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"WHATEVER HAPPENED TO FREE ENTERPRISE?"

an address by

Ronald Reagan, Governor of California, 1967-1974

to the Staunton-Augusta Chamber of Commerce

and the Wake Up America/Think Positive Committee

July 24, 1975

"I can't tell you how delighted I am to be here in this beautiful valley -- this historic valley -- and have an opportunity to speak to a gathering of this particular kind, so typically American, and for the cause that this meeting supports, because all too much of this seems to be in danger of being pre-empted in this country -- this citizen activity.

"You know, I've been a little bit worried here, as both the members of the Legislature saw fit to refer to my earlier career. One of them mentioned a motion picture that I was proud of; and the other mentioned how long ago it was made. There were some, of course, that you made in those days that the studio didn't want 'good' -- they wanted them Thursday. I have been asked what it's like to sit up at the late-late show and watch yourself on one of those old movies. It's like looking at a son you never knew you had. You get some friends in the business who sit up and look at their old movies just to watch their hairline recede.

"But, the last eight years have been the most exciting and the most challenging. I went through all the usual things in the period of being a lame duck -- I discovered I was a lame duck when my mail began arriving addressed to 'Occupant'. And, now I'm 'Ex'. I learned a number of things in those days -- those eight years. It has been said that politics is the second-oldest profession. I've learned it bears a great similarity to the first.

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"When I say I'm happy to be here, I want you to know -- and I don't think it's any secret -- that I place my faith in this free enterprise system of ours and the market place as the way to solve our economic problems. I've always believed the old adage that if we build a better mouse trap the world will beat a path to our door. But, today if you build a better mouse trap, the government comes along with a better mouse.

"Now, I'd like to talk to you, as practitioners of free enterprise, about this relationship of the market place to government. All of American business and industry, I think, is in the deepest trouble it has ever been in in our entire national history. I speak not only of the obvious difficulties of the present economic dislocation and the capital shortage that has been brought about by excessive government spending, but there is a wave of contempt and almost hatred -- born of ignorance -- toward this system we call Capitalism -- a system sparkplugged by the hope of economic reward that has lifted more burdens from the backs of more people who have toiled than any other system the world has ever known.

"Every economic and social ill in our society, however, is now blamed on the pursuit of profit. Some have curtailed private property rights in the name of environmental protection; others -- proclaiming 'consumerism' -- declare the very word 'profit' is synonymous with evil. They have all forgotten the simple truth -- that profit, property and freedom are inseparable and you can't possibly have the third without having the first two. We've neglected to teach economics in our schools and a whole generation of our sons and daughters is growing up with little understanding of how the system works. If this lack of understanding is not soon corrected, we may do ourselves irretrievable harm by demanding even more interference from government than we already have. We should be aware that when government involves itself in things that are not its proper problems

it is less than a howling success. I could give you an example. I'll turn to one of those Eastern European countries where government has totally taken over. Here is how bureaucracy there dealt with a simple holiday problem. They issued an edict: 'Because Christmas Eve falls on Thursday, Thursday has been designated as Saturday for work purposes. The factories will be closed all day, but the stores open a half-day only.' Now, there's nothing wrong with that if they'd stop there, but that's one of the problems -- bureaucracy never stops there. They went on and said, 'Friday has been designated as Sunday, with both factories and stores closed all day; Monday will be a Wednesday for work purposes; Wednesday will be a business Friday; Saturday will be Sunday, and Sunday will be Monday.' I don't know whether they ever did get back on the track again.

"But, of course, that's one of those Iron Curtain countries -- we wouldn't do anything like that. Well, let me read you a few lines from the Internal Revenue Code that were designed to make it easier to compute your income tax. 'Section 509. For purposes of Paragraph Three, an organization described in Paragraph Two shall be deemed to include an organization described in Section 501(c), Subparagraphs Four, Five and Six, which would be described in Paragraph Two if it were an organization described in Paragraph Three!' We may be the only country in the world where it takes more brains to figure out the tax than it does to earn the income!

"Wouldn't it surprise you, seriously, to know that in this land of the free, business is more regulated than it is in any other country in the world where free enterprise is still allowed to exist. We play fast and loose with a system that released, for virtually the first time in all man's history, the genius of individual man to perform such miracles of invention, construction and production as the world had before never seen.

One-half of the economic activity in the entire history of mankind has taken place in this country in these last 200 years. But, some place along the line, we seem to have lost faith in the system and in ourselves. On every hand, people who should know better -- people in positions of leadership and influence -- advocate more government and less freedom as the solution to our problems. Very soon, if we are not careful, we are going to live in a country where everything that isn't prohibited will be compulsory. Organized labor exerts a force on government that wouldn't be tolerated for one minute if it were attempted by management. They make demands by statute for privileges they should be negotiating over the negotiating table with management. / But management, too, is guilty. Just as one of the Delegates said, it turns to government for answers it might better provide for itself by supporting legislation which all too often interferes with the free rhythm of the market place and lessens competition. Government has loved every minute of it. Government, as history shows, has a built-in ability to grow -- always to grow -- never to voluntarily reduce itself in size or power. The number of government employees -- federal, state and local -- is growing twice as fast as the increase in population and has been doing so for the last 20 years. In the last 10 years, the cost of the public payroll has increased seven times as fast as the increase in numbers. At the beginning of this century, 75 years ago, there were 26 workers for every public employee; today the ratio is four-and-a-half-to-one; and if the rate of increase continues, before the end of the century it will be one-to-one -- except that you and I know the system would have long since collapsed under that burden.

"Never has there been a greater need for informed citizens; and never has there been a greater lack of awareness of how this system works. Not long ago, a nationwide poll of 35,000 college and university students

found 76% of them blamed American business for every problem -- social and economic -- that confronts us today. The same percentage say the only answer lay in virtually complete control and regulation by government. Then, in the same poll, 80% of them said they wanted less interference by government in their private lives -- and they can't understand the contradiction in that.

"Another poll has found the general citizenry today is more angry at government than at any time in the history of polling. They're angry at government, yet less than half of them can name their United States Congressman; and of those who can, 86% can't tell you a single thing about him other than his name. They know nothing that he represents, or stands for, or votes for. How many of us understand government's function and, especially, who today is determining policy in government? The truth is, we're governed more and more, not by those we elect to office, but by middle echelon bureaucrats who cannot be removed from their jobs by the voters.

"More and more of the most powerful lobbies are coming to be organizations of public employees. Most legislation has its origin in the agencies and departments of government. It doesn't come, as we have been told so often, as a spontaneous demand from the people. Congress faces 30,000 proposals each year for new laws and programs and if most of them were lost on the way to the printer, we'd all be better off. But, thank Heaven for government's waste. Can you imagine how miserable we would be if we were getting all the government we're paying for? Right now, Congress is having its second go-around on a consumer 'protection' measure which would give Government more control over business and the American people than anything we have ever known. It's the second time -- it's been defeated once.

"The proponents of government intervention never stop -- that's the thing we must realize. A land planning bill has just been defeated for the second time in two years. It was a land planning bill posing as an environmental protection measure which would have pre-empted local zoning and violated our entire Constitutional tradition with regard to the right to private property. But don't stage a victory parade. It will be back. Government programs, once conceived, are the nearest thing to eternal life that you and I will ever see on this earth.

"Once passed, all programs administered by the bureaucracy are beyond the control of the Congress that originally created them; because, you see, every piece of legislation which creates a government program contains a line that reads something like this: 'The agency entrusted with implementing this program shall adopt such regulations as it deems necessary.' Not even the Office of Management and Budget knows how many bureaus, agencies, commissions and departments there are, but the regulations they spawn actually fill more pages than the Encyclopedia Britannica.

