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EMBARGOED TILL  
12:00 Noon (PST)  
Friday, January 12, 1979

ADDRESS BY THE HONORABLE RONALD REAGAN  
"World Challenges, 1979" Seminar  
Pepperdine University, Malibu, California  
January 12, 1979

With increasing frequency we have read and heard of the concern of our friends and allies about what to them appear to be the on-again, off-again policy contradictions of the United States, especially in matters of collective security, NATO and disarmament. Considering this rising chorus of criticism of our country coming from leaders in Western Europe especially, I felt it was time to learn about these concerns at first hand; to have candid discussions with political leaders both in and out of government, with business leaders and with some of our own officials and scholars abroad.

My recent trip took me to London, Paris, Bonn, Berlin and Munich. In all, I had some 20 meetings and they covered virtually every topic that might concern our allies. But, all these discussions brought us back to the underlying concerns which we share with Europe; how can the peace be maintained and how can we strengthen the bonds that unite us not only in search of a common defense, but that also link our economies in a web of interdependence?

The essential ingredients of any successful strategy designed to promote peace and to deter aggression include political, economic, military and psychological measures.

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Too often we focus on the purely military aspects when we consider our own national security, and while we must always be certain that our guard is up and that we have a strong, viable deterrent force poised against any potential aggressors, this alone will not meet the requirements of the 1980s.

On this trip I had the opportunity to hold extensive discussions with leaders from government and business who are concerned with the trade negotiations that are now in the final stages in Geneva. All of Europe (and, I might add, Japan too) hopes for a successful conclusion to the Multilateral Trade Negotiations. But, many are concerned that -- should those talks fail -- the world could slide backward into protectionism, perhaps even touching off an explosive and devastating trade war.

We are the world's largest and most important market for finished products, and our recent staggering trade deficits -- now running on the the order of \$30 billion annually -- attest to this fact.

We also sell to the world -- airplanes, computers, machinery and all forms of technology. Even more important, it can be said that we help feed the world, blessed as we are with the conditions that provide abundance and the ever-growing productivity of our farmers.

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It is vital for the maintenance of good relations with our allies -- particularly those in Europe and Japan -- that the free flow of goods not be impeded by the beggar-thy-neighbor policies of protectionism.

My clear impression is that most of our friends abroad are convinced that their security and well-being will suffer if economic warfare should break out. Without a doubt, the NATO Alliance would be put to a supreme political test because it is inevitable that economic matters will have an unfortunate -- and perhaps devastating -- impact on our military security.

So, it is clear that Europe (and Japan) are apprehensive about United States policy on trade and economic matters. They fear most of all a faltering, divided America that continues to spend more than it takes in, whose currency remains under attack and whose broad credibility is undermined.

Our friends are concerned that we may take the first steps to erect damaging barriers to trade and commerce, and they are preoccupied with the long-range consequences of such actions.

While we have always prided ourselves on being resourceful and imaginative "Yankee Traders", we are being out-competed and out-sold throughout the world, and even sometimes here at home.

The truth of the matter is that we really do not need to export to live well and to prosper, while Europe and Japan must. They depend on access to markets abroad, and if those markets are choked off -- for whatever reason -- unemployment and economic crisis will result. Such developments can be contagious, and the industrialized world could not long endure a sustained economic conflict.

Generally, it seems to me, we are recognizing the importance of world trade to our own economy and to our prosperity. As the U.S. dollar has steadily weakened and depreciated against other currencies, one consolation is that our exports become increasingly competitive abroad. It's expected that we can remain competitive as costs of production rise in other countries. But we'll have to work hard to maintain our share of markets, because other countries are now able to match us technologically, and there's no mistaking that they really know how to sell their products. I followed a fellow in traffic the other day who had a bumper sticker on his pickup truck -- "BUY AMERICAN". He was driving a Toyota.

In Europe recently, and earlier while in Japan, I encountered repeated criticism of U.S. business for not trying hard enough to sell its products in new markets, and for not adapting its products to the special needs of other countries. This may be true in certain instances, but I have also spoken with American businessmen who have tried hard, and who have been met with arbitrary obstructions, restrictive government practices and complicated barriers to their products.

But an equally important reason why the Yankee Trader has a hard time functioning is because his own government is one of the few in the world that has a basically adversary relationship with its nation's business community. Our government penalizes Americans working abroad by unfair income tax policies. Regulation upon regulation drives up the price of our products, making them less competitive. In most parts of the world, the Yankee Trader has been overtaken by the French, German and Japanese Trader because the Yankee Trader carries a burden of unnecessary government regulations and punitive taxes. One of our largest automobile companies employs 20,000 full-



time employees to comply with government required paper work. This must be typical of others also.

While I am for free trade, I also vigorously support fair trade and equal treatment. Our own state of California, with a gross product that ranks it among the top industrialized nations of the world, finds itself frustrated when trying to market its agricultural products in some industrialized nations -- and specifically in Western Europe and Japan. Citrus, rice, beef and other high-quality competitive products are among the best in the world, yet they cannot enter other countries under conditions that permit them to be sold competitively to the foreign consumer.

It is easy to understand that nations wish to protect their key industries -- and especially the politically sensitive ones. We have lived with this before, and we'll have to live with it in the future. There will always be exceptions to the rule of free trade. But we cannot tolerate gross discrimination against U.S. products abroad and still allow others virtually unrestricted access to our own markets. We must therefore make it repeatedly clear that reciprocity will be the governing feature of our policies. That seems to have been the basic thrust of the negotiating posture of the United States in Geneva over the past two Administrations.

And that's why we all must hope that the industrialized world can come to agreement on the terms of international trade. It cannot be a partisan matter, nor can it be handled in a narrow, parochial manner. If we cannot succeed in reaching a workable

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agreement, everyone will suffer, and the impact on those who can afford it least -- the billions who live in the underdeveloped countries will be the most severe of all.

Much of the dismay, criticism and dissatisfaction which we encounter seems to add up to an uneasy feeling that the American people have lost their national will. I think that this is not quite accurate. I travel about these United States a great deal and I sense, instead, a strong grassroots desire to reaffirm American leadership. Certainly at the polls the voters told us last month that they are sick and tired of government's excesses. In this context, I can tell you that I was frankly amazed at the fascination that British and Europeans alike have with Proposition 13 and the wave of tax revolt that is sweeping the United States. While I had gone to Europe to ask questions of others, I found that business and government leaders were eager to learn of the implications of this movement for them and for their future. As you can imagine, I wasn't bashful about discussing it.

I'd like to turn now to a subject of great concern to all of us, and one which is certainly on the minds of our European allies -- the military security of the West.

If you've visited Western Europe or Japan recently and paid a hotel bill, eaten a meal or done some shopping, your sense of insecurity will have been awakened. The dramatic drop in the value of the dollar has a sobering effect -- matched only by an equally dramatic decline in confidence in the United States.

Our national security and the performance of our economy are inseparably linked and meeting with leaders in Europe and Asia has convinced me that the world wants desperately a stable, confident, predictable America.



We may feel from time to time that our friends abroad are altogether too critical of us, and we may resent that criticism. But, what they do know and appreciate is that the United States serves as the guarantor of the peace; that we provide the umbrella of security for them and for ourselves; and that our capabilities and our resolve are absolutely fundamental to their future.

Some 16 years ago, during the Cuban Missile Crisis, the United States enjoyed an enormous strategic advantage over the Soviet Union -- about eight to one in our favor. That clear-cut superiority, coupled with our determination to remove Soviet intermediate range missiles from our doorstep, enabled us to achieve a satisfactory outcome.

Since that time, the Soviet Union, vowing never again to be caught in a position of such inferiority embarked upon a no-holds-barred effort to catch up with us. By systematically outspending us in absolute terms, and by the steady development and deployment of an awesome array of weapons systems aimed at us, at Europe and at Asia, the Soviets have largely achieved their objectives.

While there remains a dispute as to where they will go from here, there is no dispute about two fundamental points:

- (1) What the Soviets are doing in terms of weapons development exceeds by far any legitimate needs they may have for self-defense; and
- (2) If present trends continue, the United States will be assigned a role of permanent military inferiority vis-a-vis the Soviet Union.



The presence of tremendous Soviet military might on their borders has produced mixed reactions among Europeans, but all seem to share a sense of uneasiness over the implications for Europe's future. At the risk of oversimplification, I'd like to try to characterize the main streams of opinion as I found them.

One unmistakable current of opinion holds that recognition of the Soviet juggernaut is but a fact of life, and that the best one can do is to accommodate to such a reality, hoping that the Soviets will -- once they have achieved what they consider to be strategic equality with the West -- begin to devote more of their resources to domestic needs, thus reducing the chance of eventual conflict.

Another bloc of opinion recognizes Soviet might, fears that it will reach new levels and urges arms control agreements and increased trade as a means to moderate and constrain Soviet ambitions.

A third school of thought believes that the Russians are pursuing a program to achieve clear-cut military superiority over the West. Once this is accomplished they will intimidate, "Finlandize", and ultimately neutralize Western Europe. Those holding this view believe the most effective response by the West is a reinvigoration of NATO and an explicit military deployment program designed to counter the Soviet threat. They do not exclude the possibility of reaching meaningful arms control agreements, but argue that such agreements must be balanced and must contain mutual advantages; they argue that a one-sided arms control agreement would be worthless.

This range of opinion, running from what I would characterize as "accommodationist" to realist, dominates European discussions

about East-West relations and national security. Much of Europe remembers World War II, but the younger generations have only vague or second-hand recollections of it. Europe has recovered -- prosperity is everywhere -- and people are primarily concerned about the quality of life, their work and their families.

But they must also deal with the reality of Soviet tanks just three hours' drive from West Germany's capital of Bonn; with the threat of the Soviet SS-20 missiles being deployed in increasing numbers and with a range to reach every city in Europe; and with the Soviet Backfire bomber, which has a capability of delivering nuclear weapons to any point on the continent.

And, Europe is very much aware that those tanks, SS-20 missiles and Backfire bombers are not covered by the SALT II agreement now being negotiated.

We do have the capability to neutralize this growing Soviet advantage, and in ways which will not only demonstrate our determination not to fall behind, but which will also result in a more secure Europe. European realists recognize this, and urge that the United States retain, at a minimum, its bargaining advantages in the cruise missile and neutron weapons.

But there are differences of opinion in Europe concerning how to achieve national objectives and Europeans will have to resolve those differences. We are not in a position (nor do we wish) to impose our will upon our allies. Our role must be to lead within NATO and to show ourselves as a determined and capable leader.



Thus, the first requisite for peace in Europe must be a genuine partnership -- and that means common goals must be agreed upon, effective measures must be designed to achieve those goals and the alliance must work harmoniously.

Anything less will weaken the alliance structure and place our security at risk. That is unacceptable to Americans.

We must be certain that we do not send out conflicting signals. It is imperative that we stop our "on-again, off-again" contradictory policy declarations.

The present administration, for example, first promised to increase our NATO expenditures by three percent in real terms and then let it be known that the commitment might not be honored because of the demands of inflation. Then, faced with massive opposition from Europe and from those who are not afraid to speak out on the issue, it retreated by floating the rumor that it would honor the three percent commitment, but that the rest of the defense budget would be subject to substantial cuts. One really knows where the Administration stands.

Inflation, the administration claims, is the culprit; it might properly have pointed the finger at itself, because there is but one cause of inflation, and that is government itself.

In the final analysis, then, we return to some common sense precepts to guide our affairs of state. This is not to say that the world is not complex and that its problems are basically simple; everyone knows that is not so.

