

Since that time work -- primarily by George Perry -- has indicated that the changing characteristics of our labor force has necessitated raising this unemployment goal. Perry would probably raise it to about 5 percent today. You can say that the 1970's are different from the 1960's in many important ways -- including not only demographic changes (a greater proportion of teenagers and women in the labor force) but an increased international inter-relationship of economies -- so that former unemployment targets have to be continuously re-examined.

Fiscal Policy

Carter

Carter supports an expansionary fiscal policy "for the near future". He supports the Full Employment Act of 1976, counter-cyclical assistance to cities, federal funding of on-the-job training by business, employment services to match people to jobs, improved manpower training, "public needs" jobs "in areas such as housing, rehabilitation and repairing our railroad roadbeds," 800 thousand summer youth jobs and doubled CETA jobs from 300,000 to 600,000.

Mondale

For the FY 1976 First Concurrent Resolution on the Budget, you offered an amendment to increase outlays by \$9.0 billion for counter-cyclical expenditures -- though you expected also to reduce income security payments, and raise revenues through increased economic activity and tax reform, so that the deficit was increased by only \$3.5 billion.

For the FY 1977 budget, you offered an additional \$2 billion tax cut in the Budget Committee.

Note

In a paper prepared for Carter campaign workers there is a short section which reads: "I do not favor a tax cut for 1976. I believe most American people would much rather have some control over excessive spending (as would be insured by the zero-based budgeting technique) than to have a tax cut at this time with deficits in the neighborhood of \$70 billion." It would, of course, be inconsistent to argue for no tax cuts, and for holding down spending, but to promise to pursue an expansionary fiscal policy.

It is consistent to say simply that for 1977, the fact of fiscal drag will require a new look at the question of a tax cut, and that Carter is promising to hold spending below what it otherwise would have been, but not necessarily to cut spending. So, a commitment to an expansionary fiscal policy goes with the quoted sections.

Monetary Policy

Carter

Carter has said that monetary policy in recent years has been too restrictive. Also, while supporting the "independence" of the FED, he has called for making the term of the Chairman coterminous with that of the President.

Mondale

You agreed with the Report for the First Concurrent Budget Resolution for FY 1976 which called for an accomodative monetary policy -- i.e. onewhich would keep short-term interest rates from rising. This was estimated to require, approximately, a 10% rate of growth of the money supply for 1975, and a somewhat slower rate of growth for 1976.

For FY 1977, the Senate Budget Committee called only for an accomodative monetary policy which would facilitate 6% and preferably 7% real growth.

Note

The rate of growth of the money supply in 1975 turned out to be only just over 4 percent. This has turned out to have been an accomodative monetary policy in that it prevented short term interest rates from rising and so prevented any "crowding out". A more stimulative monetary policy -- which probably would have pushed short term interest rates down -- would still have been a better economic policy as it would have facilitated a higher rate of real economic growth.

Housing

Carter

For the Platform Committee Carter provided the following agenda for housing to rejuvenate the construction industry, and fulfill the goal of constructing 2 million housing units per year:

- (1) direct federal subsidies and low interest loans to encourage the construction of low and middle class housing
- (2) expansion of section 202 housing program (housing for the elderly)
- (3) more money for rehabilitation -- using public service job money for home rehabilitation
- (4) "greater attention to the role of local communities under the Housing and Community Development Act of 1974"
- (5) "greater effort to direct mortgage money into the financing of private housing"
- (6) prohibit redlining by federally sponsored Saving and Loans and the FHA
- (7) encourage more loans for housing and rehabilitation to the poor
- (8) more expansionary monetary policy.

Mondale

You were a member of the Subcommittee on Housing and Urban Affairs from 1965 through 1972. In that role you helped create the major housing programs which Carter seems to support.

Housing and Urban Development Act of 1966. Title I authorizes rent supplement payments for disadvantaged persons. Other provisions supported continuing Federal support for college housing, urban renewal, acquisition of land for parks and urban beautification and rural housing.

Demonstration Cities and Metropolitan Development Act of 1966. This Act established "Model Cities". you were particularly active in providing for "citizen participation".

1976 - The Fair Housing Act. This bill became law as Title VIII to the Civil Rights Act of 1968. It protects the rights of minorities with respect to the renting and purchasing of homes.

Housing and Urban Development Act of 1968. Title I ^{provides} created homeownership for lower-income families (Sec. 235). This followed the work you had done in 1967 for the Housing and Urban Development Act of 1967. Carter seems to want to rejuvenate a similar program.

