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LEAGUE OF WOMEN VOTERS
1980 PRESIDENTIAL FORUMS

Candidates for the Republican Nomination

Wednesday
February 20, 1980
8:30 p.m.

Manchester Central High School
Manchester, New Hampshire

Shorthand Reporter:
Robert S. Toth, CSR

Statewide Reporting Service
Certified Shorthand Reporters
Barrington, New Hampshire 03825

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APPEARANCES:

LEAGUE OF WOMEN VOTERS

Ms. Ruth Hinerfeld

MODERATOR:

Howard K. Smith

Congressman John Anderson

Former Governor John Connally

Congressman Philip Crane

Former Congressman George Bush

United States Senator Howard Baker

United States Senior Senator, Robert Dole

Former Governor Ronald Reagan

Eileen Shanahan, Senior Assistant
Managing Editor, Washington Star

Joseph Kraft, Nationally Syndicated
Columnist

1 RUTH HINERFELD: I'm Ruth
2 Hinerfeld, National President of the League of
3 Women Voters. For sixty years, the League of
4 Women Voters has provided the public with non-
5 partisan election information about issues and
6 about candidates. Tonight, here in Manchester,
7 New Hampshire, we proudly continue in that
8 tradition by presenting the first in our series
9 of 1980 Presidential Forums.

10 Our moderator and chief panelist is that
11 distinguished television correspondent, Mr. Howard
12 K. Smith.

13 MR. SMITH: Thank you,
14 Mrs. Hinerfeld, and good evening. The League of
15 Women Voters is pleased to welcome seven candidates
16 for the Republican Presidential Nomination. The
17 candidates are seated on the stage in a sequence
18 that has been determined by a random drawing. They
19 are, from your left to your right, Congressman John
20 Anderson, of Illinois; former Governor John Connally,
21 of Texas; Congressman Philip Crane, of Illinois;
22 former Congressman George Bush, of Texas; the
23 Unites States Senator Howard Baker, of Tennessee;

1 Robert Dole, the senior U. S. Senator from Kansas;
2 former Governor Ronald Reagan, of California.

3 Joining me in questioning the candidates
4 tonight are two distinguished journalists: on my
5 right, Eileen Shanahan, the senior assistant manag-
6 ing editor of the Washington Star; and on my left
7 and your right, Joseph Kraft, the nationally
8 syndicated columnist.

9 The first part of tonight's program will
10 consist of questions from this panel to the candi-
11 dates. In the first part of the forum, the candi-
12 date to whom a question is addressed will have two
13 minutes to respond. The other six candidates will
14 then each have one minute to comment or to react
15 in any way. Later in the forum, the candidates
16 will answer questions from the audience.

17 We would like to ask the auditorium audience
18 not to applaud or to react in any way to questions
19 or to answers or to comments. We would like to
20 note also that the same forum opportunities have
21 been offered to the candidates for the Democratic
22 Party nomination; but so far, they have not seen
23 fit to accept. I would like to ask these candidates

1 who are present, if any questions sound hostile,
2 they are not. They are meant to provoke responses
3 we think the public needs to hear.

4 The first question, I believe, is my own to
5 Congressman John Anderson, of Illinois. Congress-
6 man Anderson, most Republicans now want us to be
7 firm in dealing with the Russians. Yet, in Des
8 Moines, all the candidates but you have opposed
9 cutting off grain to Russia. You joined the others
10 in opposing consideration of a draft, and you
11 especially have opposed defense spending increases.
12 How can we impress the Russians with our firmness
13 when candidates for the Presidency adopt attitudes
14 like those?

15 CONGRESSMAN ANDERSON: First
16 of all, Mr. Smith, on the question of defense
17 spending, of course I have consistently supported
18 the pledge that was made by the President at the
19 Bonn conference in 1978 that there be a three per-
20 cent increase in real terms. It was when, I think
21 in an effort to secure votes in the Senate for
22 SALT II, that he began to talk in terms of percent-
23 ages of five and five and a half percent, without

1 relating those to what I conceived to be really
2 rational programs adding to the defense of the
3 country, but I drew the line.

4 But to answer the broader part of your ques-
5 tion, I think it is important that we use the kind
6 of economic countermeasures, the cutoff of sales
7 of grain, of high technology, that we stop our
8 participation in the Olympics, to notify the Soviet
9 Union of our intention to resist any further
10 adventurism on their part.

11 There is another part of the equation, though,
12 that I think is terribly important. That is that
13 we demonstrate a capacity to deal with our problems
14 here at home. I firmly believe that there is a
15 certain inner strength of America that has to come
16 to the fore in times like these. These are times
17 piled high with difficulties.

18 If you read the President's economic report,
19 the number one problem confronting the nation is
20 not Southwest Asia, even though he once described
21 that as the most dangerous crisis since World War I:
22 he said that it was inflation that was the nation's
23 number one problem. Now, to be sure, that was a

1 domestic report on the economy; but I think to the
2 extent that we do not deal effectively with infla-
3 tion, with lagging productivity, and all of these
4 other problems that make up this whole complex of
5 an economy that today, I think, is performing far
6 worse than it was three years ago when Mr. Carter
7 took office.-- to the extent that we do not deal
8 with those problems, I think we undermine the
9 real strength, the real security of this country.