But because such matters appear very complex and muddled does not mean that the solutions to them must be equally complex. Just as the American soldier stationed in Germany sees the value

of his dollars erode as the level of confidence in his country declines, so also our national security -- and with it the world's -- depends on our ability to deter war, but then to fight and win any war not successfully deterred. Most Americans have no difficulty in perceiving that in order to achieve a sound national security we must be strong.

To deter war we and our allies must remain united and we must display a willingness to recognize the challenges which confront us. Those challenges are real; and while we may differ with one another here in America or abroad concerning how to meet them, we recognize that sound actions and responsible leadership are at the heart of the matter.

There may never come a day when we will see eye-to-eye on every affair of state, but we have a supreme duty to ensure that we are well informed about the challenges to our security, and an equally important duty to fight for sound, responsible measures that will ensure our survival and our growth -- in conditions of freedom and dignity.

We are, it seems, a nation in transition. Polls show a majority of Americans wanting some kind of arms control agreement to ensure peace, while at the same time expressing concern about our falling behind the Soviets. That is not as contradictory as it at first may seem if we see it in terms of a transition from what might be called national self-hatred, stemming from the Vietnam war, to the beginnings of restoration of self-confidence. And, we must have confidence in ourselves as a people before our allies in Europe and elsewhere will regain confidence in us as a nation.



But something has happened since that trip to Europe which makes regaining our self confidence dependent on regaining our moral bearings and our sense of rightness about things.

Over the course of the last four weeks, the extent of the damage to the credibility and image of the United States caused by the Carter Administration's hasty and ill-timed recognition of the People's Republic of China is becoming clear.

In characterizing this sudden act as a betrayal of a long-time friend and ally, the Republic of China, I join the company of millions of Americans who place great value on loyalty, dependability and candor, especially with respect to one's solemn commitments. And even most of those who support the basic intent of the Carter move have recognized that our allies on Taiwan have been dealt a shabby, needless blow.

It need not have been this way. I firmly believe the President could have achieved the twin objectives of extending the hand of friendship to the people of the mainland of China, on the one hand, and upholding our commitments to our ally on Taiwan, on the other.

We all acknowledge that under our Constitution the President is empowered to extend or withdraw diplomatic recognition with respect to other nations. This will not be the first time that a President of the United States has made a damaging, erroneous or poorly-timed choice and it is up to him to bear the full consequences of his decision.

The Carter action may result in great damage to the 17 million people of Taiwan who wish to remain free from Communist domination. But this does not mean that we cannot limit the impact

of that damage. In fact, the air becomes clear for a full-scale debate about our national priorities and our will to uphold with dignity and honor our position of leadership in the free world.

My travels abroad in the past year -- to Asia, the Middle East and Europe -- and my communications from friends in all parts of the world have convinced me that the rest of the world desperately wants the United States restored to its rightful position of leadership.

The 96th Congress convenes next week and it has a long agenda of important items before it: a huge budget deficit, consideration of a complex trade agreement, a controversial SALT agreement, cruel inflation and a huge government apparatus with an insatiable appetite for money and power. But the issue of how we limit or even undo the damage which this Administration has wreaked upon the people of Taiwan may well turn out to be the litmus test of where the United States goes from here.

And, while no responsible leader would seek to turn the clock back 10 or 20 years when attempting to deal with the real world of the 1980's, I think I can safely say that the fundamental decency of the American people will be reflected by the actions of their elected Congressional representatives as they enact clear and concrete measures to assure Taiwan's safety and continued prosperity in conditions of freedom and independence -- based on the incontrovertible right of self-determination.

If this Administration were really serious in its concern for human rights, it would not have consigned Taiwan's 17 million people to the rule of Communism -- now or eventually. And, while the Administration bleats about human rights in moralistic and



highly selective manner, it totally ignores the dungeon which the People's Republic of China has become.

We are not blind to the stirrings and the changes taking place on the Chinese mainland. As leadership has changed, so have policies. But a single swallow does not make a full-blooming spring, and pious assurances of a Chinese intention to resolve peacefully what is now called the "reunification" of Taiwan cannot be allowed to blind us to the reality that Communism is a system which provides for no future political change.

Still less can we afford to make policy on the assumption that one man on the Chinese mainland -- whose leadership, political support and longevity may be ephemeral -- will be in charge for the next decade. The dynamics of the past year in China have demonstrated that making predictions about events is, at best, a risky business. Only last week, in fact, that man -- Teng Hsiao-ping -- who a few weeks ago claimed the matter of Taiwan could wait a thousand years, said, "So far as I am personally concerned, my hope is that this goal can be reached this year. As far as my health is concerned, I can hope to live for about 10 years and that's too long for the Taiwan question."

If we do not now reaffirm our commitment to Taiwan's safety and security in an unmistakable declaration of intent -- then what is to stop this Administration from unilaterally dissolving all our security treaties, including even the NATO treaty? In the light of Mr. Carter's apparent claim that he has the power to unilaterally abrogate treaties, the wisdom of testing in the courts his attempt to break our Taiwan mutual defense treaty is very clear. We await the outcome of that court test.



Bear in mind that the issue here is not greater friendship with the people of the mainland of China, and it is not one of attempting to wrest from the office of the Presidency what by law is its prerogative.

The issue is our policy toward Taiwan and the methods by which we discharge our responsibilities and keep our word. This is what troubles the American people and troubles our friends abroad. Have we become totally unreliable and capricious? Are we so completely disorganized, so bereft of strategic vision and the qualities of leadership, so lacking in common decency and morality, so motivated by the dictates of the moment that we can, in an instant and by the stroke of a pen, put 17 million people over the side and escape the consequences?

Along with millions of Americans -- Republicans, Democrats, independents; liberals, moderates, conservatives; working men and women, small businessman and big businessmen; Hawks, Doves and Neutralists -- I again call upon this Administration to face up to the responsibilities which are America's to shoulder. I call for a detailed program of specific guarantees to our friends and allies on Taiwan; a long-range program with clear and unmistakable language; one which will earn and retain the support of the American people and which will help to restore the trust and confidence of the world in an America which once again conducts itself in accordance with its own high ideals.

Since this Administration seems to have such difficulty in formulating specific programs, perhaps we can be of assistance by pointing to three principles which, at a minimum, must be incorporated in a specific program:



1) A basis must be found for the continuation of government-to-government relations between the United States and Taiwan; unspecified "private" contacts are not adequate;

2) Legislation must be enacted which specifically provides for the future sale of defensive arms and materiel to Taiwan. For this reason alone, it is essential to maintain government-to-government relations. Weapons sales cannot be left to "private" arrangements;

3) Congress must take legislative steps which provide a sound basis for the continuation of the 59 other treaties and agreements which regulate our day-to-day business with Taiwan.

As for the 900 million people of the Chinese mainland -- said to make up a quarter of the population of this globe -- we can say to them we seek friendship, commerce and other mutually acceptable goals with you. We hope that the bonds of common interest will grow, and we will continue to hope that your system of government will evolve to provide you with the means of making political choices which will result in your determining your own destiny.

We wish to live in peace with you, and we shall not interfere in your affairs if you do not intervene in ours. We can help you to modernize and update your economy, and we will do so, consistent with our national security objectives.

But, when it comes to those 17 million people on Taiwan, we emphatically state that so long as they wish to retain their independence in the world; so long as they declare their unwillingness to be either "liberated" by you or unilaterally "reunited" with you -- then, so long will they also have the specific and clear support of the United States of America.

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EMBARGOED TILL  
10:30 A.M. (EST)  
Wednesday, January 24, 1979

EXCERPTS FROM REMARKS BY THE HONORABLE RONALD REAGAN

to the Public Affairs Council  
Mayflower Hotel  
Washington, D.C.  
Wednesday, January 24, 1979

The other day I came across a story that sums up my views on the effect some political action committees have had.

A young reporter was interviewing a renowned and venerable Senator. The Senator, sensing the reporter was ill at ease, said: "Son, you are probably wondering why I am considered powerful and am listened to in Washington. I have a principle of conduct I always follow. Never kick a friend in the rear end to placate an enemy."

I heartily recommend that as a policy for business PACs. PACs are supposed to provide a means by which free enterprise principles can be supported through financial aid to those candidates who uphold those principles.

PACs should support candidates who understand and are willing to fight for the kinds of policies that strengthen our economic system.

Too many business PACs have not been doing that.

After the 1976 elections, National Journal reporter Michael Malbin examined the financial reports of political action committees. He found that "most business money went to incumbents of both parties. In fact, Democrats received about half of the more than \$7 million disbursed by the 675 political action committees operating in 1976."

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That same magazine, in November of last year, reported that "only 53% of corporate PAC money went to Republican Congressional candidates in 1978."

Later figures may well change that percentage, but not by enough to alter the fact that the Republican party, which historically has supported principles and policies leading to more jobs, business growth and economic expansion has not been receiving the kind of financial support from corporate PACs that its record deserves.

Why does half of the business PAC money go to candidates who may not be friends of business?

"Business is making an investment" is one reason sometimes given. Others are, "Business gives money to powerful and influential incumbents because they control committees and sub-committees that business depends on. Business has to cover its flanks. You can't be too careful."

Well, there are times when you can be too careful, when prudence must give way to courage.

Please don't misunderstand. I am all for the right and the duty of business PACs to operate in what they recognize as their own self-interest. There is nothing wrong with self-interest.

But, when PACs support those whose philosophy and whose voting history is diametrically opposed to our free market system they are acting not in self-interest -- but out of selfish interest.

Perhaps you can keep the alligator happy by feeding him. It might even seem that you are acting in self-interest. But, the best you can hope for is that he'll eat you last.

REAGAN

Legitimate self-interest takes into account not only what form a Congressional committee has now, but what form it should have.

Legitimate self-interest not only looks at what legislation may be on the subcommittee agenda next session, but what the future of this country is going to look like.

If candidates who vote for inflationary policies, increased regulation and government growth receive PAC money from corporations, these PACs are not acting out of self-interest, but out of fear and fantasy: fear of offending the powerful and fantasy that throwing money to a political foe might make him a political friend.

In politics as well as life, actions undertaken out of fear or fantasy eventually lead to disaster or disillusionment or both.

In this last election a Democratic incumbent convinced some business PACs to support him because he was on a subcommittee of importance to them. They did, he won -- and then he switched committees!

I hope that business does not believe that the setbacks suffered by Big Labor in the last Congress offer any excuse for dancing around the Maypole. Whatever else may be said about labor's bosses, they are not politically unsophisticated. They can and will adapt their ways and means to the new mood of the country.

Indeed, I'd go as far as to say that any businessman who looks at Congress and legislation and policy and thinks only in terms of the ancient labor-business fights is out of step with the times.

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REAGAN

At the risk of sounding heretical to some of you let me say that labor is not the biggest enemy business faces. The biggest enemies of American business abroad are the nations with the capabilities and the will to destroy the American system. The biggest enemy of American business at home is the fact that our government today has an adversary relationship with American business and there is a lack of will among business leaders to do what must be done to strengthen the American economy, to stop the growth of government and to use the political system to fight for freedom -- not just for one company or one industry but for the free enterprise system itself, for our nation, for our children, for the future.

"Never kick a friend in the rear end to placate an enemy" whether that friend is Taiwan or the local Republican candidate running against an entrenched Democratic anti-business committee chairman. The gain you think you've made will be an illusion. Business PACs must support the friends of freedom in political life or they will soon find they have neither friends nor freedom.

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Review of S.I. Hayakawa's  
Through the Communication Barrier:  
On Speaking, Listening and Understanding

Harper & Row. 165 pp. \$\*.95

Reviewed by Ronald Reagan

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When, a decade ago. S.I. Hayakawa leaped upon the radical demonstrators' sound truck at San Francisco State university to yank out the microphone wires, he knew what he was doing. He was communicating.