The Housing and Community Development Act of 1974. This bill contained many of the provisions of the 1972 Housing and Urban Development Act. You developed the formula for consolidating both the FHA housing programs and the urban development program.

Notes

In general Carter seems to want to return to a commitment to the programs which you helped create. There are, perhaps, a couple of important differences.

During your membership on the Housing Subcommittee you worked to enact "fair share" housing legislation. This provided that Communities would be expected to accept their fair share of public housing. This legislation might be construed to conflict with Carter's remarks on housing policy in which he said he would oppose the government's promoting the "intrusion of alien groups into neighborhoods".

A current controversy is whether Housing Assistance Authorization should make a priority of rehabilitation or whether the local community should have complete discretion over the mix of money for new construction and for rehabilitation.

The Housing Amendments of 1976 -- for which you voted -- clearly provide that this mix is supposed to be a local decision. Carter places some emphasis on making a national priority of increased rehabilitation money.

Aging

Carter

Social Security

Carter has proposed that the wage base for Social Security taxes be increased. He also favors a decoupling proposal which would index future benefits by wages -- which is the Administration's proposal. This proposal eliminates one-half of the long term deficit of the Social Security system.

Housing

Carter proposes a rapid increase in the Section 202 housing program.

Medicare

Carter proposes to expand benefits under Medicare and work toward a national health insurance program.

Administrative change

Carter proposes to create a Counselor on the Aging in the Office of the President.

Transportation

Carter will ask for federal funds to allow public transportation systems to provide reduced fare programs for the elderly.

Multi-purpose centers

Carter says that "we should consider the establishment of a national senior citizens' service corps and broaden the use by senior citizens of multi purpose centers.

Mondale

Social Security

You have opposed the President's proposal for a tax rate increase, and have indicated that in the short run there is no need for a tax increase.

You have not commented on the various "decoupling" proposals.

Housing

You voted for the Housing Amendments of 1976 which increased Section 202 loan authority from \$800 million to \$1.475 billion upon enactment, to \$2.3875 billion on Oct. 1, 1977, and to \$3.000 billion on Oct. 1, 1978.

Medicare and National Health Insurance

You've opposed the President's proposed Medicare cuts and have cosponsored the Kennedy National Health Insurance bill.'

Notes

The only apparent important conflict is that Carter has proposed to raise the taxable wage ceiling for Social Security taxes, while you have favored no immediate increase, and have said that we need to look toward partial general revenue financing in the long run.

MEMORANDUM

TO: Senator Mondale
FROM: Larry Oliver
DATE: July 20, 1976

RE: Comparison of Carter and Mondale Positions on
Certain Issues

SPECIFIC ISSUE DIFFERENCES ARE UNDERLINED.

I. Gun Control

Carter

1. Favors ban on the sale of "Saturday Night Specials."
2. Favors prohibition of ownership by anyone convicted of a crime involving a gun and by those not mentally competent.
3. Favors national registration of handguns.
4. Long guns - no statement.

Mondale

- Same.
- Same, but includes prohibition of sale to minors.
- Same.
- Opposes measures calling for the confiscation of handguns and requiring licensing and registration of long guns which are used for legitimate sporting purposes.

check voter record

II. Death Penalty

Carter

1. Death penalty should be retained for a few aggravated crimes like murder committed by an inmate with a life sentence. The penalty must be assessed by a jury and must be reviewed in each case by a 3-judge panel at the state Supreme Court

Mondale

- Opposes death penalty in the absence of evidence that it deters crime.

III. Crime

Carter

Mondale

1. Best way to reduce crime is to reduce unemployment and have a criminal justice system which delivers swift and firm punishment.

Same.

IV. S. 1 (Criminal Justice Reform Act of 1976)

Carter

Mondale

1. Opposes S. 1.

Same.

V. Judicial Reform

Carter

Mondale

1. Supports strong appointed independent Attorney General and highly qualified and independent judges.

Same.

2. Independent blue ribbon judicial selection committees should be established to give recommendations to the President of the most qualified persons available for positions when vacancies occur.

Same (?)

VI. Labor

Carter

Mondale

1. As President, would approve legislation to repeal Section 14-b of the Taft-Hartley Act.

Same.

2. Generally believes in strong, effective, responsible unions.

Same.

