

Platform -- the platform document states:

"We will eliminate unnecessary and ineffective tax provisions to business and substitute effective incentives to encourage small business and capital formation in all businesses. Our commitment to full employment and sustained purchasing power will also provide a strong incentive for capital formation."

(6) Tax Policy and Charitable Giving.

Carter -- has stated that "basic tax reform proposals should give proper consideration to the role of private philanthropy in education."

Mondale -- under the minimum tax amendment adopted by the Finance Committee, the Mondale proposal, and the provision ultimately accepted on the Senate floor, a tax preference item was included for all itemized deductions (except extraordinary medical expenses and casualty losses) exceeding 60% of adjusted gross income. Since charitable deductions are itemized, the inclusion of such a tax preference arguably impairs charitable giving. Even though the charities have provided no extensive opposition to the minimum tax provisions considered by the Senate, Senator Curtis did propose that charitable deductions be excluded from the tax preference. The Curtis proposal was defeated by a vote of 29 to 56, and Mondale voted against the Curtis amendment.

Mondale has supported provisions, contained in the tax reform bill, that would enable private foundations to operate more effectively.

Platform -- contains no specific reference to charitable givings.

(7) Social Security Taxation

Carter -- has apparently made no specific statement with respect to social security taxes.

Mondale -- has opposed President Ford's proposal to increase the rate of social security tax on employees and employers. For the short run, Mondale feels that social security taxes need not be increased. For the long term, an increase in the wage base or the use of general revenues would be preferable to an increase in the social security tax rate.

Platform -- the platform document states as follows:

"The Ford Administration's unwise and unfair proposal to raise the regressive social security tax gives new urgency to the Democratic Party's goal of redistributing the burden of the social security to tax by raising the wage base for earnings subject to the tax with effective exemptions and deductions to ease the impact on low income workers and two-earner families. Further revision in the social security program will be required so that women are treated as individuals."

(8) Corporate Reorganizations,

Carter -- has made no specific statements regarding those sections of the Internal Revenue Code that permit corporations to be merged or otherwise reorganized tax-free. However, he has called for a simplified tax code, and the reorganization sections are among the most complex in the tax laws. Moreover, his stated goal of integrating corporate and individual taxes will require a careful re-examination of all corporate tax rules, including reorganizations,

Mondale -- has taken no public position on this question. There is no reason to suspect that his goals in this area would differ from Carter's. This staff recommends that he not interpret the platform statement (infra) to mean that the tax-free treatment of all corporate reorganizations be eliminated. Under the present tax structure, the general concept of tax-free reorganizations has merit; yet, refinements can be made to eliminate abuses. If corporate and individual taxes are integrated, a thorough re-examination of the reorganization provisions should be undertaken,

Platform -- states that "we will seek and eliminate provisions that encourage uneconomic corporate merges and acquisitions."

X

Revenue Sharing

Carter

Carter has proposed to extend Revenue Sharing for five years with an increase in the annual funding level to compensate for inflation and with enforcement of the civil rights provisions. He believes that all Revenue Sharing funds should go to the cities and that localities should be allowed to use these funds fo defraying the costs of health, social services and education.

Mondale

You are a cosponsor of the Administration's bill which would, in the main, continue the present program. You have spoken before the Senate and before State and local officials that you do not favor major changes in the distribution process.

Science and Technology

Carter

Carter has proposed that the Office of Science Adviser to the President be upgraded.

Mondale

You were a cosponsor of the Science Advisor bill which accomplished this.

You are also a prime sponsor in the Senate of the NSF authorization bill for FY 1977. It provides for an \$832.4 million authorization.

Consumers

Carter

Carter wants to establish "a strong nationwide program of consumer education".

He would also establish a consumer protection agency.

He would institute an "all-inclusive sunshine law". The law would not pertain to narrowly defined national security issues, to unproven charges similar to grand jury proceedings, and to cases where preliminary knowledge might cause damage to the economy.