Hayakawa, the quiet semantics professor-turned-university-president had observed that college administrators who tried to reason with student strikers simply got more demands for their pains; those who stood their ground found the strikes melting away. The day he pulled the wires "Samurai" (my nickname for him in those turbulent days) wore a bright tam o'shanter (a trademark of his). It was an effective non-verbal communications symbol. It told the mob of demonstrators plenty about his self-confidence.

The microphone incident was the beginning of the end of the San Francisco State strike and it may have been, at least indirectly, the beginning of the end of the entire anarchic student strike movement across the country. It was also the beginning of a public career that ultimately carried Hayakawa to the United States Senate.

In his new book Through the Communication Barrier: Speaking, Listening and Understanding Hayakawa lets us in on the secrets of his unique ability to communicate. No, this is not a now-it-can-

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Reagan 2-2-2

be-told book. Rather, it is a series of short essays written over the last 10 years that add up to an effective testament of Hayakawa's philosophy that a better understanding of our reactions and those of others to language would lead to many fewer misunderstandings in the world.

Warmth and love of his fellow humans flows through the pages of Hayakawa's book. His essays on children could serve as a useful guide to civilized child-rearing for any young parent. He notes that "many of our problems with our children are created by our unrealistic expectations of them." He calls small children "recent immigrants in our midst." Parents often get angry with children not because they are not minding but because the children don't understand what is being told them. He says, "...the fact that one always sees things in terms of his own evaluation, and that the child is doing the same, makes for a more flexible and adaptable and more effective approach to the problems that parents are constantly having to solve."

That this advice is applicable to adult situations is demonstrated throughout the book. He is fond of saying that "the map is not the territory", that the words we hear or say do not necessarily reflect the reality to be conveyed. In fact, they may mask it. He quotes his mentor, Alfred Korzybski, as saying that "communications is the fundamental survival mechanism of the human class of life." All the more reason, Hayakawa believes, for each of us to study how it works and to learn to use it with care. He describes his field of general semantics as "not simply a matter of studying language, but

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Reagan 3-3-3

of studying one's self and one's own reactions. The student of general semantics tries...constantly to be observant and open to experience. One doesn't have to be a student of general semantics to acquire this attitude. Some people manage to retain a lot of good sense in spite of their education. But most of us, befuddled by ideologies, dogmas and conventional wisdom, need general semantics, or something like it, to escape the tyranny of words."

A sampling of the titles of the essays in Through the Communication Barrier is a sample of the wide scope of Hayakawa's study: "Father Knows Best--Sometimes", "Courtesy", "Sex is Not a Spectator Sport", "The Inequality of Men and Women", "What's Wrong with Japanese Men", "The Threat of Clarity", "Television as a Cause of Social Revolution", "Racial Pride vs. Racial Obsession". There is so much common sense and good humor throughout this book that it is hard to pick a favorite essay, though "Our Son Mark", about the Hayakawa's mentally retarded son, sticks out as one of the most sensitive and loving documents I have read in a very long time. Through their own self-education as parents of a retarded boy, the Hayakawas (and their other children) have helped Mark reach a happy and full potential and, not so incidentally, they have helped the now widespread effort to bring treatment of the mentally retarded out of the dark ages.

In "Mr. Hayakawa Goes to Washington", the newly-elected senator recounts his first days on Capitol Hill. Unaffected, as always, Hayakawa describes one of his committee assignments. "I have the greatest difficulty balancing my own checkbook, and my wife handles our investments. Putting me on the Budget committee when I don't understand money at all seemed to me

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Reagan 4-4-4

appallingly irresponsible on the part of the United States Senate." He goes on to show, however, that a general semanticist can hold his own very well in that free-spending atmosphere. In fact, one reads this essay wishing there were quite a few more like him there.

Considered unorthodox by most politicians, Hayakawa confounds them with his unself-consciousness and his disarming good humor. These characteristics were evident in his 1976 campaign against then-incumbent Senator John Tunney. Tunney, who had impeccable New Frontier/Great Society liberal credentials, kept complaining that Hayakawa wasn't talking about "the issues". Tunney, in his campaign appearances, would go through a litany of bills and programs he had sponsored (with many statistics to back up his case), attempting to prove that he cared deeply--as he no doubt did--about the disadvantaged in our society. Hayakawa, on the other hand, chatted with his audiences about what it is like to be a parent, a child growing up; about the stresses and strains of relationships between people; about people's hopes and dreams. In short, his talks were exercises in general semantics. At the non-verbal level he was communicating his concern for other people. It worked. Poor John Tunney, who couldn't understand why people didn't appreciate his credentials, was left scratching his head.

Hayakawa's closing essay relates a lecture his father gave him many years ago about the role of businessmen as social revolutionaries. It has a lot to do with his outlook today. His father showed him how the imitation patent-leather shoes he sold the Central American peasant would--in their own way--contribute to profound social

more--more

Reagan 5-5-5

change. You'll have to read the essay for details, but Senator Hayakawa ends with these lines: "We (Americans) are people of plenty. We have become so through our energy, our inventiveness, our encouragement of initiative. Yet with the prevailing political philosophy of rewarding the unsuccessful and punishing the creators of our national abundance, there is no guarantee that we shall continue to be people of plenty. Washington is full of power--hungry mandarins and bureaucrats who distrust abundance, which gives people freedom, and who love scarcity and "Zero growth" which give them power to assign, allocate and control. If they ever win out, heaven help us."

And that is why, at age 70, Mr. Hayakawa went to Washington to beat the mandarins with common sense.

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Reagan 5-5-5

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For information contact:  
Peter D. Hannaford  
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EMBARGOED TILL  
9:30 P.M. (PST)  
Saturday, March 24, 1979

EXCERPTS FROM REMARKS BY THE HONORABLE RONALD REAGAN  
to the  
CALIFORNIA REPUBLICAN ASSEMBLY  
Los Angeles Hyatt Hotel  
Saturday, March 24, 1979

When President Carter was inaugurated he was frank to admit he faced two minor crises -- inflation and energy.

And now we have instead two major disasters -- inflation and energy.

This is an historic moment and this moment can be ours. The people are now demanding what we have always believed. More than a hundred years ago a delegate to the first Republican convention said, "We are bound together by voluntary support of a great cause. It is the cause which unites us and holds our party together."

I know I have said this before, but I repeat we are not a narrow band of ideologues -- nor are we a party providing privileges to certain special interest groups. We are the party of the people -- the people of main street and the farm -- the people who make this system work, who ask nothing of freedom but freedom itself.

We don't want a balanced budget just for the sake of a balanced budget. It is something we must have. We must have it if our country is to be prosperous and stable. Indeed, we must have it if the free world is going to be prosperous and stable.



We hear talk about an era of limits. The only limit we should have is a limit on government's power and government's cost. We should not have a no-growth policy in our free market system.

There is no limit to what man can do if government will get out of the way and let him do it.

Talk of a limit on energy or limits on production or limits on our standard of living are negative nonsense.

We can be as great and as strong and as prosperous as government will let us be. Government is the only barrier.

It is time we broke down the barrier by placing a limit on what government can do and spend.

What constitutes the common good should be determined not by government but by the people. What is good for the individual should be determined by the individual, not by government.

We do not need masters determining those things for us; we need a government of servants making it possible for us to do those things for ourselves.

During the long dark days when Washington's men were freezing at Valley Forge, Tom Paine told his fellow citizens, "We have it in our power to begin the world over again". We in this party have that power. We can restore that dream which became the shining hope of all the world. Let that be the cause which unites us. Let us begin our world over again.

# # # #

REAGAN RESPONSES TO DON YOUNG QUESTIONNAIRE, April 1979

ENERGY

1. Do you believe America should strive for energy independence?

A. Yes and the sooner the better.

2. Do you believe we should explore and develop our Outer Continental Shelf for oil?

A. Immediately.

3. Do you believe we should pursue the use of nuclear energy?

A. I believe it offers our greatest hope in at least the next 2 or 3 decades.

LAND

1. Were you in favor of expanding the Redwood National Park in California?

A. No! California has done a remarkable job of protecting the truly great old trees -- the Cathedral like groves. The U. S. park addition is not up to state park quality.

2. Do you support the Administration's proposal called RARE II, which creates wilderness within the National Forest System?

A. There may be some areas that justify classification as wilderness areas but I'm very concerned that RARE II may be just another excuse for hoarding Federal lands.

3. Legislation was introduced in this Congress to put nearly one-third of Alaska into the wilderness systems. Do you agree?

A. No.

4. Do you agree that the Federal government should own land?

A. I accept the principal of National Parks and even of unusual beauty spots which warrant being classified as wilderness. At the same time however I would like to study the question of state control of much of what is now Federally owned. The original concept of our Federation of Sovereign states was that as territories became states, Federal land would be turned over to them.



ENVIRONMENT

1. Do you agree the construction of the Tellico Dam should be terminated to save the snail darter?

A. There are some 70 species of "darters" and if the case for construction of the dam is sound it should not be terminated.

2. Do you agree with retaining strict auto emission controls established in 1970?

A. Common sense should prevail. Some areas such as Los Angeles have problems of geography and climate which make air pollution a serious problem, but what is necessary for L. A. might be overkill in Montana or Alaska.

3. Do you believe the needs of humans should be given equal consideration to those of wildlife, land and trees?

A. Of course. We are ecology too and environmental extremists should not be allowed to make snail darters and the Furbish Lousewart etc. an excuse for reducing our standard of living.

*Kenin*  
*RFPE*

I believe controlled development can be compatible with our concern for the environment. That is easy to say, however. It seems as though the only time we learn how a leader truly feels about an issue is when that person has to make a decision, whether it is a vote or an executive order. My decisions undoubtedly have been more to the pro-development side than pro-wilderness.

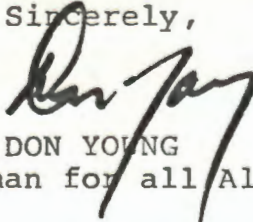
I firmly believe there is enough land, rich in beauty and not rich in resources, to provide us with adequate preserves of wilderness. Throughout the debate on Federal lands, the leaders of the environmental groups have insisted on high resource lands. They have done this when other lands, just as scenic or just as unique, are available. If we agreed to their wishes, we would be forever dependent on foreign countries for energy and minerals.

I have tried to briefly explain the issue and how I stand on it. The entire issue of domestic resources and should we develop them, is certainly worthy of considerable discussion in the Presidential race. Frankly, I am looking for a Presidential candidate who is willing to openly discuss this before the national media and therefore the voters.

In order to ascertain how you feel on the issue of natural resources versus wilderness and if you will be willing to make it an issue in the next election, I have enclosed a questionnaire I hope you will fill out. If you prefer to make a definitive statement instead, that would be just as good.

Thank you for your consideration.

Sincerely,



DON YOUNG  
Congressman for all Alaska

Enclosure

DY:lv

*Dear Don - Forgive the long delay in answering your letter of April - it had somehow gotten lost in our office. I can't blame the office for this one.*

*I've prepared answers to your questions (in ... to Cleveland) and will send copies ... radio reports on various environmental ...*



QUESTIONNAIRE

Yes

No

Undecided

ENERGY

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Comments: *Yes and the sooner the better.*

2. Do you believe we should explore and develop our Outer Continental Shelf for oil?

Comments: *Immediately*

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Comments: *I believe it offers our greatest hope in at least the next 2 or 3 decades.*

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Yes

No

Undecided

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Comments: Of course, we are ecology too and environmental extremists should not be allowed to make snail darters & the French Lick etc. an excuse for reducing our standard of living.

Please send any issue papers on these subjects.