10 MR. SMITH: Governor Connally,
11 any comment or reaction?

12 GOVERNOR CONNALLY: First, I
13 think the Russians are going to be impressed by
14 things that they treasure, and that is strength.
15 Until we're prepared to rebuild a military strength
16 to this country, I don't think we're going to
17 impress them very much with anything. I certainly
18 think we should use whatever leverage we have,
19 economic leverage we have, to try to bring the
20 Russians to their senses. I think that we should
21 use whatever influence we have in the world to
22 turn the world against the Russians when they've
23 moved in an aggressive manner, as they have against

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Afghanistan; but the thing that's going to be most impressive to the Russians is whether or not we restore some of the support for military capabilities in this country, which we permitted to deteriorate over the years.

In 1970, 7.4 percent of our GNP went to the military. Last year, 4.5 percent. That's not going to impress the Russians, and it won't impress them the next time. I think we have no choice but to make a very, very substantial increase of military appropriations for this country.

MR. SMITH: Mr. Crane?

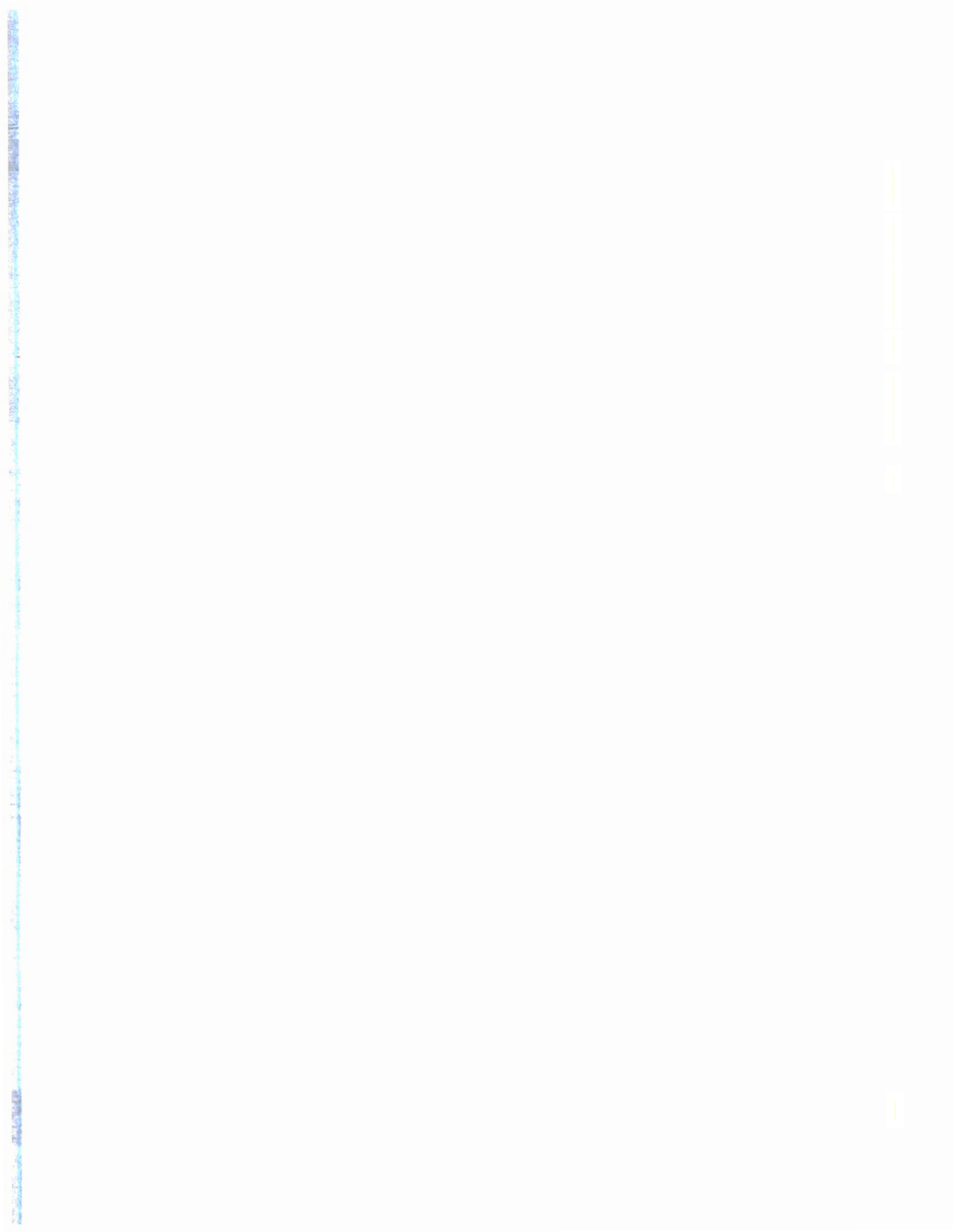
CONGRESSMAN CRANE: A syndicated columnist, Charlie Reese, recently observed that we shouldn't be unduly apprehensive of the Soviets taking over Middle Eastern oil because obviously there is more than they can use, so presumably they would sell the surplus to us. If you don't believe that, then there are some logical questions we ought to ask ourselves about defense. That is, why is it that we're building truck plants for the Soviet Union? Why do we give them sophisticated ball bearing technology? Why did we give

1 them computer technology? Why are we giving them
2 wide-body jet technology and so forth?

3 We've got a schizophrenic policy in effect.
4 I think it jeopardizes our national security
5 interest. If you're going to embargo grain, for
6 goodness sakes, let's embargo everything against
7 the Soviets as a means of driving a lesson home to
8 them. I think we should keep in mind that George
9 Washington gave us the soundest counsel and has
10 been counsel handed down since the ancient Greeks,
11 that those who desire peace should prepare for war.
12 This nation better rebuild its defense capabilities
13 so as to guarantee the security of the United
14 States and peace and freedom world wide.