VII. National Health Insurance

Carter

1. Supports comprehensive National Health Insurance, but (a) wants to phase it in for children, the poor, etc., (b) give insurance companies a chance to play a role, and (c) place more emphasis on preventive medicine.

Mondale

Same (is co-sponsor of S. 3, the Kennedy bill).

VIII. Unemployment Compensation

Carter

1. As Governor, he devised a law eliminating the waiting period when a worker was laid off.

2. No position stated.

Mondale

Same. Introduced S. 2079 in Senate which provides for no waiting period when a worker is laid off.

Supports a federal benefits standard.

BRIEFING -- TOUGH QUESTIONS

Mondale is Too Liberal for the South

As people get to know me and look at my record, they will find that it is moderate and pragmatic. In the Senate I find I have been able to work very closely with Members from the South on virtually every aspect of national policy. The main issue in this election has nothing to do with labels or stereotypes. It is this: Our government and our country desperately need strong new leadership. Jimmy Carter is a good and decent man. He will make a great President. The people know that and that's why the South is going to overwhelmingly elect him to be the next President of the United States.

Defense Spending

My record shows that I have always supported a strong defense -- and worked to make our defense as efficient as possible. I've voted to cut Pentagon waste, but I have been careful to examine each program thoroughly. We're going to work to trim waste, but we're not going to sacrifice our defense.

/NOTE: Would not talk about your position on Budget, or be very specific, because that gets you into hard-to-explain inconsistency with the Carter-Democratic platform position in favor of \$5-\$7 billion in cuts.

Abortion

I personally have serious problems with the idea of abortion. I cannot support a constitutional amendment, but I have the deepest respect for those who do, and I do not think their concerns can be dismissed or

ignored. I've worked for many years to limit resort to abortion by encouraging alternatives such as counseling, voluntary family planning, and improved adoption procedures. I fully support Governor Carter's call for a national effort along these lines.

Coastal Zone Management

(Note: On Thursday the Democratic South Carolina legislature sustained the Republican Governor's veto of a bill which would permit South Carolina to take part in the Federal Coastal Zone Management Program.)

I supported Fritz Hollings' effort to secure passage of the Federal Coastal Zone Management Law. This measure was specifically designed to give States the right to decide whether or not they want to take part in the program. I believe the program is a good one. I am not aware of all of the impacts here in South Carolina, and I wouldn't try to say what this State should do.

Gun Control

I have always opposed measures calling for the confiscation of handguns and requiring licensing and registration of long guns. I do however favor a ban on the sale of "Saturday Night Specials," and prohibition of ownership by convicted criminals, minors and those who are not mentally competent. I support national registration only of handguns.7

Child and Family Services

I sponsored a child and family services bill that has been viciously attacked in a campaign of leaflets that contain fraudulent propaganda.

Unfortunately, these leaflets are not signed so it is impossible to find out who is behind them and hold that individual or group responsible for the contents. My bill is supported by a wide range of civic and religious organizations including the U.S. Catholic Conference, the United Methodist Church, the Baptist Joint Committee on Public Affairs, the PTA, the League of Women Voters, and the American Home Economic Association. Our objective is simply to do something to permit quality care on a voluntary basis for children of millions of American families where parents have to work. (Hollings is a sponsor.)

Energy

The present Administration has no energy policy and following the fiasco of Project Independence they have given up trying to develop one.

I believe the United States must get down to work, on its own and in cooperation with other consuming countries, to establish our independence from the OPEC cartel.

To achieve this goal, we've got to have a strong competitive and healthy private energy industry. I believe strongly in free market prices. But so long as world energy prices are dictated by OPEC, the U.S. Government should act as a consumer watchdog.

* * *

With respect to de-regulation of natural gas prices, the point is that we need a resolution of this issue, and the Administration, quite frankly is not working to do that. I have opposed de-regulation. Governor Carter

supports phased de-regulation. I expect I'll be reviewing my position.

* * *

In the past I have voted for vertical divestiture, but I recognize that there are problems with this approach not only in the South but even in my own state of Minnesota (where pipelines must be built soon and only our refineries can do the job in time). These problems are potentially serious, and they deserve thorough review.

Death Penalty

I've opposed the death penalty in the absence of evidence that it deters crime. I am reviewing Governor Carter's position on the death penalty for aggravated crimes (like the killing of a guard by a life prisoner) which strikes me as a highly responsible one in light of the new court decision.