"If you're charged with breaking a law -- even murder -- you are innocent unless, and until, proven guilty beyond reasonable doubt. If you are charged with breaking a regulation -- and they outnumber the laws 50-to-1 -- the agency bringing the charge is judge, jury and executioner and you are guilty as charged and the burden of proof of innocence is on you.

"Do you remember the fuss over cyclamates a couple of years ago? The Federal Drug Administration said all the artificially-sweetened soft drinks had to come off the shelves -- they were dangerous and a hazard to our health. So, millions of dollars were lost. Off the shelves with the soft drinks. No consideration for those with diabetic problems, for whom they were a necessity. Now the Federal Drug Administration very quietly has

admitted it might have acted hastily. It seems they were feeding 20 rats cyclamates. Three of them developed tumors suspected of being malignant. It also seems that the cyclamates they were feeding to the rats were in such quantity that if a human being matched them, he'd have to drink 875 bottles of the soft drink a day! I submit that drinking 875 bottles of anything a day would be dangerous.

"A druggist in the Midwest complains that every time he fills out a prescription the paperwork required by government takes more time than he spends mixing the medicine. Just a short time ago, one of our major drug firms could get a drug licensed by submitting 70 pages of data. Just recently, they sent a new drug to be licensed by the Federal Drug Administration. Trucks carried 73,000 pages of supporting data required by that bureaucracy. This has reduced the development of new drugs in America by 60%, and raised the cost by \$200 million -- all of which the people paid. Congress was upset when it learned that government is subsidizing \$4 billion worth of research; but they don't know where it's being done, what's being done, or how many projects there are. Well, I can tell them about one. It's a study called 'The Demography of Happiness' and in this study they've learned that young people are happier than old people; they've learned that well people are happier than sick people; and if you earn more, you're happier than if you earn less. \$249,000 to find out it's better to be young, rich and healthy than old, poor and sick!

"Not too long ago, I read that a Senator was lashing out at such things and filled two pages of the 'Congressional Record' with his speech on the floor of the Senate, complaining about the millions of dollars spent to finance inane studies. He cited the Commission for the Standardization of Screw Threads; a Panel for the Review of Laxatives; and the State Department Dance Panel. I was with him all the way as he



complained about the spending until he got to the last paragraph and proposed his own spending for the study of Transcendental Meditation.

"Any emergency becomes an excuse for enlarging government. Take the recent oil shortage. Congress rang with cries for rationing and controls. They urged punitive taxes, when they should have been proposing incentives. They went witch-hunting for scape goats when they should have been looking for oil. And, then, of course, they proposed -- and this proposal is still before Congress -- that the government go into the oil business. Also, there's another bill now for government to go into a lot of other businesses in competition with corporations in America as a 'measuring stick' so that it could run a business and then let the people decide whether the private corporations were properly serving the public. Now the move is to break up the oil companies. Somehow, they will find more oil for us if we break them up. Well, let me give you an example of just what typifies this kind of government attitude. About 35 years ago, you could make a telephone call, long distance, from San Francisco to New York, at a cost of \$20.70. Now, with that same amount of money, you could go down to the post office and sent 1036 letters from San Francisco to New York. Today, you could make that telephone call for 56 cents and for that amount of money you can only send five letters across the country. So the government is suing the phone company!

"For too long we've gone our own way -- each one of us -- leaving each target to fight alone. There's legislation before the Congress now that would give them the right to put two board members, appointed by government, on the board of directors of every oil company. Can anyone in business possibly believe it will stop there -- that once having established this precedent they won't find other industries they believe are in 'the national interest' and government will take a part in the management?

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"Can we, for example, let the doctor go on fighting the long fight against socialized medicine? It started decades ago and step-by-step they're getting closer. It's time the rest of us realized you can't socialize the doctor without socializing the patient.

"Now, long before I thought I ever might go to public office, I spoke to groups like this many years ago. Back in those Borax days and General Electric days and before, and I was expressing my concern that government in this country was growing beyond the consent of the governed. Now I've been part of government for eight years and my fear is even greater. I know the legislation that is being planned in the marble halls of government aimed at regimenting the private sector to an even greater extent than it is at present, the excuse being that business conspires to make illicit profits, victimizes the consumer and exploits the worker. I've never been able to understand how these people can feel that you and I are too stupid to buy a package of breakfast food without getting cheated; but we're smart enough to elect or appoint them to do it for us!

"Any effort to free business from the strangle-hold of government must be led by the people and by the managers of business and industry. It can't lay back in the belief that government will help preserve the free enterprise system. In the last 40 years or so, it sought only to control and regulate, not only the free market system, but also each individual business. And we can't say that it's gotten away with it in spite of business, because many businessmen, as I've said before, have agreed that a little interference by government is not all bad. A little regulation lessens competition. A little subsidy, maybe, can be justified as helping to preserve free enterprise.// It's time to ask ourselves if we really want free enterprise; if we really want to compete in the free market; or are we now so regulated that we've given up and abandoned the fight as hopeless. That's what Karl Marx said we'd do.

"Well, it isn't hopeless, you know. A bill repealing mandatory interlock devices on auto ignitions last year should tell us just what can happen when enough people rise up in outrage over government controls and intervention. But the list is long of cases where there's been no outrage -- where business and the rest of us have refused to fight back. There are too many examples of big business contributing to, and catering to, incumbents in the hope that they will be remembered kindly. This is nothing more than feeding a crocodile, hoping he will eat you last. But eat you he will.

"OSHA, the Occupational Safety and Health Act, carries us one big step nearer the police state and increases the cost of goods and services to all consumers. Some of us are old enough to remember the Harvard classics -- the five-foot shelf of books -- '15 minutes a day to a college education'. A five-foot shelf is the total college education. In its first three years of existence, OSHA has passed regulations that fill 17 feet of shelf space.

"We have a fellow in California who ran afoul of OSHA. They came in and told him he'd have to install separate men's and women's washrooms for his employees. He's only got one employee. And at home they sleep in the same bed and use the same bath -- she's his wife. But now, she's got her own washroom down at the plant.

"Businessmen complain, but only to each other. Where's the real opposition to OSHA, demanding a halt to it? You know, businessmen -- the independent businessmen -- the kind I know are in this audience -- spend an estimated 130 million manhours a year filling out government paperwork; and it adds \$50 billion a year to the cost of doing business; and all of this must be passed along to the customer in the price of the product as part of the cost of operation. And then the customer and the businessman are taxed for \$20 billion for government's cost in handling all that paper.

"The time has come to fight back against those who would throw this free market system aside. The truth is on our side. We are not helpless. It is our sword and our shield and we must bring the truth to our customers, our workers, and, above all, to our own sons and daughters who have heard too much economic mythology in too many classrooms of late.

"Take the easily-sold and widely-believed cliché' that the average citizen could have a lighter tax load if business could be made to pay a fairer share -- that talk is loved by the political demagogue. He constantly is saying we can remove the tax burden from the backs of the middle man. We must tax business more. Isn't it time for business to take the lead in telling the people of this country that business doesn't pay taxes; business collects taxes for government, and does it very efficiently. But business, to stay in business, has to pass each tax as a cost of production on to the price of the product, so the customer winds up paying. I've had fun on some college campuses talking with young people who have had a chip on their shoulders about business and I've used this example. I see the doubt in their eyes when I say what I've just said to you. So, I take the simplest thing that everyone, even the poorest person, must have -- the staff of life -- a loaf of bread. 151 taxes account for more than half of the cost of a loaf of bread when you buy it in the market, and they begin with the farmer raising the wheat. If he can't get enough money for his wheat to pay the property tax on his farm, he can't continue to farm, and so on down the line -- the trucks that haul it to market, the gasoline tax, the license fees, social security, payroll taxes, and so forth, all of it, and it all winds up at the end on the price of the product. It's interesting that an egg has 100 taxes in it and the chicken didn't put them there -- it was somewhere between her and the breakfast table.