15 MR. SMITH: Mr. Bush?

16 CONGRESSMAN BUSH: I believe
17 that we should strengthen our defense. I believe
18 that the Soviet Union at this time doesn't want war.
19 I think they are confused by our President. I think
20 they saw him fulfilling a campaign pledge about too
21 many generals, too much defense, coming in, cutting
22 way back on the Ford budget and then waking up
23 three years into his Presidency and saying, "Hey,



1 we can't trust the Soviet Union."

2 My feeling is that we need to restore many
3 of the cuts that he made, add carefully to them,
4 and I believe that strength will deter Soviet
5 aggression. Keep this country strong, and we can
6 have two decades of peace.

7 MR. SMITH: Senator Baker?

8 SENATOR BAKER: Mr. Smith,
9 I don't think the Russians are confused. I think
10 they've had the idea that they have had since
11 World War II; and that is that Uncle Sam is a patsy.
12 I think that the recent actions by President Carter
13 in cutting the B-1 bomber and the delaying of the
14 development of the MX missile, by reducing by 50
15 percent the size of the commitment to a modern
16 American Navy, that they have the impression that
17 we're flirting with some sort of unilateral
18 disarmament.

19 It is my opinion that, if we're going to pros-
20 per in this world, we have got to do what Teddy
21 Roosevelt said: "Walk softly and carry a big
22 stick." President Carter has cut most of that
23 stick into two. It's time that we focus on weapon
systems not just a percentage of an increase in



1 the defense budget; and that's what I would propose
2 to do.

3 MR. SMITH: Senator Dole?

4 SENATOR DOLE: I think first
5 of all, we must recognize that these are symbolic
6 acts. I haven't seen any Soviets leave Afghanistan
7 since all this was announced in December. I think
8 beyond that we need to be very realistic. Since
9 January of 1977, up until January of 1980, we
10 reduced the so-called Ford budget by about
11 \$60 billion insofar as defense is concerned.

12 It seems to me that the obligation is very
13 clear; the American people demand it, the Congress
14 will do it, and I just believe the Republicans have
15 an opportunity. This is our opportunity. Presi-
16 dent Carter has fiddled it away. Despite all the
17 talk about defense spending, we've got to keep our
18 eye on one other thing; that's the meaningful arms
19 limitation agreement. We have got to continue
20 talking to the Soviets because the thought of
21 nuclear war itself is unthinkable.

22 MR. SMITH: Governor Reagan?

23 GOVERNOR REAGAN: Abraham

1 Lincoln once said that those who criticise must
2 have the heart to help. I think that the Repub-
3 lican Party has now found the moment when they
4 must come to the aid of this country. I agree
5 with much of what has been said here.

6 I myself disapproved of the embargo on grain,
7 not because I don't think we should embargo the
8 Soviet Union and keep things from them that would
9 be of help to them, but because it was a kind of
10 symbol; and I think it was for domestic consumption.
11 It actually hurt the American farmer more than it
12 hurt the Soviet Union. I believe that just stating
13 a figure for armament is not the answer to our
14 problems.

15 We have got to send some signals to the
16 Soviet Union that there could be a confrontation
17 down the road if they continue. One of those
18 roads, I would think, could be building what has
19 to be built in weaponry to once again be in a
20 position where the Soviet Union would not dare
21 lift a hand against the United States.

22 MR. SMITH: Thank you, gentle-
23 men. The second question from Ms. Shanahan is to

1 Governor Connally.

2 MS. SHANAHAN: Mr. Connally,
3 many well-informed people in this country believe
4 that what we are actually going to face next from
5 the Russians in the Middle East and Asia is not a
6 clear-cut invasion, but rather a program of sys-
7 tematic infiltration, subversion, attempt at
8 toppling some of the shaky governments in that area,
9 Iran, Pakistan, and maybe Saudi Arabia. How would
10 you, as President, deal with that threat? Will the
11 increased military spending you're talking about
12 really deal with that?

13 GOVERNOR CONNALLY: I think
14 actually that might well be the way the Soviets
15 move. They clearly indicated that they were going
16 to move in the Middle East in April of 1978 when
17 they installed Mohammed Taraki as the first public
18 head of the Afghan government. I think Afghanistan
19 is a way station on their way and their march to
20 the Persian Gulf and the Indian Ocean.

21 I think they have their people in Iran right
22 today. I have always thought that Chotbzadeh was
23 probably a KGB agent. If not, he was at least a

1 Marxist. I think they clearly had a hand in some
2 of the South Yemenites, who went into the City
3 of Mecca and caused a disturbance and occupied the
4 holy shrine there for two weeks -- I think they are
5 clearly stirring up trouble all over the Middle
6 East.

7 I think we have to do two things. I recommended
8 this on October 11th of last year, a month before
9 our embassy was occupied in Teheran. I think we
10 have to establish a very strong military presence
11 in the Middle East. I think we need a permanent
12 Navy, hopefully in the Island of Al Masirah, off
13 the coast of Oman, to guard the Straits of Hormuz.
14 I think we need to put major components of the Air
15 Force in the Middle East and in the Sinai or other
16 fields in the Middle East so that we have the
17 capacity to provide the military stability and
18 the security for all of the Middle East.

