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FIRST DEBATE

Place and Date:

Philadelphia, Pennsylvania
September 23, 1976



Moderator: Edwin Newman, NBC

Questioners:

Frank Reynolds, ABC

James Gannon, Wall Street Journal

Elizabeth Drew, New Yorker

Points made by President Ford:

THE ECONOMY

"In my judgment, the best way to get jobs is to expand the private sector, where five out of six jobs today exist in our economy. We can do that by reducing Federal taxes as I proposed about a year ago when I called for a tax reduction of \$28 billion, three-quarters of it to go to private taxpayers and one-quarter to the business sector."

"In the last 24 months, we've turned the economy around and we've brought inflation down to under 6 percent. And we have added employment of about 4 million in the last 17 months to the point where we have 88 million people working in America today, the most in the history of the country."

AMNESTY

"I am against an across-the-board pardon of draft evaders or military deserters."

CARTER RECORD

"In the 4 years that Governor Carter was Governor of the State of Georgia, expenditures by the government went up over 50 percent. Employees of the government in Georgia during his term of office went up over 25 percent. And the figures also show that the bonded indebtedness of the State of Georgia, during his Governorship, went up over 20 percent."

QUALITY OF LIFE

"As we look at the quality of life programs -- jobs, health, education, crime, recreation -- we feel that as we move forward with a healthier economy, we can absorb the small, necessary costs that will be required."

BALANCED BUDGET

"We feel that with the programs that I have recommended, the additional \$10 billion tax cut, with the moderate increases in the quality of life area, we can still have a balanced budget, which I will submit to the Congress in January of 1978."



COST OF CARTER PROGRAM

"I cannot and would not endorse the kind of programs that Governor Carter recommends. He endorses the Democratic platform which, as I read it, calls for approximately 60 additional programs. We estimate that those programs would add \$100 billion minimum and probably \$200 billion maximum each year to the Federal budget."

ENERGY

"In January of 1975, I submitted to the Congress and to the American people the first comprehensive energy program recommended by any President...It called for conservation measures so that we would save the energy that we have.

"If you are going to increase domestic oil and gas production -- and we have to -- you have to give to those producers an opportunity to develop their land or their wells.

"I recommended to the Congress that we should increase coal production in this country from 600 million tons a year to 1,200 million tons by 1985.

"In my program for energy independence, we have increased, for example, solar energy research from about \$84 million a year to about \$120 million a year.

"In nuclear power, we have increased the research and development under the Energy Research and Development Agency (Administration) very substantially to ensure that our nuclear power plants are safer, that they are more efficient, and that we have adequate safeguards."

VETOES

"Governor Carter complains about the deficits that this administration has had, and yet he condemns the vetoes that I have made that have saved the taxpayer \$9 billion and could have saved an additional \$13 billion."

ANTI-WASHINGTON FEELING

"The anti-Washington feeling, in my opinion, ought to be focused on the Congress of the United States. For example, this Congress very shortly will spend a billion dollars a year for its housekeeping, its salaries, its expenses, and the like. The next Congress will probably be the first billion dollar Congress in the history of the United States."

Points made by Governor Carter:

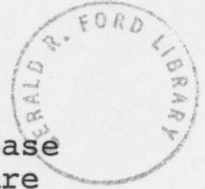
TAXES

"I would never do anything that would increase the taxes for those who work for a living or who are presently required to list all their income."

(Carter, in an interview with the AP for use on September 20, answered a question on how he would change the tax burden by stating: "I would take the mean or median level of income and anything above that would be higher and anything below that would be lower." The interviewer then pointed out that the median is "somewhere around \$12,000," and Carter agreed.

In the first debate, Carter said that the impression that he would raise taxes on middle-income taxpayers was due to a misquotation in the AP interview. But the misquotation that Carter was referring to was in another party of the interview, where he was at first reported to have said that he would reduce taxes on "lower income taxpayers." AP later corrected this line to add "middle income taxpayers." Carter has never retracted the statement that taxes for "anything above the mean or median level would be higher." At best, therefore, his statements in the interview were internally inconsistent.

Larry Klein, an economic adviser to Carter, has indicated that if Carter were elected, his spending programs would make any tax reductions impossible.)



CARTER RECORD

"It took me about 3 years to completely reorganize the Georgia government. The last year I was in office our budget was actually less than it was a year before, which showed a great improvement."