# Balancing the Budget Would Cool Inflation

*Former California Gov. Ronald Reagan consented to an in-depth interview with Charleston Daily Mail editors during his visit here last Thursday morning. No questions were barred. Interviewing him were Editor William P. Cheshire, Associate Editor Robert P. Mellace, Contributing Editor J.D. Maurice, and Richard Grimes, chief of the Daily Mail Capitol Bureau.*

**CHESHIRE:** Governor, inevitably the question of your age comes up. What do you say to those who say that against Teddy Kennedy, for example, you would be at a political disadvantage?

**REAGAN:** Well, I assure everyone that I feel fine. And I do. I really haven't found that out there with the people it's an issue at all. It never seems to be brought up by the people and I've been all over the country, and continue to go all over the country, speaking to both partisan and non-partisan groups. I once said — last April, you know, I was in Asia, and I told them that over there they thought I was too young.

**MELLACE:** Governor, with that respect to your age, what do you see that commends your candidacy to young people? I notice that as I go around these political meetings, Democratic and Republican, there aren't many young people today. What appeal do you make to young people?

**REAGAN:** Well, I've spoken on a number of campuses. In fact, two on this trip, and having been a veteran of the "Roaring '60s" when I was governor, and I couldn't get within stone's throw of the campus without getting hit by a stone. I myself am surprised in what the reaction is today. But I've been very well received on the campuses, and usually rather than making a speech and then just not being able to determine whether the kids are being polite or whether they agree or not, I open up a question and answer.

**MELLACE:** Well, is there some special appeal that you try to make to young people to get them to support you?

**REAGAN:** I say basically the same things that I say to anyone else, and I find that they want what I'm talking about. They are conscious that government has become a very heavy burden on the backs of all of us, and they react very well to proposals to try and reduce this power and return it to levels of government closer to the people. I think some of the young people are conscious of the fact of all this excessive regulation by government, they haven't escaped that. There are 34 committees of Congress and 79 subcommittees overseeing the 439 laws that apply now to higher education, and it's interfering with hiring and firing and promotions, with even plant construction, fiscal construction of the college plant and even getting down in the curriculum and studies. And I think, if anything, we've got an appeal now on the Republican side to young people, because if ever there's an age when you do want to get out from under the ruling hand, that's the age.

**CHESHIRE:** Do you favor a constitutional convention to amend the Constitution so as to require a balanced budget?

**REAGAN:** I would hope that we wouldn't have to have the constitutional convention. I can't rule it out for the reasons that some people do because they express, I think, a lack of confidence in the American people. It is in our Constitution, but what I'm hoping is that the threat of this convention will force Congress to finally bring this matter out on the floor themselves. There have been 35 measures advocating an end to deficit spending introduced and buried in committee, and maybe this will finally get them to put at least one of those out on the floor for debate. I would rather see it done by Congress.

**GRIMES:** Is it realistic to think that a president in this day and age can actually get through the bureaucracy in Washington?

**REAGAN:** It certainly is not going to be easy, but again I cite my own record because I faced something of this same situation in California and we did a pretty good job. One of the first things we did — and I think it is an effective thing and would be at the federal level — we put a freeze on the hiring of replacements for those who left government service, who retired, who died, who took other jobs. There may be some agencies that are undermanned. I doubt it, but we know there are many that are overmanned.

**MELLACE:** Governor, do you see a Brown-Reagan race as a political reality in this country?

**REAGAN:** Well, I'm not a fan of Jerry Brown's, and I would hope that the people would understand and see him better and more realistically — that apparently some of them do now — before it ever came to that. But I don't think there's any question but that he's going to challenge the president.

CONT...



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CHESHIRE: What kind of governor do you think he's been in California?

REAGAN: He talks one job, but he does not do what he talks. I think the business climate in California has deteriorated under him to where California is no longer a desirable place for business and industry. This Sohio thing with the pipeline is another example. Dow Chemical was in there, spent millions of dollars and still had 65 permits to go and finally threw up their hands and left. He seems to have gone out of his way to appoint people who are hostile to the business community. Sometimes he makes speeches that I think I wrote, but they're not carried out. One of his appointees to an economic development commission is Tom Hayden, who has formed openly a national organization to do away with privately owned business.

CHESHIRE: Among the possible Democratic candidates, which one would you prefer to run against?

REAGAN: Well, I think anyone in our party would have to prefer to run against the incumbent. Now, I know that dislodging an incumbent is not easy. I found that out. But at the same time you run against the record of the incumbent. If the other party replaces him with another candidate, all that ammunition is taken away because they can stand up and say, well, we feel the same way, that's why we changed leaders.

GRIMES: Who do you think will be the big names in the 1980 Republican convention, besides yourself?

REAGAN: Well, I think the names that are being talked about right now: Baker, Crane has already entered, Dole and Bush. I don't know how far Lowell Weicker will go. John Connally. There are a few others that are still toying with the idea like Congressman Anderson. I don't know whether they will get in or not. But I think the names have been pretty much in the press that you can expect to see making a try.

CHESHIRE: Several weeks ago Congressman [Philip] Crane was subjected to some rather unsavory charges in the Manchester Union Leader, and he replied that some of your people had fed this information to the newspaper. Have you made any attempt to discover if that is the case? Do you have any reason to suppose that it is the case?

REAGAN: I know that it is not the case. I called him immediately. Because Phil and I have known each other and been friendly for a long time and I called him and I said, Phil, you know I wouldn't hold still for that. If you have any evidence whatsoever, any shred of evidence, that someone in my entourage has done that I want to know it because they'll be out immediately, and he [Crane] admitted that he didn't have

any such evidence, and the very next day the two reporters who had put that story together publicly stated that they had not talked to any of our people, that we were not the source.

MAURICE: In your judgment, what would you think distinguishes you politically the most and to your best advantage from all of the rivals we've been talking about for the Republican convention?

REAGAN: Well, one thing is a very unique experience as governor of California. California, if it were a nation, would be the seventh-ranking economic power in the world. It's the biggest state in the Union. We faced all the problems that we face nationally. We're the biggest farm state in the Union. At the same time we're quite an industrial state. We have all the urban problems, the big city problems that you have to face anyplace else. We were — this would be a plus also — we were bankrupt when we started, spending a lot more as a state than we were taking in.

Welfare. We were the welfare capital of the world. Sixteen percent of the people on welfare in the United States were drawing it in California, and we were increasing the caseload 40,000 people a month. We reversed that and made it an \$8,000-a-month decrease with our welfare reforms. The only thing we didn't have was a foreign policy, not being a nation. We not only put it in the red, our bonds returned to a triple A rating. We gave back to the people in tax rebates — tax cuts and so forth — \$5.7 billion.

CHESHIRE: Governor, you mentioned foreign policy. Among the criticisms of the Carter administration foreign policy is that we have vacillated around the world and, in consequence, have seen the deterioration in such places as Afghanistan and Iran. What is your general assessment of Carter's foreign policy?

REAGAN: You said it. I think it is vacillating. I don't think they've ever looked at the world scene with any concerted feeling of strategically where our interests lie. I think that we've angered our friends and appeased our enemies. I disagree with this action in China, not because I disagree with reopening relations with the mainland Chinese, but I think that we could have had everything we've gotten and not betrayed Taiwan. They were the suppliers. They needed us. Because he's

trying to hold down the spread of armaments and doesn't want us to be the arms merchant, his withdrawing of military aid or even selling arms to allied nations that need it desperately is wrong, and I think that we are dangerously behind the Soviet Union in both conventional weapons and strategic weapons.

CHESHIRE: What is your feeling of Carter's actions in the Middle East?

REAGAN: Here I think we have to support what he is trying to do and hope this treaty that has been accomplished will bear fruit. I know that there are horrendous obstacles still remaining, and this is a very tenuous thing that has been accomplished, but this is one where I say, yes, I support that.

GRIMES: You feel that we fumbled by not supporting the shah, too, don't you?

REAGAN: Yes, I do, and I think the support that was needed was no more than moral support. I happen to have some access to information on that. I had been a visitor there in April, met with the shah and was very well acquainted with some people very close to the scene. Those who were there during all those horrendous days told me that our advice to the shah during the beginnings of that uprising was contrary to the advice he was getting from his own people about actions that could have been taken and probably headed that off. Ours were appeasing measures that were being advised. He had been such an ally of the United States he just could not believe the United States would let him down, and he took the wrong advice.

CHESHIRE: What do you make of the president's energy policy and its proposal to tax so-called windfall profits?

REAGAN: I think he's taking away with one hand at least a partial remedy that he was offering with the other. To me it's just inconceivable that for six years — it just doesn't start with him — for six years since the embargo we have done nothing to increase production of our own sources of energy. We have let ourselves become totally dependent in a very dangerous world on an outside supply. I think the answer is for the government to get out of the way of the energy industry and turn it loose in the marketplace. Not a phased decontrol. Bite the bullet and decontrol now. And don't take away the incentive by way of taxation. The idea of decontrol is to let the marketplace offer incentives that will lead to more secondary reclaiming of oil that's still in the ground in the old oil wells, discovery of new sources of energy, the going ahead with gasification and the making of alcohol out of coal.

CGV...



Here you sit in the very center of what is the greatest energy supply that we have in the world, and 40 years ago Germany ran its entire war machine on oil products made of coal. The government has been sticking its nose into the energy industry, and they tell me they're thinking of putting identifying jerseys on the miners so you can tell them apart from the inspectors in the mines.

MELLACE: Governor, what single thing do you think a president could do to cool inflation? The most important single thing he could do?

REAGAN: Balance the budget. The government is responsible for inflation. When government spends more than it takes in and runs up a debt of this kind, it's got only two ways to go. It goes out and competes in the private capital market to borrow capital that could be used for increasing productivity in this country, which then forces up interest rates. But the second thing is, it can't get all it needs from borrowing. It turns on the printing presses.

MELLACE: How can you relate that to a woman voter who's out there in the supermarket trying to keep her family in food? How's she going to relate to your statement to balance the budget?

REAGAN: Well, I know it is hard. It's hard because the people of this country believe a lot of political and economic mythology that's been created largely by political demagoguery. You go down on the street and ask the average, well-informed person how he feels about taxing business more, and nine out of 10 of them will say, yes, I go along with that. Then you have to try and explain to them that business doesn't pay taxes. All those taxes are in the price of the product. The same old joker ends up down here paying the freight. And I've tried it on campuses with college kids, and you can see the look of disbelief until I've gotten down to one simple example. And you can see the light dawn and they get it immediately.

Fifty percent of the price of a loaf of bread is made up of 131 accumulated taxes, beginning with the property tax on the farm where the wheat was raised. If he can't get enough for his wheat to pay that tax, it's in the price, too.

MELLACE: So how do you handle a question from them about a 25 percent corporate profit?

REAGAN: The increase?

MELLACE: Yes.

REAGAN: Twenty-six percent? The funny thing is when that was seasonally adjusted — there again, that's what contributes to the mythology. The 26 percent increase, when it was adjusted seasonally, went down to a 9.6 percent. But that does not mean higher prices. An increase in profits can mean recovery from a very bad period, and we've been in a declining period. Profit as a percentage of gross national product has been going down steadily, for 15 years.

MELLACE: Not oil profits.

REAGAN: What?

MELLACE: Not oil profits.

REAGAN: The funny thing is the oil industry knew a surge because of the increase in the prices, but the oil industry had been hit harder and had been in a period of lower profits than average industry in America, and today its profit rate is less than the average for all of American industry. This increase could result from the inflated value of inventory that was bought at one price but is now sold at the new, higher prices. It doesn't mean that the actual profit has now swelled to some kind of a runaway thing. Actually, corporation profits in America are not as high as they were in '66.