19 In addition to that, I think we need to forge
20 a new alliance in the Middle East with Israel; the
21 moderate Arab states; Japan; the countries of
22 Western Europe who have a vital interest, as vital
23 as our own; as well as the United States being a

1 party to that alliance. I don't think there is
2 any question but that that is the most vital, the
3 most viable and the most vulnerable part of the
4 world today; and I think we have to use every
5 resource we have to try to bring about the stability
6 of that region, or the deterioration is going to be
7 disastrous for us.

8 MR. SMITH: Thank you,
9 Governor. Mr. Crane, do you have any comment?

10 CONGRESSMAN CRANE: Yes. I
11 think the first thing the United States must
12 reestablish is its credibility as a reliable and
13 trustworthy ally. The fact of the matter is, during
14 this Carter administration, we have betrayed friends
15 whether you refer to Teheran, where the President
16 unilaterally broke a solemn treaty commitment and
17 sent a telegraphed message to every small country
18 that was an ally of the United States at that time,
19 to pulling the rug out from under the Shah.

20 I'm not making any brief in defense of the
21 Shah; but I can tell you that the world is a vastly
22 more dangerous place, and there is a greater risk of
23 an international confrontation because the Shah is

1 gone than when the Shah was in control and provid-
2 ing a buffer against Soviet penetration, providing
3 oil to the United States and to Israel during the
4 Middle Eastern conflicts and simultaneously
5 guaranteeing us vital, critically important
6 listening posts on the Soviet border.

7 I think in addition to that we should develop
8 a third fleet to patrol the Indian Ocean so that
9 we can maintain a strong and powerful presence in
10 the area.

11 MR. SMITH: Mr. Bush?

12 CONGRESSMAN BUSH: My view is
13 that, short range, we should be supporting Pakistan.
14 We should be working with China. China looks at
15 this as part of an encirclement of them. I look
16 at it as though the Soviet Union, with an energy
17 shortfall in the 80's, is trying to get down to the
18 oil fields.

19 I think the bottom line is this: You do not
20 build a foreign policy on broken commitments or on
21 vacillation. So we have to turn it around, not on
22 the short run, but the longer run, so that opposi-
23 tion forces, particularly the Soviet Union, knows

1 we're going to keep our word. That means we're
2 going to have to strengthen militarily. It means
3 we're going to have to go with the concept of a
4 three-ocean Navy. I don't favor permanent basing
5 of U. S. forces in the Middle East. I do favor
6 utilization of ports that have been offered for
7 reasons of projecting, if necessary, U. S. force.

8 MR. SMITH: Senator Baker?

9 SENATOR BAKER: Ms. Shanahan,
10 I think it's entirely possible that we'll see
11 Soviet infiltration in that region, following on
12 after Afghanistan. I think there may be a greater
13 danger, really; and that is the possibility that
14 you're going to see a Soviet peace offensive this
15 spring, this summer, and that America may once
16 again be lulled into a false sense of security.
17 Many may look back and say, "Well, you know, it
18 really wasn't as bad as we thought. Well, let's
19 abandon all those commitments we made to a stronger
20 Navy and a stronger Air Force and the like." That
21 is the danger I perceive.

22 I hope that we will remember today that the
23 Soviets have always isolated between offensive

1 thrusts and retreat into a peace offensive. I
2 think that we've got to show a foreign policy and
3 a national defense commitment that is characterized
4 by consistency. I think the Carter administration
5 has shown that they've flip-flopped on the foreign
6 policy, and I think that they have led us into the
7 position where the Russians believe they can push
8 on Uncle Sam and he'll never push back.

9 MR. SMITH: Mr. Dole?

10 SENATOR DOLE: First, I think
11 our foreign policy must be bipartisan. We take a
12 look at the past few years, and we find about 12
13 countries who are now alienated from the West; they
14 are tilted toward the Soviets. We find Cuban proxy
15 forces in four other countries. We find three
16 countries solidly in the Russian camp in the past
17 three to four years. We're talking about countries
18 with men under arms of 2 1/2 million or more. So
19 it poses a real threat.

20 I believe we ought to have a presence in
21 Pakistan. We ought to draw the line and say, "This
22 is as far as you go." It ought to be done on a
23 bipartisan basis. We haven't had a bipartisan

1 foreign policy in this country for a number of
2 years. It's in our interest. It's in the interest
3 of the people of New Hampshire, in my State of
4 Kansas. The stakes are very high. Whoever is
5 elected in January has that responsibility, and we
6 can meet it as Republicans.

7 MR. SMITH: Mr. Reagan?

8 GOVERNOR REAGAN: I believe
9 that one of the first things that this country has
10 to do, if we are to preserve freedom and our leader-
11 ship of the free world, is to have a grand strategy,
12 a plan for the decade of the 80's and for beyond
13 that serves our interests and that gives us
14 contingency plans when things like Afghanistan
15 happen. The President destroyed our credibility
16 to a great extent when he told the Soviet Union,
17 with their troops massed on the Afghanistan border,
18 that we would take serious notice and there would
19 be serious consequences if they crossed into
20 Afghanistan.

21 Well, they crossed into Afghanistan. We
22 haven't done anything about it, frankly, because
23 we didn't had the means to do anything about it.

