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Memo

From: Anthony R. Doan

To: William Casey

Re: Carter record

351-1100

1. This took about two and a half weeks to prepare and pulls together your recommendations as well as those of Cliff White, RNC's seven or eight experts, six House of Reps. experts, several journalists and some other sources.

2. We are a good way towards mastering the Carter record -- I've read pounds of research material and several books and consulted a flock of specialists on everything from the military to the budget. These resources are now at our fingertips.

3. You should note:

(a) This is a research memo <sup>(67 pages)</sup> containing facts, dates and carefully constructed accounts of key events (Marston affair, Andy Young incident) in the Carter Administration. As it progresses into defense and economic areas, the approach becomes statistical but not, I hope, boring. It suggests some new lines of attack (corruption probes, new boy network, waste and fraud stories). It combines the standard Republican-conservative orientation with an investigative reporter's approach <sup>(CR)</sup> for a comprehensive look. It also relies in the main on anti-Carter quotes from respected journals or Democrats.

(b) It is written in the style of an "attack" speech because it is easier to visualize its impact that way. It can also be easily condensed into a vice presidential acceptance speech or parcelled out to surrogates or turned into scripts for commercials and documentaries.

(c) I would hope, however, that ~~it~~ has real value as

## OUTLINE

- I Promises Promises
- II Carter Justice
  - a- Griffin Bell
  - b Marston Affair
  - c Civiletti Years
  - d Scandal/Unpursued
- III National Defense
  - a Brown and Fitzgerald
  - b But Not Secretary Brown
  - c The "Peacemaker" - Unilateral Cutbacks
  - d Manpower, Spare Parts, Budget Magic and the Nimitz Incidents
- IV Foreign Policy
  - a Andy Young
  - b Diplomatic Vaudeville
  - c Inordinate Fear of Communism
  - d New Boy Network - Carter's Little Kissingers
- V The Economy - From Deficits to Chaos
  - a Bert Lance
  - b The Deficit
  - c Waste and Fraud
  - d Inflation
  - e Taxes
  - f Unemployment
- VI Reasons for Failure -- Credibility, Cronyism and Cosmetics
  - a Cosmetics
  - b Cronyism
  - c Credibility
- VII A Word to the Press

VIII The Campaign Ahead

a Personal Attacks

b Abusing the Incumbency

## I PROMISES, PROMISES

When he ran for president, Jimmy Carter pledged to the American people a government that would be efficient and competent.

He promised a streamlined, reorganized executive branch - with officeholders whose integrity and professionalism would be unquestioned.

He promised to reject cronyism, to put an end to politics as usual.

The very day he announced for the presidency he promised that he would appoint all major federal officials - and I quote - "strictly on the basis of merit."

"Why not the best?" he asked.

And when he ran for president, Jimmy Carter pledged a government that would be open and honest. He promised a government that would never suppress federal reports on waste and corruption, that would never harass "whistleblowers" who exposed bureaucratic wrongdoing, that would never lie to the public.

Why not a government ~~as good~~ as "as good as its people", he asked.

Tonight I ask the American people to compare these promises of Jimmy Carter during the 1976 campaign with the actions of Jimmy Carter after the votes were counted.

I ask the American people to compare the "good government" rhetoric of candidate Carter in 1976 with the public record of President Carter in 1980.

I do not ask the American people to take the word of any Republican about this administration's record. But I do ask the American people to join with me in looking closely at that record, in listening to the facts about it, and hearing what those who have no partisan interest have said about Jimmy Carter's performance in office.

## II CARTER JUSTICE

### (A) Griffin Bell

On August 12, 1976, Jimmy Carter told the American Bar Association that he would appoint an attorney general who was "removed from politics", who would enjoy "independence and authority" like that of the special Watergate prosecutor.

One of Jimmy Carter's most repeated 1976 promises was a pledge to take politics out of the Justice Department and appoint an attorney general who was beholden to no one, a man above reproach.

That's what Jimmy promised.

But what did Jimmy do?

Jimmy Carter gave the American people a non-political, independent attorney general who was a former advisor to a segregationist governor of Georgia, a state campaign chairman for a Democratic presidential nominee, the friend and law partner of Jimmy Carter's own best political buddy, Charlie Kirbo of Atlanta, and a fundraiser and speech writer for the Jimmy Carter for President campaign in 1976.

So much for the non-political, independent choice for attorney general. So much for an end to cronyism at the Justice Department.

Well, what about the pledge of competence, professionalism and unquestioned integrity?

That's what Jimmy promised.

What did Jimmy do?

Jimmy Carter gave the American people an attorney general who made one ruling of nationwide importance while he was a judge - a ruling the Supreme Court overturned by a vote of 9 to 0 - a ruling that the judge himself later admitted was "a mistake."

Jimmy Carter gave the American people an attorney general who, as a judge, had failed to disqualify himself from sitting on a case he had worked on while a private attorney, who accepted \$2,000 worth of free memberships from social clubs that discriminated against blacks and Jews, who had failed to report these gifts as he was required to do to the U. S. Judicial Conference, and who had even given a favorable judicial ruling to one of these clubs <sup>from which</sup> ~~the same time~~ he had received a gift. ~~from the~~

Jimmy Carter gave the American people an attorney general whose judicial record forced Dean Monroe Freedman, one of the Bar Association's foremost experts on legal ethics, to tell a Senate committee that Judge Griffin Bell of Atlanta, Georgia - the attorney general Jimmy Carter gave the American people - had violated the federal recusal statutes and the canon of legal ethics.

Even a member of Mr. Carter's own party, Senator William Proxmire, criticized the close personal and political ties

between the President and his choice for attorney general. Even a member of Mr. Carter's own party, Senator Donald Riegle, spoke of the "new cynicism" that the attorney general's appointment generated in Washington. Even a member of Mr. Carter's own party, Senator Gaylord Nelson, said the appointment meant that the Democratic administration was adopting a double standard: one for Republican officeholders; one for Democrats.

(B) The Marston Case

Did it come as any surprise then ~~when~~ only months after Jimmy Carter's independent, non-political choice for attorney general took over at the Justice Department that the department was plunged into one of the most awkward, demoralizing, tawdry, and crudely political episodes in its history?

Now, you remember the promises Jimmy Carter made about his administration, especially his Justice Department.

On August 12, 1976, Jimmy Carter said that as president, "I will not turn my back on official misdeeds. I intend to take a new broom to Washington and do everything possible to sweep the house of government clean."

On December 12, 1974, the day he announced for president, Jimmy Carter said he would see to it that the American government was one ~~we~~ <sup>the people</sup> could ~~trust~~ "love and trust" - if any member of my cabinet should tell you a lie, he'll be gone the next day," he said.

Civiletti



On July 17, 1976, Jimmy Carter told the National Journal that he would be one president "who would be able to admit a mistake publicly when one was made."

On March 1, 1976, Jimmy Carter even issued what he called "a new code of ethics." In it, he said: "As president, I will be responsible for the conduct of the executive branch of government. Errors or malfeasance will be immediately revealed and an explanation given to the public, along with corrective action to prevent any recurrence of such actions."

Never in modern history did a presidential candidate talk so much about the issue of ethics in government. Never in modern history did a presidential candidate promise such high standards of conduct for government officials.

That's what Jimmy promised.

But what <sup>did</sup> Jimmy do?

Some of us here tonight remember the name of David Marston. And I want to assure our Democratic friends that in the weeks and months ahead that is a name they are going to hear again and again and again.

David Marston was a dedicated young U. S. Attorney in Pennsylvania who had aggressively pursued corrupt officials - both Democrats and Republicans - in state and local government.

In the fall of 1977, David Marston's office was working on an investigation of two influential Democratic Congressmen from Pennsylvania. On November 7, 1977, one of these Congressmen called the President of the United States and

demanded the firing of David Marston because - the Congressman alleged - Marston was prosecuting "only Democrats."

You remember all those words about a government we could love and trust - you remember Jimmy Carter saying that we must "protect our federal employees from harassment and dismissal if they find out and report waste or dishonesty ..."

That's what Jimmy promised.

But what did Jimmy do?

After he received that call from a corrupt Congressman - a man who would later plead guilty to criminal charges - Jimmy Carter didn't question the propriety of a Democratic politician calling the chief executive and demanding that a successful prosecutor be fired, nor did he question the untrue allegations made by that Congressman about that prosecutor, nor did he even wonder what other motives might lie behind such blatant political pressure.