Busing

I have never supported requiring racial balance. I have only opposed amendments attempting to interfere with the duty of the courts to interpret the Constitution -- and I am convinced that these amendments would be held unconstitutional even if they were adopted.

I believe that government leadership could do much to help local communities and the courts work out locally acceptable solutions. Presidents who have tried to make political mileage, instead of trying to help, have made a difficult job almost impossible. Southern communities should be proud of their leadership in a tremendously difficult period.

Farm Policy

I've always supported a decent floor under farm income so that farmers can earn a fair price. I've worked hard to liberalize the estate-tax law

so that farmers can be assured that their families will be able to inherit their property. I think we should improve both the level and term of the loan programs. Right now, we have a President who urges farmers to plant all out, yet four times in the last three years he has cut them off from their export markets with embargoes. We need a stable, sensible farm program.

Tax Reform - IDS

I do not believe that my sponsorship of the face-amount certificate amendment is inconsistent with my position on tax reform. This amendment would simply prevent a change in the treatment of bonds generally held by moderate-income Americans. I have always made it clear that, because this amendment prevents an effective tax increase on the small investor holding these bonds, it also helps the Minnesota corporation which sells the bonds.

I believe that my record on tax reform is a good one. For example, I am one of the primary sponsors of a package of amendments that seek to provide more significant tax reforms in the Tax Reform Act of 1976, which is now pending in the Senate. These amendments include provisions that would curb the use of tax shelters, reduce tax avoidance by high-income individuals and corporations, and reduce the tax incentives that encourage U.S. companies to locate plants overseas. The tax reform battle has been difficult, but I am determined to continue my efforts to make the tax laws more equitable.

Food Stamps

I recognize that there have been abuses under the food stamp program. Where problems like this exist, I believe strongly that we must correct them.

That's why I supported the Talmadge-Dole bill to eliminate abuses that have been uncovered.

Right to Work


I do not favor right to work laws.

Welfare Abuses

The present welfare system is too often a morass of red tape. Too often the working poor are penalized, families are divided, and too often abuses go uncorrected. Welfare reform will be one of the first objectives of the Carter-Mondale administration.

Foreign Aid

I've supported our foreign aid efforts not only for humanitarian reasons but because they can be an investment in peace in many troubled areas, such as the Middle East. Yet too often our foreign-aid dollars have been carelessly and badly invested. I agree with Governor Carter that we must stop taxing the poor in this country to help the rich in poor countries. What we need is not giveaway programs but new leadership that can coordinate aid, trade, and monetary policy to create a healthier world economic climate.



DIEGO GARCIA:

MONDALE POSITION:

While you never made a public statement on a major expansion of the US base on Diego Garcia, in the Indian Ocean, you did support a resolution sponsored by Senator Mansfield, S. Res. 160 which questioned the desirability of such construction at that time, in the absence of any steps by the Government to avoid a naval arms race and superpower confrontation in the Indian Ocean. Aside from the lack of any diplomatic initiative to achieve with the Soviet Union a mutual military restraint, are the additional issues of the means used to remove citizens from the Island, and the call by the Littoral nations of that area not to make the Indian Ocean a subject of great power rivalry.

During consideration of the State Department authorization bill in September 1975, Senator Culver's amendment to require a report from the President on the history of US involvement with former inhabitants of the Island of Diego Garcia was adopted.

You supported another Culver Amendment to the Military Construction Authorization calling for the withholding of spending funds until July 1, 1976 so that negotiations could be attempted with the Soviet Union on the question of mutual arms restraint and limitations in the Indian Ocean. That time period was eventually changed to April 15 instead of July 1.

CARTER'S POSITION:

No stated position.

BINARY CHEMICAL WEAPONS:

Mondale Position:

Supported a Gary Hart bill that would put a total freeze on research, development or production of lethal chemical weapons, but allows the Defense Department to keep its current chemical deterrent stockpile and to acquire the lethal chemicals needed to develop more effective protective equipment.

Although the Defense Department stated that Binary weapons were safer, the facility with which such weapons could be deployed, and their availability to terrorist organizations, made them more dangerous.

Finally attached to Military Authorization Bill last year. This year no funds were requested for lethal chemicals. All R&D funds were deleted this year.

CARTER POSITION:

No statement available.

CHILE:

MONDALE POSITION:

You have been a constant critic of the physical repression and abuse that has taken place under the Pinochet regime since 1973. Since 1974, you have strongly supported every effort to insure that no military assistance goes from the United States to Chile where it may be used against the very people its supposed to protect.