"If government makes business collect too many taxes, business becomes noncompetitive and is priced out of the market and this is what's happening to us on the world scene. But government loves these hidden taxes because the citizen isn't aware of the real cost of government. But, suppose one year government didn't collect any of these taxes. Suppose that government waited until the end of the year and then sent you the full bill, for you to share the cost of government -- federal, state and local. Well, when the revolution was over . . .

"You know, as it is, the majority of taxpayers who actually estimate how much government costs only come to about one-third of making the right guess. The truth is government today costs almost half of every dollar earned in the United States.

"I think it's time also to expose the myths surrounding inflation.

Businessmen don't cause inflation with high prices; labor doesn't cause it with high wages. These are the symptoms, the result, of the disease.

Inflation has only one cause. It comes when government continues to spend more money than government takes in. The answer to inflation is very simple -- it's a balanced budget. I learned something else in those eight years. I learned that balancing the budget is hard; but not impossible.

It's like protecting your virtue -- you have to learn to say "no". Those in and out of Congress who would switch from fighting inflation to fighting recession will -- if they have their way -- start us on the road

to disaster. You can't eliminate poverty by giving everyone more money unless you increase comparably the goods and services that are available for people to buy. And, with all the doom and gloom that we read and hear, which creates a fear of the unknown, I have another suggestion for business. I think they should ask for a summit meeting with the heads of the communications media. Not in any way to ask them to whitewash business

or hide any wrong-doing on the part of business, but to persuade them to do investigative reporting that would give the people a fairer, more realistic picture of free enterprise than they presently have, and basically to remind them that while you and I cannot have a free country without a free press, they can't have a free press without a free economy.

"Little by little, public opinion has largely been molded into an anti-Capitalist mentality. John Kenneth Galbraith, of Harvard, who, in my opinion is living proof that economics is an inexact science, has written a new book, Economics and the Public Purpose. In it, he asserts that 'the market arrangements in our free economy have given us inadequate housing, terrible mass transit, poor health care and a host of other miseries'. Then, for the first time to my knowledge, Dr. Galbraith drops the silver shield of liberalism and proclaims that socialism is the only answer to the problems confronting us today.

"Well, he deals in fairy tales. I've told you of the economic activity of this country and what it has meant. Look at what has taken place in a single lifetime. I've already lived -- through advances in nutrition and health care -- 10 years longer than my life expectancy when I was born (and that's a source of annoyance to a number of people). When I was born, 90% of the people lived below the poverty line and one-third of them lived in substandard housing. Today, both figures are less than 10%; one of them is only around 5%. Ninety-five percent of the American people today have a daily minimum intake of nutrients essential to maintain health. And, I think that some of the 5% that don't are on diets. Ninety-nine percent of our homes have gas and electric appliances; 96% have television sets; we own 120 million autos and trucks (and they'll all be on the streets you want to use when you leave here tonight). Now, that's the materialistic side; and our young people have a feeling that we are

materialistic and that's what's wrong. Not at all. We are the most generous people on earth. We've distributed our wealth more widely among our people than in any society heretofore known to man. We support, with voluntary contributions, more churches, more libraries, more operas, non-profit theaters, publish more books, than all the rest of the world put together. One-third of the young people in the world who are getting a college education are getting it in the United States. We have more doctors and hospitals in proportion to population than any other nation earth.

"Now, if Socialism is the answer, as Dr. Galbraith says, we don't have to argue with him on theory alone, the theory of Capitalism versus the theory of Socialism. We have our own country and we have a concrete example of Socialism. We have another great nation in this world. It has a land mass greater than our own; it's rich with natural resources; it has 250 million capable people; and for nearly 60 years they have been free to fully implement -- without hinderance or interference -- the principles of Karl Marx' Socialism. And, as Dr. Galbraith insists, we could be just like them; but it would take a little doing on our part. We'd have to start by cutting our paychecks by 80%; move 33 million workers back to the farm; destroy 59 million television sets; tear up 14 out of 15 miles of highway; junk 19 out of 20 automobiles; tear up two-thirds of our railroad track; knock down 70% of our houses; rip out nine-tenths of our telephones; and then all we'd have to do is find a Capitalist country that would sell us wheat on credit so we wouldn't starve!

"We've been fighting a war using only words, ignoring the great strength that only we possess. Underlying all our troubles is the contest that is being waged worldwide, whether we want to face up to it or not -- win the hearts and minds of mankind. The contest between two ideologies --

ours, believing in minimum government and maximum individual freedom; theirs, believing man should live as just an ant in the anthheap of Socialism.

"We have in the private sector a wealth of managerial and technological skill that no government can match or possibly afford. What if the private sector should set out to study on its own some of the more pressing problems of human misery -- problems that so far have defied government and bureaucratic bungling. And, then, instead of just criticizing and pointing out government's failure in these problems and then asking that same government to find a successful answer, suppose the private sector could come forward. are say, 'here, maybe this would involve outside help, or maybe government could do it itself, but at least here's a program we've worked out that we believe could solve the problems within the framework of our creative society'. We could start with that great sacred cow, social security, which is an economic time bomb ticking its way toward a disastrous blow-up. It's a road block to the prosperity of the working man. It offers a fifth-rate term insurance at three-to-four times the cost on the open market. If American business and industry couldn't come up with a better plan than that, they wouldn't be able to stay in business.

"I think I speak with some knowledge of the practical contribution the business community can make to government. Eight years ago, when I started my 'on-the-job training', I faced a government that was spending about \$1-1/2 million a day more than it was taking in. For eight years it had been increasing in size of the payroll by anywhere from 5,000 to 7,000 employees each year. Welfare was increasing by 40,000 people a month. We turned to the business community. More than 250 of the best experts in their fields in California, when they heard what we had in mind, volunteered and served on task forces, giving an average of 117 days full-time apiece to government at no cost to the taxpayers. They went as



task forces into every area, every department, of state government to see how modern business practices could be put to work to make government more efficient, more economical. They came back with about 1800 specific recommendations. We implemented more than 1600 of those. And, a few months ago, we turned over to the new Administration the reins of government and it was the first time in a quarter of a century that a new Administration in California had been handed a balanced budget. In addition, we handed them a \$500 million surplus; virtually the same number of employees we started with eight years before, even though the workload increase had gone up as much as 66%; and 400,000 fewer people on welfare.

"You are faced with a choice between the free market that has blessed us beyond measure or the deadly dullness of Socialism. There are those in our midst who would have us believe that we have a third choice -- a middle road called 'government intervention', which somehow would be a mixing of Socialism and Capitalism. And, that is, of course, just a little slower way of arriving at full Socialism. Karl Marx didn't remove the women and children from slavery in the coal mines of England 100 years ago. The invention of, and the investment in machinery did that. Not too many years ago, a Ford executive was taking the last Walter Reuther through a Ford assembly plant in Cleveland, Ohio. And he laughingly said, when he pointed to the great automated machines, 'Walter, you're going to have a hard time collecting union dues from those machines'. And, Walter said, 'You're going to have a harder time selling them automobiles'. Neither one of them thought of the next logical answer. The American dream has always been to have a piece of the action. Today, a great many businesses in America are implementing plans to spread ownership among their employees. Where this has been done, productivity per man hour increased three percent. It may not sound like much, but an increase of one-tenth of one percent

in per-man-hour productivity adds \$1 billion to the gross national product. Now, government could do a great deal to increase this practice if there was more statesmanship and less 'populist' demagoguery in the halls of Congress. It could bring about real tax reform (recognizing the fallacies of too much business taxation) to make it easier and more attractive for business to spread Capitalism among millions of American workers by way of profit- or stock-sharing plans. And, what an answer to Socialism that would be -- to vastly increase the number of Capitalists. Citizens in America would have a personal stake in increasing our nation's productivity; but you will have to come up with a plan and promote it, because government never will.