All ~~that~~ Jimmy Carter - the self-proclaimed protector of whistleblowers in government - did was call his attorney general, repeat the complaints of a corrupt Congressman, and ask for Marston's dismissal.

And the attorney general told the President not to concern himself, that he had already decided to fire this troublesome young man from Pennsylvania who had annoyed a good Democrat in Congress.

And the president, the same president who promised an independent non-political attorney general, told his former speech writer and fundraiser and old friend from Georgia,

"I wish you'd hurry."

You remember those promises about a president willing to admit his errors, who said that malfeasance would be immediately revealed and the public given an explanation? About reports that would never be suppressed? About a president who would never lie to us?

That's what Jimmy promised.

But what did Jimmy do?

When word of Marston's firing leaked out and rumors began of the Congressman's call to the president and the Congressman's own involvement in a criminal matter, the people of Pennsylvania started a firestorm of protest.

And then the twists and turns began - from the president who would never lie to us:

-- At a press conference on January 12, 1978, Jimmy Carter was deliberately evasive, claiming that he had urged Democrats in Pennsylvania not to interfere in the selection of a new U. S. Attorney there. Only after a reporter pressed him on the point, did he disclose the call from the Congressman and his own call to the attorney general.

-- And Jimmy Carter insisted he had not interfered in the Justice Department --- all he said he did was ~~quote~~ "Expedite the process."

-- The President repeated the charge that U. S. Attorney Marston had improperly discussed secret matters with the press. This ~~was~~ charge ~~that~~ was untrue. This ~~was~~ charge

~~that~~ was irresponsible. This was a charge that the Justice Department and the White House later admitted could not be backed up. And to this day, it is a reckless accusation for which Jimmy Carter has never apologized to David Marston or to the American people.

-- When a Senate committee sought to investigate the Marston case, the White House left three affidavits out of an FBI report it sent to the committee: Why? Because those affidavits were supportive of David Marston, not the administration of Jimmy Carter.

In a speech to the National Press Club on Griffin Bell, the president's non-political independent attorney general, explained the Marston affair:

"We have two parties. The Democrats are in. They get in to complain easier than the other party can." "... this is a political system in this country," said Jimmy Carter's old Georgia political ally.

Now I said at the outset that I expected no one to take a Republican's word for any of these facts.

Here is what a crusading newspaper - the Philadelphia Inquirer - said about the Marston affair:

On Jan 22, 1977 the Inquirer charged that the Marston affair raised the question of whether the Carter administration was deliberately obstructing justice in a criminal investigation. <sup>(On Jan 9, 1977</sup> The Inquirer charged that Griffin Bell had allied the Carter administration with "forces of government by graft" and helped them to "punish" and "remove"

a man who had effectively combatted political corruption.

This independent newspaper which has <sup>recently</sup> won five Pulitzer prizes put it more bluntly <sup>on Jan 12</sup> than any Republican critic ever could:

"Mr. Carter has told the nation that he puts political expedience above concern for justice or for honest government. Mr. Carter has revealed his administration and especially his Department of Justice as shockingly hypocritical."

(C) Civiletti Years

Some time later, Griffin Bell resigned as attorney general. It was certainly logical to think that Jimmy Carter would now go out and find a new non-political, independent attorney general <sup>-- a man</sup> who ~~was~~ not connected with politics or Georgia or the Marston case.

Jimmy Carter ~~now~~ had a second chance. Remember what he said about admitting past mistakes and taking corrective action?

That's what Jimmy promised.

But what did Jimmy do?

He appointed a new attorney general who had been a Democratic political fundraiser. A new independent attorney general who was first recommended to the Justice Department by what Democratic politician? Good old Charlie Kirbo from Atlanta, Georgia.

Jimmy Carter appointed as attorney general the very official who had been in charge of the criminal division during the Marston case - an official who never once protested <sup>Wiley</sup> Jimmy Carter <sup>and</sup> Griffin Bell ~~to attempt to~~ fire one of the best prosecutors on his staff.

And when a Senate investigating committee heard testimony and found evidence that the Justice Department had been warned about the criminal actions of the congressman who called the president, what Department of Justice official had received that warning? And what Department of Justice official told the Senate committee he just couldn't remember the conversation?

The official's name was Benjamin Civiletti - Jimmy Carter's new, non-political, independent attorney general.

Maybe Civiletti had been part of the Marston case, maybe he had been a political fundraiser, maybe he did have friends in Georgia - but wasn't it possible that the Carter administration had really learned from its mistakes?

That's what Jimmy promised.

But what did Jimmy do?

Not long after Benjamin Civiletti took over as attorney general he went on a blatantly political tour of Baltimore with Jimmy Carter - in direct violation of <sup>a</sup> his promise to a Senate committee that he would avoid political activity.

Not long after Benjamin Civiletti took over as attorney general, Jay Solomon, a courageous administrator ~~who~~ who was

cleaning up one of the worst money scandals in American history at the General Services Administration ran into trouble at the White House.

Jay Solomon wanted to replace a man he believed was an obstacle to his program of reform. But this man - and once again we see the all-powerful crony connection in the Carter administration - had a powerful advocate - none other than Mr. Democrat himself, House Speaker Tip O'Neill.

Soon Solomon's calls weren't being answered by the Georgia politicians at the White House.

In fact, soon it was announced that the White House would have its own lawyer look into the GSA scandal - a bizarre move that could potentially interfere with the Justice Department's own criminal investigation.

And the name of the lawyer who would be looking into the scandal? Good ole Charlie Kirbo from Atlanta, Georgia.

Did Benjamin Civiletti call the White House and explain the problem of such <sup>potential</sup> interference? Did he complain about Charlie Kirbo, the man who had gotten him his job at Justice in the first place?

Do I have to answer that question?

Not long after Benjamin Civiletti became attorney general, Jack Anderson revealed that criminal fugitive, Robert Vesco, ~~attempted~~ through White House friends of a Georgia businessman <sup>tried</sup> to influence a Justice Department attempt to extradite him. And once again, a lawyer began looking into those

orders from the  
allegations on behalf of White House ~~officials~~ A lawyer  
who actually told one witness in a tape recorded conversation  
"not to be too open" with the FBI.

And the name of that lawyer? Good ole Charlie Kirbo  
from Atlanta, Georgia.

(D) Scandals Unpursued

Now the Democratic Party said a great deal several  
years ago about the importance of appointing an independent  
special prosecutor whenever friends, relatives, or political  
allies of the White House are involved in criminal investiga-  
tions.

But did Benjamin Civiletti appoint a special prosecutor  
to look into Vesco's attempted influence buying at the White  
House. Did he?

Even after the foreman of <sup>a</sup> ~~the~~ federal grand jury ~~that~~  
~~was~~ investigating the Vesco case resigned in disgust because  
of the Justice Department's footdragging - did the Carter  
administration appoint a special and independent special  
prosecutor? Did they?

-- When powerful Democratic Members of Congress were  
implicated in the Koreagate bribery scandal, did the Carter  
administration vigorously pursue those allegations by  
appointing an independent special prosecutor, did they?

-- When the president's best friend and personal banker,



Bert Lance, engaged in wholesale violations of the banking laws and made deceptive statements to a Senate committee, did the Carter administration appoint an independent special prosecutor, did they?

-- When the president's own brother engaged in possible violations of the Foreign Lobbyists Act on behalf of Libyan officials who were themselves suspected of scheming to bribe federal officials, did the Carter administration appoint an independent special prosecutor, did they?

-- When the St. Petersburg Times turned up evidence of fraud in the State of Georgia's gas allocation program during Jimmy Carter's term as governor, did the Justice Department appoint an independent special prosecutor, did they?

-- When the St. Petersburg Times discovered that thousands of dollars worth of those gas allocations had gone to a certain service station in Plains, Georgia, run by a man named Billy Carter, did the Carter administration appoint an independent special prosecutor, did they?

-- When the president's appointee to the post of Secretary of the Treasury was accused by a Democratic Senator, William Proxmire, of possible perjury before a Senate committee, did the Carter administration appoint an independent special prosecutor, did they?

-- When allegations of corrupt practices were made against the Civil Service Commission - the same Commission

that was cooperating with the Carter White House on so many new appointments - did the Carter administration appoint an independent special prosecutor, did they?

Even when Jimmy Carter's political advertising agency and his family business were investigated for possible campaign financing violations, it was only intense pressure by the press and Congress that forced the Carter administration to finally appoint a special counsel. And it was only more prodding by the press and Congress that forced the administration to give him the powers of a special prosecutor.