In early 1975 you, and five other Senate colleagues, sent a letter to Secretary Kissinger urging that he not visit Chile on a tour of Latin America. While supporting the need for improving hemispheric relations your expressed deep reservations over whether such a visit would inevitably give the appearance of the Administration's endorsement to a regime which had been the object of universal contempt for its violations of human rights. Secretary Kissinger did not visit Chile at that time. You were also supportive of the Paris Club's 1975 decision to refuse to renegotiate Chile's foreign debt as an impressive example of indignation being shown to Chilean abuses. You have also emphasized great concern over "quite diplomacy" exercised by the Department of State fearing that such "rebuttals" were not sufficient in making known to the Pinochet regime the deep revulsion of American citizens to the terror tactics employed against the Chilean people.

Recently, you supported Senator Kennedy's amendment to the Foreign Military Sales bill, S. 2662, which would have prohibited through license, sales or grants military equipment or assistance of any type to the Chilean junta. In June, you

joined on a letter to Secretary Kissinger urging that he not attend a General Assembly meeting of the Organization of American States in Santiago, for fear of giving an air of legitimization to the Junta -- in view of the fact that there remain 4,000 political detainees. You then cosponsored a Congressional Conference on "Human Rights and National Security" which discussed the abuses of human freedoms by Chile, Korea and the Soviet Union.

On a more personal level, you have tried to determine the whereabouts of Chileans who have "disappeared" and are feared to have been killed by the Junta.

During your work on the Select Committee on Intelligence, you took the initiative to see that shameful US intervention in Chile was brought to light.

CARTER'S POSITION:

Governor Carter feels that this country should not try to continue propping up military dictatorships and those that are completely at odds with our concept of government.

COMMENT:

His very strong feelings in this area reflect yours completely.

KOREA

MONDALE POSITION:

I have not taken a position with regard to the troop level situation on the Korean Peninsula.

Generally, I have expressed deep concern over supplying dictators with military assistance and supported an amendment to the 1974 Foreign Assistance Act to terminate military assistance to military dictatorships or authoritarian governments. This amendment was defeated.

In light of the continuing abuses of human freedoms in South Korea, I joined with 120 colleagues in signing a letter to President Ford over the continuing suppression of Koreans who urge progress toward restoration of democracy in South Korea. The letter underscores the increasing difficulty in justifying military support for South Korea to constituents.

CARTER'S POSITION:

In March of this year, he suggested a withdrawal of both nuclear weapons and US troops. At that time, he stated he would not act rashly and would make sure that Japan knew what the US was doing -- showing to them our firm commitment. However, in a recent speech Governor Carter said he believed that a withdrawal of our ground forces "will be possible" over a time span to be determined in consultation with Korea and Japan. At the same time, it should be made clear that Korea's repressive tactics are repugnant and undermines support for our commitment there.

CYPRUS:GREECE:TURKEY

MONDALE POSITION:

Since the Turkish invasion of Cyprus, I have been a strong supporter of a settlement on Cyprus that will provide for a peaceful resolution of the problems existing on that island that will take into account both the majority and minority interests.

ACTIONS:

Since 1974, I supported cutting-off all arms assistance to Turkey because of its illegal use of US supplied weapons. I questioned the wisdom of granting arms assistance to Turkey in light of that country's continuing inability to show needed flexibility in helping to reach a just settlement that will allow the return of the refugees to their homes, and insure Cyprus' independence, sovereignty and territorial integrity. I take strong exception to supplying arms assistance to Turkey as an incentive to negotiate more fairly.

On the Turkish-US Base Agreement, I have made it clear that I previously have not supported the Administration efforts to provide arms to Turkey and in considering any request for assistance, would weigh very heavily any steps taken by Turkey to alleviate the unfortunate situation that persists on Cyprus to this day.

In relation to the dislocation of Cyprus' economy and the continuing human suffering, I supported maintaining humanitarian funding at the \$25 million level rather than reducing it to the Administration figure of \$10 million.

CARTER POSITION:

No stated position.

