWER

During his campaign, Mr. Carter said that "the number one priority of any president is to guarantee the security of our nation" and to provide "a strong, able, tough, muscular, well organized fighting force." (Christian Science Monitor, September 17, 1976) But under his leadership, the United States has failed to fulfill even minimal military manpower requirements, further bringing into question our ability to maintain alliance commitments. In 1979, for the first time since the creation of the all-volunteer force, all military services failed to fulfill recruitment goals:

Army	16,000 short of 158,700 goal
Navy	5,200 short of 84,830 goal
Marines	1,200 short of 41,800 goal
Air Force	1,400 short of 68,000 goal

(Washington Post, October 20, 1979)

Moreover, the failure to stem the flow of trained, experienced personnel out of the military services into better paying civilian jobs threatens even more serious consequences. Potentially active ships are being taken out of service due to the lack of trained personnel to operate them. Naval aircraft are lost through attrition three times faster than new planes are produced to replace them, largely due to lack of training time for pilots and lack of trained maintenance personnel.

Our military reserves are sadly inadequate. The Selective Reserves suffer a 13 percent manpower shortage under peacetime requirements and a 20 percent shortage for wartime requirements.

	Shortfall from	Shortfall from
	Peacetime Need	Wartime Need
Army National Guard	62,228	85,637
Army Reserve	51,478	61,024
Air National Guard	1,993	10,123
Air Force Reserve	2,155	13,928
Marine Corps Reserve	1,153	6,909
Naval Reserve	2,557	19,207
Totals	121,564	196,828

(General Accounting Office, July 1979)

Shortages of manpower in the Individual Ready Reserve that would provide trained men to replace active duty forces incapacitated in combat are even more critical. The Administration's response to this has been to lower its estimates of the number required:

I	Fiscal Year 1978	Fiscal Year 1979	Fiscal Year 1980
Nos. required	729,000	710,000	694,000
Nos. available	168,600	200,000	200,000
Manpower			
shortage	560,400	510,000	494,000

(The Army Budget, Fiscal Year 1980, p. 10)

MR. CARTER'S FALSE CONVERSION

In light of these inescapable facts, it might be expected that Mr. Carter would reevaluate his thinking on Soviet goals and tactics and the appropriate response to them. But even after the brutal invasion of Afghanistan this is not the case. First he tells us that the action

has made a more dramatic change in my opinion of what the Soviet's ultimate goals are than anything they've done in the previous time that I've been in office. (Interview with Frank Reynolds, ABC, December 31, 1979)

Then he disavows this transformation saying that he "didn't insinuate or say that my assessment of the Soviet policy or ultimate goals had been changed at all." (Interview with Meg Greenfield, Washington Post, March 29, 1980)

He continues to reveal his ambivalence toward Soviet motives, saying that it "is going to have to answer some basic questions" as to whether it will "help promote a more stable international environment" or "continue to expand its military power far beyond its genuine security needs, and use that power for colonial conquest?" (State of the Union Address, January 23, 1980)

It appears that only Mr. Carter is unaware of the fact that the Soviet Union has been answering that question throughout the world for the last three and one half years.

Mr. Carter tells us that he will impose stiff costs on the Soviet Union to ensure that the price of its expansionist policies will be too great to pursue. Then in virtually the same breath he says that "observing the mutual constraints imposed by the terms" of the unratified SALT II treaty will be in our "best interest" despite the fact that the Soviet Union makes no similar promise. (State of the Union Address, January 23, 1980)

Mr. Carter tells us that we are "[militarily] stronger now than we were three years ago" (interview with Meg Greenfield, Washington Post, March 29, 1980) despite three years of cutbacks, delays and cancellations -- despite the fact that upgraded intelligence estimates of Soviet force modernization and expansion are even more alarming than those on which President Ford based his proposals for the programs Mr. Carter cut. He tells us that we are stronger now despite the testimony of his own Strategic Air Command commander that strategic equivalence ceased to exist in 1978 and that

> by today's measurements, an adverse strategic imbalance has developed and will continue for several years to come...not only when our forces are in a day-to-day alert posture...but also when fully generated

for war. (Testimony by General Richard H. Ellis before the House Armed Services Committee, February 20, 1980)

Mr. Carter appears to have come full circle, belatedly ressurecting the Republican initiatives he originally cast aside as incompatible with arms control and the spirit of detente. But he supports cuts in the defense budget proposed before the invasion of Afghanistan.

In an effort to appear tough, Mr. Carter announces the reinstitution of draft registration. But the measures he proposes are ones rejected by his own Defense Department studies as little more than symbolic. His plan cuts by only six days our ability to mobilize military manpower in the event of an emergency. It does nothing to curb the flow of trained personnel out of military service. Mr. Carter tells us that this will demonstrate our resolve to the Soviet Union as if the leaders in the Kremlin were unaware of these facts.