1 My own belief is that, in addition to showing the
2 flag there in the Middle East, to indicate that they
3 might face a confrontation with us, we should have
4 in a plan -- I don't say this option is the only
5 one, but we should have a plan of touching them on
6 soft spots. For example, the suggestion I've made
7 about blockading Cuba---

8 MR. SMITH: Governor, your
9 time is up, I'm afraid.

10 GOVERNOR REAGAN: I've just
11 stopped.

12 MR. SMITH: Mr. Anderson?

13 CONGRESSMAN ANDERSON: Mr.
14 Smith, if indeed we have to fear further penetra-
15 tion and infiltration by the Soviets of Saudi
16 Arabia and Iran, we ought to first stop and think
17 why it is. Why has that become such an attractive
18 target? It is because of our dependence on oil
19 coming from the Persian Gulf, 1.7 million barrels
20 a day.

21 If we want to reduce tensions, therefore, it
22 seems to me logically we ought to first address
23 that problem and try to reduce our dependence.

1 Then secondly, that would make it much easier for
2 us to secure the cooperation of the Japanese, of
3 the West Germans, of the French, of the other
4 nations in the western world and Japan that also
5 have a vital interest in the Persian Gulf, in the
6 Middle East. We ought to be busy working with them
7 right now to create the network of collective
8 security arrangements that would be needed to
9 present a united front to show some solidarity
10 against any further Soviet expansion.

11 MR. SMITH: Thank you, gentle-
12 men. Now, for the next question from Mr. Kraft
13 to Congressman Crane.

14 MR. KRAFT: Mr. Crane, you're
15 known as the conservative's conservative; and you've
16 talked extensively on such issues as gun control
17 and abortion and prayer in schools. Why do you
18 think voters should choose a President on those
19 relatively narrow issues, rather than on such
20 major matters as inflation, energy and foreign
21 policy?

22 CONGRESSMAN CRANE: First of
23 all, those have not been the issues that I have

1 focused this proportion of attention on. Rather,
2 they are part of the package in an attempt to
3 restore an emphasis on some very traditional and
4 basic values. I have, as a matter of fact, cam-
5 paigned first and foremost on the issue of infla-
6 tion from the very first time I ran for Congress in
7 1969, right down to the present day, because it is
8 still the overriding issue which, if left unresolved
9 will lead to the destruction of our economy and,
10 if that occurs, god forbid, the potential destruc-
11 tion of our political institutions as well. But
12 I think those other issues are important moral
13 values that provide the underpinnings that guaran-
14 tees the survival of a humane and free and
15 compassionate society; and I have indeed put stress
16 on them. But I have not been the only one who has
17 put stress on them.

18 As you know, Governor Ed King defeated Michael
19 Dukakis, who had impeccable liberal credentials, in
20 the neighboring state of Massachusetts on precisely
21 those issues. And Massachusetts, the only state
22 that went for George McGovern in 1972, is a state
23 that has most recently restored prayer in the school

1 It's a state also that has a very strong feeling
2 that was manifested in that gubernatorial election
3 on such questions as abortion. It is a state that
4 is right now seeking to restore capital punishment.

5 I think those are issues that are troubling
6 many Americans; and I think we must focus attention
7 on those, just as surely as we concentrate on the
8 question of getting our economy back onto a sound,
9 robust growth track, just as we concentrate simul-
10 taneously on beefing up our defense capabilities to
11 guarantee the security of the United States, and
12 just as we once more assume responsibility for
13 providing critically important leadership during
14 these troubled times to promote our ideals of
15 peace and freedom world wide.

16 MR. SMITH: Mr. Bush, do you
17 have a comment?

18 CONGRESSMAN BUSH: My comment
19 is that it's understandable that there is great
20 interest in these issues. We're all speaking out
21 on them. People say that we haven't taken positions
22 on issues. Here's issues, papers (indicating), not
23 from these particular subjects, although we have

1 shorter ones on those; but it seems to me that
2 people are looking for something -- not a single
3 issue candidate. They're looking for something
4 more reasonable, looking for strong leadership in
5 the 80's.

6 The big issues are inflation, energy and the
7 restoration of respect for this country around the
8 world. Yes, it's appropriate that people ask
9 questions on these single issues; but those issues
10 aren't the issues that are going to decide who is
11 elected President of the United States to lead this
12 country for eight years in the 80's.

13 MR. SMITH: Mr. Baker?

14 SENATOR BAKER: Mr. Kraft,
15 I think I understand why those issues are important
16 because that's sort of the stuff that Presidential
17 campaigns are made out of; and that is to test the
18 point of view of individual candidates on matters
19 of concern to the American public. In my opinion,
20 there are three aspects of the Presidential cam-
21 paign; one, what a candidate thinks about the
22 issues that the country is concerned about at the
23 moment; two, what a candidate has to say about what

1 he would do for the country in the future, the
2 new issues that haven't yet emerged; three, what
3 makes him tick. What kind of a President would he
4 be? How would he approach the problems of the
5 future? Does he believe in a strong staff, a
6 strong national defense? Does he believe in the
7 principality of the role of the Chief of State?

8 These are the things that make up a Presiden-
9 tial campaign and makes it useful to the American
10 people. So I try to address each one of these
11 issues, and some of them are very, very difficult.
12 They are the stuff that Presidential campaigns are
13 made of.

14 MR. SMITH: Mr. Dole?

15 SENATOR DOLE: I didn't know
16 we had gotten around to the issues yet. I was
17 hoping that would come up before the campaign
18 ended. Whether they are single issues -- all I
19 hear is talk about momentum. I don't know that
20 momentum is an issue, but I hear talk about Little
21 Moe and Big Moe; I don't know who is who.