And even after all these months and a brief report that said there were no finance violations - the full report of that special counsel has never been released by the Carter administration.

Only a short time ago, the Senate Judiciary Committee wanted to investigate reports of political influence in the handling of corruption cases by the Public Integrity Section of the Justice Department. The Carter administration, which promised open government and an end to the abuse of executive privilege, has flatly refused to hand over those files.

Do not mistake me. Griffin Bell and Benjamin Civiletti were perfectly sincere Americans who had an honest belief in the political spoils system - men who simply did not understand the dangerous mix of politics and Justice Department investigations.

But, intentionally or not, under these two men the Justice Department was dangerously and insidiously infected with.

politics:

- effective prosecutors were removed
- special prosecutors were never appointed
- and criminal investigations dragged on interminably while important deadlines passed and the right questions were never asked.

### III NATIONAL DEFENSE

#### (A) Brown and Fitzgerald

Keeping alive the integrity of the Justice Department is a critical job for any administration but an even more solemn duty is maintaining the peace by assuring our military strength - - protecting this nation from foreign attack.

No one expressed it better than Jimmy Carter. On July 17, 1976, he told the National Journal "the number one priority of any president is to guarantee the security of his country - freedom from fear of successful attack or blackmail."

Besides the usual comments about the high quality administrator he would bring to his administration, Jimmy Carter also said that cabinet officers, not the White House staff, would run the executive department. And he implied he would appoint a secretary of defense with a high degree of independence.

On Sept. 20, 1976 Jimmy Carter told the Christian Science Monitor that as president he would insure a "strong, able, tough, muscular, well-organized fighting force."

During the 1976 campaign, Jimmy Carter also promised over and over again that five to seven billion dollars could be saved because of waste and fraud at the Pentagon. And he mentioned the name of Ernest Fitzgerald, an efficiency expert who had been fired after he had revealed multi-million dollar cost overruns in Air Force contracts.

Jimmy Carter promised once again that he would protect whistleblowers like Fitzgerald - that he would make government own up to its mistakes, particularly the defense department.

That's what Jimmy promised.

But what did Jimmy do?

He gave the American people a secretary of defense who was the very official in the late '60s who presided over the persecution and unjust firing of Fitzgerald, the very official who - according to Fitzgerald's book and the report of a permanent Senate subcommittee in December 1970 - had participated in the disgraceful coverups of the C5a and the F-111 warplane contracts, two of the worst military scandals in history.

It was Air Force Secretary Brown who said Fitzgerald was "no use to the Air Force", who told Fitzgerald that he was a "damn poor congressional witness", who helped fire Fitzgerald and engineer a coverup with euphemisms like "a

reduction in force" and "computer error."

It took a federal judge to put Fitzgerald back in his job and when in 1976 and 1977 he found another \$800 million expenditure for a program that Congress had ordered shut down - this time it was not just "Air Force Secretary Brown" but "Defense Secretary Brown" that Ernie Fitzgerald was up against.

And what did the new secretary of defense do about the new 800 million dollar embarrassment? He handled it the same way he handled the C5a and the F-111 problems: a coverup. He appointed an air force officer to look into it who had already disparaged Fitzgerald for harboring a "vendetta against the air force." And this general was working for another political general, Air Force Chief of Staff David Jones, who was so objective that he reportedly refused to walk into any room where Fitzgerald was present.

Ernie Fitzgerald - who voted for Jimmy Carter - had the same feeling after only four months of the Carter administration that millions of Americans have after four years of the Carter administration: complete disillusionment, total disgust with the litany of broken promises.

(B) But not Secretary Brown

The Carter administration had been warned about Brown's record, so why, if Harold Brown was exactly the opposite of

of the crusading waste fighter and righter of past wrongs that Jimmy Carter promised the American people, why was he appointed?

Harold Brown hadn't raised money for Democratic politicians, like Benjamin Civiletti and Griffin Bell. Harold Brown didn't have political friends in Atlanta, Georgia, like Benjamin Civiletti and Griffin Bell - Harold Brown had probably never had so much as a mint julep on Charlie Kirbo's veranda.

But Harold Brown's record did show a qualification that the Georgia politicians at the White House must have found indispensable. You see, when Harold Brown was Air Force Secretary in the 60's he had initially opposed the C5a and F-111 coverups - but when he discovered that his bosses in the White House and the Defense Department wanted these programs he reversed himself and meekly went along.

Clearly then Harold Brown was not the sort of man who made trouble for his bosses.

He was the sort of man who wouldn't stand up to the president or his cracker-barrel acolytes at the White House.

And in 1977 when Jimmy Carter took over the oval office he had other worries besides defense spending. A whole group of special interests like the education, consumerist and maritime lobbies had worked for his election; and all of these groups had their pet projects, their special claims on the federal treasury.

You might even say that in early 1977 Jimmy Carter had political obligations. You might even say Jimmy Carter owed.

You might even say Jimmy Carter wanted a secretary of defense who wouldn't effectively protest when he cut out muscle in America's military preparedness in order to mollify special interests.

In 1977, it wouldn't have been hard for Jimmy Carter to keep us militarily strong - Jimmy Carter had inherited the carefully made plans of President Gerald Ford to maintain our strategic superiority.

President Ford, and it is only one reason why Jerry Ford will be remembered as one of our greatest modern presidents, knew that the Soviet Union was spending billions in a crash program to achieve nuclear superiority. So he made certain that America would never face the nuclear blackmail that candidate Carter spoke about so eloquently in 1976 - before the votes were counted.

Just remember that Jimmy Carter said that his first obligation to the American people would be to protect them against nuclear blackmail - he promised that America's retaliatory capacity would be kept so strong that no foreign power would dare to even contemplate a surprise attack.

That's what Jimmy promised.

But what did Jimmy do?

-- Jimmy Carter delayed President Ford's plans for an MX missile system and forced us to play catch-up ball later. A strong secretary of defense would have protested, but not Secretary Brown.

-- Jimmy Carter shut down our only ICBM production line leaving us 50 Minutemen missiles short of President Ford's goals. A strong secretary of defense would have protested, but not Secretary Brown.

-- Jimmy Carter delayed President Ford's Trident II submarine and missile programs. A strong secretary of defense would have protested, but not Secretary Brown.

-- Jimmy Carter cancelled President Ford's B-1 bomber and air cruise missile system with its capacity for overwhelming Soviet defenses. A strong secretary of defense would have protested, but not Secretary Brown.

-- Jimmy Carter delayed President Ford's plans for sea-launched and ground-launched missiles. A strong secretary of defense would have protested, but not Secretary Brown.

-- Jimmy Carter stopped outright President Ford's plans for deployment of the neutron bomb.

-- Jimmy Carter cut back on President Ford's plans for a 550 ship Navy.

-- Jimmy Carter cancelled President Ford's plans for more military airlift capacity including a new air tanker.

A strong secretary of defense would have protested all of these actions, but not Secretary Brown.



(C) The "Peacemaker - The Unilateral Cutbacks

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

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

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

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

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

That's what Jimmy Carter promised.

But what did Jimmy do?

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

President Ford's plans for the 80s.

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

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

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

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

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

"By today's measurements," <sup>the SAC commander,</sup> he said, "an inverse strategic imbalance has developed and will continue for several years to come . . . ."

<sup>Not long ago</sup> ~~a few days~~ <sup>the campaign trail</sup> Jimmy Carter said that we are now stronger militarily than we were three years ago.

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

~~his~~ PR man - <sup>(when he)</sup> ~~who~~ says we're strong<sup>ly</sup> militarily.

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

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

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

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

That's what Jimmy promised.

What did Jimmy do?

~~On~~ ~~of~~ this year, for the first time in memory, <sup>a</sup> the Navy ship, the U.S.S. Canasteo, could not leave port <sup>to</sup> ~~and~~ carry out its military mission because it was undermanned.

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

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

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

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

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

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

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

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

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

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

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

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

Jack Edwards to Secretary of Defense Harold Brown.

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

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

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

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

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

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

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

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

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

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

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

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

And once again Americans ask themselves how did it happen? Even in administration so interested in ~~m~~<sup>v</sup>llifying the special interests by cutting into the defense budget, how could military salaries, spare parts, weapons procurement and maintenance be so dangerously underfunded?

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

That's what Jimmy promised.

But what did Jimmy do?

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

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

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

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

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

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

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

<sup>But</sup> in Jimmy Carter's budget - the one that sought to keep the liberal special interests happy - the money just wasn't there to keep the military strong.