Mr. Carter announces to the world the obvious -- that any assault on the Persian Gulf region would be considered an assault on our "vital interests" and that the U.S. will repel such an assault "by any means necessary, including military force." (State of the Union Address, January 23, 1980) He does not tell us that our ability to uphold that pledge is highly questionable. Then, six days later he falls into the familiar pattern of vacillating saying that he never "claimed to have the ability unilaterally to defeat any threat to that region with ease" and that what he called for "was an analysis by all those nations who are there who might be threatened" and cooperation "with them, as they request and as they desire, to strengthen their own defense capabilities." (Question and Answer session with Editors and News Directors, January 29, 1980) Nor does he tell us why, if alliance cooperation would be necessary to defend the region, he failed to consult with our allies before publicly announcing this improvised "doctrine."

Mr. Carter's rough rhetoric rings hollow. His conversion is artificial and tenuous. His understanding of the realities is shallow. His public announcements are designed more for domestic consumption and pacification than for maintaining the United States' ability to deter aggression and defend its legitimate national interests. Mr. Carter still appears to have no strategy save a re-election strategy.

APPENDIX

"When I become President we'll have a strong national defense, a defense second to none...militarily we are as strong as any nation on earth."

> --San Francisco Debate October 6, 1976

"Without endangering the defense of our nation or our commitments to our allies, we can reduce present defense expenditures by about \$5 billion to \$7 billion annually."

> --Letter to the Democratic Platform Committee Washington Post January 17, 1976

"Recent events in Iran have been a vivid reminder of the need for a strong and United America, a nation which is supported by its allies and which need not bluff or posture in the quiet exercise of our strength and in our continued commitment to international law and the preservation of peace."

"My 5-year defense program provides a real funding increase that will average more than four and one-half percent each year."

--Televised Address December 12, 1979

"We have increased annually our real commitment for defense, and we will sustain this increase of effort throughout the Five Year Defense Program. It is imperative that Congress approve this strong defense budget for 1981, encompassing a five percent real growth in authorizations, without any reduction."

> --State of the Union Address January 23, 1980

"In my own opinion, shared by many of the world's leaders with whom I have discussed this matter, the Soviet invasion of Afghanistan is the greatest threat to peace since the Second World War."

> --Remarks at a White House Briefing for Members of Congress January 8, 1980

The Senate Armed Services committee's additions to the defense budget, he said "could adversely affect today's military readiness by forcing offsetting reductions in the operations and personnel accounts in the defense budget and to the nation's overall budgetary objectives."

--Washington Post May 23, 1980

"Being confident of our own future, we are now free of that inordinate fear of Communism which once led us to embrace any dictator who joined us in that fear."

> --Speech at Notre Dame May 22, 1977

--Indianapolis Star April 7, 1976

"I am not afraid of hard bargaining with the Soviet Union."

--Chicago Council on Foreign Relations Speech March 15, 1976

"I think the cumulative strength of our own military forces, plus those of NATO and others, are still superior to the Soviet Union."

--Washington Post March 21, 1976

"We should make it clear that detente requires that the Soviets, as well as the United States, refrain from irresponsible intervention in other countries."

> --Chicago Council on Foreign Relations Speech March 15, 1976

"No military threat to the integrity of the nations in the Caribbean from an outside force and therefore [doesn't] consider it to be necessary to define it as one of vital interest where military action by our own country would be necessary to defend it."

> --Questions and Answers Editors and News Directors January 29, 1980

"I think we have too many different military bases overseas, about 2000; [and we have] too many troops overseas in some areas of the world."

> --Boston Advertiser July 25, 1976

"I would intend to maintain our present level of troop deployment in Europe for the foreseeable future...I would even be willing to increase ground forces, or conventional forces if that was what it took to give us equivalent strength."

> --Associated Press September 19, 1979

"We understand the vital importance of our relationship with our allies. Our friends in Japan, Western Europe and Israel must know that we will keep our promises; yet, they will be reassured not by promises but by tangible actions and regular consultations."

> --Address to Members of the American Chamber of Commerce Tokyo, Japan May 28, 1975

"The number one priority of any president is to guarantee the security of our nation. A strong, able, tough muscular, well organized fighting force."

> --Christian Science Monitor September 17, 1976

"...The action of the Soviets has made a more dramatic change in my opinion of what the Soviets' ultimate goals are than anything they've done in the previous time that I've been in office."

> --Interview with Frank Reynolds ABC December 31, 1979

"It would be good to go back and read the quote to see if you have it accurate. I didn't insinuate or say that my assessment of the Soviet policy or ultimate goals had been changed at all."

> --Interview with Meg Greenfield Washington Post March 29, 1980

"The Soviet Union is going to have to answer some basic questions: Will it help promote a more stable international environment in which its own legitimate, peaceful concerns can be pursued? Or will it continue to expand its military power far beyond its genuine security needs, and use that power for colonial conquest?"