"I think it's time that the great corporations in this country and the independent businessmen realize that their days of looking askance at each other are over. They must be allies in a fight to save free enterprise. And, then, I think, together they must ally themselves with that great bloc of forgotten men and women -- those people today who work and earn and see an ever-greater percentage of their earnings confiscated and redistributed to an ever-growing body of nonproducers -- the rank-and-file working people -- the men and women of America, who haven't had much representation in Washington for too long a time.

"The Ford Foundation just recently announced an astounding figure that should frighten all of us. We've passed a kind of halfway mark. There are today more Americans receiving money from government in the United States than there are people working and earning and paying the taxes to provide that money. How much longer a free nation can exist under that circumstance, I don't know. But, I know this: for too long a time; political demagogues have appealed to the worst in us -- the cupidity and selfishness that's inherent in human nature. They get us apart in groups

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or as individuals and tell us that we can each have a bigger slice of the pie if we'll only help them take some of the pie away from someone else. I think it's time that all of us said to those demagogues, 'We can all have a bigger slice of pie if government will get out of the way and let the free enterprise system bake a bigger pie!' The challenge is very clear and the time is very short. Either we use the vitality of the great free enterprise system to save our way of life or one day we may face our children or our children's children when they ask us where we were and what we were doing on the day that freedom was lost."

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FOR RELEASE:  
11:00 a.m. CDT  
Friday, September 26, 1975

Excerpts of remarks by the Hon. Ronald Reagan,  
former Governor of California, to the Executive Club of Chicago,  
McCormick Place, Chicago, Illinois,  
Friday, September 26, 1975.

"LET THE PEOPLE RULE"

"In his first Inaugural, nearly a century and three-quarters ago, President Thomas Jefferson defined the aims of his administration: 'A wise and frugal government', he said, 'which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned -- This is the sum of good government.'

"Jefferson believed the people were the best agents of their own destinies, and that the task of government was not to direct the people but to create an environment of ordered freedom in which the people could pursue those destinies in their own way. But he also knew that from the very beginning the tendency of government has been to become player as well as umpire. 'What has destroyed liberty and the rights of men in every government that has ever existed under the sun?' Jefferson asked. 'The generalizing and concentrating all cares and powers into one body.'

"If Jefferson could return today, I doubt that he would be surprised either at what has happened in America, or at the result. When a nation loses its desire or ability to restrain the growth and concentration of power, the floodgates are open and the results are predictable.

Fiscal Year 1976 ends four days before our bicentennial. In this fiscal year, government at all levels will absorb 37 percent of the

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Gross National Product and 44 percent of our total personal income. We destroy the value of our pensions and savings with an inflation rate that soars to 12 percent a year, at the same time we suffer unemployment rates of eight and nine percent.

"Every minute I speak to you the Federal Government spends another \$700,000. I'd stop talking if they'd stop spending, but Washington is spending a billion dollars every day and goes into debt a billion and a third dollars every week. I don't think it would hardly surprise Jefferson to learn that real spendable weekly income of the average American worker is lower than it was a decade ago -- even though in these 10 years that same worker has increased his productivity 23 percent. As Jefferson said, that is taking from the mouth of labor the bread it has earned.

"If government continues to take that bread for the next 25 years at the same rate of increase it has in the last 40, the percent of GNP government consumes will be 66 percent -- two-thirds of all our output -- by the end of this century. A single proposal now before Congress, Senator Kennedy's national health insurance plan, would push the share of GNP consumed by government from 37 to more than 45 percent, all by itself.

"This absorption of revenue by all levels of government, the alarming rate of inflation, and the rising toll of unemployment all stem from a single source: The belief that government, particularly the Federal Government, has the answer to our ills, and that the proper method of dealing with social problems is to transfer power from the private to the public sector, and within the public sector from state and local governments to the ultimate power center in Washington.

"This collectivist, centralizing approach, whatever name or party label it wears, has created our economic problems. By taxing and consuming an ever-greater share of the national wealth, it has imposed an intolerable

burden of taxation on American citizens. By spending above and beyond even this level of taxation, it has created the horrendous inflation of the past decade. And by saddling our economy with an ever-greater burden of controls and regulations, it has generated countless economic problems, from the raising of consumer prices to the destruction of jobs, to choking off vital supplies of food and energy.

"As if that were not enough, the crushing weight of central government has distorted our federal system and altered the relationship between the levels of government, threatening the freedom of individuals and families. The states and local communities have been demeaned into little more than administrative districts, bureaucratic subdivisions of Big Brother government in Washington, with programs, spending priorities, and tax policies badly warped or dictated by federal overseers. Thousands of towns and neighborhoods have seen their peace disturbed by bureaucrats and social planners, through busing, questionable education programs, and attacks on family unity. Even so liberal an observer as Richard Goodwin could identify what he correctly called 'the most troubling political fact of our age: that the growth in central power has been accompanied by a swift and continual diminution in the significance of the individual citizen, transforming him from a wielder into an object of authority.'

"It isn't good enough to approach this tangle of confusion by saying we will try to make it more efficient or 'responsive', or modify an aspect here or there, or do a little less of all these objectionable things than will the Washington bureaucrats and those who support them. This may have worked in the past, but not any longer. The problem must be attacked at its source. All Americans must be rallied to preserve the good things that remain in our society and to restore those good things that have been lost.

"We can and we must reverse the flow of power to Washington; not simply slow it, or paper over the problem with attractive phrases or cosmetic tinkering. This would give the appearance of change but leave the basic machinery untouched. In fact, it reminds me of a short fable of Tolstoy's: 'I sit on a man's back, choking him and making him carry me, and yet assure myself and others that I am very sorry for him and wish to lighten his load by all possible means -- except by getting off his back.'

"What I propose is nothing less than a systematic transfer of authority and resources to the states -- a program of creative federalism for America's third century.

"Federal authority has clearly failed to do the job. Indeed, it has created more problems in welfare, education, housing, food stamps, Medicaid, community and regional development, and revenue sharing, to name a few. The sums involved and the potential savings to the taxpayer are large. Transfer of authority in whole or part in all these areas would reduce the outlay of the Federal Government by more than \$90 billion, using the spending levels of Fiscal 1976.

"With such a savings, it would be possible to balance the Federal budget, make an initial five-billion-dollar payment on the national debt, and cut the Federal personal income tax burden of every American by an average of 23 percent. By taking such a step we could quickly liberate much of our economy and political system from the dead hand of Federal interference, with beneficial impact on every aspect of our daily lives.

"Not included in such a transfer would be those functions of government which are national rather than local in nature, and others which are handled through trust arrangements outside the general revenue structure. In addition to national defense and space, some of these areas are Social Security, Medicare, and other old-age programs; enforcement of Federal law;

veterans affairs; some aspects of agriculture, energy, transportation, and environment; TVA and other multi-state public-works projects; and certain types of research.

"Few would want to end the Federal Government's role as a setter of national goals and standards. And no one would want to rule out a role for Washington in those few areas where its influence has been important and benign; crash efforts like the Manhattan and Apollo projects, and massive self-liquidating programs like the Homestead Act and the land-grant colleges. Certainly the Federal Government must take an active role in assuring this nation an adequate supply of energy.

"Turning back these programs would not end the process of reform in Washington. In the immediate years ahead:

- In our regulatory agencies dealing with non-monopoly industries, we must set a date certain for an end to Federal price fixing and an end to all Federal restrictions on entry.
- We must take steps to keep the spending and borrowing of off-budget agencies under control.
- We must reform our major trust funds to ensure solvency and accountability. Particularly important is the need to save Social Security from the colossal debt that threatens the future well-being of millions of Americans, even while it overtaxes our workers at a growing and exorbitant rate.
- We must put a statutory limit on the growth of our money supply, so that growth does not exceed the gain in productivity. Only in this way can we be sure of returning to a strong dollar.
- And we must radically simplify our method of tax collection, so that every American can fill out his return in a matter of



minutes without legal help. Genuine tax reform would also make it more rewarding to save than to borrow, and encourage a wider diffusion of ownership to America's workers.