(While Carter was Governor, spending in Georgia went up more than 50 percent, and the number of state employees went up more than 25 percent. While state government expenditures rose rapidly in many states all across the country during the period Carter was Governor, Georgia was well above the average -- spending in Georgia under Carter rose five percent more than the overall national figure. And it is easy to see where this money went. The percentage increase in state employees in Georgia under Carter was twice the rate of increase in state employees nationwide. State employment in Georgia went up 29.3 percent from October 1970 to October 1974, while employment in all states during the same period rose 14.5 percent.)

COST OF CARTER PROGRAM

"My economic projections, I think confirmed by the House and Senate committees, have been, with a \$60 billion extra amount of money that can be spent in fiscal year '81, which would be the last year of this next term, within that \$60 billion increase, there would be fit the programs that I promised the American people."

(Under intensive questioning from correspondent Elizabeth Drew, Carter was unable to come up with any substantive justification for this projection of a \$60 billion surplus by 1981. The actual surplus, if any, in 1981 will depend on a number of variables. The Ford administration has projected a \$75.5 billion surplus for 1981 -- on the assumption that the President's budgetary recommendations are followed. Adoption of Carter's program would of course tear this projection to ribbons. In any case, even a surplus of \$60 billion would pay for only a small part of Carter's program -- which during the first year would require added spending of more than \$100 billion for only five of the new programs promised in the Democratic platform.)

MEDICAID

"Medicaid is in one agency, Medicare is in a different one, the check on the quality of health care is in a different one. None of them are responsible for health care itself."

(Medicaid and Medicare are essentially different kinds of programs. Medicaid requires verification of need. Medicare benefits, in contrast, are paid out as a form of health insurance. The two programs, therefore, require different kinds of administration, and they should be separately administered.)

With regard to Carter's administration of the Medicaid program when he was Governor of Georgia, Governor George Busbee, Carter's successor, said that upon coming into office he found, "Medicaid abuses were eye-openers. During 18 years as a legislator, I have never encountered such duplicity." Busbee went on to describe many cases of actual fraud that had taken place in the Georgia Medicaid program under Carter.)

THE ECONOMY

"I believe that by the end of the first 4 years of the next term, we could have the unemployment rate down to 3 percent -- adult unemployment -- which is up to about 4-1/2 percent overall, a controlled inflation rate, and have a balanced growth of about 4-6 percent, around 5 percent, which would give us a balanced budget."

(In May of 1976, Carter told Fortune magazine: "My economic advisers and I agree that until you get the unemployment rate down below 5 percent, there's no real danger of escalating inflationary pressures. I don't see any reason why the permanent level of inflation can't be as low as 2 or 3 percent.")

On June 6, 1976, Carter told the New York Times: "I would put my emphasis on employment and take my chances on inflation.")

HUMPHREY-HAWKINS BILL

"I would not favor the payment of a given fixed income to people unless they are not able to work."

(During the Pennsylvania primary, after offending many labor groups by his "ethnic purity" remark, Carter endorsed the Humphrey-Hawkins bill, which guarantees a government job to everybody not able to find other employment.)

FORD TAX RELIEF PROPOSALS

"Mr. Ford has advocated, since he has been in office, over \$5 billion in reductions for corporations, special interest groups, and the very, very wealthy, who derive their income not from labor, but from investments."

(President Ford's proposal for tax relief, beside lowering the maximum corporate tax rate from 48 percent to 46 percent, as an inducement to investment, would make the following changes in the personal income tax: Increase personal exemptions from \$750 to \$1,000; set standard deductions at \$2,500 for a couple filing jointly and \$1,800 for single taxpayers; and reduce tax rate schedules so that taxes would go down about \$200 for an average American family of four, earning \$15,000 a year. The President's proposal was not acted on by Congress this year.)

TAX REFORM

"The present tax structure is a disgrace to this country."

"In December of 1975, he vetoed the roughly \$18-to-\$20 billion tax reduction bill that had been passed by the Congress."

(Carter called America's tax structure a "disgrace" even though it was designed and legislated by the Democrat-controlled Congress over the past 22 years. He claimed that President Ford vetoed an \$18 billion tax reduction act passed by the Congress, but failed to mention that the President was in fact holding out for the entire \$28 billion tax cut of his original proposal.)