> --State of the Union Address January 23, 1980

"Preventing nuclear war is the foremost responsibility of the two superpowers. That is why we have negotiated the strategic arms limitation treaties --SALT I and SALT II. Especially now, in a time of great tension, observing the mutual constraints imposed by the terms of these treaties will be in the best interest of both countries, and will help to preserve world peace. I will consult very closely with the Congress on this matter as we strive to control nuclear weapons. That effort to control nuclear weapons will not be abandoned."

> --State of the Union Address January 23, 1980

"Our nation is stronger now than it was three years ago militarily."

--Interview with Meg Greenfield Washington Post March 29, 1980

"The region which is now threatened by Soviet troops in Afghanistan is of great strategic importance....Let our position be absolutely clear: An attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America -- and such an assault will be repelled by any means necessary, including military force."

> --State of the Union Address January 23, 1980

"Obviously we don't intend and never have claimed to have the ability unilaterally to defeat any threat to that region with ease. What we called for was an analysis by all those nations who are there who might be threatened. We'll cooperate with them, as they request and as they desire, to strengthen their own defense capabilities."

> --Questions and Answers Editors and News Directors January 29, 1980

EDUCATION

EDUCATION -- THE RECORD

- Public confidence in our schools is at an all-time low. Fifty percent of the American people believe that the quality of education is worse now than 10 years ago.
- Scholastic Aptitude Test scores have declined steadily during Mr. Carter's term of office. (Educational Testing Service)
- Despite Carter Administration promises that the creation of a separate Department
 of Education would require no new employees and cost no more than was formerly
 devoted to education programs...
 - --The Department of Education, by September 30, 1980, will include 157 more people than a year ago and 1,121 more people than two years ago in the **agencies** that now make up the new Department.
 - --Department of Education personnel compensation costs will rise \$50 million or 44 percent between fiscal years 1979 and 1981, contractual service costs will go up \$176 million or 51 percent and the budget for capital assets will rise \$298 million or 47 percent. (Press Release, Senator William Proxmire, May 20, 1980)
- Federal paperwork will require educators to spend over nine million man-hours or 50,000 man-years filling out forms during the 1980-81 academic year, creating a cost of more than \$700 million. (Statement of Congressman John Ashbrook, R-Ohio, in the House of Representatives, February 28, 1980)
- Although Mr. Carter promised tax relief for parents who send their children to private schools and colleges, he threatened to veto such legislation after becoming President, and his opposition killed the Comprehensive Tuition Tax Credit Bill of 1978.
- Despite Mr. Carter's promises of expanded vocational and career opportunities, increased education for the elderly, and a nationwide consumer education program in schools, no initiatives in these areas have been taken by the Carter Administration.

EDUCATION: ANALYSIS

Mr. Carter is presenting himself as the most pro-education president in our nation's history. If that means that Mr. Carter has spent more tax dollars and employed more bureaucrats in federal education programs, it is true. But if it means that teachers are teaching more or students learning more than they were before Mr. Carter took office, it is most definitely false.

In fact, Representative John Ashbrook, R-Ohio, shared the following dismal facts with his fellow members of Congress:

The annual Gallup education poll shows that public confidence in the schools is at an all-time low, surveys by the education community show that the most talented teachers and principals are quitting their jobs out of sheer frustration, and test scores show that the academic achievement of high school seniors has fallen steadily ever since the mid-1960's. If a private corporation had the kind of track record that the Federal Government has in education, it would be sued for consumer fraud. (Congressional Record, May 7, 1980)

MORE SPENDING -- LESS PERFORMANCE

When campaigning in 1976, Mr. Carter complained that,

we...do not provide all citizens with the education necessary to develop their natural potential and participate meaningfully in the decisions of their government. (Carter Position Paper, Education, 1976)

His remedy:

As President I will be committed to an increase in the proportion of education costs to be financed by the federal government. (<u>American Teacher</u>, October 1976)

Between fiscal years 1979 and 1980 alone, budget authority for federal education programs will go up by \$1 billion and outlays will rise by \$2 billion. If the present spending trend continues, by 1983 budget authority for federal education programs will have risen \$5 billion and outlays will have gone up nearly \$6 billion. (Fiscal Year 1981 Budget Revisions, March 1980, pages 67,69)

Yet, despite Mr. Carter's promise to

initiate a full-scale review of all federal education programs with an eye to making them meet the goals they had when they were envisioned. (American Teacher, October 1976).

he has made no systematic effort to find out whether these extensive programs have actually helped teachers to teach or students to learn. Judging from reliable measurements of educational achievement, they have not. This year's crop of high school graduates is likely not to know as much as last year's, and even less than those who graduated before Mr. Carter took office. In 1976, high school students who took the Scholastic Aptitude Test (SAT) scored an average of 431 on the verbal part and 472 on the math part. During Mr. Carter's term of office, scores have declined steadily to an average, in 1979, of 427 on the verbal part and 467 on the math part. By way of comparison, the average scores in 1963 were 478 on the verbal part and 502 on the math part. (Educational Testing Service)

Recently, the Rand Corporation finished a four-year study of federal programs designed to encourage "innovative" practices in the schools. It found the results "inconsistent and generally disappointing," and concluded that "project outcomes reflected not the amount of funds available, but the quality and behavior of local staff." (House Oversight Committee)

Clearly, Mr. Carter's remedy of simply spending more federal dollars to provide quality education is not working.