"In the months ahead, I will say more on each of these major areas of national policy. But for now, let me tell you what I think the massive transfer of Federal program to the states would mean.

"It would be a giant step toward solving the problem of inflation that is sapping the strength of our economy and cheating American wage-earners and pensioners. There is no mystery about inflation. It is caused by spending money that has not yet been earned. Without the enormous pressure of a 60-to-80-billion-dollar deficit, the Federal Reserve System would have no mandate to pump too many dollars into the economy -- which is the ultimate cause of inflation. The Federal deficit provides the chief motive for the debauching of our dollar.

"Add to this the gain in purchasing power that will accrue to all Americans from a sharp reduction in Federal income taxes -- the biggest spending burden the average family must absorb. Indeed, taxes of all kinds are a bigger family expense item than food, shelter and clothing combined. Last year, according to a study by the Joint Economic Committee of Congress, income taxes at all levels rose by 26.5 percent -- the largest increase of any item in the family budget. By far the greatest part of this growing load of taxation is the Federal personal income tax, whose bite gets sharper as inflation pushes taxpayers into higher surtax brackets. Government doesn't have to raise the tax rate to profit by inflation. The progressive income tax is based on the number of dollars earned, not their purchasing power; thus a cost-of-living pay increase results in a tax increase.

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"An immediate tax cut, some of which might have to be balanced by tax rises in the states, would be only the beginning of the savings that could be achieved. When we begin making payments on the national debt, we will also begin making further reductions in the tax burden. American taxpayers are currently being billed an average of one billion dollars every ten days just to pay interest on the debt. As the debt is retired, we can progressively reduce the level of taxation required for interest payments. Senator Hubert Humphrey, in excusing government spending, once said, 'A billion here and a billion there -- it adds up.' Well, it can work the other way 'round.

"With the spending reduction I propose, the Federal Government will no longer be crowding capital markets to finance its deficits. That will make available billions in new capital for private investment, housing starts, and job creation -- and the interest rates will come down.

"The transfer I propose does not mean that the specific programs in question are not worthwhile. Many are, though in my opinion many others are not. But the point is that all these programs are losing effectiveness because of the Federal Government's pre-emption of levels of government closer to the problems, coupled with Washington's ability to complicate everything it touches. The decision as to whether programs are or are not worthwhile -- and whether to continue or cancel -- will be placed where it rightfully belongs: with the people of our states.

It is theoretically possible that local governments will simply duplicate programs as they now exist, and if that is what the people in the states desire, that is exactly what will and should occur. Certainly the bureaucrats who run them now will be available, for they will have no further work in Washington.

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"I think it likely, however, that some of the more worthwhile programs will be retained essentially as they are, many will be dropped, and others may be modified. But all the surviving programs will be run at much lower cost than is presently the case.

"The present system is geared for maximum expenditure and minimum responsibility. There is no better way to promote the lavish outlay of tax money than to transfer program and funding authority away from state and local governments to the Federal level. This ensures that recipients of aid will have every reason to spend and none to conserve. They can get political credit for spending freely, but don't have to take the heat for imposing the taxes. The French Economist Bastiat, 100 years ago, said, 'Public funds seemingly belong to no one and the temptation to bestow them on someone is irresistible.'

"So long as the system continues to function on this basis, we are going to see expenditures at every level of government soar out of sight. The object is to reverse this: to tie spending and taxing functions together wherever feasible, so that those who have the pleasure of giving away tax dollars will also have the pain of raising them. At the same time we can sort out which functions of government are best performed at each level. And that process, I hope, would be going on between each state and its local governments at the same time.

"The transfer of spending authority to Washington blurs the difference between wasteful states and prudent ones and this too destroys incentives toward economy. If a state spends itself into bankruptcy on welfare, under the present system it is bailed out when Washington picks up the tab; indeed, many Federal programs are geared toward encouraging this kind of behavior, bestowing greater aid in proportion to spending levels imposed by the states. The way to get more is to spend more.

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"By the same token, efforts at state economy are punished under the present system. A state that keeps its fiscal house in order and, for example, prevents the welfare problem from getting out of hand will find it derives no benefits from its action. It will discover, as we did in California, that efforts to impose some common sense in welfare will run afoul of Federal bureaucrats and guidelines. Its citizens will be called upon to pay in Federal taxes and inflation for other states that don't curb their spending.

"Another benefit of localizing these programs is that state and local governments are more accessible to the local citizen, and in most cases prevented by statute from going in debt. When tax increases are proposed in state assemblies and city councils, the average citizen is better able to resist and to make his influence felt. This, plus the ban on local deficits, tends to put an effective lid on spending.

"Federal financing is the spender's method of getting around these restraints. Taxes are imposed at a level where the government is far away and inaccessible to the average citizen. The connection between big spending and high taxes is hidden, and the ability to run up deficits and print more money makes efforts to control the problem through the taxing side alone almost meaningless.

"The proposals I have outlined will bring howls of pain from those who are benefiting from the present system, and from many more who think they are. But as another Frenchman, Thiers, said, 'For those who govern, the first thing required is indifference to newspapers.' We must turn a deaf ear to the screams of the outraged if this nation and this way of life are to survive. The simple fact is the producing class in this nation is being drained of its substance by the non-producers -- the taxpayers are being victimized by the tax consumers. We may be sure that those in

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Washington and elsewhere whose life style depends on consuming other people's earnings while working people struggle to make ends meet, will fight to the last limousine and carpeted anteroom.

"But if we ignore the taxers and the centralizers and do the things I know we can do, we'll do more than survive: we will inaugurate a new era of American diversity.

"Take education. The United States built the greatest system of public education the world has ever known -- not at the Federal level, not even at the state level, but at the level of the local school district. Until a few years ago, the people had direct control over their schools -- how much to spend, what kind of courses to offer, whom to hire. Is it an accident that as this local control gave way to funding and control at the Federal and state level, reading and other test scores have declined? It has just recently been announced that scores in college entrance exams have been nose-diving for 10 years and this year took the greatest plunge of all. And yet, spending on education in that same period has been sky-rocketing. The truth is, a good education depends far more on local control than on the amount of money spent.

"There is no question but that under local agencies certain abuses took place and certainly they needed to be cured -- sometimes by Federal intervention. This was certainly true of racial segregation in the South. But now that according to some estimates the South is the most integrated area of the country -- now that there is an ongoing enforcement structure in the Department of Justice -- is there any further reason to deny local control and funding of our schools?

"Or take welfare. For years, the fashionable voices have been calling for a Federal takeover of welfare. (Well, the old-age portions of welfare have been taken over -- and in the first 18 months, more than a billion

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dollars have been paid out by mistake!) If there is one area of social policy that should be at the most local level of government possible, it is welfare. It should not be nationalized -- it should be localized. If Joe Doaks is using his welfare money to go down to the pool hall and drink beer and gamble, and the people on his block are paying the bill, Joe is apt to undergo a change in his life style. This is an example of why our task force in California found that the smaller and more local government becomes, the less it costs. The more government is localized, the less you will see a situation like the one in Massachusetts, where a mother of six was receiving, through cash and services, the equivalent of a \$20,000 earned income. That is twice the average family income of the state.

"The truth is that people all over America have been thinking about all of these problems for years. This country is bursting with ideas and creativity, but a government run by bureaucrats in Washington has no way to respond. If we send the power back to the states and localities, we'll find out how to improve education, because some districts are going to succeed with some ideas and other districts are going to fail with others, and the word will spread like wildfire. The more we let the people decide, the more we'll find out about what policies work and what policies don't work. Successful programs and good local governments will attract bright people like magnets, because the genius of federalism is that people can vote with their feet. If local or state governments grow tyrannical and costly, the people will move. If the Federal Government is the villain, there is no escape.