CHESHIRE: Governor, as a practical matter how would you calculate the odds on balancing the budget? Getting Congress to balance the budget.

REAGAN: I think the odds are pretty good because I learned one thing with regard to legislatures. When the people speak in a certain voice, Congress listens. It isn't necessary to make them see the light. You have to make them feel the heat, and right now the American people are in a mood of making them feel the heat. Common situs picketing. We were so sure that the House of Representatives had been bought, that common situs was going to pass, that they were trying to round up 40 votes in the Senate to stop it by a filibuster. And I was furnishing some information to some of them that I'd collected in my own writings and columns and so forth. And when it was defeated in the House, I asked them what happened, and they said, "We heard from the folks back home."

MAURICE: In recent years it has been the strategy of both major parties to find and occupy the middle of the political road, thus forcing its rivals onto the berm. Given this practice, or this trend, what in your judgment is the basic principal which still differentiates the Republicans from the Democrats?

REAGAN: No matter how much the Democrats talk, almost inevitably the first thing candidates would tell me — the Republican candidates — was that they were having a hard time sounding as Republican as their opponents. I think that the basic difference between them — the two parties — is that the Democratic Party at the leadership level still believes in centralized authority in Washington, still believes in regulating the economy by use of the tax system, by these excess regulations and so forth. I believe that the Republican Party, honestly and sincerely, believes in not only reducing that but in a return to the states and local communities of authority and autonomy which has been seized by that federal government.

I think there is a note of fiscal responsibility. I call to your attention the measures that have been introduced by Republicans. It is Republicans who have tried to change or eliminate the minimum wage law, which is creating youthful unemployment in our country, which has eliminated thousands and thousands of jobs. I think the Republican tax policies that they have advocated are totally different from the Democrats' tax policies. The Democratic tax policy is still populist and is still based on the people who aren't really paying the tax burden at all.

As a matter of fact, I was a Democrat — New Deal Democrat — and I would suggest today that the Republican Party should run on the 1932 Democratic platform. This was the first time I voted. They swore that they would cut the federal government by 25 percent in cost, they would eliminate unnecessary bureaus and agencies, and they would return to the states and local communities the autonomy that had been seized unjustly by the federal government. The Democrats wouldn't be caught dead with that platform today, and of course they never implemented it.

CHESHIRE: Thank you very much, governor.



## **EXCLUSIVE INTERVIEW**

# **RONALD REAGAN**

## **HOW STRONG THE CONSERVATIVE WAVE?**

Are we seeing a growing public demand for more fiscal responsibility? Ronald Reagan, whom many see as the champion of Republican conservatism, says yes. The demand, he says, is being fueled by governmental irresponsibility, which ties the hands of business and consumer alike.

---

*California has set fire to the rest of the nation with its Prop. 13 move against government spending, says Ronald Reagan, former governor for the state and one of the leading Republican candidates for the 1980 presidential election. In this interview with CB's editor, Michael Harris, Reagan talks about the current inflation crisis, California's poor business climate and what might be done to turn things around.*

**Q.** Do you think we're heading for a recession?

**A.** Yes. But I'm hoping it will be a light one. I

think the earlier it comes, the lighter it will be. However, I think the longer we wait, the closer we come to the risk of the roof really falling in.

**Q.** It seems like most economists have been very iffy about when a recession might hit. We're now looking to the fall of this year or early 1980.

**A.** I would think that, politically, this administration would want to get it over with, in the hope that it could boast of rising economic indicators as the '80 election approaches.

**Q.** Do you think that President Carter will be able to do that?



**"We're probably the only industrial nation today whose government has a hostile relationship with business."**

**A.** I don't know. But what worries me the most is how we try to come out of it, whether or not we try to come out of it for political purposes, as we've done in the past. We artificially stimulated the economy to get ready for the '68 election. And in '70 we had a recession. Then there was stimulation again to make sure that didn't happen in the '72 election year. The result was that in '74 we had a recession, only this time it was twice as bad, unemployment twice as great, inflation twice as great. The same thing took place yet again, getting ready for the '76 election. What makes us think that the same pattern won't follow?

But how many times can we do that and artificially buy our way out of it with deficit spending? Until we have an economic bellyache that won't stop? We seem to think that these are just business cycles that come and go. The world has never been in as sustained a period of inflation as it is in right now.

**Q.** What do you think government's role should be in a situation like this? Should it be total hands-off? Should it be stimulating the economy somewhat?

**A.** Let's look at the '74 recession to see what West Germany and Japan did as compared to the United States. Both those countries worked their way out of it; they did not buy their way out as we did. And their recovery was better. We know that they've both had a much more solid economy, in a sense, than we've had. It just seems to me that a great many of our troubles are based on interference in the marketplace by government. We have the combination of over-regulation with repressive tax policies on business and industry. We're probably the only industrial nation today whose government has a hostile, adverse relationship with the business community.

**Q.** So, you're suggesting that governmental policy has been too active in its relationship with our economy, that it's fueling our fiscal problems. How would you cut back the federal role?

**A.** You've got to end the government's artificial stimulation such as its overprinting of money. The figures I have show that we've gone from \$63 billion in circulation in 1940 to \$806 billion in 1977. There's been nowhere near that kind of increase in the goods and services behind that currency increase. So obviously the value of our money has gone down.

When I was a kid, I lived on a street that had a streetcar line. We kids used to think it was funny to take a penny, put it on the tracks, wait for the car to go by and then go out and get this big flat piece of copper that was the shape of a quarter.

Now the government's doing that and calling them quarters.

**Q.** It's almost impossible to find pre-1966 quarters anymore. All the silver quarters have been pulled out of circulation.

**A.** Well, the theory proved right, didn't it? Gresham's Law. Bad money has driven out the good.

**Q.** Do you think that most Americans are becoming adjusted to an inflation economy, that they're now resigned to 7 percent, 8 percent or even 9 percent a year?

**A.** Oh no. I think inflation is the No. 1 issue in people's minds. We see so many families today where the wife as well as the husband must work. They're trying to maintain a standard of living and educate their children. Each one of those families is probably earning more dollars than they did before. They're in a position where they used to think that if they earned that much income, they would really have the good life. But now they're finding that, because of inflation, they're really falling behind in their standard of living.

You know, the one factor that is not computed in the cost-of-living index is the cost of government, and that is going up faster than anything else. So the government tells us that real wages have actually stayed ahead of inflation. Well, in the 10 years between 1967 and 1977, real wages did stay ahead of inflation—by two-and-a-half dollars a week before taxes. But not only did that not take into account the increase in taxes, but people, by keeping up with the cost of living, moved into higher tax brackets and found themselves paying a penalty for staying even with costs.

**Q.** There are a lot of people attending investment conferences on gold and silver these days. People are also showing an interest in buying things which will increase in value. What does that tell you about the thinking in this country right now?

**A.** I suppose it's a kind of instinct people have.

**Q.** Do you think that there's a gold fever that might bring back a gold standard?

**A.** I don't know how you would get back to a gold standard or any sort of value-backing of the currency. But I do know this. In the history of the world, no nation has ever survived fiat money, which is what we have today. I asked one very prominent economist how we might get back to a gold standard. He said that now that Americans can own gold and even make contracts and business deals in gold, we might be able to approximate it. The first person I know of who did that was a rock star who recently went to





Europe on a tour and arranged for her income from that tour to be paid in gold.

**Q.** How would you rate California's business climate?

**A.** Lousy!

**Q.** Not if you listen to Gov. Brown.

**A.** The governor can talk all he wants to, now that he's a free enterpriser. Sometimes I think I left some of my old speeches in the desk. But he can't hide the fact of his appointees. When you appoint a Tom Hayden to an economic development commission, and Tom Hayden has formed a national organization that is aimed at the destruction of corporate business, you have to figure that his idea of what kind of economic development we should have is not exactly going to be the free marketplace.

It's also true of his appointees to the Public Utilities Commission. Few people in this state realize that California's utilities, once solid as a rock, are in deep trouble. They're in deep trouble in the money market because the rest of the country knows that they've been so restricted in development, in growth, in ability to expand to meet our growing needs here in California, to keep pace. They know all that does not exactly make their bonds triple A. And they know that we're due for some problems. If something

doesn't change, there may be some brown-outs—restrictions of power—in a few years.

**Q.** And yet the business climate is supposed to be improving over what it was.

**A.** Sometimes you wonder whether that's just the result of inflation. You know, inflation can seem like a warm bath when more money is coming in, particularly when it's coming in on inventory that you bought at a lower price. But if you look beyond when that inventory is gone and you have to replace it at the new higher price, you know that you're only having a little temporary splurge.

**Q.** I'm curious about your thinking on the Sohio controversy, where that oil company threw up its hands and said that it would kill plans for a California pipeline-storage facility because of the tangle of red tape. Do you think that it's the same type of situation Dow Chemical faced a few years ago? The same red-tape tangle that was supposedly cleaned up by Brown?

**A.** Yes. There are two things that create this red tape, that I think are related to what I call environmental extremes. I think we're all environmentalists. Lord, nobody remembers this, but I was the first one to be governor. You remember back a few years ago the highway commission was so arrogant that it could just bulldoze through anything. At that time the governor said he couldn't overrule the commission. I remember one time they put a highway right through a redwood grove. And when the people objected, the governor just said, "Well, we'll plant more redwoods."

Early in my administration, I said that any state agency that is going to build facilities, highways, etc., should look at these things. It wouldn't be too hard to bend a highway around points of historic interest or whatever. We got that, and we implemented that. The result was that California, for highway building, won nine out of 13 national environmental awards during one year.

But now what faces business, what faced Dow and what faced Sohio is extremes. Dow Chemical had something like 65 permits still to go after it had already spent millions of dollars. But what I call environmental extremists have found that, even when a company gets a permit, they can challenge in court and hold up a project for months and months. The company never knows until the end if it will get final approval. So I feel that something should be worked out within the system. Lord, most states are out with teams soliciting California industry to move to their state.

**Q.** That attitude was part of Brown's Era of

**"Few people realize that California's public utilities are in deep trouble, and we're due for some problems."**



**"History shows there never has been a society that survived government, taking more than a third of people's earnings. We are at almost half."**

Limits philosophy, and his feeling that California was such a desirable state to be in that Sacramento didn't have to advertise.

**A.** Yes, but it doesn't work that way. For example, our inflated real estate values are such that they present problems. You'd find it very interesting to see what corporations offer as bonuses to get people out here. It's just like buying top athletes to get executives to come to California.

**Q.** It has been a problem to recruiting?

**A.** Yes, because a man who's living in a comfortable home that is at his level of success finds that if he comes to California he's got to drop about a fourth in the quality of home.

**Q.** What do you think of the Prop. 13 fever that swept out of California into the rest of the nation? Is it just a passing fad?

**A.** Not at all. I just wish that the fever had started in 1973 when we designed Prop. 1, because now there are about 30 states that have something similar. In Washington, some of the people who are trying to bring about a percentage limitation on spending or taxing are the same ones who helped us put together Prop. 1.

**Q.** So your problem was timing.

**A.** I think we were just ahead of our time. But it seems to me it's a very logical thing. I can't help but believe that in this computerized age of ours we could determine what optimum percentage of private-sector earnings could be devoted to government and then fix by law that percentage as government's share, just the way we budget everything else. And there's no question that today government is a drag on the economy.

The classical economists, back at the turn of the century, often said that the hard times, the lean times, came when government would drift above a certain level of taking the people's money. In 1930, the governments of this country—federal, state and local—only took a dime out of every dollar earned. And only a third of that was the federal government's share. History shows that there never has been a society that survived government taking more than a third of the people's earnings. We are at almost half.