22 Whatever the issues are, I think it is time
23 that we addressed them, certainly abortion,

1 certainly gun control, certainly energy, certainly
2 inflation. That's the responsibility we have, and
3 it's not too late for the people in this state to
4 find out what we know about these issues.

5 It would be refreshing if somebody asked me
6 about an issue instead of a poll. It also, in my
7 case, would be very helpful.

8 (Whereupon there was some
9 laughter from the audience.)

10 MR. SMITH: You're not supposed
11 to laugh, but we can't forbid it. Mr. Reagan?

12 GOVERNOR REAGAN: There isn't
13 much left, by the time you get to the end of the
14 line here, to be said about something of this kind,
15 except that is it possible that those so-called
16 single issues, to graft power, an expression of a
17 discontent on the part of the people, a feeling
18 that the old traditional values upon which our
19 civilization is built are fading away, that our
20 moral standards are declining.

21 I happen to be one that believes that inter-
22 rupting a pregnancy means taking a human life.
23 When I think that 1,400,000 of those lives were

1 taken last year, legalized, I think the people out
2 here sense this and are hungry for a kind of
3 spiritual revival. I think our worry about the
4 family and the family unit and its decline is
5 because more and more we have seen a big, intrusive
6 government at the national level that has inter-
7 fered more and more in the family itself, coming
8 between child and parent.

9 MR. SMITH: Mr. Anderson?

10 CONGRESSMAN ANDERSON: Obviousl

11 I would hope within this campaign we would avoid
12 single issue politics; but three specific issues
13 were mentioned in a question to Mr. Crane. So
14 rather than wave our position papers around, why
15 don't we declare what our positions are. On abor-
16 tion, I am for freedom of choice. On the question
17 of gun control, I am for the licensing of concealabl
18 hand weapons. On the question of prayer in school,
19 I believe that when Mother sends Johnny and Suzy
20 off to the classroom in the morning she ought to
21 whisper in their ear and tell them, "Now, be sure
22 and say a prayer before you begin your school day."
23 But I certainly don't want the State writing and

1 composing that prayer for Johnny and Suzy to recite.

2 I agree that these are issues that ought to
3 be discussed, and positions ought to be taken.
4 But the overriding question has to be: Where does
5 a candidate stand, really, on fundamental economic
6 issues? What is his program of defending and
7 securing the future of this country?

8 MR. SMITH: Mr. Connally?

9 GOVERNOR CONNALLY: Mr. Smith,
10 I have tried to talk about issues since this
11 campaign first started; and to draw the issue
12 clearly with the distinguished gentleman on my
13 right, I'm against abortions, and I'm against
14 Federal funding of abortions. I am against gun
15 control. I am for prayers in schools, and I am
16 for the development of an energy policy in this
17 country including greater utilization of coal and
18 the building of more nuclear power plants. I am
19 for doing something about inflation; and that means
20 stopping and slowing the rate of Federal spending,
21 to stop deficit spending.

22 I am for doing something about jobs and
23 increasing savings in this country and providing

1 the incentive to do it and increasing productivity,
2 of reestablishing the family unit; but frankly,
3 I don't get any questions about that from the press.
4 I am like Bob Dole; all I get is what poll was last
5 seen and what group of newspaper, composed of 14
6 people that they interviewed somewhere in the
7 country. I would like for the press to concern
8 itself with some of the issues that are fundamental
9 to this country because we have some fundamental
10 issues and that's---

11 MR. SMITH: Governor, your
12 time is up, I'm afraid. The next question is mine;
13 and you have anticipated it, Governor Connally.
14 It is to Mr. Bush, it's an enduring question, and
15 that's why I have to ask it again. The public is
16 manifestly distressed by the failure of everything
17 we tried to do with something about inflation. The
18 guidelines don't work. The Fed's high interest
19 rates haven't worked. Even if you cut or balance
20 the Federal budget, the Congressional Budget Office
21 says a balanced budget would reduce inflation very
22 little. What would you do that's not being done to
23 succeed as well as the Japanese have in cutting

1 inflation?

2 CONGRESSMAN BUSH: I would
3 disagree about whether a balanced budget would not
4 help towards breaking the back of inflation. It's
5 how you get in balance that counts. If you get
6 there by shoving people into higher brackets,
7 higher and higher tax brackets, that's not going
8 to do it. If you get there through two other
9 methods, it will.

10 Hold the growth of spending less than the rate
11 of inflation. That is the first thing. The second
12 thing is: You need to stimulate production, invest-
13 ment, risk taking, savings by a tax cut that is not
14 going to risk making the deficit worse, but is
15 going to stimulate jobs, jobs in the private
16 sector.

17 If you do those two things and couple them with
18 some kind of regulatory relief -- that means care-
19 fully drawn legislation so the regulators don't
20 have more to say about it; that means sunset laws;
21 that means grading the Federal programs, like my
22 late friend, Billy Steiger, proposed. If you do
23 those three things, we don't need to be pessimistic

1 about the question of inflation; and you can get
2 in balance. You can provide for the defense. The
3 balance may take a year or two to get into it;
4 but once you're there, if you do that and then
5 start indexation, I believe we can do what other
6 countries have done.

7 We can break the back of inflation, and we can
8 increase employment. We are pessimistic. When
9 President Ford came into office, inflation was
10 12 percent. He vetoed legislation that broke his
11 budget. Do you know what it was when he left?
12 Four-point-eight percent. We are wringing our hands
13 saying that we cannot break the back of inflation.
14 I don't believe it. I believe this investment
15 oriented or supplied side economics will do it.
16 I believe if we can turn around and get more
17 Republicans in Congress, we can do something about
18 too much regulation. We can do it. We can solve
19 these problems in the 80's.