Neither is more bureaucracy...

DEPARTMENT OF EDUCATION

The cornerstone of Mr. Carter's education platform was the creation of a separate Department of Education. The promise was to

consolidate the grant programs...and many other functions currently scattered throughout the government" (Carter Position Paper, Education, 1976),

with no new jobs and no new spending.

In March of 1979, Mr. Carter's Director of the Office of Management and Budget testified: "The Department of Education will include no more people and will cost no more than is now devoted to education programs. In fact 350 to 450 positions will be eliminated, saving \$15 to \$19 million. Creation of the Department will require no new funds." (Press Release, Senator William Proxmire, May 20, 1980)

The facts are that by September 30, 1980, on a comparable basis, the Department of Education will include 157 more people than a year ago and 1,121 more people than two years ago in the agencies that make up the new Department. (Press Release, Senator William Proxmire, May 20, 1980)

Concerning costs, the OMB estimates that between fiscal years 1979 and 1981:

- --Personnel compensation will rise from \$113 to \$163 million, or by \$50 million or 44 percent.
- --Contractual services, including travel, utilities, printing and supplies will rise from \$342 to \$518 million, or by \$176 million or 51 percent.
- --The budget for capital assets will rise from \$634 to \$932 million, or by \$298 million or 47 percent. (Press Release, Senator William Proxmire, May 20, 1980)

EDUCATORS BURIED IN FEDERAL PAPERWORK

Under the tangle of federal programs and regulations fortified by Mr. Carter, it has become harder and harder for educators to educate.

The Federal Education Data Acquisition Council (FEDAC) recently issued its annual estimate of federal paperwork burdens on educational institutions at the state and local levels.

Representative John Ashbrook, R-Ohio, speculates:

Data collections already approved by FEDAC and the Office of Management and Budget for the 1980-81 academic year are estimated to impose a burden of 7,627,963 man-hours next year. Proposed data collections, which have not yet been cleared by FEDAC and OMB, would entail an additional 1,868,004 man-hours. Then there are another 24 Federal forms, mostly from the National Institute of Education, whose 1980-81 man-hour burden has not yet been calculated.

If FEDAC's estimates are accurate, this gives us a minimum total of 9,459, 967 man-hours spent in a single academic year to fill out pieces of paper mailed from Washington. That's nearly 50,000 man-years.

If you value that time at \$15,000 per man-year, Federal forms are creating an annual cost of more than \$700 million. And that does not include the time or the salaries of the Federal officials who design the forms and read the responses. (Congressional Record, February 28, 1980)

All this, despite Mr. Carter's promise of

simplification of laws and regulations to substitute education for paper-shuffling grantsmanship. (Carter response to National Education Association questionnaire, February 6, 1976)

TUITION TAX CREDITS

One of Mr. Carter's most flagrant broken promises was that of refusing to support tuition tax credits to parents who choose to send their children to private and parochial schools and colleges. In a telegram to Catholic educators, Mr. Carter said,

... Indeed, in many areas of the country, parochial schools provide the best education available... Therefore, I am firmly committed to finding constitutionally acceptable methods of providing aid to parents whose children attend parochial schools. (Telegram to Catholic Educators, October 1976)

Mr. Carter also said,

...parents whose children go to private colleges understandably complain of unfair treatment. They must support public colleges and universities through taxation as well as pay high tuition fees. During my years as Governor of Georgia, voters authorized grants of \$400 per year for each student attending private college, still a smaller cost to taxpayers than if students enrolled in public institutions. Such legislation should be encouraged... (Carter response to National Education Association questionnaire, February 6, 1976)

Yet, after his election, Mr. Carter threatened to veto any legislation which contained a provision for tuition tax credits. In 1978, the House of Representatives passed a comprehensive tuition tax credit bill by a wide margin. Because of pressure from the White House, the bill died in Senate committee.

REVENUE SHARING GRANTS

When campaigning in 1976, Mr. Carter said,

My early predictions that revenue sharing would be used as an excuse to steal funds from a wide range of social programs, including education, have proven true. (Carter Position Paper, Education, 1976)

Mr. Carter should have checked his facts. Fully thirteen states use all of their revenue-sharing grant money for education. Most other states use a large chunk of their revenue-sharing funds for education. Ohio, for example, uses 75 percent of its revenue sharing for education. Pennsylvania uses half of its revenue sharing for education. ("A Whisper for Education," Washington Post, April 25, 1980)

It would appear that Mr. Carter simply does not trust state and local officials to make their own decisions, opting, instead, for greater control by the federal government over our education system. As we have observed spending for the Department of Education and its programs skyrocket, the latest Carter budget takes a huge bite from revenue-sharing funds.