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

But in an election year, when the American people were increasingly concerned about the decay in our armed forces, such duplicity was <sup>politically</sup> dangerous.

So what ~~was the~~ solution <sup>did</sup> that the president, his pollster and his PR man came up with?

Why, of course, a media event.

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

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

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



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

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

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

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

And Senator Hollings, using a word that the Philadelphia Inquirer had once used about the Carter administration, <sup>labelled</sup> called it ~~flat out~~ hypocrisy.

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

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

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

"That's just outrageous deplorable conduct," <sup>(Senator Hollings)</sup> he said.

IV FOREIGN POLICY

(A) Andy Young Affair

When he ran for president, Jimmy Carter also promised the American people a consistent foreign policy, a foreign policy clear to our allies, clear to the world.

On June 24, 1976,  
(Jimmy Carter criticized Henry Kissinger for being too independent - he attacked the idea of a lone ranger of American diplomacy and on July 17, 1976 he promised that in a Carter administration American foreign policy would have only one voice: that of the president.

He said he would be tough with the Soviets; he said the Soviet Union would have to learn that military adventurism in places like Africa would not be tolerated. On Dec 18, 1975 he said he even favored assistance to Angolan rebels fighting ~~the~~ pro-Soviet regime propped up by thousands of Castro's mercenaries.

That's what Jimmy promised.

But what did Jimmy do?

Now some of us here tonight remember the name of Andy Young. And let me assure our Democratic friends that in the weeks and months ahead that is a name they are going to hear again and again and again.

Even an administration capable of the political cynicism shown in the Nimitz incident or the Fitzgerald and Marston

affairs would be expected to show at least some caution in injecting cronyism into the delicate area of international diplomacy.

But Jimmy Carter showed no such caution -- even in conducting America's foreign policy.

The day Jimmy Carter appointed Andy Young ambassador to the United Nations, he said he was keeping his promise to bring only the best to American government.

"Of all the people I have ever known in public service," Jimmy Carter said, "Andy Young is the best."

Jimmy Carter said that Andy Young, his old Georgia political ally, was going to have the same status as the Secretary of State.

Jimmy Carter said his one fervent hope was that he, as President, could live up to the standards he knew Andy Young would establish as UN Ambassador.

"And his closeness to me personally", Jimmy Carter said about his new ambassador, "will ensure that there is never a division of a sense of purpose."

No division of a sense of purpose.

That's what Jimmy promised.

But what did Jimmy do?

Jimmy Carter gave the American people a UN ambassador who said only months after his appointment that Castro's mercenaries brought a "certain stability and order in Angola."

"I don't believe Cuba is in Africa because it was ordered there by the Russians," he said. "I believe Cuba

is in Africa because it really has shared in a sense of colonial oppression."

At an April 11, 1977, press conference, the new spokesman for America explained his own world view: "The only thing I'm thinking is, don't get paranoid about a few communists."

Even after Andy Young expressed views clearly at variance with American foreign policy, Jimmy Carter refused to rebuke his old friend from Georgia.

And the new lone ranger of American foreign policy flew into other clouds of dust: he announced that Abraham Lincoln and Gerald Ford were racists, that Sweden was racist, that England was "chicken" on the racial issue. He even insisted there could be no internal settlement in Rhodesia.

Even at the very moment when the State Department was trying to obtain the release of Soviet dissidents, he compared the Soviet system to our own, noting that there were thousands of political prisoners in this country too - announcing that he had once been a political prisoner when he was arrested in a demonstration, but then was later elected a Georgia Congressman.

"Things don't change that quickly in the Soviet Union," he said, "but they do change there also."

And although the Soviet press gleefully trumpeted these comments to the world - still Jimmy Carter issued only a mild rebuke to his ambassador.

That mild rebuke didn't slow down Andy Young..

Not long afterward he was calling the Ayotollah Khoumeni a "saint." He even defended the Ayotollah's firing squads in Iran, asking if they were any different from a death sentence given to a convicted murderer in Florida.

And then Andy Young went to a late night meeting with the Palestinian Liberation Organization - a terrorist group ~~known primarily~~ <sup>distringuished</sup> for its murders of Israeli school children.

Because Andy Young's meeting was in direct violation of his own government's guarantees to Egypt and Israel that there would be "no diplomatic contact" with the PLO, that meeting caused an international incident.

Andy Young had a simple solution to that. He simply denied the meeting ever took place - something our State Department told the world.

Then Andy Young said it was only a social meeting - something else our State Department told the world.

Then Andy Young admitted there had been a diplomatic exchange at the meeting - and then the State Department had to tell the world something else; that our UN Ambassador hadn't told the truth.

You remember that on December 12, 1974, Jimmy Carter said that if a cabinet officer ever told a lie he would be gone the next day?

That's what Jimmy promised.

But what did Jimmy do?

Even with the credibility of American foreign policy at stake, Jimmy Carter couldn't bring himself to fire his old Georgia political ally, Andy Young.

So finally Andy Young offered to resign and Jimmy Carter thanked him in relief and praised him for a "superb performance."

Superb performance?

The New York Times said it better than any Republican could when it spoke of Andy Young's "clumsy foolish diplomacy that led his government into a lie, violated its policy and broke its promises."

(B) Diplomatic Vaudeville?

But clumsy, foolish diplomacy was hardly the exception in ~~the Carter administration's~~ <sup>the ~~Carter~~ administration's</sup> make-shift, ramshackle foreign policy of the Carter administration.

Andy Young went to midnight meetings with Palestinian terrorists, Ambassador Ali denounced his own State Department in Africa, Mr. Brezinski nearly got shot at the Pakistani border handing out aid packages that nobody wanted, Secretary Vance couldn't get our signals straight at the UN and Jimmy Carter said that a Soviet combat brigade was positively unacceptable in Cuba and ~~then~~ <sup>we</sup> four days later said ~~he~~ <sup>we</sup> could

could learn to live with it.

was this policymaking? Or diplomatic vaudeville?

Even a member of Mr. Carter's own party - Senator Edward Kennedy - and Senator Kennedy isn't always wrong - put it more bluntly than any Republican could:

"Whether by incredible misjudgment, mismanagement or irresponsible action, the Carter administration has managed to jeopardize the security of Israel, damaged the peace negotiated in the Middle East, undermined our relations with other friends and made American foreign policy the laughing stock throughout the world."

(C) Inordinate Fear of Communism

Yes, Jimmy Carter's foreign policy has been marked by chaos - marked by chaos in every way except one: the unrelenting refusal to take seriously the Soviet Union's commitment to world expansion.

You remember Jimmy Carter promised during the 1976 election campaign to be firm with the Soviets, to make it clear to the Soviets that adventurism in Africa and all around the world would not be tolerated.

That's what Jimmy promised.

But what did Jimmy do?

The Carter administration stood aside as the Central Intelligence Agency was crippled by so many legislative

restrictions that its activities might just as well be performed by the Library of Congress;

The Carter administration proposed a Salt II Arms Treaty that guaranteed American strategic inferiority;

The Carter administration ~~ignored~~ <sup>(rejected for nearly a year)</sup> repeated warnings ~~for nearly a year~~ about Soviet designs on Afghanistan;

The Carter administration ignored warnings about danger to our Embassy in Teheran until there were 50 American hostages.

The Carter administration carried out a tragic rescue attempt in Iran that Senate staff studies are already showing was ill-timed and poorly planned.

And everywhere the Soviets moved to extend their influence, the Carter administration replied with vacillation and weakness.

In Africa, 50,000 Cuban mercenaries now prop up pro-Soviet regimes in Angola, Ethiopia and South Yemen while thousands more Soviet, East German and Warsaw bloc advisors increase their influence in Libya, the Congo, Algeria, and other nations.

In the Caribbean; Grenada, Nicaragua, Jamaica, and Guyana have <sup>established</sup> close ties with Castro's Cuba while El Salvador and Guatemala are now threatened by Castro trained revolutionaries. ~~and~~ In Cuba itself, Soviet engineers construct a submarine base, Soviet pilots fly <sup>and advanced</sup> Cuban fighter planes and an entire Soviet combat brigade maneuvers near Havana.



In Southeast Asia; the outlaw regime of Vietnam has opened its ports to the Russian Navy, invaded Cambodia, used poison gas in Laos, and stirred insurrection in Thailand.

In the Middle East; all that stands between thousands of Soviet troops and <sup>(the)</sup> oil fields <sup>(which provide)</sup> ~~that are~~ the lifeblood of the Western <sup>economy</sup> world is miles of desert.