ISSUES MEMORANDA

ENERGY

A. Pricing.

oil -- there is no major difference between the Carter and Mondale positions on the need for continuation of oil price controls. Carter has said that U.S. oil prices should be kept beneath OPEC levels. WFM has argued that U.S. consumers should not be forced to pay cartel prices.

natural gas.-- Governor Carter has advocated decontrol of new natural gas over a 5-year trial period, while WFM has urged continued regulation of natural gas prices. Leading members of the Senate including Hollings and Stevenson have cosponsored a compromise natural gas deregulation bill which would maintain a ceiling of \$1.60 on the price of new natural gas-- roughly equal to the current ~~fixed~~ equivalent price for oil on a BTU basis. Senator Mondale has not taken a position on this bill. Earlier he voted for a scaled-down Tunney decontrol amendment as a substitute for a broader Pearson-Bentsen deregulation amendment, but following its adoption he voted against final passage of the bill. WFM has not wavered from the public position that deregulation of natural gas would be harmful to consumers.

B. Divestiture

Governor Carter qualifies his position on divestiture by saying that he would favor restrictions on the right of a single company to own all phases of production and distribution of oil if such restrictions are in the consumer interest. His position is similar with respect to horizontal ownership of alternative sources of energy such as coal and natural gas. WFM, on the other hand, voted for a strict vertical divestiture proposal (amdt. to S.632, fall 1975). However, practical problems have been revealed in connection with a similar divestiture bill that was recently reported by the Senate Judiciary Committee (e.g. the bill would prevent not only majors but also most independents from building pipelines, creating a major potential problem for their Northern Tier States who must have a pipeline by early 1979 at the latest and must rely on refineries to finance it. The prohibitions in the Senate bill could be avoided if the pipeline is built in Canada, nevertheless, in principle there is little doubt that immediate and strict divestiture could cause major problems for a number of regions in the United States that will require major short-term pipeline expansion.

C. General Policy

No other important differences are immediately apparent between the Carter and Mondale positions on energy policy. Carter's conservation rhetoric is somewhat stronger than Mondale's recent statements. Mr. Carter has suggested that tough economic sanctions (which have been interpreted to include a possible food embargo) should be implemented in the event of any future oil embargo. WFM initially advanced, then suspended talk of a possible food embargo in late '73 and early '74. To limit U.S. dependence on oil imports Carter has suggested that quotas and allocation be

implemented if conservation efforts and alternative source development are insufficient. WFM has taken a lower-key approach in recent months, in large part because of his concern to promote economic recovery. Similarly, Carter has endorsed the idea of placing oil importation under government authority with auctioning of purchase rights among U.S. companies. Mondale has kept at arms length from this proposal in large part because of criticism by economists that centralization of U.S. purchasing authority might encourage OPEC to centralize selling rights, thereby reducing competition among OPEC members.

ENVIRONMENT

Both Carter and Mondale have strongly supported tough air and water pollution control laws, preservation of wild and scenic rivers and government preservation of critical wildlife and natural areas. Both support the strip mining bill. Based on prepared position papers there is no apparent disagreement. However, Governor Carter's transportation policy statement raises major questions concerning his views on Lock and Dam 26.

BUREAUCRACY AND GOVERNMENT INEFFICIENCY

There is no apparent conflict in the Carter and Mondale positions on restructuring and streamlining the bureaucracy to reduce costs and improve efficiency. However, WFM vehemently opposed the Nixon plan for consolidation of agencies such as merging USDA with the Department of Commerce. I believe that the Senator's position can be defended as being consistent with the general statements made by Carter on the grounds that the Nixon plan was designed to increase the dominance of big business over small and would have destroyed the only agencies that now serve the needs of rural America. This is not Governor Carter's intention.

Stevenson lib?

July 21, 1976

TAX ISSUES

SET FORTH BELOW IS A COMPARISON OF THE TAX POSITIONS ADVANCED BY GOVERNOR CARTER, SENATOR MONDALE AND THE NATIONAL DEMOCRATIC PLATFORM FOR 1976, RESPECTIVELY.

AREAS OF APPARENT AGREEMENT.

(1) Minimum Tax.

Carter -- has been critical of the fact that "oil companies pay less than 5% on their earnings while employees of the company pay at least three times this rate ... and many (individuals) pay no taxes on incomes of more than \$100,000."

Mondale -- has been the Senate's primary proponent during this session of a tough minimum tax for both individuals and corporations.

Platform -- calls for a strengthening of the tax laws "so that high income citizens pay a reasonable tax on all economic income." Also calls for a redistribution of the tax burden that has been shifted from corporations to individuals.

(2) Foreign Source Income.