INTERNAL REVENUE SERVICE HARASSMENT OF PRIVATE SCHOOLS

In August 1978, Mr. Carter's Internal Revenue Service Commissioner issued a draft text of "revenue procedures" which were ostensibly designed to allow the IRS to revoke the tax-exempt status of private schools which allegedly practice racial discrimination. These proposed revenue procedures caused an immediate storm of controversy, which the IRS unsuccessfully tried to quell by issuing a revised draft in February 1979. Tens of thousands of private-school officials and parents filed formal protests against the IRS proposals, citing violation of their First Amendment rights of religious freedom and violation of basic standards of fairness, as the IRS was treating schools as guilty unless they proved themselves innocent by arbitrarily requiring schools to take various expensive and burdensome actions in order to clear themselves of suspicion.

Congress temporarily resolved the controversy by passing two Republican-sponsored amendments to an appropriations bill. These amendments blocked the IRS from putting the proposed revenue procedures into effect during fiscal year 1980. But since these amendments lose their force at the end of the fiscal year, Congress must act every year to block the IRS until Mr. Carter leaves office.

MORE BROKEN PROMISES

I will not hesitate to propose and support... Expanded vocational and career education opportunities. (Carter Position Paper, Education, 1976)

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If education for the elderly were increased, schools and universities could employ more teachers, utilize facilities more fully, and also provide an invaluable service to the community. (Carter Position Paper, Education, 1976)

...We should establish a strong nationwide program of consumer education to give the consumer the knowledge to protect himself in the market place. (Carter Consumer Affairs Statement, Preconvention, No. 62)

The truth of the matter is that no action has been taken in any of these areas by the Carter Administration. In fact, Mr. Carter's budgets have called for decreases in funding for vocational and occupational education.

APPENDIX

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"We still do not provide all citizens with the education necessary to develop their natural potential and participate meaningfully in the decisions of their government,"

--Carter Position Paper Education, 1976

"I have already stated that as President I will be committed to an increase in the proportion of education costs to be financed by the federal government."

--American Teacher October 1976

"As one of my early, major priorities in the White House, I will initiate a full-scale review of all federal education programs with an eye to making them meet the goals they had when they were envisioned."

> --American Teacher October 1976

"But a Department of Education would consolidate the grant programs, job training, early childhood education, literacy training, and many other functions currently scattered throughout the government."

> --Carter Position Paper Education, 1976

"The return from federal expenditures can be greatly enhanced by simplication of laws and regulations to substitute education for paper-shuffling grantsmanship."

> --Carter Response to National Education Association questionnaire February 6, 1976

"...Indeed, in many areas of the country, parochial schools provide the best education available...Therefore, I am firmly committed to finding constitutionally acceptable methods of providing aid to parents whose children attend parochial schools."

> --Telegram to Catholic Educators October 1976

"For example, parents whose children go to private colleges understandably complain of unfair treatment. They must support public colleges and universities through taxation as well as pay high tuition fees. During my years as Governor of Georgia, voters authorized grants of \$400 per year for each student attending private college, still a smaller cost to taxpayers than if students enrolled in public institutions. Such legislation should be encouraged..."

> --Carter Response to National Education Association questionnaire February 6, 1976

"My early predictions that revenue sharing would be used as an excuse to steal funds from a wide range of social programs, including education, have proven true."

> --Carter Position Paper Education, 1976

"I will not hesitate to propose and support...Expanded vocational and career education opportunities."