"I am calling also for an end to giantism, for a return to the human scale -- the scale that human beings can understand and cope with; the scale of the local fraternal lodge, the church congregation, the block club, the farm bureau. It is the locally-owned factory, the small businessman

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who personally deals with his customers and stands behind his product, the farm and consumer cooperative, the town or neighborhood bank that invests in the community, the union local.

"In government, the human scale is the town council, the board of selectmen, and the precinct captain.

"It is this activity on a small, human scale that creates the fabric of community, a framework for the creation of abundance and liberty. The human scale nurtures standards of right behavior, a prevailing ethic of what is right and what is wrong, acceptable and unacceptable.

"Three and a half centuries ago, peoples from across the sea began to cross to this great land, searching for freedom and a sense of community they were losing at home. The trickle became a flood, and we spread across a vast, virtually unpeopled continent and caused it to bloom with homesteads, villages, cities, great transportation systems, all the emblems of prosperity and success. And we did this without urban renewal or an area redevelopment plan. We became the most productive people in the history of the world.

"Two hundred years ago, when this process was just beginning, we rebelled when, in our eyes, a mother country turned into a foreign power. We rebelled not to overturn but to preserve what we had, and to keep alive the chance of doing more. We established a republic, because the meaning of a republic is that real leadership comes not from the rulers but from the people, that more happens in a state where people are the sculptors and not the clay.

"We are losing that chance today, and we know we are losing it. Two hundred years ago it was London that turned into a foreign power. Today, and it is a sad thing to say, it is Washington. The coils woven in that

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city are entrapping us all, and, as with the Gordian knot, we cannot untie it, we must cut it with one blow of the sword.

"In one reference book, cutting the Gordian knot is defined as follows: 'to solve a perplexing problem by a single bold action.' The Gordian knot of antiquity was in Phrygia, and it was Alexander the Great who cut it, thereby, according to the legend, assuring the conquest of Persia.

"Today the Gordian knot is in Washington, and the stakes are even higher. But this is a republic, and we have no king to cut it, only we the people, and our sword has been beaten into ballot boxes. What applies to the role of government applies equally to the means of changing that role: leadership is necessary, but even more necessary is popular choice. The anonymous sage who defined leadership must have lived in a republic, for he said, 'He is not the best statesman who is the greatest doer, but he who sets others doing with the greatest success'."

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November 20, 1975  
Washington, D.C.

I've called this press conference to announce that I am a candidate for the Presidency and to ask for the support of all Americans who share my belief that our nation needs to embark on a new, constructive course.

I believe my candidacy will be healthy for the nation and my party.

I am running because I have grown increasingly concerned about the course of events in the United States and in the world.

In just a few years, three vital measures of economic decay - inflation, unemployment, and interest rates - have more than doubled, at times reaching 10 per cent or more.

Government at all levels now absorbs more than 44 per cent of our personal income. It has become more intrusive, more coercive, more meddlesome and less effective.

Our access to cheap and abundant energy has been interrupted, and our dependence on foreign sources is growing.

A decade ago, we had military superiority. Today, we are in danger of being surpassed by a nation that has never made any effort to hide its hostility to everything we stand for.

Through detente we have sought peace with our adversaries. We should continue to do so, but must make it plain that we expect a stronger indication that they also seek a lasting peace with us.

(In my opinion, the root of these problems lies right here -- in Washington, D.C. Our nation's capital has become the seat of a "buddy" system that functions for its own benefit - - increasingly insensitive to the needs of the American worker who supports it with his taxes.

Today it is difficult to find leaders who are independent of the forces that have brought us our problems -- the Congress, the bureaucracy, the lobbyists, big business and big labor.

If America is to survive and go forward, this must change. It will only change when the American people vote for a leadership that listens to them, relies on them, and seeks to return government to them. We need a government that is confident not of what it can do, but of what the people can do.

For eight years in California, we labored to make government responsive. We worked against high odds -- an opposition legislature for most of those years and an obstructive Washington bureaucracy for all of them. We did not always succeed. Nevertheless, we found that fiscal responsibility is possible, that the welfare rolls can come down, that social problems can be met below the Federal Level.

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In the coming months I will take this message to the American people. I will talk in detail about responsible, responsive government. I will tell the people it is they who should decide how much government they want.

I don't believe for one moment that four more years of business-as-usual in Washington is the answer to our problems and I don't think the American people believe it either.

We, as a people, aren't happy if we are not moving forward. A nation that is growing and thriving is one which will solve its problems. We must offer progress instead of stagnation; the truth instead of promises; hope and faith instead of defeatism and despair. Then, I am sure the people will make those decisions which will restore confidence in our way of life and release that energy that is the American spirit.

November 2<sup>nd</sup>, 1975  
Washington, D.C.

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Government at all levels now absorbs more than 44 per cent

Crossfiled Under:

*Detente 1*  
*Govt Reg & Bur , 1*

PRESS CONFERENCE WITH RONALD REAGAN  
November 20, 1975  
Washington, D. C.

Q. Senator Goldwater said here at the Press Club last week that he didn't think your policies were much different than those of President Ford. I wonder what specific differences you can cite with Mr. Ford and how specifically you can do a better job than the President in translating your philosophies into action?

A. Well, I have already said and have pledged to the people in my party and to others, that I am going to abide by the 11th Commandment, which was given birth in California and which says, "Thou shalt not speak ill of another Republican." I've made no list of the differences between us. I'll campaign on what I think should be done and the proposals that I would make, what I believe the philosophy of government should be. I'm sure the President will campaign in the same way. Then it will be up to you and to the American people to draw the distinction where there are differences and to make their decision.

Q. Governor, would you accept a 40-billion-dollar deficit for next year, and, if not, what programs or what areas would you cut?

A. I believe that there are areas where the federal government has been involved where it should properly be returned to local government and to the states. I think that this could reduce the federal budget. As some of those things are replaced and administered by the states, obviously, it would have to result in local increases in taxes. But I believe they run more effectively, more economically at local and state levels in those particular areas than the federal government can do it. Whatever the exact deficit might be or the attempt to change it, I believe we have no choice. This government must get back as quickly as possible to a balanced budget. I think the only difference between the national government at the moment and New York City is the national government has a printing press.

Q. Sir, in light of your statement about fiscal responsibility, I wonder whether it's true that during your term as Governor, the California State Budget went up by a higher percentage than did the federal government's budget, during the same time period.

A. The California budget did increase during the eight years that I was Governor, but I think you have to understand that every state has its own system and its own way of doing things in regard to budgeting. Some states don't show in a budget the same things that others do. I've heard this information around that California's budget increased in spite of all our talk of economy. It did increase, but a great part of California's budget consists of money that must show in the budget as income and outgo because it is collected by the State, but then this great portion of the budget is returned directly in subventions to school districts, to local government. In the case of California, when we began nine years ago, only half the California budget was in subvention to local government. When we finished, more than two-thirds of the California budget was going back to local government and to the school districts. The actual portion of the budget which runs the State of California--and over which we had administrative control or legislative control for that matter--that portion of the budget over a period of eight years only increased 30 percent. Inflation alone over that period was 40 percent, and you add that to the fact that California was one of the fastest growing states in the Union and you have the situation that in constant dollars the actual administration of the State of California was costing less at the end of eight years than it did eight years before.

Q. Governor, what makes you think that you could knock off an incumbent President?

A. What makes me think I could knock off an incumbent President?

Well, that's going to be something that the voters in our country will decide after they've heard both of us, and we have run our campaigns in a gentlemanly manner, and they'll make their decision as to who they think should be the party standard bearer.