Carter -- favors a reduction or elimination of tax benefits that induce U.S. corporations to place plants overseas. The two main issues in the foreign tax area are "foreign tax deferral" which permits a domestic parent corporation to defer taxation on the unrepatriated earnings of foreign subsidiaries, and the "foreign tax credit" which permits a U.S. taxpayer to offset foreign taxes paid against U.S. tax liability. The implication of Carter's statement is that he would eliminate deferral; his brief statement is consistent with the retention of the foreign tax credit, a provision generally regarded as being a neutral factor with respect to the location of corporate operations.

Mondale -- during this session, has joined a tax reform coalition that called for a five-year phase out of deferral. In the Finance Committee, Mondale voted against repeal of the foreign tax credit.

Platform -- would seek to "end abuses in the tax treatment of income from foreign sources; such as special tax treatment and incentives for multinational

corporations that drain jobs and capital from the American economy." This statement would most certainly call for the elimination of deferral, but the platform position on the foreign tax credit is ambiguous.

(3) Tax Shelters.

Carter -- has provided few specifics regarding tax shelters, but has called for a simplified tax structure that ensures that everyone pay his fair share of taxes.

Mondale -- has supported, during this session, proposals such as the LAL (limitation on artificial loss) proposals that would substantially curb the tax shelter abuse.

Platform -- provides for the reduction of "the use of unjustified tax shelters in such areas as oil and gas, tax-loss farming, real estate and movies." These areas are among those covered by the LAL provisions which Mondale has supported.

(4) Expense Account Deductions.

Carter -- has criticized the fact that "a business executive can charge off a \$50 luncheon on a tax return and a truck driver cannot deduct his \$1.50 sandwich."

Mondale -- during this session, has supported proposals that limit the business deductions for attendance at foreign conventions and home expenses. Presumably, both Carter and Mondale would recognize the conceptual validity of using business expenses to reduce the business income subject to taxation; however, both would presumably support efforts to eliminate extravagant business deductions.

Platform -- states that "we will curb expense account deductions."

(5) IRS Procedures.

Carter -- has not specifically addressed himself to this area.

Mondale -- during this session, has supported provisions in the Tax Reform bill that would provide more protection for taxpayers against oppressive IRS procedures.

Platform -- pledges to "protect the rights of all taxpayers against oppressive procedures, harassment and invasions of privacy by the Internal Revenue Service. "

AREAS OF APPARENT DISAGREEMENT

(1) Taxation of Capital Gains.

Carter -- has stated that he favors a "simplified tax system which treats all income the same. " In a Fortune magazine interview, Carter specifically stated that he favors taxing capital gains the same as other forms of income.

Mondale -- during a June 24, 1976 floor debate on Mondale's minimum tax amendment, Senator Stone asked: "Does the Senator believe that there is a basic difference between ordinary earnings and capital gains?" Mondale's response was: "Always, yes, and I have always supported that."

To reconcile the apparent difference between the Carter and Mondale positions, one may wish to note that Mondale has proposed minimum tax amendments that would substantially reduce the beneficial tax treatment given to capital gains. Moreover, it should be noted that such a sweeping change as the elimination of the preferential capital gains rate is difficult to achieve as an isolated reform. As Carter has noted, "A piecemeal approach to change will not work." In the event that the Tax Code is fundamentally changed, the tax treatment of capital gains would certainly be an area that should be carefully examined.

Platform -- does not mention capital gains taxation.

(2) Tax Cuts for 1976.

Carter -- in a Jan. 26, 1976 position paper, Carter stated:

"I do not favor a tax cut for 1976. I believe most American people would much rather see some control over excessive spending (as would be ensured by zero-based budgeting technique) than to have a tax cut at this time with deficits in the neighborhood of \$70 billion."

Mondale -- favored an extension of the 1975 tax cuts into 1976 so that individual withholding rates would remain constant. Mondale also favors an extension

through 1977 of these tax cuts for both individuals and corporations. Of course, it can be argued that Mondale did not really advocate a tax cut for 1976 in relation to the 1975 cuts; the action taken by Congress, with Mondale's support, was necessary to maintain the reduced withholding rates that began on May 1, 1975 after passage of the 1976 Tax Reduction Act.

Platform -- takes no position with respect to tax cuts.

AMBIGUOUS AREAS.

(1) Integration of Corporate and Individual Income Taxes.