He would toughen control over lobbyists.

Mondale

You have supported the creation of a Consumer Protection agency.

You were a sponsor of the Federal Meat Inspection Act.

You supported the Mortgage Disclosure Act, and the truth in lending legislation.

You were directly involved in the Auto Safety Recall Act.

x

SMALL BUSINESS

Carter has outlined no specific positions regarding small business. I think that you can point to the accomplishments of the Small Business Committee during your term as solid evidence that you have supported the concerns of small businessmen. I am working with the staff of the Small Business Committee to develop more extensive issue briefs in this area and to document the inadequacies of the Ford Administration.

ESTATE AND GIFT TAX

As a result of your efforts, the Senate Finance Committee adopted legislation that would more than double the current exemption of \$ 60,000 to \$ 130,000, effective January 1, 1977. A tax credit of \$ 30,000 would be substituted for this higher level of exemption, since a credit is a more progressive tax feature. This credit would be increased over the next four years to a level of \$ 50,000 which is the equivalent of a \$ 200,000 exemption.

The Finance Committee measure also increases the marital deduction for small and medium-sized estates, extends the time for repayment of the taxes to 15 years, and provides that farm land will be valued for estate tax purposes at its use as farm land.

CORPORATE TAX REFORM

The 1975 Small Business Amendments to the Tax Reduction Act provided significant benefits to small businesses. They lowered the tax rates on the first \$ 25,000 of corporate income to 20 percent and the next \$ 25,000 of income to 22 percent. These cuts resulted in tax savings of 9 percent on corporate earnings below \$ 25,000 and by 40 percent on earnings between \$ 25,000 and \$ 50,000.

More remains to be done in this area. Studies have shown that small businesses pay an "effective tax rate" of more than twice that of their larger counterparts. The 1976 Annual Report of the Senate Small Business Committee cited figures that small manufacturers with assets under \$ 1 million paid an "effective tax rate" of 51 percent, whereas a group of the largest corporations paid an effective rate of 22 percent in 1974.

The Ford Administration's priorities are clear from their proposal to reduce corporate taxes by an across-the-board reduction from 48 percent to 46 percent. By Simon's own testimony before the Finance Committee, 81 percent of the benefits from the Ford proposal go to the largest 1.3 percent of the corporations and 62 percent go to the largest 0.2 percent.

PAPERWORK

Agencies of the executive branch currently require small businesses to file ten billion sheets of paper per year on over 6,000 different forms. The cost to all business of meeting the reporting requirements of government at all levels is estimated at \$ 20 billion by the Federal Paperwork Commission. It costs government another \$ 20 billion to process and store these reports.

You can make the argument that most of these reporting requirements have been established by the executive agencies. They are time-consuming, costly, redundant, and often unnecessary to the implementation of Congress' legislative intent.

The Small Business Committee has been active in urging various executive departments to reduce the paperwork burdens they impose. The Labor Department and IRS, under pressure from the Committee, have reduced the reporting requirements under the Employment Retirement Security Act, and suspended its requirement of an accountant's opinion on small business plans. This latter action alone will save these small businesses between \$ 500 million and \$ 750 million in additional costs this year.

LACK OF ADMINISTRATION SUPPORT FOR SBA SMALL BUSINESS ASSISTANCE PROGRAMS

For all of its rhetoric, the Ford Administration has failed to support the major small business assistance programs. In constant dollars the obligations incurred by SBA in its major small business loan programs were less in FY 1975 than in FY 1970. And the Administration's budget estimates call for further reductions in the programs' obligations for both fiscal years 1976 and 1977.