Our alliances and relationships suffered one after another in the Carter administration:

-- The Carter administration did not even bother to consult Japan and South Korea when it announced troop withdrawals from the strategic Korean peninsula - a decision an embarrassed administration later withdrew.

-- The Carter administration let the West German Chancellor go out on a diplomatic limb to support the deployment of the neutron bomb and then cancelled the <sup>+</sup> deployment, leaving Chancellor Schmidt twisting slowly in the wind.

-- The Carter administration cruelly and arrogantly abrogated a long standing mutual defense pact with Taiwan, an old and trusted ally.

-- The Carter administration began its "Taiwanization" of Israel by undercutting, for the first time in our history, an Israeli position in the UN.

Is it any wonder that our allies now seek separate diplomatic arrangements with the Soviet Union?

And will Jimmy Carter send Andy Young to tell the boat people of Cuba or Cambodia or Vietnam not to ~~get~~ <sup>be</sup> paranoid

about a few communists?

Will Jimmy Carter himself instruct the people of Afghanistan about their inordinate fear of communism?

(D) Carter's Little Kissingers - The New Boy Network

And tonight as I speak, millions of Americans ask themselves how did it happen? How is it possible that so many blunders could follow one upon the other? How could Jimmy Carter's State Department be so naive about the Soviet Union's intentions? How could men with views such as Andy Young's rise to the top in our policymaking apparatus?

The answer to that question does not involve a conspiracy. But it does involve a phenomenon known only to a few in Washington - a phenomenon that carries the nicknames of "the New Boy Network", "the State Department Junior Varsity", and even "Carter's Little Kissingers."

You see, some years ago, a group of young, bright, super-educated foreign policy specialists began hoisting each other into one position of influence after another in Washington.

Living off tax dollars or grants from foundations, these specialists moved in and out of positions in the foreign service, congressional staffs, foundation think-tanks, and the political campaigns of candidates like George McGovern.

They started their own magazine, they reviewed each other's books, they praised each other's work the Senators, Congressmen, and diplomats.

And they made no secret of their world view: the arms race and international tension were not the result of Soviet expansionism - but just a tragedy of history for which the United States was also to blame.

They refused, these men, to believe that some governments - like some men - are evil and bent on total power. They refused to believe that the only restraint such governments understand is countervailing power.

So like the British elite of the late 30s - the diplomats and journalists who counseled restraint and appeasement in the face of Hitler - this group of specialists advised in the face of Soviet aggression that America show good faith, give ground, seek accommodation.

For men who so avidly sought positions of influence in Washington, Jimmy Carter's 1976 presidential campaign was a prime and obvious target - and when Jimmy Carter came to Washington, entirely inexperienced in foreign affairs, the new boy network went to work: the junior varsity took over - Carter's little Kissingers filled the State Department.

One State Department memo showed that of the 36 senior policy posts at the State Department, 22 were filled with political appointees - mostly from the new boy network - as compared to only 12 such appointees in the Republican administration.

The new boy network saw to it that the State Department infrastructure was entirely dominated by McGovernites and compulsive defeatists. Of the 53 names of foreign policy specialists sent to the Carter administration by the coalition for a Democratic Majority - a group headed by moderate men like Senator Patrick Moynihan and Senator Henry Jackson, who had a realistic view of Soviet intentions - only one was appointed and he received a token post.

The New Republic described the workings of the new boy network better than any Republican could:

"They write the memoranda, shade the briefings, bargain with bureaucrats, manipulate the varying doubts, prejudices, and ignorance of their superiors and in the process quietly shape much of the Carter administration's foreign policy and defense policy."

It was, the New Republic went on, "a group with little diversity" inhabiting a world "not of the innovator, the reflective or even the politician occasionally in touch with the grass roots" but a world rather of "the Washington hangers on."

Jimmy Carter appointed men like State Department Planning Chief, Anthony Lake, who helped orchestrate appointments that insured a rigid accommodationist line, or Africa specialist, Richard Moose, who couldn't get upset about Cuban mercenaries in Africa, or Professor Marshall Schulman who - obviously embarrassed after Afghanistan his long standing belief that the Soviets are "insecure" not

aggressive - began speaking hopefully about the Soviet "miscalculation" there.

But Jimmy Carter also had a problem after Afghanistan because he had so carefully listened to the advice given him by his accomadionist advisors.

Soviet aggression forced Jimmy Carter into a fast change of mind about the Soviet Union, and on ABC television he told newsman Frank Reynolds that the Afghanistan invasion had radically altered his view of Soviet intentions.

But Jimmy Carter did nothing about those who made a shambles of American foreign policy, who were so wrong in their estimates of Soviet intentions.

Do not mistake me: these policymakers are sincere and patriotic but they are also dangerously, desperately wrong about geopolitics - asking them to suddenly get tough with the Soviet Union is like asking hamburger to start rejecting the grinder.

Tonight I call on Jimmy Carter to show that his recent awakening to the threat of Soviet expansionism is real, not just a transient phenomenon.

I call upon Jimmy Carter to break up the new boy network, to fire the junior varsity, to send home all of Carter's little Kissingers.

But the resignations Jimmy Carter asks for in his administration should not just include the members of the

new boy network. There is at least one other Carter administration official who, if Jimmy Carter is serious about showing the world that he is no longer naive about communist aggression, should be asked to leave.

Sam Brown, the man Jimmy Carter named to head ACTION - a federal department which runs the Peace Corps - embraced at a UN reception in 1977 the representatives of North Vietnam, and told the delegation from this outlaw regime that their victory in the war was one of his proudest moments.

At the time Jimmy Carter uttered not a word of protest about words of praise for one of the most repressive regimes in the world - the tormentors of our POW's and of the Cambodian and Laotian people.

So tonight I call on Jimmy Carter to prove he has had a change of heart, to show that he is no longer harbors an inordinate fear of communism.

I call on Jimmy Carter to ask Sam Brown for his resignation.

And let me be clear - if Jimmy Carter will not fire Sam Brown - if Jimmy Carter will not break up the new boy network - believe me, I know a presidential candidate who will.

## V MANAGING THE BUDGET AND THE BUREAUCRACY

(A) Bert Lance

But Jimmy Carter's most extravagant claim during the 1976 campaign concerned the economy and the size and cost of government.

Jimmy Carter promised in 1976 that he would hold down taxes and unemployment, and cut inflation by balancing the budget and reducing the cost of government.

On March 5, 1975, Jimmy Carter described the federal government as "just a great big horrible bureaucratic mess in Washington" and on August 4, 1975, he said he intended to abolish about 1,700 federal agencies and departments.

On May 15, 1976, Jimmy Carter repeated this promise, saying "We must abolish and consolidate hundreds of obsolete and unnecessary federal programs and agencies."

Jimmy Carter constantly talked about what he had done for the Georgia state government, he promised zero based budgeting in Washington, and he implicitly promised to put a top administrator at the head of the Office of Management and Budget; an administrator who could run this powerful department, <sup>and</sup> ~~who~~ <sup>and</sup> could get a grip on federal spending <sup>and</sup> ~~and~~ <sup>while</sup> harness the bureaucracy.

That's what Jimmy promised.

But what did Jimmy do?

Some of us here tonight remember the name of Bert Lance. And let me assure our Democratic friends that in the weeks and months ahead that is a name they are going to hear again and again and again.

When Jimmy Carter sent the name of Bert Lance - a man without experience in the federal government - to the Senate for confirmation as head of the Office of Management and Budget, <sup>Lance's</sup> ~~his~~ background as a financial wheeler-dealer had to be carefully covered up.

-- So according to testimony before a Senate committee Lance contacted the regional director in the Comptroller of the Currency's office and helped arranged a whitewash of his ~~own~~ <sup>banking</sup> record of <sup>vices</sup> irregular ~~activities~~.

-- The White House withheld an FBI report containing derogatory information about Lance's past from the Senate committee looking into his nomination.

After Lance was appointed - and the disclosures began about his banking past - the Comptroller of the Currency issued a 403-page preliminary report that found that Bert Lance had at the very least engaged in unsound banking practices.

And what was Jimmy Carter's reaction? Jimmy Carter who promised to admit his own mistakes, who promised a new standard of ethics, who promised an open government, a government as good as its people.

That's what Jimmy promised.

But what did Jimmy do?

At a press conference on August 18, 1977, Jimmy Carter said he read the entire 403-page report and it had convinced him that Bert Lance was a man of "complete integrity" in whom he had "complete confidence".



Jimmy Carter then turned to Bert Lance and shook his hand, saying "Bert, I'm proud of you."