20 MR. SMITH: Mr. Bush, that's
21 the end of your time, I'm afraid. Mr. Baker?

22 SENATOR BAKER: On that,
23 George and I disagree on two elements of his state-

1 ment just now; one is the indexing of the tax rates.
2 The Constitution says that the Congress shall set
3 the taxes, to lay and collect taxes. I was in
4 Brazil once, a couple of years ago; and I asked
5 them, "Would you do it again, if you could do it
6 over?" And they said, "No, because inflation feeds
7 on itself when you index the tax rate." The
8 Congress ought to do that.

9 George didn't speak to it, but I understand
10 he is opposed to a Constitutional amendment that
11 would make it more difficult to spend in deficit.
12 I support an amendment that would do that; and in
13 particular, I support the Lugar Amendment. I
14 believe that a combination of fiscal restraint by
15 the administrative department, tax relief through
16 the Congress, not including the indexing of tax
17 rates, and the Constitutional amendment will
18 produce that result. I do not think it's an
19 impossible task.

20 MR. SMITH: Mr. Dole?

21 SENATOR DOLE: I think the
22 first thing, we have to go beyond the simplistic
23 solutions these Republicans do from time to time,

1 particularly when we're out of power. Somebody
2 here may get elected, so we better take a look at
3 what we're going to do. I would say, first of all,
4 that we don't want to value-add a tax. Somebody
5 is trying to promote that in the Congress. We do
6 want indexing. Howard Baker is mistaken there,
7 but he's right on a lot of things. We want to
8 index the tax system. We also want tax credits
9 to increase productivity. We want to restrain the
10 growth of Federal programs, not in Federal programs
11 not cutting social programs; and we need some
12 capital formation in America. We have got to put
13 people to work. We are going to do that through
14 the private sector. That's the Republican side,
15 through the private sector.

16 I would share the view that we need a
17 Constitutional amendment for a balanced budget.

18 MR. SMITH: Mr. Reagan?

19 GOVERNOR REAGAN: Government
20 causes inflation; government can end inflation.
21 I would, on my first day as President, put a freeze
22 on the hiring of Federal employees. I would then
23 start seeking a tax reduction in the income tax

1 rates across the board over a three-year period and
2 reduce them by at least 30 percent in an effort to
3 create jobs.

4 Every time unemployment goes up one percent,
5 it costs the Government \$20 billion more. If you
6 could make it go down two percent, it wouldn't be
7 a deficit; there would even be a surplus. I would,
8 in addition to that, take the punitive taxes and
9 regulations and remove them from the back of indus-
10 try so that we could become more productive; and
11 thus, we wouldn't have to grind out that printing
12 press imitation money that's destroying the value
13 of our savings, our insurance and our pensions.

14 All of these things, I think, can be done, or
15 must be done. But the President right now is
16 suggesting an anti-inflation fight in which he is
17 going to allow unemployment to increase \$40 billion
18 worth.

19 MR. SMITH: Mr. Anderson?

20 CONGRESSMAN ANDERSON: Mr.

21 Smith, the guidelines indeed have not worked. One
22 reason they haven't worked is because the ink was
23 no sooner dry on the Dunlap Pay Advisory Board

1 standards of 7 1/2 to 9 1/2 percent before you had
2 a union come in with a 12 percent increase; and
3 I heard not one word of protest from the adminis-
4 tration about that fact. I think we've had, as
5 the late George Meany said, merely wishboning from
6 the administration on any guidelines.

7 What we need is a President courageous enough
8 not to simply leave Mr. Volker standing there like
9 a little Dutch boy with his finger plugging the
10 hole in the dike and depending solely on high
11 interest rates. Instead, we ought to have a
12 President to be courageous enough to deal with the
13 kind of budget policy, fiscal policy that is going
14 to be needed to restrain demand. You have got to
15 have complementary budget policy, not simply rely
16 on monetary policy alone.

17 I agree with the growth measures for the
18 economy recommended by Senator Dole.

19 MR. SMITH: Mr. Connally?

20 GOVERNOR CONNALLY: First, I
21 would recommend the creation of an estate account
22 so that we don't tax savings. Anyone that can save
23 up to \$10,000 in this country, if they will put it

1 in a bank, savings and loan, or common stock or
2 bonds, leave the income there along with the
3 principal, they can leave it there for five or
4 ten years with no income tax on it whatsoever.
5 All taxes would be deferred. That would generate
6 savings in this country, and capital which we
7 desperately need.

8 I recommend a change in the depreciation
9 schedule in this country so that any new building
10 of any kind, any character, for industrial or
11 commercial purposes would bear a 10-year depreci-
12 ation schedule; any equipment, five years; any
13 rolling stock, three years; any Government-dictated
14 installations, one year.

15 I think we can cure inflation. The two
16 principal causes are energy and Government spending.
17 I am against the indexing of taxes. When you
18 start indexing salaries and indexing taxes, you've
19 given up on the fighting of inflation. It has
20 been---

21 MR. SMITH: Mr. Connally, I'm
22 afraid your time is up. Mr. Crane?

23 CONGRESSMAN CRANE: First of

1 all, you have got to define your terms. Inflation
2 is an expansion of the money supply in excess of
3 productivity increases. That means that it's not
4 caused by labor and not caused by business, and
5 it's political scapegoating by Republicans and
6 Democrats alike who try to pin that rap on either
7 labor or business. This means that you have got
8 to get control of the production of money.