A good example of the disastrous effect of these restrictions is the Surety Bond Guarantee program, which you have been instrumental in saving on several occasions. This program provides bond guarantees to small (and often minority) contractors, which they require to stay in business. The Administration has refused to authorize an obligational authority sufficient to meet the additional need for the program, although its additional cost would be only \$ 3 million. As a result, it has faced imminent discontinuation on three occasions in the last year, throwing small business contractors everywhere into a panic and seriously undermining the program's credibility. Only pressure from you and a couple of other concerned Senators has kept the program functioning uninterrupted. This exemplifies the Administration's callous indifference to small business assistance programs.

EDUCATION

CREATION OF A SEPARATE DEPARTMENT OF EDUCATION

You and Carter agree that there should be established a separate Department of Education to strengthen the hand of education at the federal level. You both recommend that this new department consolidate the grant programs, job training, early childhood education, literacy training, and other education functions currently scattered throughout the government.

Note: This proposal to establish a separate Department of Education is strongly supported by the NEA. However, Shankar has expressed his reservations that such a Department would actually improve the administration of education programs and particularly his concern that it would be advanced as a substitute for additional funding for education.

INCREASED FEDERAL SUPPORT FOR PUBLIC EDUCATION

You and Carter agree that the federal government should increase its support for public education beyond its 1974 share of 10 percent of the total. However, Carter has declined to commit himself specifically to the one-third figure advanced by NEA, which you endorsed in your speech before their Miami convention.

USE OF REVENUE SHARING FUNDS FOR EDUCATION

As you know, Carter favors all revenue sharing funds going directly to local governments. This increase would be one prominent source of increased federal funds for public education. He favors removing the present prohibition against local governments' using these funds for education.

COLLECTIVE BARGAINING FOR TEACHERS

Carter supports the right of public employees, including teachers, to organize and bargain collectively. He does not favor prohibiting teachers the right to strike.

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 1965. 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 ^{provided} ~~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 \$3.0 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.

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Carter

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MAJOR PROVISIONS OF THE DEMOCRATIC PLATFORM

ELEMENTARY AND SECONDARY EDUCATION

Strengthen federal support of Title I, ESEA with emphasis on its compensatory education function and improvement of reading and math skills.

Expand federal support for handicapped, bilingual, and early childhood education.

Federally financed, family-centered, child care programs, operated by the public schools or other local organizations, for all who need and desire them.

Increased federal funds to eliminate differences in expenditures for education between school districts.

DESEGREGATION

Continued support for school desegregation. Help through special consultation, matching funds, and incentive grants to encourage integrated education. "Mandatory transportation of students beyond their neighborhoods for the purpose of desegregation remains a judicial tool of the last resort for the purpose of achieving school desegregation." Encourages a variety of other measures, including the redrawing of attendance lines, pairing of schools, use of the "magnet school concept," strong fair housing enforcement, and other techniques for the achievement of racial and economic integration.

TAX CREDIT FOR PRIVATE SCHOOLS

Support of a constitutionally acceptable method of providing tax aid for parents who wish to send their children to non-segregated private schools.

POSTSECONDARY EDUCATION

Commitment to extend postsecondary opportunities for students from low and middle income families through full funding for BLOG and support for the campus-based grant, loan, and work-study programs to provide choice.

Federal support to postsecondary institutions through cost-of-education payments.

Federal support for basic and applied research, graduate education, traineeships, and fellowships.

X

Consumers

Carter

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x

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

Mondale

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.

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 interest record

II. Death Penalty

Carter

Mondale

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 of the state Supreme Court

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.

X

SMALL BUSINESS

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Note: This proposal to establish a separate Department of Education is strongly supported by the NEA. However, Shankar has expressed his reservations that such a Department would actually improve the administration of education programs and particularly his concern that it would be advanced as a substitute for additional funding for education.

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COLLECTIVE BARGAINING FOR TEACHERS

Carter supports the right of public employees, including teachers, to organize and bargain collectively. He does not favor prohibiting teachers the right to strike.

EXPANDED VOCATIONAL AND CAREER EDUCATION PROGRAMS

One of Carter's major proposals in education is for increased emphasis on career and vocational education programs. He cites statistics that 750,000 untrained youths enter the unemployment pool annually, and that by 1980 80% of all jobs are expected to require education beyond high school but less than a four year degree.