**Q.** Do you think that anything you did while governor helped to seed the Prop. 13 fever?

**A.** Yes. Clear back in the 1966 campaign I felt that the one tax in California that was out of line was the property tax. I felt that the state was too dependent on it, and that people were being priced out of their homes, not by the tax rate, but by the fact that government was consistently upgrading the valuation. For several years during my terms as governor, one of the most



**A skirmish won in the battle to change tax structures, Reagan as governor signs a 1972 schools finance bill accompanied by Assembly Speaker Bob Moretti.**

frustrating things was trying to persuade the Legislature to do something about the property tax. The real problem, of course, was the total spending of government. What I worry about with Prop. 13 is the illicit surplus that the state has, because our tax policy profits from inflation. Every time you get a penny more to keep up with the cost of living, California gets added revenue, too.

**Q.** So you think there's more work to be done.

**A.** Prop. 13 was really aimed at not only restricting the property tax, but at forcing local government to come down a level in its spending as well. But it hasn't worked out that way. Local government was bailed out, and you could almost see them assuming that each year the state will have a surplus and do that for them. Now, first of all, the state should be giving back those surpluses to the people. We did it for eight years when I was governor.

**Q.** California has been giving the tax surplus to the various counties and cities. Was that a necessary move to help cushion the shock of Prop. 13? Or should the state have ignored local government?

**A.** No, I think that the state should have made it

Photo: L.A. Times



plain that it would use the surplus as a one-time thing while local government readjusted its spending. But that was never made plain. The state just bailed them out. And now we find that local government is waiting for the next bail-out. San Francisco, of recent years, has not been managed in a way to make it a model city. It just automatically raised license fees and other taxes and said, "Here we go in the same old way."

**Q.** So the issue of cutting back government and trimming taxes is not going to end. The issue of inflation, big government's tax bite, will be a force in upcoming politics?

**A.** Yes, because the real purpose behind Prop. 13 was to focus people's attention on the extravagances that have grown in government. Government, as an institution, has a built-in tendency to grow, as does business. Every once in a while business has to take a look at the overhead that's just kind of accumulated and say, "Whoops! Wait a minute here!" They have a legitimate reason for it because they're bound in by profits, and when overhead begins to eat too much into returns, they have to be concerned. But government doesn't have that. Government just sends the bill to the people by raising taxes.

**Q.** What do you think that business should do to fight governmental red tape?

**A.** Well, for one thing, stop supporting legislators that by their voting record are obviously hostile to business. And I mean that seriously. You'd be amazed at how businesses spread their money around to someone because he is an incumbent or on the committee that has to do with their business, so that's where they contribute.

**Q.** Are you seeing a shift among business leaders who for so long were Democratic backers and now, seemingly all of a sudden, are changing their positions?

**A.** Yes. I've just criticized business and industry, but this whole climate has moved in on them to where they've begun to realize that the fight is theirs.

**Q.** What do you think of the economic power of California's neighbor, Mexico, and its prospect for huge oil development?

**A.** I've always felt that we've never—with Latin America in general and Mexico in particular—done much. We've talked and used lots of slogans and good-neighbor policies, but we have never really worked out the kind of partnership that we see, for example, in the Common Market. I think something like that is long overdue with our two closest neighbors, Mexico and Canada, recognizing that they have things that we need, but they also have problems. We need to look at how we can work out a situation where

we can be of help to them in their problems. Mexico's biggest problem is 40 percent unemployment. We can do far better. Look at government interference.

Seven private utility companies made a deal with Mexico to buy natural gas, and Mexico was ready to build a pipeline up to the border to bring the natural gas to the United States. Then our government just said to the Mexican government, "You can't sell it to us." But I have a suggestion for Mexico. As long as we've been so foolish about this, and Mexico needs the jobs, why doesn't Mexico bring the gas up close to the border, build power plants and sell us the electricity?

**Q.** The Pacific Basin is terribly important to California's trade. It looks like the People's Republic of China could be a new major source for goods. But do you think that China is the economic plum many people are saying it is?

**A.** I think it's highly overrated. It think that mainland China is going to buy a number of goods—once. In other words, they're going to buy the means of production. But we are looking at a billion people. What are they going to buy with? If we think they're going to suddenly start riding American bicycles or motorcycles or automobiles, or listen to radios or watch television sets, what do we think they're going to buy them with? They don't have the income or money.

And incidentally, that brings us to a whole other problem which I'm not equipped to discuss. What's going to happen to us in the next few years when the debts begin to come due? With the great indebtedness of the Third World countries and the Soviet Union to our biggest banks, is it going to have to be our government that rescues the banks if and when those countries default on their notes?

**Q.** What about Carter's oil deregulation plan—was it enough in your view?

**A.** No. It not only wasn't enough, it shouldn't even have been phased. Secondly, he took it away with the other hand with that ridiculous tax idea. The idea is to turn industry loose in the marketplace and let the incentives of the market encourage them to secondary recovery of oil in the wells that we already have—old oil. There's more left in the wells we've already pumped than we've taken out and used so far. Let's encourage them to that, to new exploration.

**Q.** So you think government policy is out of balance.

**A.** Why should we be giving over \$16 a barrel to an OPEC producer, but feel that it would be obscene to give to an American company? ■

**"Why do we pay OPEC producers over \$16 a barrel for oil, but feel it's obscene to pay it to American companies?"**



July 66, 1977

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STATEMENT BY THE HONORABLE RONALD REAGAN ON PRESIDENT CARTER'S  
ENERGY EFFECRES

In his energy addresses, President Carter identified the problems clearly, but he spoke about them as if he and his administration had not been at the center of them for the last two-and-a-half years.

He talked strongly about freedom, yet his proposals seem to lead in the opposite direction. They are based on massive new taxes (\$140 billion over 10 years, which ultimately will be borne by the average citizen); and on massive new government programs. He proposes a new super agency to cut through the red tape of the super agency he created, the Department of Energy. He talked about development of alternative and synthetic energy sources -- (and we can all agree that they have an important role to play in our future), but he proposes to develop them by allocating money from the government. Yet, this is the same government which has proved it cannot allocate gasoline supplies fairly or rationally.

Mr. Carter professed a great faith in the wisdom and resourcefulness of the American people, but then turned almost entirely to the federal government for solutions to our energy problems. His speech revealed his lack of faith in the ingenuity of the American people. We know that tens of millions of Americans are already making intelligent conservation choices when it comes to energy.

Other aspects of the solution lie in decontrolling domestic oil, with plowback provisions to insure widespread exploitation and development; tax credits for practical synthetic and alternative source development; creative use of our coal reserves; and intelligent

development of nuclear power.

Every American wants to do his or her part to solve these problems. Mr. Carter cannot divorce himself from the problem by shifting the blame to the people, as he seemed to do in his Sunday night speech. The solutions lie with the people -- in their use of good sense and ingenuity -- rather than in the halls of government.

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# Reagan's 'one-term' thoughts

By Godfrey Sperling Jr.

Atlanta

There have been rumors that Ronald Reagan will try to dilute his age problem by announcing, at some point, that if elected he will only serve for four years.

In an interview Mr. Reagan made some comments which indicate he is entertaining this possibility.

Asked for his views on the "essential element" a president should possess, the former California governor edged away from the question, almost as if looking for a way to talk about the one-term possibility.

"I think what is needed in that job is someone who will decide from the first day in office to do what has to be done — without putting his attention on the next election four years down the road." He paused, adding thoughtfully:

"Maybe this is what has led so many people to suggest a single term. They have the feeling, or are aware, that presidents have spent their first four years making judgments that are kind of based on the voting constituency.

"I don't believe a president should do that."

Mr. Reagan, if elected president, would be approaching his mid-70s by the time a second term came along. He is aware that in the 1980

election campaign his opponents would likely use, or try to use, the age issue against him.

**Q:** Your commitment then is basically for the first four years?

**A:** You are elected for that. If a second term comes along and that's what the people want, that's another thing. For those four years they are entitled to have a president who is going to do, or attempt to do, everything he said he would do and do it starting from the first day.

**Q:** You would be content then with just four years?

**A:** If that's what the people wanted after the end of it, I would be content.

No, Mr. Reagan isn't closing the door to a second term. Not yet. But he certainly is positioning himself in a way where he could later (a) commit himself to just one term or (b) pledge that he would not automatically run for a second term but would instead reevaluate his personal situation at the time.

**Q:** Can you do enough in four years?

**A:** Well, you can do an awful lot to turn things around.

Mr. Reagan looks amazingly young — deeply tanned, trim, and hard-muscled. He had just made a morning speech and had showered and changed to informal wear. His sport coat was

raw silk — bone white, contrasting with a dark-blue, open-necked shirt. Somehow he always gives the impression that he is just-off a Hollywood set.

**Q:** Why would anyone want to be president?

**A:** Well (smiling at first, then becoming serious again), I think there are undoubtedly some people who set their career in politics and so it is a professional type of thing with them; that getting to be president is the top of the ladder in politics. And maybe some want it for the position itself and all the things that go with it. I don't have either feeling.

**Q:** What, then, is your motivation?

**A:** Well, I believe that if you find yourself in the position where you believe there are things that need to be done and circumstances have placed you in a position where maybe you will be able to do them — well, then, you may get hungry to see if you can't take a crack at them.

**Q:** Have you made up your mind whether you are hungry enough?

**A:** I'm hungry enough.

*Mr. Sperling is chief of the Monitor's Washington bureau.*



# RONALD REAGAN

July 27, 1979

The Honorable Henry J. Hyde  
1203 Longworth House Office Building  
House of Representatives  
Washington, D.C. 20515

Dear Henry:

I want you to know that I have long admired your courage, determination and articulate championship of the vital cause of the unborn child in America today. I realize there is a great difference of opinion regarding the subject of abortion. People on both sides of this issue have very sincere, strongly held views.

I personally believe that interrupting a pregnancy is the taking of a human life and can only be justified in self-defense — that is, if the mother's own life is in danger.

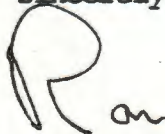
In 1976 the Republican Party platform protested the January 22, 1973 Supreme Court decision which overruled the historic role of the states in legislating in the areas concerning abortion and took away virtually every protection previously accorded the unborn. Later decisions have intruded into the family structure through their denial of the parents' obligations and right to guide their minor children. The platform called for a continuance of the public dialogue on abortion, and expressed support of the efforts of those who seek enactment of a constitutional amendment to restore protection of the right to life for unborn children.

I fully concur with our platform.

But the process of amending the Constitution is lengthy and difficult. As in other cases where I favor additions to our Constitution — to limit federal spending, and to balance the federal budget — my preference would be to first use the legislative process. If that fails, I would hope that Congress itself would propose the amendment and send it to the states for ratification. As a last resort I support the right of the people of the United States to call a constitutional convention for the specific purpose of proposing an amendment.

In the meantime, I am opposed to using federal tax money to pay for abortions in cases where the life of the mother is in no danger.

Sincerely,



RONALD REAGAN

BCC: MCA, EM, JS, PDH

10960 WILSHIRE BOULEVARD, LOS ANGELES, CALIFORNIA 90024



Long Dandow - RFP

# What Carter's Rivals Would Do About Energy

While Jimmy Carter scrambles to build a consensus around his latest energy plan, other announced and potential rivals for the Presidency have their own ideas on how to handle the nation's fuel shortage.

The complex program that Carter announced in mid-July would: Put a cap on imports, stimulate synthetic-fuels development, give rebates for insulating and solarizing homes, spur utilities to switch from oil to other fuels, expand mass transit, tax oil companies' windfall profits and help low-income people hit by soaring fuel prices.

Are there better ways to lick the energy shortage?