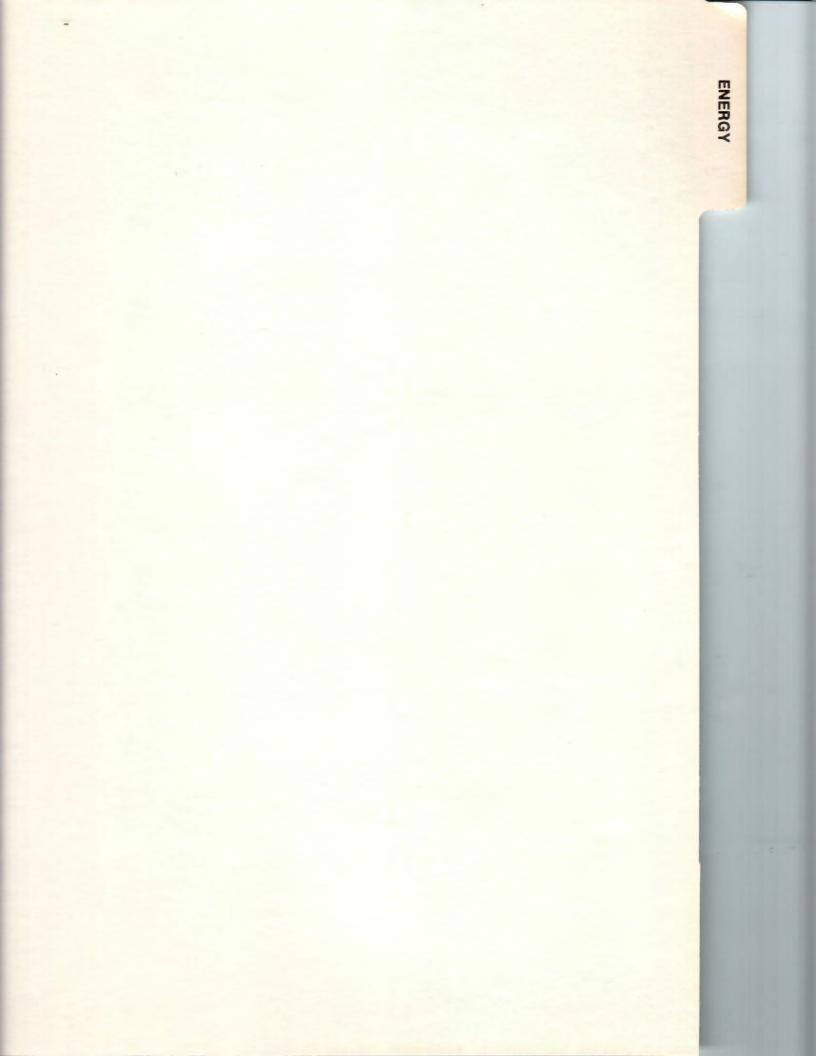
--Carter Position Paper Education, 1976

"If education for the elderly were increased, schools and universities could employ more teachers, utilize facilities more fully, and also provide an invaluable service to the community."

> --Carter Position Paper Education, 1976

"...We should establish a strong nationwide program of consumer education to give the consumer the knowledge to protect himself in the market place."

--Carter Consumer Affairs Statement Preconvention, No. 62



ENERGY -- THE RECORD

Mr. Carter's ineffective energy policies have only served to exacerbate our current energy situation.

- From 1976 to 1979 foreign oil imports increased by over one million barrels a day. (Monthly Energy Review, May 1980) Reducing our dependence on foreign oil was one of Mr. Carter's prime issues in his energy program.
- Mr. Carter's policies of delaying decontrol, advocating taxes on domestic production, and refusing to lease huge tracts of potentially productive federal lands, have all discouraged domestic production and made us more reliant on OPEC oil.
- Mr. Carter has severely mismanaged the Gerald Ford-initiated Strategic Petroleum Reserve. (Washington Post, June 17, 1980)
- Although Mr. Carter pledged in 1976 to deregulate natural gas prices, marketed domestic production of natural gas has increased by barely two percent in Mr. Carter's first three years in office while imports have increased by 30 percent. (Monthly Energy Review, June 1980)
- During the Carter Administration, there have been 66.1 percent fewer operating licenses granted per year for nuclear power plants than during the preceding Republican Administration and no license has been granted since September 1978. (Program Summary Report, May 23, 1980, published by the Nuclear Regulatory Commission)
- Domestic coal production has increased by an average of less than five percent a year in Mr. Carter's first three years, while coal imports have increased by 71 percent. (Monthly Energy Review, May 1980)

CARTER'S ENERGY POLICIES: ANALYSIS

When Mr. Carter campaigned for the Presidency in 1976, he declared,

The energy problem is not insoluble if we meet it with the vision, determination, and competence that will come about only with a change of leadership. (The Presidential Campaign, 1976: Jimmy Carter)

Mr. Carter's prescription was:

...a national, unified, long-range and comprehensible energy policy. (The Presidential Campaign, 1976: Jimmy Carter)

However, during the years of the Carter Administration the energy situation has grown substantially worse, rather than better. Mr. Carter's energy policies have not been long-range, unified, or comprehensible. Far from delivering the "predictable and certain" government policies in each area of energy supply, Mr. Carter has given us policies which have magnified already existing problems.

OIL

One of the keystones of Mr. Carter's energy program has been to decrease our dependence on foreign oil. However, from 1976 to 1979 foreign oil imports increased by over one million barrels a day. (Monthly Energy Review, May 1980)

In 1979, when Mr. Carter finally realized his error and decided to endorse the decontrol of domestic oil prices, he and his Congress imposed a so-called windfall profits tax. This revenue producing device is misnamed because it is not a tax on profits but a tax on production, which is a further disincentive for American oil companies to produce domestic oil.