Carter -- has stated that he wants "to tax income only once." In response to a question, he suggested that he favors elimination of the double taxation of corporate earnings -- once at the corporate level and again when dividends are distributed to shareholders.

Mondale -- Even though Mondale has been an advocate for a strong minimum tax on corporations, this position is not necessarily inconsistent with the Carter view. Integration of individual and corporate taxes is viewed as desirable by many tax reformers. However, the revenue impact of such a proposal and considerations of tax equity demand that integration be adopted only in the context of comprehensive tax reform. Until such comprehensive reform takes place, it is reasonable to demand that the corporate tax burden be distributed fairly among all corporate taxpayers; a minimum tax is addressed to that objective.

Platform -- does not mention integration of corporate and individual taxes. However, the platform does call for "a reappraisal of the appropriate sources of federal revenues." In this regard, the platform document notes the dramatic shift in tax burden from corporations to individuals -- a statement that can be read, at least on the surface, as being inconsistent with the Carter position.

(2) Estate Taxation.

Carter -- has provided no general position with respect to estate taxation, and has indicated that he has not yet decided what should be the appropriate tax treatment of accrued capital gains at death.

Mondale -- has been a strong proponent of increasing the estate tax exemption (or providing a substantial estate tax credit), especially to reduce estate tax burdens on farms and small businesses. Mondale has made no public statement with respect to his current position on the "capital gains at death" issue.

Platform -- the platform provides as follows:

"We will overhaul federal estate and gift taxes to provide an effective and equitable structure to promote tax justice and alleviate some of the legitimate problems faced by farmers, small businessmen and women and others who would otherwise be forced to liquidate assets in order to pay the tax."

This statement would appear to advocate estate tax relief that is focused on farmers and small businessmen, rather than providing an across-the-board increase in the estate tax exemption.

(3) Tax Discrimination on the Basis of Sex or Martial Status.

Carter -- has apparently made no specific public statement on this issue.

Mondale -- although Mondale voted in favor of an alternative tax credit equal to 2% of the first \$9,000 of taxable income -- a proposal that provides substantial tax relief for single taxpayers-- his support for the per capita credit (now \$35) and sponsorship of a higher education tax credit may be viewed by some as proposals that discriminate against single taxpayers. His support for the child care credit is a significant recognition of the fact that the tax laws should reflect the legitimate expenses incurred by women, as well as men, in order to be employed.

Platform -- calls for the elimination of "tax inequities that adversely affect individuals on the basis of sex or martial status.

(4) Tax Policy and Housing.

Carter -- stated in January 1976:

"We must undertake a comprehensive review of the hidden ways in which our tax laws influence housing policy. Deductible mortgage interest and property taxes benefit upper and middle income homeowners in the amount of \$11 billion, while total Federal expenditures for subsidized housing amount to

approximately \$2 billion. We must concentrate on restoring and conserving existing neighborhoods as well as building new ones."

In a May 1976 statement, he elaborated upon the mortgage interest issue:

"I haven't ever said I would keep it as an income tax deduction. I've said I would keep the same amount of incentive for home ownership, or more."

Mondale -- Mondale has supported the use of tax incentives to develop low and moderate income housing and to encourage the rehabilitation of existing multi-family dwellings. For example, his recent minimum tax amendment provided for a deferral of the effective date for tax preferences affecting government-subsidized low and moderate income housing (specifically, the construction period interest and excess investment interest tax preferences) and has supported a limited extension of the special rapid amortization provisions for rehabilitation expenditures with respect to multi-family dwellings. However, Mondale's position has been that such tax incentives should be replaced ultimately by more adequate direct government subsidies.

No public position has been taken with respect to the deduction for home mortgage interest.

Platform -- No direct references made to the impact of tax policy on housing. Yet, the platform document does observe that "tax policies and other indirect subsidies have promoted deterioration of cities and regions." This statement reflects, in part, the tendency of tax shelter investments to encourage new construction (often in the suburbs) at the expense of rehabilitating existing urban structures.

(5) Tax Incentives for Business.

Carter -- has spoken of the need for a simplified tax structure, stripped of many special deductions and other tax preferences. It is unclear to what extent business tax incentives would play a legitimate role in such a revised code.

Mondale -- has supported a "permanent" 10% investment tax credit to encourage business investment in capital assets on the grounds that this incentive has proved to be the most efficient tax incentive for capital formation. At the same time, he has taken the position that the Internal Revenue Code is not usually the most effective vehicle for encouraging desired forms of behavior.



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