*U.S. News & World Report* went to nine Republicans and Democrats who are active or potential candidates for President in 1980. Their answers—

**Ronald Reagan**  
*Republican of California*

The real problem is that we have been looking for scapegoats when we should have been looking for oil. A reasonable return on investment is needed if we are to stimulate exploration and fully develop our domestic sources.

I favor decontrol of oil prices with some provision for plowing back windfall profits into new oil and gas exploration and the development of alternative energy sources. Decontrol, along with an end to the crazy-quilt government-allocation system, is the surest way to cure our shortage.

One way we can reduce consumption of expensive foreign oil is to learn to barter, as the Japanese do. The Japanese have no oil of their own, but they also have no supply problems. Let's look at the latest Russian purchase of our grain: The Russians need our grain in large amounts on a more or less continuous basis. Why not insist they pay us for it in Russian oil?

And we should have confidence in the future. Oil geologists tell us that it is their belief there is as much oil and gas yet to be found here in America as has already been found.

**Senator Edward M. Kennedy**  
*Democrat of Massachusetts*

President Carter has set some ambitious energy goals that, in general, I support. But I think we can meet those goals through a program that embraces four central points:

1. Create a major energy-efficiency program to promote insulation of private



homes; convert industries to more-efficient uses of energy and involve all Americans in the drive to reduce imports.

2. Support oil-exploration efforts in other areas of the world outside the Organization of Petroleum Exporting Countries. Major new discoveries in Mexico have been made in recent years, and, hopefully, exploration in South America and other areas would develop other sources.

3. Stimulate competition among alternative energy sources. This can be done through the free-enterprise system, with incentives from government.

4. Provide adequate additional protection for the millions of low and middle-income people and small businesses that have been hit the hardest by the astronomical increase in energy costs.

**John B. Connally**  
*Republican of Texas*

For the remainder of this century we have to depend upon three basic sources for energy: Petroleum, coal and nuclear.

Specifically, we should: Mine and burn more coal; encourage oil and gas exploration and open up more of the publicly owned lands for exploration; cut through federal red tape to speed development of the nuclear reactors now under construction, and create with Canada and Mexico a North American common market for energy.

At the same time we must reduce consumption, and there is no painless way to do it. Immediate decontrol of oil prices would be the quickest way because prices would rise—at least in the short term. Americans were insulated by price controls from the hard reality that the era of cheap oil is over.

Raising taxes on gasoline is another way to push up costs and discourage consumption. Rationing would be still another approach. Other steps could be taken, particularly in transportation. Train and bus commuter lines must be beefed up and measures taken to encourage their use.

**Senator Robert Dole**  
*Republican of Kansas*

We need a massive national program to develop alternative fuels that can substitute for and eventually displace imported oil. To promote this, we need to remove roadblocks and delays that hinder the growth of the infant synthetic-fuels industry.

I support a properly structured windfall-profits tax that encourages new supplies and meets the expectations of the consumer.

A tax designed to compel new oil and gas exploration and development is in the best interest of the country.

Government must learn how to work efficiently and in tandem with private industry. Controlling the price of domestically produced oil in the early 1970s was a costly mistake that started this nation on its present precarious predicament. Americans far prefer having energy available at a higher price than enduring the present government-induced shortage.





**Representative  
John B. Anderson**  
*Republican of Illinois*

To meet a goal of restricting oil imports, we must initially consume less as we try ultimately to produce more. We need an energy mobilization board, empowered for at least five years, to coordinate this vast effort. The board primarily would be an operational mechanism guided by national policies handed down by the President and Congress.

An energy policy should include: Abolishing the fuel-allocation system, which isn't working, and discouraging unnecessary oil consumption by imposing a significantly higher federal gasoline tax—possibly coupled with an equal reduction of state sales taxes or Social Security payroll taxes.

Revenues from the windfall-profits tax should go to an energy trust fund to aid low-income families, expand mass transit, provide tax credits for solar heating and cooling installations and stimulate alternative-energy research.

The fund could help start a new synthetic fuels industry and expand government demonstration plants to extract oil from coal, shale and tar sands. And we should aim toward a goal of requiring refiners to use a feedstock of at least 10 percent synthetic fuels by the end of the next decade.



**Senator  
Howard H. Baker, Jr.**  
*Republican of Tennessee*

All Americans will have to sacrifice to meet this crisis—including the oil companies. I favor a tax on excess profits with a plowback provision to insure that some of these additional revenues go into expanded production.

Price controls have encouraged consumption and discouraged production, when our policy should be just the opposite. Some of the President's latest proposals will encourage energy conservation, but I don't want the American people to be satisfied with the allocation of a permanent shortage. Production is the key to energy security and economic progress.



**Representative  
Philip M. Crane**  
*Republican of Illinois*

Americans would have plenty of fuel if they were allowed to tap their own vast resources. Government-imposed oil-price controls have robbed U.S. oil producers of the capital and incentive to find and develop oil and gas resources at home. Until we produce energy at capacity, we will be at the mercy of OPEC. The federal government is to blame.

And I do not think oil companies make too much profit. By whatever standard, oil-company profits are less than the national average for private businesses. The budget for the



Department of Energy—more than 10.5 billion dollars a year—far exceeds the profits of the top 10 oil companies.

The notion that we can cut necessary consumption without plunging the nation into poverty is fallacious. We cannot save our way out of the energy shortage; we must produce our way out. Among other things, we must build more nuclear plants to generate electricity and develop our abundant fossil fuels.

Fuel shortages penalize the poor and the disadvantaged most severely by halting the growth of our economy. No new jobs or opportunities are created in an energy-poor economy. Abundant energy is necessary in order to build and fuel new plants and businesses.

**George Bush**  
*Republican of Texas*

Oil products should be free of price controls. Today, gasoline, propane and butane are still covered by controls, and the disastrous attempt to police hundreds of thousands of individual businessmen selling these products is apparent both in wide price differences and in long lines at the gas pump.

The key to insuring fairness in oil-company profits is to insure competition at all levels: Exploration, refining, distribution and sales. Most public attention is focused on the profits of the major oil companies. However, 80 percent of all new oil is discovered and 75 percent of new wells are drilled by small independent oil companies.

Government, through regulation, has had the greatest role in creating energy shortages.

To increase energy supplies, we need to substitute coal for oil in electric-utility plants and, with proper safeguards, increase our output of nuclear-powered electricity.

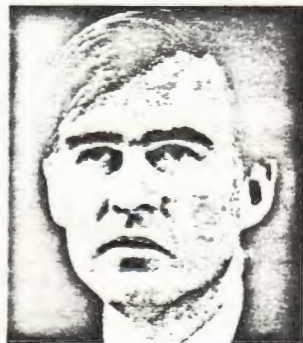


**Governor Jerry Brown**  
*Democrat of California*

We need to get more involved in developing solar energy. I'm convinced solar energy will play an even larger role in our technological culture in the next 50 years. Much depends upon the ability and willingness of government and industry to develop alternative energy sources such as solar, geothermal, wind and coal gasification. We should once and for all tell the nuclear industry: "Forget about nuclear reactors. If you haven't started—if you haven't put them on the drawing board—you're not going to get them."

With the experience of Three Mile Island, the misstatements by the nuclear industry, the unexpected rise in costs, the lowering of demand for electricity, we must consider the alternatives.

I also believe we should have an economic common market among Mexico, Canada and the United States. Together, this economic community has more power than any other comparable piece of geography on this planet. It has the resources—the oil, gas, coal, land, weather and close proximity—to create the most powerful economic unit the world has ever known. □





# Reagan criticizes Carter inflation talk

CINCINNATI (UPI) — Former California Gov. Ronald Reagan berated President Carter for implying to the American people that inflation has ended "the good days" and called for a tax cut to help the economy.

"The good days aren't over," Reagan, a Republican presidential hopeful, declared Friday.

"It's ridiculous for the Carter administration to make a speech to the people of the United States and tell them they were responsible for inflation, that they must stop buying things, that the good days are over and we must now come down to a sharing of scarcities," Reagan said at a news conference before addressing 1,000 people at a \$25-a-plate fund-raising luncheon.

"The good days aren't over. The trouble is — the difference is — it's the government that's responsible for inflation.

"People don't cause inflation. Wages and prices don't cause inflation. Inflation is caused when the federal government is spending at a rate above its revenues and taking a high percentage of the people's earnings."

Reagan complained that federal, state and local governments currently

"are taking 44 cents out of every dollar earned. HEW spends roughly \$3 to deliver \$1 to a needy person. That's a rather high administrative overhead for a charitable organization.

"The government must take steps that will help business and industry in this country increase its productivity," he added.

"I believe that the Republican position has been right for these last several years — that an effective, across-the-board tax cut for both business and the individual will stimulate the economy to the point that even the government will get additional revenues because our productivity will increase and there will be an incentive for people to work.

"And we're not just speaking theoretically. In every major across-the-board tax cut in this century, that has been the result."

Asked how much of a tax cut he advocated, Reagan said, "I happen to be one who thinks that the Kemp-Roth bill suggested a very logical cut. It was going to be put in over a three-year period and would total about a 30 percent cut across-the-board. I think it makes a lot of sense."

Reagan also said he was against wage-and-price guidelines because, "I oppose what they lead to, which are mandatory wage-and-price controls. To suggest that wages and prices are the cause of inflation is like suggesting you can cure a fever by breaking the thermometer."

And, as for the impact on his campaign of a possible Democratic presidential fight between Carter and Sen. Edward Kennedy, Reagan just laughed and said, "I think it would give any Republican campaign great pleasure."



## Book Review

# 'Amsterdam to Nairobi': WCC's Shift Toward Radicalism

By RONALD REAGAN

In the 31 years since the World Council of Churches was founded in Amsterdam, the organization has gone from being a sort of "voice of conscience" urging Christians to apply their principles to political problems to an indiscriminate supporter of Marxist terrorists.

What happened?

Ernest W. Lefever, in an impressive new book titled *Amsterdam to Nairobi: The World Council of Churches and the Third World*, traces the radical change in the WCC's composition and method

**"Amsterdam to Nairobi: The World Council of Churches and the Third World"**

By Ernest W. Lefever  
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114 pages, \$5 (paperback)  
\$10 (cloth)

of operation. Initially the group was comprised of 152 member churches, mostly from North America and Western Europe.

"Today," says Dr. Lefever, "its

porations and even 'imperialist' Christian missionary efforts."

When you combine Third World paranoia with what London's Institute for the Study of Conflict calls the "Western churches' obsession with guilt of the individual for the sins of society," you get such things as last year's WCC grants to the Rhodesian guerrilla terrorists (who were murdering, among others, Christian missionaries), to SWAPO (Southwest Africa Peoples Organization), the externally based Marxist guerrilla outfit that is trying to seize control of Namibia, and you get support for the Marxist regime in Angola.

**These grants created a firestorm of disapproval from Christians in many lands. Three members (including the Salvation Army) withdrew from the WCC and others**

curtailed their contributions.

Dr. Lefever concludes that "on the long road from the Amsterdam Assembly to the Nairobi Assembly, the WCC has moved from a largely Western democratic concept of political responsibility to a more radical ideology that...embraced the concept and practice of 'liberation theology' [which] bears a striking resemblance to Marxism."

What is to be done about the excesses of the World Council of Churches?

Prof. Lefever makes several specific and thoughtful recommendations. For example, "The WCC should sharpen its understanding of the different but complementary functions of church, state and citizen. It should speak to so-

ciety by making broad moral judgments against gross evils like genocide, not by giving specific policy advice better left to individual Christians and other citizens with responsibility for political and economic decisions."

All of Lefever's recommendations are reasonable; however, if those who dominate the WCC today were reasonable, they would not be sending money to terrorists who kill civilians and missionaries.