Domestic oil supplies remain substantial but, as Nobel Prize-winning economist Milton Friedman points out, domestic oil producers are "asked to engage in a headsyou-win, tails-I-lose gamble...if the price (of oil) rises, controls and 'windfall taxes' loom; if the price falls, they hold the bag." (Newsweek, July 30, 1979)

THE STRATEGIC PETROLEUM RESERVE

President Ford initiated the Strategic Petroleum Reserve (SPR) to protect the United States from OPEC oil embargoes. Mr. Carter apparently thought this was a good idea and even went as far as to criticize the then-incumbent administration's record in this regard when he said on July 11, 1975:

No substantial increase in stockpiling facilities is underway...oil from...domestic and foreign sources should...be channeled into permanent storage facilities until we have accumulated at least an additional 30-day reserve supply. (Address by Jimmy Carter on Energy to the Washington Press Club, July 11, 1975)

However, once in office, Mr. Carter severely mismanaged the SPR. In May 1978, the Administration set an unrealistic goal of having one billion barrels in storage by the end of 1985. (Congressional Quarterly, February 3, 1979) Mr. Carter charged ahead with this plan only to discover that extraction pumps were not being installed at the reserve sites so that the stored petroleum could not be removed from storage. (Congressional Quarterly, February 3, 1979) The Administration promised a 250 million barrel reserve by the end of 1978 and 500 million barrels by the end of 1980. (GAO Report EMD-80-19) But as of June 1980, the SPR had only a 91.7 million barrel reserve (Washington Post, June 17, 1980), less than a two-week supply. No new oil has been added since the summer of 1979, and the Administration did not intend to add further reserves until the summer of 1981. (Washington Post, June 17, 1980)

However, the situation became so ludicrous that on June 16, 1980, a House-Senate Conference Committee directed Mr. Carter to "commence crude oil acquisition immediately." (Washington Post, June 17, 1980) The apparent reason for Mr. Carter's failure to add to the reserve was opposition from OPEC oil ministers who viewed the SPR as a threat to their "oil weapon." (Washington Post, June 17, 1980)

OPEC

Besides his abandonment of the Strategic Petroleum Reserve, Mr. Carter has been singularly unaggressive in dealing with OPEC in other ways, too. He has failed to encourage the development of non-OPEC sources abroad. For instance, he has failed to encourage production in non-OPEC developing nations, though the potential petroleum supply there is staggering: greater than the proven reserves of all OPEC nations combined (492 billion barrels versus 480 billion barrels). (A. Safer, International Oil, 1979, citing Business Week, July 10, 1978, page 64. Cited from Bernardo F. Grossling, U.S. Geological Survey. Proven reserves data from American Petroleum Institute.) At home, his policies of delaying decontrol, advocating taxes on domestic production, and refusing to lease huge tracts of potentially productive federal lands, have all discouraged domestic production and made us more reliant on OPEC oil.

NATURAL GAS

During the 1976 campaign, Mr. Carter promised that he would deregulate natural gas prices. On October 19, 1976, he said,

First, I will work with Congress, as the Ford Administration has been unable to do, to deregulate new natural gas. (1978 Congresional Quarterly Almanac)

But less than a year later, on September 29, 1977, he changed his mind:

I do not support complete deregulation of natural gas prices. (1978 Congressional Quarterly Almanac)

But a month later, on October 28, 1977, he switched positions again:

As I said in my campaign and also as I said to Congress when I made my energy speech last April, we are working toward deregulation of natural gas. (1978 <u>Congressional</u> Quarterly Almanac)

He tried to reconcile these conflicting positions when he said on March 9, 1978:

I don't believe that I've changed my position. I don't interpret it that way. My position was that I would work with Congress, as had President Ford, for deregulation of natural gas. (1978 Congressional Quarterly Almanac)

Mr. Carter finally ended up supporting the Natural Gas Policy Act of 1978, which ostensibly decontrolled the fuel. But the bill actually extends control to previously

unregulated, well-functioning markets, and creates and perpetuates an incredibly complicated system of regulations, including 23 different pricing categories. (Federal Energy Regulatory Commission Fact Sheet on the Natural Gas Policy Act of 1978) Controls are to be phased out so slowly that it is questionable whether the market will ever become free.

Marketed domestic production of natural gas has increased by barely two percent in Mr. Carter's first three years in office while imports have increased by 30 percent.

MARKETED DOMESTIC PRODUCTION

1976 1979 19,952 billion cubic feet 20,373 billion cubic feet*

IMPORTS

1976964 billion cubic feet19791,253 billion cubic feet

SOURCE: Monthly Energy Review, June 1980 (published by the Department of Energy.)

NUCLEAR POWER

Nuclear power is currently meeting 11.5 percent of America's electricity needs. (Monthly Energy Review, May 1980, published by the Department of Energy) Yet, despite the importance of this significant energy source, the Carter Administration's nuclear energy policy has been as inconsistent as his policies in other energy areas.