HANDICAPPED EDUCATION

You and Carter agree that programs for the handicapped must be significantly expanded in view of the fact that only half of the six million school-aged handicapped children are receiving the attention they need.

BUSING

Carter has stated that "the best thing that ever happened to the south in my lifetime was the passage of the Civil Rights Acts and complete integration of our schools." He points with pride to the completely integrated public school in Plains which his daughter Amy attends. However, he notes that busing was tried in Atlanta and did not work. "The only kids I have ever seen bused are poor children. I have never seen a rich child bused. The rich parents either move or they put their kids in private schools." He notes that at first it is very important to the black citizens to have the busing order. "But eventually the poor parents, mostly blacks, say 'We don't want our kids bused any more to a distant school,' because these are the very parents who don't have a second car, and if their children get sick in the middle of the day or if they want to go to athletic events, they can't go."

He points to the arrangement that was made for Atlanta during his governorship under the approval of the Court of Appeals.

- (1) Any child who wants to be bused can be bused at public expense.
- (2) The busing must contribute to increased integration. A child cannot be bused away from a school just because it has black children in it.
- (3) Black leaders have to be adequately represented in the decision-making process of a school system at all levels, so that black people will feel "that's my school system." He maintains this condition is lacking in Boston and many other cities.
- (4) No child is bused against the wishes of the child.

He will support Federal Court rulings, even if they run contrary to his own beliefs, and he opposes "reopening the subject" with a constitutional amendment.

I am also attaching a previous summary of the Democratic platform on education.

MEMORANDUM:

TO : SENATOR

FROM : MIKE

SUBJ : CARTER ON ISSUES: AGRICULTURE
TRANSPORTATION
NATIVE AMERICANS

I. AGRICULTURE:

I find no problems with Governor Carter's agricultural policy statements but recommend a few additions.

- a) I would recommend that we add a sentence at the end of the first paragraph so it reads as follows:

The greatest need among those involved in the agricultural economy of this nation is a coherent, predictable and stable government policy relating to farming and the production of food and fiber. As President, I would have signed the "Emergency Farm Act of 1975" which would have increased support prices. I will also propose a major revision of the current disaster aid programs.

- b) I would also recommend that we make one slight change in the Governor's "dairy statement" so that the first paragraph reads as follows:

I favor adequate milk price supports to assure dairy farmers an adequate and reasonable profit and consumers a dependable and reasonably priced supply of dairy products. As President, I would have signed the bill President Ford vetoed raising supports to 85% of parity. Such adjustments are needed to account for higher production costs. If such adjustments are not made, milk prices could rise even more in the coming months as more farmers become discouraged and cut production.

II. Transportation:

- a) Passenger: This is contained in his position paper on "cities." I find Governor Carter's position on urban transportation systems and additional federal assistance wholly consistent with your position.

b) Freight transportation: We just received one transportation position paper and that was on railroad reorganization. It is heavily tilted toward the rails and some of the statements are very questionable. I understand that Alan Boyd, President of Illinois Central-Gulf serves on this task force and that explains much of this policy statement.

The Governor's proposal discusses Amtrak, Conrail, de-regulation and a national reorganization plan. I have no trouble with them. It's in the areas of use, efficiencies and cost benefits I find the greatest problems.

He states that 66% of the grain from the North Central states moves by rail. It does not separate domestic utilization from exports. It does not identify that portion that travels by more than one mode such as truck to barge or rail to barge. And when it comes to cost advantages they leave the Central states and go to Buffalo, New York. It states that Buffalo to Scranton, Pennsylvania by rail is \$7.80 as compared to truck which is \$11 per ton. I checked the published rates and find that it is not \$7.80 but \$12 per ton by the Erie-Lackawanna and \$17 per ton by the Penn Central. It should also be noted that this is not a major producing area and most of the grain coming to Buffalo for processing comes via the Great Lakes.