9 How do you do it? You have got to stop the
10 deficits. You can either depend upon electing
11 angels to Congress -- you can forget that one --
12 or you can buy a Constitutional limitation. Bind
13 the rascals down with the chains of the Constitu-
14 tion, as Jefferson recommended; or you can go back
15 to a gold standard.

16 The great virtue of a gold standard was that
17 it provided an external discipline on the natural
18 predisposition of the politicians to spend more
19 than they take in; and it worked very effectively
20 throughout history. And I would argue that, until
21 we get back to a gold standard, we are not going
22 to stop that production of the money; and we're
23 not going to stop inflation.

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MR. SMITH: Thank you, gentlemen. Now the next question is from Ms. Shanahan to Senator Baker.

MS. SHANAHAN: Senator, you and everyone else among the Republican candidates here on this stage have talked about slowing the growth of the Federal budget. Yet, of the \$52 billion increase that is in President Carter's budget for 1981, all but \$4 billion goes to the following things: defense increase, social security and other retirement programs, unemployment compensation, veterans' benefits, Medicare and Medicaid, and helping poor people pay their energy bills. Would you cut any of these; and if not, what would you cut? And please be specific.

SENATOR BAKER: I can be very specific. That is that you are never going to be able to balance the budget, increase our defense spending and meet our social needs by cutting smaller slices of the same pie. You are going to have to bake a bigger pie. In order to do that, you are going to have to cut taxes gradually and over a period of time in order to stimulate productivity.

1 There are some things I would cut in the
2 budget. There are some things that I would increase
3 in the budget. For instance, I would increase
4 general revenue sharing, which I believe is the
5 most useful tool to reinvigorate local government
6 that we have had in a decade or two. Some of the
7 things that might be cut would be general adminis-
8 trative expenses for education, for instance, or
9 for the general administration of what's left of
10 HEW. I would transfer 10 percent of those funds
11 from administrative costs into the classrooms, and
12 I would try to reduce by 50 percent the general
13 administrative cost of all of the Federal agencies
14 and departments.

15 Revenue sharing costs one half of one percent
16 in administrative costs and never more than one
17 percent. I believe that's a good example to follow
18 in the balance of it. I think that the important
19 thing to recall is that not only do we need a tax
20 cut to stimulate productivity in this country; but
21 there is an automatic, built-in tax increase for
22 every American right now as a result of payroll
23 taxes, as a result of the fact that by the income

1 tax system as it's by us at the present time, for
2 every dollar of inflation that occurs in this
3 nation, there is a 1.6 times increase in the
4 Federal revenues that are collected.

5 So we are in store for a tax increase in this
6 country unless we can get on with the business of
7 a tax reduction to reduce the burden of taxation
8 and regulation. We can save some, but not much.
9 The way to balance the budget and to meet our
10 requirements is to stimulate this economy, to
11 increase the tax base, to bake a bigger pie.

12 MR. SMITH: Mr. Dole, do you
13 have a comment?

14 MR. DOLE: Yes. I think what
15 we do is restrain the growth of programs. Repub-
16 licans shouldn't fall into the trap of saying, "Well,
17 I want to reduce all these social programs because
18 they're for poor people, and we don't represent
19 poor people." That may be a perception, but it's
20 wrong about our party. We need to do what
21 President Ford did, and that is restrain the growth
22 of some of the social programs and some of the
23 other programs.

1 In addition to that, we met this morning in
2 Washington on a conference report on the Windfall
3 Profits Tax. We've got \$227 billion in Windfall
4 Tax and about another \$300 billion in increased
5 revenues because of higher profits in oil companies;
6 and we're going to have some money to give to
7 mass transit, low income assistance. We're going
8 to have about \$124 billion within the next ten
9 years for tax cuts. Sixty percent of that Windfall
10 Tax is going for tax cuts. I think there is some
11 possibilities of additional revenue that maybe
12 hasn't been thought about.

13 MR. SMITH: Mr. Reagan?

14 GOVERNOR REAGAN: I believe
15 that the Federal Government ought to reinstitute
16 the Tenth Article of the Bill of Rights that says
17 that the Federal Government shall do only those
18 things that are specifically called for in the
19 Constitution. The Federal Government, as you
20 assert programs that properly belong back at the
21 state and local level, and I would like to see a
22 planned and orderly transfer of many of those
23 programs back to the states, back to the local

1 level, but transfer with them tax sources to pay
2 for them. That's where I disagree a little bit
3 on revenue sharing. I think revenue sharing is
4 far more efficient than the Federal grants-in-aid
5 with their red tape and restrictions on the use of
6 the money.

7 Transfer back tax sources, the great waste is
8 to be found in the high administrative overhead
9 that we get from a number of departments in Wash-
10 ington. Those programs were never intended to be
11 there in the first place. I would start trans-
12 ferring back with Welfare.

13 MR. SMITH: Mr. Anderson?

14 CONGRESSMAN ANDERSON: Mr.
15 Smith, I certainly would not balance the budget on
16 the backs of the poor and slash income support
17 programs. These are the people that are least able
18 to bear that particular burden. I look, however,
19 at a sector of the budget that has grown from
20 \$23 billion in the fiscal year of 1970 to \$96.3
21 billion in this last budget submitted by Mr. Carter.
22 That is Federal grants-in-aid, 448 programs in what
23 Neil Pierce has called this pinwheel of Federalism,