When campaigning in 1976, Mr. Carter said:

I will redirect our energy research and development efforts to correct the disproportionate emphasis which we placed on nuclear power. (The Presidential Campaign, 1976)

But less than three years later he declared:

It (nuclear power) must play an important role in our energy future. We cannot simply shut down all our nuclear power plants. (New York Times, July 17, 1979)

Four months later he stated:

We believe that the NRC (Nuclear Regulatory Commission) should proceed with issuing operating and construction licenses. (Wall Street Journal, November 19, 1979)

The facts are that during the Carter Administration there have been 66.1 percent fewer operating licenses granted per year than during the immediately preceding Republican Administration and no license has been granted since September 1978.

According to the <u>Washington Post</u> (July 2, 1980), former NRC commissioner Richard T. Kennedy called the NRC "the most politicized agency in town." He said in an interview that the five-member panel spends "far too much time... debating in one guise or another whether nuclear power is a reasonable approach

*It is interesting to note that the DOE in May claimed only 19,721 billion cubic feet of domestic natural gas production.

to meeting our energy needs" instead of focusing on health and safety issues.

COAL

It is widely recognized that America can be energy independent if we develop our full potential in coal resources. The World Coal Study, directed by MIT's Carroll Wilson, recently estimated that the world has 250 years' worth of coal; the United States leads the world in coal reserves, with 167 billion tons -- nearly a third of the world supply. (The New Republic, June 21, 1980) While campaigning in 1976, Mr. Carter seemed to recognize coal's potential when he said:

We must substantially shift our efforts to increase our production of coal.... (Jimmy Carter's Platform Program, June 16, 1976; The Presidential Campaign, 1976: Jimmy Carter)

Three years later he said,

(W)e can burn twice as much coal in this nation and not lower our environmental standards at all. That's what I believe our nation wants to do. And that's what I'm determined to do. (New York Times, August 1, 1979)

Again, however, Mr. Carter's performance has fallen short of his rhetoric.

Domestic coal production has increased by an average of less than five percent a year in Mr. Carter's first three years, while coal imports have increased by 71 percent.

Various executive departments and agencies have promulgated regulations which have increased the expense of coal production and use, or made them impossible altogether. For instance, the Department of Interior has issued regulations which go unreasonably beyond the requirements of the Surface Mining and Reclamation Act of 1977, and the EPA has similarly abused its authority under the Clean Air Act. Typical is one proposed rule -- requiring emissions from "cleaner" (low sulfur) coal to be further reduced to levels even below those allowed for "dirtier" (high sulfur) coal -- which would, for purely political reasons, increase the cost of coal use and probably cause dirtier air as well. (The New Republic, June 21, 1980)

CONCLUSION

Mr. Carter has failed in every area of energy management, and in all cases for the same reason. He has abandoned, undermined, and denigrated the one best solution to America's energy woes: private enterprise in a free market.

APPENDIX

"The energy problem is not insoluble if we meet it with the vision, determination, and competence that will come about only with a change of leadership."

--The Presidential Campaign, 1976: Jimmy Carter

"We need a national, unified, long-range and comprehensive energy policy."

--The Presidential Campaign, 1976: Jimmy Carter

"No substantial increase in stockpiling facilities is underway...oil from... domestic and foreign sources should...be channeled into permanent storage facilities until we have accumulated at least an additional thirty-day reserve supply."

> --Address by Jimmy Carter on Energy to the Washington Press Club July 11, 1975

"First, I will work with Congress, as the Ford Administration has been unable to do, to deregulate new natural gas."

-- 1978 Congressional Quarterly Almanac

"I do not support complete deregulation of natural gas prices."

-- 1978 Congressional Quarterly Almanac

"As I said in my campaign and also as I said to Congress when I made my energy speech last April, we are working toward deregulation of natural gas."

-- 1978 Congressional Quarterly Almanac

"I don't believe that I've changed my position. I don't interpret it that way. My position was that I would work with Congress, as had President Ford, for deregulation of natural gas."

-- 1978 Congressional Quarterly Almanac

"I will redirect our energy research and development efforts to correct the disproportionate emphasis which we placed on nuclear power."

--The Presidential Campaign, 1976: Jimmy Carter

"It (nuclear power) must play an important role in our energy future. We cannot simply shut down all our nuclear power plants."

"We believe that the NRC (Nuclear Regulatory Commission) should proceed with issuing operating and construction licenses."

--Wall Street Journal November 19, 1979 "We must substantially shift our efforts to increase our production of coal..."

--Jimmy Carter's Platform Program June 16, 1976 The Presidential Campaign, 1976: Jimmy Carter

"[W]e can burn twice as much coal in this nation and not lower our environmental standards at all. That's what I believe our nation wants to do. And that's what I'm determined to do."

--New York Times August 1, 1979