What Jimmy Carter was saying was that Bert Lance was innocent because Jimmy Carter said he was innocent - it was too much for a member of Mr. Carter's own party, Senator William Proxmire, who called this defense of Bert Lance "an outrageous display of ignorance or arrogance."

After Jimmy Carter's press conference, Senate investigators found even more serious violations of the banking statutes and Senator Charles Percy and another member of Mr. Carter's own party, Senator Abraham Ribicoff, went to the White House and told the President he should ask for Lance's resignation.

For their trouble, the two Senators got a flat refusal from the President, and Senator Percy got a smear attack by Press Secretary Jody Powell for which Powell was later forced to apologize.

Even a few weeks later, Jimmy Carter was still defending Bert Lance -- he told a group of newspaper editors on September 16, 1977 that if his wife went out and bought a \$25 red dress and their checking account was overdrawn that was hardly a serious problem.

Except that Bert Lance's overdrafts weren't \$25 for Belle Lances' red dress - they were overdrafts of \$400,000 - interest free - from his own bank and unreported to other bank officers. Bert Lance had also used his bank's

relationship with <sup>(correspondent)</sup> other banks to shore up his own shaky financial empire. As early as 1971 Bert Lance had been personally warned by a federal bank examiner about these illegal acts - acts that violated statutes like the Financial Institutions Supervisory Act of 1966.

But Jimmy Carter couldn't part with Bert Lance any more than he could part with <sup>his</sup> another Georgia political ally, ~~name~~ Andy Young.

Finally, Bert Lance submitted his own resignation and just as <sup>(Jimmy Carter)</sup> he told Andy Young he had given a "superb performance." Jimmy Carter told Bert Lance that his "honor and integrity had been proven."

After his Justice Department began a lethargic investigation of Lance - the President continued to state his belief in Lance's innocence, ~~and~~ <sup>The</sup> White House even assisted Bert Lance in traveling around the world on a diplomatic passport as the President's personal representative.

Obviously such acts by a president and his staff could have a chilling effect on any criminal investigation - but not a word of protest was heard from Charlie Kirbo's friend, Benjamin Civiletti, our non-political independent attorney general.

As the weeks and months passed - as the Justice Department lifted one leaden foot after another in pursuit of Bert Lance - it was learned that the Lance connection to Jimmy Carter was even closer than originally thought.

- 3 -

Bert Lance hadn't just been a friend and advisor and cabinet officer to Jimmy Carter in both ~~the~~ Georgia government and ~~the White House~~.  
*Washington.*

It was learned that when Jimmy Carter announced for president in 1974 - Bert Lance's bank had extended the Carter warehouse in Plains, Georgia, a \$3 million line of credit at reduced interest rates.

And at a crucial point in Jimmy Carter's campaign for the presidency, that line of credit was extended again at low interest rates to \$9 million.

Questions soon arose about whether some of the loans from Bert Lance's bank were used for campaign purposes - but once again the Justice Department refused to appoint a special prosecutor. Only after ~~more~~ prodding by Senator Howard Baker and William Safire of the New York Times did Benjamin Civiletti finally appoint a special counsel, <sup>1</sup> and only after <sup>(4:11)</sup> more prodding did Civiletti give the special counsel the powers of a special prosecutor.

Although the special counsel report found no campaign financing irregularities, the full report by the special counsel's office has never been made public.

*And* A short time ago because of only two holdout jurors on a home state jury, the government failed to convict Bert Lance of criminal violations.

Usually in such cases, the government would <sup>(continues)</sup> ask for another trial - but this time the Justice Department said it wasn't going to bother Bert Lance any more.

You remember that Jimmy Carter promised an open government, a government that would set new ethical standards - you remember that famous line by Jimmy Carter that the big shot crooks would not go free in his administration?

That's what Jimmy promised.

But what did Jimmy do?

~~His~~ Jimmy Carter's Justice Department has <sup>(never)</sup> not released the full text of the Curann report about his relationship with Bert Lance's bank and Gerald Rafshoon's advertising agency.

Tonight I call on Jimmy Carter to keep his promise of an open government and release that report.

Jimmy Carter's Justice Department has also let <sup>off</sup> Bert Lance, ~~at the bank.~~

I call on Jimmy Carter tonight to review and reverse that decision. I call on Jimmy Carter to keep his promise that the big shot crooks <sup>will</sup> ~~would~~ not go free.

(B) The deficit

The Lance case is important not just because it shows the White House scheming and foot dragging on behalf of Bert Lance long after the President and his staff should have terminated any relationship with him and assisted in bringing him to justice. It also shows how Jimmy Carter's penchant for cronyism placed a wheeler-dealer at the top of the Office of Management and Budget, the one federal agency that could control the budget deficits that Jimmy Carter promised to end.

Jimmy Carter pledged again and again in 1976 that he would get a grip on federal spending. At least ~~four~~ times in 1976, in

July, September, October and December, Jimmy Carter promised that his Administration would balance the budget.

That's what Jimmy promised.

But what did Jimmy do?

The Carter Administration is responsible -- not for a balanced budget -- but a budget deficit of at least 132 billion dollars -- an amount larger than all the deficits of the administrations of President Truman, Eisenhower, Kennedy, Johnson and the first term of President Nixon... all of those deficits put together.

This year's budget message was no different. Jimmy Carter told the American people last March: "I don't have any doubt that we will have a balanced budget in 1981."

But his own administration admitted a few weeks later that the deficit would run at least 20 billion.

#### (C) Waste and Fraud

Jimmy Carter didn't just promise to control the budget deficits, he also promised to streamline and completely reorganize the federal bureaucracy. He told people not to vote for him if they want waste and inefficiency cut out of government. On \_\_\_\_\_, Jimmy Carter said that he would be very reluctant to add any new programs to the federal bureaucracy.

That's what Jimmy Carter promised.

But what did Jimmy do?

Besides adding some 200 positions to the White House staff and attaching a highly political 8 billion job program to the labor department, Jimmy Carter also added two whole new cabinet size departments with authorized spending

of \$45.6 billion and 8,000 new employees.

One department, Energy, established a gas allocation program that was single-handedly responsible for all the gas lines strung across America two years ago. That is not Republican rhetoric, it is the conclusion of a GAO report and testimony by the department's former head, James Schlesinger.

The other department, Education -- a department which is increasing the power of the educational establishment, reducing the emphasis on basic learning skills and removing control of education even further from parents and local communities.

As Bartlett Gaimetti, the president of Yale said recently that this department "in no way speak to a concern for the quality of education in this country. And no politician has been so graceless as to pretend it does."

But the Carter Administration didn't just add to the spending and bureacracy, it regularly ignored waste and mismanagement -- the very problem that Jimmy Carter promised he would do something about.

Jimmy Carter's own secretary of Health Education and Welfare, Joseph Califano, told a congressional committee that his department was losing at least \$7 billion a year to waste and fraud.

A report this spring by the HEW inspector general revealed HEW has only 50 fraud investigators chasing after that \$7 billion in wasted tax dollars.

A Government Accounting Office study recently showed that millions had been saved in health financing by putting GAO cost-cutting recommendations into operation. But the

-34-

study also disclosed that the Carter Administration had failed to save the taxpayers many more millions because it failed to implement more than half of GAO's 262 cost-cutting suggestions.

Under the Carter Administration at least 150 billion is handed out each year to private consultants another GAO study revealed. Two Democratic Congressmen have estimated that even elementary controls on this spending would save the public at least \$10 billion.

Under the Carter Administration the federal government also has the largest public relations and advertising budget in the world -- with scores of federal departments spending millions to boost their own image with public. A senate study showed that at least \$ \_\_\_\_\_ million is spent on movies, press aides, and publications -- a multi-million dollar proliferation of flics, flacks and fold-outs that couldn't be matched by all of Hollywood's hucksters.

One of the most astonishing activities tolerated by this Administration is the year-end spending sprees by federal departments. Another GAO study showed that HEW spent almost half of its total budget in the final two months of the year, and six other agencies spent more than 20% of their budgets in that period.

Two Democratic Congressmen have suggested that a few reforms here would save at least \$4.4 billion, a suggestion that the Carter Administration has paid little attention.

Since 1965 the food stamp program has grown from a \$35 million budget to \$9 billion under the Carter Administration. Congressman Eldon Rudd suggested recently that controlling fraud and restricting the program to the

truly needy would cut the cost of this program by at least 4.4 billion.

Buat at the White House, no one seems to be listening.