For now, it seems to me, the best opportunity for reforming this radically minded organization which has so distorted the teachings of Christ is for individual church-goers to make sure that none of the financial support they give their own church goes to the WCC where it may end up as a bullet in a terrorist's gun.

*King Features Syndicate*

## FEC's Big Labor Slant Defeats Its Mission

By VICTOR LASKY

It is becoming increasingly obvious that the Federal Election Commission, that powerful bureaucracy charged with supervising all federal elections,

the FEC is not at all coy in its attachment to Big Labor.

That attachment is not too difficult to understand since FEC kingpin

The National Right to Work Committee then supported a suit against the FEC, charging dereliction of duty.

In April 1979, a federal judge ruled that the Right to Work Committee was





*Author Lefever's new book on the World Council of Churches traces the rise of the influence of the Third World on the organization.*

center of gravity, like that of the U.N. General Assembly, has shifted to the Third World."

Between WCC assemblies (Amsterdam was the first; Nairobi—in 1975—the latest) decisions are made by the 135-member Central Committee, in which Third World and Marxist state representatives outnumber those of the West.

According to Lefever, "In recent years the term 'Third World' has taken on an ideological meaning that focuses on grievances against the West. From this perspective, Third World people still suffer from past Western colonial control and are also being oppressed by 'neo-colonialism,' trans-national cor-

administer election laws fairly and impartially.

Throughout the 1976 and 1978 campaigns, the FEC was the shield and buckler of organized labor and the Carter campaign committee. It protected them from serious prosecution for violations of federal election laws and was also an avenging sword, ready for use against Big Labor's and the Administration's political foes.

**In short, the commission—supposedly the watchdog against abuses of an "imperial" presidency and the intrigue of powerful special interest groups—has become the lap dog of the Carter presidency and Big Labor.**

When it was disclosed, for example, that Carter's campaign committee had illegally spent \$50,000 in federal matching funds for the 1976 election, the FEC simply ordered the committee to repay the money—with no penalty assessed.

When the Carter people were caught red-handed comingling campaign funds with private accounts during the 1976 primaries, the FEC assessed a mere \$1,950 penalty. And when the Kentucky United Labor Committee for Carter-Mondale put on a joint rally with the Carter campaign—a clear violation of the Federal Election Campaign Act—the FEC saw fit to fine Carter's campaign a paltry \$250, even though the labor group had been found in violation many times before.

While its bias toward the Carter campaign remains somewhat discreet,

Thomas Harris spent 30 years as a top staff lawyer to Big Labor.

From 1948 to 1955, he was associate general counsel for the CIO. In 1955, he became associate general counsel for the AFL-CIO. In that role, he was considered Big Labor's "specialist" in combatting right-to-work legislation.

When Harris recently came up for reappointment, union spokesmen were quick to remind Jimmy Carter that he occupied "labor's seat" on the FEC. And the President certainly needed no coaxing to confirm the appointment.

Harris, in turn, has rewarded his AFL-CIO buddies by making sure the FEC has consistently "stonewalled" complaints against Big Labor until literally forced to act. A typical case of FEC bias was the dogged attempt by the National Right to Work Committee to overcome FEC resistance and have the AFL-CIO prosecuted for gross violations of federal statutes during the 1978 campaign.

Last November, the Right to Work Committee filed a series of complaints with the FEC alleging 67 candidates with election law violations. The complaints contained evidence showing that each of the candidates had accepted contributions well over the \$5,000 legal limit from the AFL-CIO and its member unions.

The FEC perfunctorily dismissed the complaints, observing that the union conglomerate enjoys a "special status" that makes it "automatically exempt" from the limitations that govern the rest of society.

correct in arguing that if the political action committees of the AFL-CIO are under single control (as they most assuredly are), they must be considered a single unit for FEC purposes. The judge also dismissed the FEC's argument that Big Labor was entitled to some "special status" as wholly "without merit." The FEC had acted "contrary to law," the judge maintained.

A more glaring example of FEC favoritism was provided by the Right to Work Committee's action against the National Education Association. Here, the NEA was in open violation of federal law (in this case, the use of compulsory dues for partisan purposes) for two full years. Yet, not until the Right to Work Committee obtained a court order compelling the FEC to enforce the statutes did the agency finally prosecute the NEA.

**The National Right to Work Committee has paid dearly for its exposures of the three-headed Cerberus of Big Labor, its political allies and the FEC.**

In March 1978, for example, the FEC demanded that the committee turn over its list of some two million past and present members. But the committee said no, arguing that publicizing the membership list would expose individuals to a full range of union coercion, blacklists and even terror.

In September 1978, a federal judge ruled that the FEC demand constituted an invasion of privacy.

Which gives you some idea of what kind of people are currently administering federal election laws.

*North American Newspaper Alliance*

Reagan for President  
October 11, 1979

It is important that we conserve energy in the United States, but that alone will not end our dependence on foreign oil. The only way we're going to break the OPEC hammerlock on our foreign policy is to begin exploring and developing new domestic sources of oil.

The answer is for the government to get out of the way of the energy industry and turn it loose in the marketplace. Not a phased decontrol. Bite the bullet and decontrol now. And don't take away the incentive by way of taxation.

--RONALD REAGAN

(statement distilled from previous speeches and interviews)



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EMBARGOED TILL  
8:45 P.M. (PDT)  
Saturday, September 15, 1979

SALT and the Search for Peace

EXCERPTS FROM REMARKS BY THE HONORABLE RONALD REAGAN  
REPUBLICAN STATE CENTRAL COMMITTEE OF CALIFORNIA CONVENTION  
Town and Country Hotel  
San Diego, California  
Saturday, September 15, 1979

Over the past 15 years we have permitted the Soviet Union to deprive us of our nuclear advantage while at the same time it increased its superiority in conventional forces. Our once unrivaled advantage in naval strength is melting away, our fleet is shrinking almost as fast as theirs is growing.

Of what value can our commitments be if we are inferior both in nuclear and conventional forces? How do we support our friends and defend our vital interests in the Middle East? How do we protect our own freedom? And how in Heaven's name did we get in this perilous situation?

The wrong turn came 15 years ago when our own military resources were sucked into the war in Vietnam and our strategic defense budgets began to shrink year after year. We were entranced by the notion that if we pounded our swords into plowshares the Soviets would do likewise. They did exactly the opposite. While we made actual reductions in our strategic programs, they made massive investments in theirs.

Oh, they talked about arms control and seemed to hold out the promise of real progress. But somehow, progress was always just around the corner; just another American concession or two by us away from realization.

MORE--MORE--MORE



Our own Republican administrations should have reversed these policy assumptions. They should not have overstated what the Strategic Arms Limitation Talks could do for us. In 1972 we presented SALT I as a "turning point in the arms race", and began our reliance on what is called the "SALT Process", which included the doctrine of "Mutual Assured Destruction". At the same time, the Soviets began their exploitation of our naive desire to believe.

Toward the end of the last Republican administration the national mood had changed. There was repudiation of the defeatism of the Democrat-controlled Congress. We began a recovery of our military strength. The B-1 bomber was scheduled for production, the new MX missile was to be accelerated, the decline in our navy was to be reversed and many other urgent programs were set in motion.

All of these were reassuring to the American people. With the promise of long range defense programs to provide for our security we went forward with the SALT II negotiations. But then came a new administration. The B-1 bomber was cancelled without any quid pro quo, the MX was slowed down, the cruise missile delayed, the Navy's ship building program cut back and, under the heat of a Soviet propaganda attack, Mr. Carter halted development of a weapon that could have neutralized Russia's massive conventional superiority on the NATO front.

The Russians are now spending three times as much as we do on strategic arms and are increasing that by four to five percent a year. We are barely keeping pace with inflation. While Mr. Carter maintains that his defense programs for America are



adequate, simple arithmetic tells us that the gap in military strength between us and the Soviets can only grow wider if we continue on our present course. The administration deceives the American people when it tells us the new SALT II agreement will put a brake on the arms race, save money and be adequately verifiable. SALT II is not Strategic Arms Limitation, it is Strategic Arms Buildup, with the Soviets adding a minimum of 3,000 nuclear warheads to their inventory and the U.S. embarking on a \$35 billion catchup which won't be achieved until 1990, if then.

The SALT treaty now before the Senate should not continue to monopolize our attention nor must it become the cause of a divisive political struggle. This is no time for Americans to quarrel among themselves. Our task is to restore the security of the U.S. and we should make it emphatically known to the Soviets and -- more importantly -- to the nations of the free world that we intend to do just that. At the same time, let us assure the Soviet Union we will join in any arms limitation agreement that legitimately reduces nuclear armaments to the point that neither country represents a threat to the other.

To suggest, as the administration has, that any shortcomings in this SALT II agreement can be rectified in continuing talks leading to a SALT III agreement is an exercise in futility. It makes no sense at all to ratify a Strategic Arms Limitation treaty that does not limit arms on either side but vastly increases them while at the same time we are told we'll enter into negotiations for a third such treaty that will make everything alright.

I believe the Senate should declare that this treaty, fatally flawed as it is, should be shelved and the negotiators should go back to the table and come up with a treaty which fairly and genuinely reduces the number of strategic nuclear weapons. And then the Senate should make up its mind on our policy on national security: Where are we going in the decade ahead? What are our obligations as leader of the free world and are we capable of meeting those obligations?

I respect the thinking of those senators and others who have suggested that the treaty, despite its weaknesses, could be approved as part of a "package" that would substantially strengthen our defense programs. But, I believe such a package deal would soon unravel and bring about the very dissension and confusion it was supposed to avoid. For one thing, it would send the wrong signal to the American people: it would create the impression that we are moving both up and down at the same time, and it would deceive more people than it would convince.

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September 19, 1979

Registration, the Draft and the Volunteer Army

by Ronald Reagan

The question of the draft really entails three different proposals: universal national service, military draft, and registration.

I am strongly opposed to universal service, which rests on the assumption that people belong to the state. Though voluntary service should be encouraged, the role for determining who shall have what values and who shall do what work, when, where, and how, in our society, rests with the people themselves -- children, parents, religious institutions, and teachers -- and not the government. The individual should not be reduced to the level of a statistic to be manipulated by social engineers.

Moreover, I am opposed to a military draft in peacetime. The issue is a basic philosophical one. Only in a national emergency does the nation have a legitimate claim to the mandatory service of its young people for the military.

Another issue is a more practical one -- is the volunteer army working? I believe it is. Test scores and statistics show no significant decline in the quality of today's soldiers, and when I visited some of the troops in Germany last winter, I found them to be as well-informed -- probably better -- on current events than most civilian audiences back home. Their morale was also surprisingly good.

MORE--MORE--MORE

## Registration, the Draft and the Volunteer Army

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In addition, the volunteer army ended 1978 some 2,000 member over strength, due to the fact that more soldiers stayed in than had been predicted. When a volunteer organization's dropout rate declines, it must be doing something right.

A more serious worry is the state of the reserves and the National Guard, most of whose units are below strength. Yet the problem here is that the reserves and National Guard have not been made sufficiently attractive to young people. The solution, of course, is to make such service more attractive.

Finally, I oppose the institution of a stand-by registration system. First, the word "registration" to young people is code for "draft", and idea that evokes painful memories of Vietnam for many and an idea that has always seemed alien in a democratic society during peacetime.

Second, stand-by registration would not greatly speed mobilization in time of an emergency. One defense manpower specialist I talked with said that registration would perhaps reduce mobilization time slightly, from 110 to 90 days -- but at a great cost. It makes more sense to put those millions of dollars into program improvements and promotion to make the reserves more attractive to volunteers.

Voluntary support and participation has been the hallmark of greatness of our nation. We can continue to rely upon it in the future.