The statement also makes the claim that rails "enjoy a low per unit operating, pollution and fuel consumption costs." Many studies have been made and only one agrees with this conclusion. That was done by Dr. Sebal and the University of Illinois and it was premised on unit trains and a straight line route for rails as compared to a circuitous route for barges. These are invalid assumptions and studies not making them usually find that barges can haul 400 ton miles per gallon of fuel, trains 200, trucks 75 and airplanes just 4 miles per gallon.

We have also gathered much environmental data on Lock and Dam #26 found that the system of locks and dam will cause problems but barges themselves with adequate precautions are not a major polluter of air or water --- at least major in comparison to the sewage disposal from cities along the river.

The Carter position is very different in tone and substances from your work on Locks and Dam #26. I believe those differences can be resolved if you would suggest a few changes in this statement.

- 1) You should recommend they drop the last sentence in the first paragraph which reads as follows: "In addition, railroads enjoy low per unit operating, pollution, and fuel consumption costs."
- 2) While the first sentence of paragraph 4 is fine, you should recommend that the paragraph reads as follows:

"The problem of transportation services to communities that are to be left without rail service under Conrail makes evident that the problem of railroad reorganization cannot be analyzed in a vacuum but must be treated as one part of a larger transportation problem. We need a national comprehensive transportation policy where the natural efficiencies and advantages of each mode are fully utilized to bring about the most economic, environmentally compatible and functional freight and passenger transportation system."

III. Native Americans: It appears that the Governor has no policy statement on this matter. I know many native American groups will want to see some statements or declarations and I would suggest that we do a little work on this.

X

ISSUES ACCORDING TO LEGISLATIVE
RESPONSIBILITY

BERT

Housing
Busing
Bureaucracy and Government Inefficiency
Urban Policy
 --Grant consolidation
 --Employment
 --Revenue Sharing
 --Welfare Reform
 --Housing
 --Municipal Bonds
 --Municipal Transportation
 --Need to involve private resources
Health

BRAD (Tax Issues)

Minimum Tax
Foreign Source Income
Tax Shelters
Expense Account Deductions
IRS Procedures
Taxation of Capital Gains
Tax Cuts for 1976
Integration of Corporate and Individual Income Taxes
Estate Taxation
Tax Discrimination
Tax Policy and Housing
Tax Incentives for Business
Tax Policy and Charitable Giving
Social Security Taxation

DAVID

B-1 Bomber
ABM
Overseas Troop Deployments
Nuclear Strategy and First Strike Weapons
Diego Garcia
Binary Chemical Weapons
Cambodia/Vietnam
Trident/Nuclear Aircraft Carriers
Treaty Making Powers and War Powers
Chile
Amnesty
Defense Budget
Arms Sales
Korea
Human Rights & Immigration
Cyprus, Greece & Turkey

ELLEN

Abortion
Arts
Child Care
Children and Youth and Families
Education--Lifelong Learning
Women's Issues

GAIL

Energy
 --Pricing
 --Divestiture
 --General Policy
Environment
Bureaucracy and Government Inefficiency

JOHN

Balanced Budget
Non-inflationary Unemployment Rates
Fiscal Policy
Monetary Policy
Housing
Aging
Revenue Sharing
Science and Technology
Consumers

LARRY

Gun Control
Death Penalty
Crime
S. 1
Labor
National Health Insurance
Unemployment Compensation

MARK

Small Business
Estate and Gift Tax
Corporate Tax Reform
Paperwork
SMB Assistance Programs
Creation of Separate Department of Education
Federal Support for Public Education
Revenue Sharing funds for Education
Collective Bargaining for Teachers
Expanded Vocational and Career Education Programs

MARK (continued)

Handicapped Education

Busing

Democratic Platform on Education

MIKE

Agriculture

Transportation

Native Americans

X



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