One enterprising researcher added up all the waste cited in separate GAO studies and found that the federal government was fittering away at least \$10 billion every year.

A 1979 study by the Join Economic Committee estimated that fraud and abuses illustrated here accounts for at least \$5 to \$50 billion a year in the federal budget. The committee could not even begin to estimate how much is lost due to just plain mismanagement and waste.

And despite all the promises of the Carter Administration, the comptroller General reported last year that combatting waste and fraud are abysmally low priorities in the current Administration.

Not even Jimmy Carter's widely touted promise to put federal department on zero-based budgeting has worked. Peter Phyr, the originator of the idea, wrote to Bert Lance in 1977 and told him OMB's program of zero-based budgeting was so thouroughly confused that not even he could understand it.

Jimmy Carter didn't keep his pledge to balance the budget.

Jimmy Carter didn't keep his promise to cut waste in government.

After four years of Jimmy Carter, we have more departments more bureaus, more federal employees, more paperwork, more waste and inefficiency.



You know, the other day Jimmy Carter warned the Republican Party not to engage in personal attacks, not to report to what he called "demagogic" speeches about his failures.

Now that does sound as if Jimmy Carter has spent a lot of time lately worrying about his Administration's vulnerabilities. But I'm sure Jimmy Carter has the best interests of the Republican Party at heart, so let's take his advice.

Let's look at how Jimmy Carter has handled the American economy; but let's keep rhetoric at a minimum; let's confine ourselves to what the statistics say about the problems of inflation, taxes and unemployment:

On June 9, 1980 no one talked about inflation more eloquently than Jimmy Carter when he said, "Inflation puts a cruel and heavy burden on those who can least protect themselves -- old people on fixed incomes, the very poor who must sometimes choose between a warm meal and a warm home, and for the young people who need jobs and careers with a future."

In an April 22, 1976 position paper on economics, Jimmy Carter promised his Administration would hold inflation below four and one half percent.

On August 31, 1976, "If I am elected, we will establish a comprehensive program to fight the many causes of inflation."

That's what Jimmy promised.

But what did Jimmy do?

-- Inflation went to an incredible 18.2% in 1980's

last quarter, up from the 4.8% rate when President Ford left office.

-- The average wage earner is buying 40% less with his pay check than he could when President Ford left office.

-- Productivity growth is one sixth of what it was when President Ford left office.

-- The Gross National Product's real growth is one fourth of what it was when President Ford left office.

-- The stock market average has dropped 19%, savings have dropped 41% and the prime interest rate has actually hit 20% since President Ford left office.

On January 4, 1980, Jimmy Carter said, "The increase in inflation is almost completely attributable to the rapid increase in OPEC oil prices imposed over our objection and over which we have no control."

"All of the increases for practical purposes have been directly attributed to increases in OPEC oil prices."

There was just one problem with that statement. It wasn't true.

Economists, including Albert Cos, the head analyst at one of Wall Street's most respected firms, estimated that OPEC oil hikes are responsible for only two (2) percent of inflationary increase.

#### (E) Taxes

Not only didn't Jimmy Carter keep his promises about cutting federal spending, balancing the budget and holding down inflation, he even violated his promise of no tax increases.

On March 7, 1976 Jimmy Carter said, "I would never do anything to hurt the middle American wage-earner."

"I would never increase taxes for the working people of our country and the lower and middle-income groups... and you can depend on that if I am elected."

That's what Jimmy promised.

But what did Jimmy do?

Jimmy Carter gave the average wage earner the highest peacetime tax increase in history when he pushed through the Congress a huge new social security tax.

The candidate who said he would never raise taxes also has proposed a 10 cents per gallon gasoline tax, a withholding tax on interest and dividend earnings and another withholding tax on the earnings of independent contractors.

Once again, rhetoric from Republicans is hardly necessary, the statistics say it all about Jimmy Carter's four years:

-- Tax receipts escalated by 132 billion dollars over the largest single year increase in history.

-- The tax bite takes more of the Gross National Product than it did at the height of World War II.

-- The average wage earner pays one fifth of what he earns to the federal government.

-- Every dollar that the average worker earned this year from January 1st to May 11th went to federal, state or local taxes.

You may also remember that Jimmy Carter made one other promise about taxes in 1976. On \_\_\_\_\_, Jimmy Carter promised a sweeping reform of the tax code which he called "a disgrace to the human race".

That's what Jimmy promised.

But what did Jimmy do?

Except for eliminating a few income tax reductions --

which only meant the average wage earner paid more in taxes -- Jimmy Carter did not carry out a single major tax reform.

(E) Unemployment

But if American wage earners are struggling tonight because of inflation and tax increases, struggling to provide for their families and to hold onto their savings, many millions face an even darker menace...UNEMPLOYMENT.

No one spoke more bravely about stopping unemployment than Jimmy Carter did in 1976.

And no one promised more!

On April 8, 1976 Jimmy Carter said that "we've got to have the major emphasis on jobs...that would be the major thrust of my administration."

In his 1976 economic position paper, Jimmy Carter said, "I am committed to a dramatic reduction in unemployment without reviving double digit inflation..."

On March 7, 1976 he said "a government which cannot insure for its citizens an opportunity to work does not deserve their support."

On June 16, 1976 he said "the top priority of his administration above all other domestic issues is employment.

In the October 6th, 1976 issue of Newsweek he said, he expected his administration to hold unemployment to between four and four and one half percent.

That's what Jimmy promised.

But what did Jimmy do?

By April of this year, the unemployment rate was running

near 8% -- in the first four months of this year alone, 1.2 million people lost their jobs.

But Jimmy Carter made another promise about unemployment during the 1976 election campaign. He said that he would never use unemployment, that he would never throw people out of jobs in order to slow down the economy and reduce inflation.

That's what Jimmy promised.

But what did Jimmy do?

Vice President Mondale put it bluntly the other day -- better than any Republican could when he described how the Administration is using unemployment to reduce inflation.

"We think what we've been doing now will be using unemployment for awhile. We know that. But the shallower the recession, the less we will suffer on those terms."

## VI REASONS FOR FAILURE -- CREDIBILITY, CRONYISM AND COSMETICS

### (A) Cosmetics

The record is there: after four years of Jimmy Carter the integrity of the Justice Department is compromised, the national defense is in jeopardy, American foreign policy is non-existent, the economy is in chaos and rising inflation, taxes and unemployment are overwhelming the American people.

This is not just a record of failure. It is a litany of disasters.

And Americans ask why. What could account for an administration so inept in its performance and callous about its promises?

How could Jimmy Carter blandly tell the American people only a few weeks ago that under his leadership the nation's problems are now more manageable?

You remember that this is the 1976 political candidate who said he would never tell a lie. This is the political candidate who said that as president he would always be willing to admit his mistakes.

That's what Jimmy promised.

But what did Jimmy do?

When Jimmy Carter was in trouble with the voters over inflation, he told a nationwide television audience it was the oil sheiks, not the Carter administration that was at fault.

When Jimmy Carter was in trouble with the voters over decay in our armed forces, an aircraft carrier was hurried home for a Memorial Day media event. When Jimmy Carter was in trouble with

the voters over an inept foreign policy, he called reporters to his office at 7:30 on the morning of the Wisconsin primary and announced a breakthrough in the Iranian hostage crisis -- only after the votes were counted did the voters learn that they had been misled again: there was no breakthrough.

When Jimmy Carter was in trouble with the voters over breaking his promise to debate Senator Kennedy, his staff deliberately leaked a memo to the press that a recent Washington Post story <sup>said</sup> was fabricated to show the President was basing the decision not on politics but on the national interest.

So the pattern is clear: Jimmy Carter's reaction to problems is not sound analysis or speedy action. Jimmy Carter's reaction is political maneuvering, media hype and TV cosmetics.

When it was learned that David Gartner, a Carter appointee to the Commodity Futures Trading Commission, had received a \$72,000 gift from a commodity firm executive, Jimmy Carter first stood behind Gartner's appointment, then called for his resignation, then failed to force Gartner to resign.

Jimmy Carter looked very bad in this incident, and what was the White House's solution? Was the President advised to act in a manner more consistent with his campaign pledges about ethics in government? Was the President to behave with more firmness towards his own appointees?

Not at all, the White House analysis was simple:

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this problem, like all problems, was one of style not substance; the solution was easy: Gerald Rafshoon, the President's PR man, was summoned from Georgia and made an assistant at the White House.