Q. Supposing you do defeat an incumbent President, isn't the party going to be so badly divided because of the passions of the supporters on each side that, no matter what you say, it's going to be very difficult for you or the Republican nominee to win in November?

A: Well, I think, Lou, that you have to face one thing, that, even if the most united Republican Party that we could muster goes forward in behalf of any candidate, you are talking about 20 percent of the voters. There is about 40 percent of the voters out there of the other party, many of them disaffected; but the key to the election is that no party is going to win without that 40 percent of the voters that are now disenchanted with both parties and decline to state. So I think what has to happen is a candidate has to offer a program that is going to bring back into the political process those Americans who are disillusioned and are not voting. Actually, there's no need for a party to be divided. Practicing our 11th Commandment in 1966 in California, we had a Republican Party that for two years had been more divided than any party has ever been, any place in this country, and they came together. The simple idea is you campaign on that which you believe, and I'm not convinced that there will be only two candidates in this race in the Republican Party, then you all rally behind the choice of the party and go forward with that choice.

Q. Governor Reagan, you're asking your party to choose between you and President Ford. Your 11th Commandment aside, what's wrong with President Ford?

A. Well, you have made the answer to your question impossible by your one line, "the 11th Commandment aside"--I will not put aside the 11th Commandment for anyone.

Q. Governor Reagan, in addition to your California delegation, one of the biggest to the Republican convention will be that from the State of New York. Do you plan to make a determined effort to pick up delegates in New York, particularly considering it is the home state of the Vice President who says he's supporting Mr. Ford?

A. Well, I'm sure that I will be represented, whether I actively campaign or not in all of them or whether anyone could actively campaign in all of the primaries. I'm sure that I will be represented in all of them, and I'm going to try to take my message as far and wide as I can and appeal to as many people as possible.

Q. Governor Reagan, the President will soon have on his desk legislation on this energy bill which would roll back domestic oil prices and also common situs picket legislation. Would you sign either of these bills, putting yourself in office a little early?

A. I hope the President will veto both of them. I believe the energy bill goes backward as to what we should be doing. It only discourages conservation of scarce energy supplies; it makes it less advantageous for anyone to try to find any new energy supplies. It increases our dependency on outside sources rather than domestic. On the common situs bill, I think it's nothing more than the United States Government putting itself in a position of forcing compulsory unionism in an entire industry.

Q. Governor, I hope as a veteran leader you don't intend to veto pension increases for the veterans of the United States, do you?

A. Well, you're asking me about something that I haven't had an opportunity to look at, at all, so I can't answer your question as yet.

Q. Governor Reagan, sir, how do you think you can capture the 40 percent of the people who are dissatisfied with both parties, given the fact that some of them have positions which are considerably to the left of yours?

A. Well, some of them may be considerably to the left. I, as you know, have never really believed in that "left" or "right" distinction. I have to believe--and from going around the country as much as I have in the last ten months--that American people are in a time of discontent, that government is too big and too intrusive in their lives. They believe it's too costly. They finally have discovered who is paying for all the federal programs or all of the government programs, for that matter. I think the people are waiting for some of the things and are willing to go forward with some of the things that will reduce that power and size of government and make it more responsive to them. If the polls are any indication, the people believe that government should be returned on a greater extent to the local level. They have a greater faith in government at the local level than they at the national level.

Q. Governor, when did you finally decide to run?

A. Well, to put my finger on the exact moment would be rather difficult; but I can tell you, not very long ago. I haven't been playing any games. It is a decision that, as I have said, so many times to so many of you, not an easy decision to make, not a decision that the average person thinks he would ever be called upon to make. I wanted all the information I could get; I wanted to be as sure as I possibly could be and have answers to a number of questions. It has only been extremely recently that in my own mind I felt that I was coming to this particular moment.

Q. Governor, do you respond to President Ford's challenge and will you enter all the primaries?

A. Well, as I say, I will be represented in all of them.



Q. Your name will be on the ballot?

A. Yes.

Q. Governor, if you can't win the New Hampshire primary, will you be satisfied to come close to President Ford?

A. The decision has been made that I will enter and campaign in the New Hampshire primary and in the Florida primary, the first two primaries, and in the New Hampshire primary I'm just going to do my best to win.

Q. Governor, Senator Percy doesn't seem to have heard about the 11th Commandment. He's put out a press release that says that your nomination would be foolhardy and lead to a crushing defeat for the Republicans just as George McGovern's nomination was disastrous for the Democrats. He also says you're too far out of the centrist mainstream. Do you have a reaction to Senator Percy's remarks?

A. Well, yes, and I also have his personal assurance that he, too, will abide by the 11th Commandment. While he is not in support of my candidacy, he will campaign in the same way.

Q. Comply with the 11th Commandment?

A. Well, I don't know which came first, his pledge to me, or that. Maybe he's reformed. I will say this, however, when he says I'm not in the centrist position in the party, I do have a record, for anyone's inspection, of what we did in the State of California, for anyone who could point to that record and suggest that there was anything extreme about any of the positions that we took. I'm very proud of the record and will hold it up for inspection to anyone who wants to see. I think it will indicate that it is pretty much in the mainstream of the thinking of the people in this country, because it was approved heartily in a state in which Republicans are outnumbered three-to-two by Democrats.

Q. Governor Reagan, what are you going to do for women?

A. Well, I'm going to continue to support Nancy to the best of my ability. I believe I think I understand the point of your question. As you know, Will Rogers once said, and I have to do this, I have to quote him, Will Rogers once said that "women were going to try to become more and more equal to men until pretty soon they weren't going to know any more than the men do." I believe that if there are any injustices and if there are still any inequities in regard to the difference in treatment of men and women they should be corrected by statute. I think that they have a place in government; I think that they can make a great contribution to government.

Q. Governor Reagan, your opening remarks implied a reduction in federal spending in every area except military. Yesterday the Senate passed a military spending bill of 90 billion dollars. How much is enough in your view? Are you calling for a massive increase to achieve what you call the military superiority over the Soviets?

A. Well, I think when you get to the defense budget you have something different than you have in most other areas of government. It isn't a case of what you decide to spend in military--that is based on what you have to spend, what is necessary if you are to remain equal in power to any potential enemies in the world. And so military spending is virtually forced on you as a necessity. Now this does not mean that we should not continue to look at the military budget, not from the standpoint of whether we need or do not need the weapons, but mainly from the standpoint of are we running it efficiently and getting the best buys for our dollars. And I think any Administration should continue to do that. But the military budget, as I say, is forced upon us. It is not something in which you can just decide whether you want to spend it or not.

Q. Governor Reagan, 150 billion dollars, 200 billion dollars, what do you want to spend?

A. I didn't say what I wanted to spend. There you have me in a position in which the answer is very difficult, because I think only when you are in that position of command do you have access to all the information that is necessary for making that decision. And, obviously, I'm not in that position and do not have that information at this moment.

Q. Governor, how do you stand on gun control?

A. I am against the kind of gun control that is being proposed so much in Congress which would make it difficult for the legitimate citizen to own a gun, but which I feel would do nothing whatsoever to take the gun away from the criminal. I think that we embarked on a program in California that is the proper kind of gun control. It has nothing to do with taking the weapons away from legitimate citizens. What we did do was pass a law, for one thing, that any criminal convicted of committing a crime who had a gun in his possession, carried with him at the time of the crime, whether he used it or not, add five to 15 years to the sentence. We now have a law, also in California, that says no Judge can take a criminal convicted of a crime and turn him out on probation. If he carried a gun in the commission of the crime, he must go to prison. He must serve a mandatory prison sentence. These are the kind of gun controls that we need. It is naive and foolish to believe that there is anything you could do in the nature of gun control that would prevent the criminal from having a weapon. You would simply disarm the citizenry.