When Jimmy Carter was slipping in the opinion polls for being indecisive and he was forced at the last moment to cancel his speech on his energy policy, the White House handled the problem according to its usual script: a week of media events at Camp David, community leaders flown in and out, Jimmy Carter on nationwide television giving his famous "malaise" speech. Columnist George Will said recently the message of the speech was simple: "I'm unpopular, so you're sick".

Right after that came the celebrated cabinet shake-up -- another media event constructed so that Jimmy Carter would appear decisive by firing those members of the cabinet who had not gotten along with his White House staff.

Even a member of Mr. Carter's own party, liberal historian and pundit Arthur Schlesinger, called the shake-up "ludicrous" and said it was likely to increase "the sense of chaos" already existing in the Administration.

Two time Pulitzer prize winning journalist Clark Mollenhoff put it more succinctly than any Republican spokesman could when he said the shake-up left the impression that "survival was linked with obedience to White House dictates and ability to get along with Hamilton Jordan and other Georgians".



(B) Cronyism

Americans also ask themselves about this crony connection in the Carter Administration. They ask why Jimmy Carter permitted Georgia political allies like Griffin Bell, Andy Young, Bert Lance and Charlie Kirbo to repeatedly embarrass his administration but refused to tolerate less independence from cabinet offices and White House aides like Michael Blumenthal, Joseph Califano, Brock Adams, Bella Abzug and Midge Costanza.

Miss Costanza's dismissal was a classic: she fell from favor with the Georgia politicians when she dared to recommend what everybody else in America wanted: Bert Lance's resignation.

Or the Dr. Peter Bourne incident. After the Washington Post revealed that Bourne had filled out phony drug prescriptions for White House staff members, the White House refused to fire Bourne, an old Georgia friend of the President's. When he finally resigned, the White House merely repeated Bourne's preposterous explanation for his actions.

Another little known example of Carter's cronyism is Hamilton Jordan's virtual destruction of the post of White House ombudsman. When he took the job, Joseph Aragon expected to report to the President about complaints of mismanagement and corruption. Hamilton Jordan soon saw to it that the scope of Aragon's inquiries was sharply limited. Jordan even managed to load Aragon down with political duties.

Even in the critical area of energy policy the Carter Administration chose not an expert as a Cabinet officer but a former Coca Cola executive from Atlanta, Georgia whose first act was the creation of \$50,112 a year post for another Carter crony for Georgia.

Loyalty not competence is the watchword at the Carter White House.

### (C) Credibility

Now obviously cosmetics and cronyism of this sort are not consistent with Jimmy Carter's campaign pledge to bring the best to government.

And it is this final problem of credibility that is the third and critical reason for the Carter Administration's failures.

If we are going to understand why the Carter Administration has had such a struggle with its creditility, we must go back a few years and see what's on the record about the credibility of Jimmy Carter himself.

Georgia legislator Julian Bond said that Jimmy Carter asked him in 1972 to approach George McGovern with a request that Jimmy Carter run as his Vice Presidential nominee.

Jimmy Carter didn't say this was just a misunderstanding; Jimmy Carter said this was flat out untrue.

Julian Bond responded in the Atlanta Constitution on April 3, 1976, "I don't like being called a liar particularly by a man who cannot tell a lie".

The next day, Julian Bond told another newspaper, about

Jimmy Carter's claims that he wasn't telling the truth, "I call him back a liar, a prevaricator, an evader and equivator and a man who doesn't merit the attention of black voters around the U.S."

During his campaign for the Presidency in 1976, Robert Schrum, a Jimmy Carter speechwriter, resigned from ~~his~~<sup>(the)</sup> campaign in disgust. Schrum said he was quitting because Jimmy Carter had been saying two things at once about his plans for cutting defense spending.

In the May 16, 1976 issue of The State, he described Jimmy Carter as "manipulative and deceitful."

"He lies and doesn't believe he isn't telling the truth. It's just a constant and pervasive thing".

Another aide to Jimmy Carter, James Fallows, the chief of White House speechwriting, resigned from the Carter Administration with an intriguing story about tennis court assignments at the White House. Fallows said that when Jimmy Carter denied to television interviewer Bill Moyers that he ever stooped to such lowly details as deciding who would use the White House tennis courts, Jimmy Carter wasn't telling the truth. James Fallows said he knew: he was the White House aide who brought the tennis court assignment sheet to the President and watched him fill it out.

A minor matter , the tennis court incident, but the credibility problem extends far beyond:

-- Jimmy Carter repeated untrue allegations about David Marston and was deceptive about his own role in that sad affair.

-- Jimmy Carter blamed inflation on OPEC oil increases

-- Jimmy Carter said that we are stronger militarily today than four years ago; an assessment contradicted by his own commander of the Strategic Air Command.

-- Jimmy Carter said that "we have turned the corner" on the economy and "no working man or woman can find fault with our policies" while peacetime inflation, taxes and unemployment reached record highs.

-- Jimmy Carter went to the Nimitz and posed as the sailors' best friend, promising pay raises that he opposed in Congress.

-- Jimmy Carter told ABC newsman Frank Reynolds that the invasion of Afghanistan had changed his whole perception of Soviet intentions. When Meg Greenfield of the Washington Post recently confronted Jimmy Carter with this statement, he told her to check her notes -- he claimed he had never said that at all.

-- Jimmy Carter said on Feb. 14, 1980, "I want the world to know that I am not going to resume business as usual as a partisan campaigner out on the campaign trail until our hostages are back here -- free and at home".

Jimmy Carter also said on March 29, 1980, "What I've said is that as long as hostages are there that I would not participate as a candidate in the primary season."

The hostages aren't home but Jimmy Carter is back campaigning.

-- Jimmy Carter praised Andy Young for a "superb performance", praised Griffin Bell for "absolute integrity" insisted that Bert Lance was entirely innocent.

What I'm suggesting is simple. It's not just the Carter Administration, it's Jimmy Carter himself who has

the credibility problem.

## VI THE PRESS

The distinguished Yale historian C. Vann Woodward said recently that the Carter Administration's record would probably put it "among the frontrunners" of disreputable administrations in American history.

A reflection like that by one of America's most distinguished historians prompts the question of why so few reporters and pundits have had similar thoughts.

Do not mistake me. The press has done an excellent job of reporting each contradiction, and many of the false claims made by the Carter Administration. But it has never really put the whole picture together.

Perhaps the members of the media are tired from their Watergate exertions. Perhaps they are a little shy about criticizing an Administration that makes such display of its own righteousness.

Whatever the reason, I think the Nimitz and Wisconsin incidents and the phony White House memo suggests that this Administration has been using the press.

I wonder if the members of the press shouldn't resent such manipulation. I wonder if the members of the press shouldn't start asking themselves whether duplicity is becoming the hallmark of the Carter Administration.

## VII The Campaign Ahead

### (A) Personal attacks

The campaign that is approaching will in great measure

be a referendum by the American people on Jimmy Carter's record in office.

Jimmy Carter, his pollster and PR man know that his reelection chances will not survive such an event. Their plan then will be simple: distract the people from the Carter record -- attack, attack, attack.

There are indications from the past what kind of attacks these will be.

-- During the 1976 campaign, Jimmy Carter accused Senator Henry Jackson of "exploiting the racial issue" of a "warlike attitude" and "deliberately telling falsehoods" about his own record.

-- Jimmy Carter also personally attacked Hubert Humphrey as a loser and too old for the Presidency.

-- Jimmy Carter engaged in a personal attack on President Johnson, calling him a liar.

-- Jimmy Carter personally attacked President Ford, calling him "weak and tired" and suggesting on May 1, 1976, "anything you don't like about Washington I suggest you blame on him."

-- Jimmy Carter has called Senator Kennedy a "demagogue" and even, according to NBC news report, impugned his patriotism by suggesting his candidacy was damaging the country.

About this record of personal attacks on opponents. I can say two things. One, we expect plenty of the same this year. Two, we will never, never adopt similar tactics.

Shortly after, Mayor Jane Byrne of Chicago endorsed Edward Kennedy for the Presidency Democratic nomination this year. Secretary of Transportation Goldschmidt said that in the future Mayor Byrne might have trouble getting her calls answered at his department or her requests for federal funds approved.

This is only one example of the continuing abuse by the Carter Administration of the executive branch and the office of the president for crass political purposes.

In the weeks ahead, we intend to point out, detail by detail, how federal grants have been used in this year's campaign to bolster the Carter campaign. We intend to monitor the White House's performance -- from phone calls to newsletters -- and report to the American people on how their tax dollars are being misused by politicians.