Q. Governor Reagan, if the choice were yours to make, who would you name to replace Justice Douglas on the Supreme Court? Also, would you tell us what kind of a judicial philosophy you might have in naming a Justice to the Supreme Court? Do you share former President Nixon's view that so-called strict constructionists should be named to the court?

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A: I don't have any name in mind at the moment because it's not my decision to make. With regard to the appointment that is now open in the Supreme Court, I do believe that, yes, you should have someone who is a constitutionalist, whose philosophy and belief is to interpret the Constitution and not to legislate. I think there has been too much legislation by the courts, not only there but in other areas of the country and other levels of the courts. But I would look for the best person I could find with the understanding of the Constitution and, as I say, who would interpret that Constitution.

Q. Governor Reagan, what is your stand on the Equal Rights Amendment?

A. The Equal Rights Amendment . . . I should have quit with the first answer over there. When I originally started out, it sounded like a very simple thing and why not? I have to say that as we progressed, I found myself in a position where I had to know more about it than that. Like many others, I do not believe that a simple amendment, the Equal Rights Amendment, is the answer to the problem. I think that it opens a Pandora's Box and could, in fact, militate against the very things that women are asking for. I believe the answer is by statute, but the constitutional amendment, once in the Constitution, can, by strict interpretation, be used to deny women many of the advantages they now have. I would prefer to resolve things by statute.

Q. Governor Reagan, what advantages?

A. Well, I think that you open up the question then of special provisions in, say, factory work, industrial work, for employers that take cognizance of the fact that there are physical differences between men and women. I think you open up the whole role of individuals in time of emergency being able to challenge their own call to duty on the basis that now their constitutional rights were being denied because others were not being called. I don't care how some women feel about it, but I would hate to see a nation that's going to rely on women in the combat forces.

Q. Governor Reagan, do you see in the anti-bus movement a special constituency?

A. No, but I have to say this, that I think that forced busing has failed signally in its purpose. It has added to the bitterness that it was supposed to cure. It has solved none of the problems of prejudice or bigotry. When you find that evidently Coretta King and I are on the same side, that she, too, is opposed to busing, I think we find that it must be pretty wide spread among the people--their objection to it. I think the greatest definition that I've heard of the evil of forced busing was made by the very highly respected Superintendent of Education of the State of California, Wilson Riles, who himself is black. Wilson Riles said that he considered it insulting and demeaning, and I do also, to tell a Negro child that the only way he can learn something is if you put him in school between two white kids.

Q. Governor, if the President next week should decide to support a policy of some aid to New York City of any kind, would that become an issue between you and him in the campaign?

A. Well, this depends on what kind of program we're talking about. I don't think anyone wants to see the people, the hardworking, taxpaying people of New York who have been victimized by their own political leaders back over the years in a way that led to this situation, to see them penalized. But any situation for help to New York must be predicated on a reorganization that stops the process that has led to this situation. We see in New York a very simple situation that for many years back, politicians wanting to never say "no" but always say "yes" to everyone, have been increasing spending in New York City almost twice as much as the increase in their revenues each year. They have been creating independent authorities with bonding power in which they did not have to ask the consent of the voters.

But then the bonding power was distorted and abused in that the bonds were sold to create one-time capital improvements; the borrowed money was used instead on top of the tax revenue to pay for on-going government expenses. And so we find New York City today, in providing the basic services, has a per-capita cost of \$1446; all the other major cities in the United States of a million population or over average less than half of that, \$670. That has to be corrected as a premise for any program for helping the New York citizens.

Q. If you should bomb out in the early primaries, contrary to your plans, would you withdraw?

A. If I should bomb out in the early primaries, my plans . . . that's a hypothetical question and it's a hypothesis that, very frankly, I ruled out in my own mind before I ever stood up here and I don't bother to think about that.

Q. Can we go back to the New York City question, what specific plan do you advocate concerning the New York City fiscal problem, at what point would you recommend federal assistance and in what form?

A. Well, I can't answer that again because I have to say that this is a little bit like the defense question. Until you have access to all of the information, which I don't have, I don't think that you can come up with a specific plan. All I can give you is the generalization that you do not want to see distress imposed upon the hardworking people of New York City who are not to blame for this, but you do want to see before anything else is done, that New York City has adopted a plan that they will not find themselves down the road doing the same thing over again.

Q. In line with that generalization, then, what you're saying is that if New York City did meet these requirements, move toward a balanced budget, whatever the requirements are, that federal dollars moving in to help New York City would then be all right as far as you're concerned?

A. It may not necessarily be federal dollars. As I understand it, there's consideration of nothing but assurance and a backing by the federal government of loans that might be made, whatever the solution is, but I would want to look at that very carefully and I don't have one in mind myself right now.

Q. Governor, you said this issue was difficult and compared it to the defense budget. But certainly nothing about New York City's finances has a classification stamp on it. You're running for President. This is a large national issue. Why don't you have the specifics and details at your command?

A. Well, because I think that when you are not a candidate and you are busy as I have been going around the country you wouldn't have an opportunity to get as deeply into every single subject that might confront you in the days ahead as you'd like, and I don't have that answer.

Q. On the same point, Governor, do you intend to go through the whole primary campaign taking the position that you cannot make recommendations on the defense budget because you don't have access to information?

A. Well, now, wait a minute. When you specify defense, let me say I will have positions, of course, and will be speaking in detail on those in the months ahead. I must say, however, in that particular area one always has to face the fact that there are facts not known to you and which cannot be known to you because of classification. And this always must be kept in mind as a reservation about any opinion that you might render. No, I will be taking positions. First of all, as I've said before, I'll take one flat position. I don't believe that the United States can afford to be second to anyone in the world militarily. There is no such thing as second. If you're second, you're last.

Q. Governor, would this also apply to you if you were for Vice President?

A. What's that?

Q. When you say second, you're last. Would this also apply to you if you took the Vice Presidential slot?

A. I have given no consideration to that. I'm not interested in that.

Q. Governor, will you support whoever the party's nominee is and, if your candidacy is as healthy as you say, would it also be healthy if some other people would enter primaries against President Ford?

A. Well, as I said, I would not be surprised if others did, now that someone has broken the ice. This is a part of the 11th Commandment that you submit yourself to your party's voters and then you abide by their decision and rally behind the winner.

Q. Governor, what is your reaction to the recent disclosures that the FBI has involved itself in the private lives of citizens of this country?

A. I think you're probably referring to this morning's news, and I've had no opportunity to read this morning's paper as yet. All I saw was the headline and haven't had a paper in my hand to find out what those revelations or what that story is.

Q. Now you have said that there probably will be other Presidential candidates. Besides Nelson Rockefeller, who do you think it will be?

A. Well, now, I didn't say, besides him, and I didn't say, probably. I said that possibly and that I would not be surprised if there were others. I don't know that there're going to be others. I don't know whether it's going to be probable, and I'm going to make no speculation as to whom they might be.

Nofziger: Thank you, Ladies and Gentlemen.

Reagan: They tell me the time is up.



PRESS CONFERENCE WITH RONALD REAGAN

November 20, 1975

Washington, D. C.

Q. Senator Goldwater said here at the Press Club last week that he didn't think your policies were much different than those of President Ford. I wonder what specific differences you can cite with Mr. Ford and how specifically you can do a better job than the President in translating your philosophies into action?

A. Well, I have already said and have pledged to the people in my party and to others, that I am going to abide by the 11th Commandment, which is California and which says "Thou shalt not

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PRESS CONFERENCE WITH RONALD REAGAN  
November 20, 1975  
Miami, Florida

Q. Governor, can you describe the incident and Mrs. Reagan's outside?

A. Well, I'm not exactly the one to describe it. I'd gone over to that corner of the crowd because there was an old friend there who'd been calling out to me, and I hadn't made out who it was. I was on my way and had gone past whatever happened. I just thought someone was falling down, and then I was persuaded by the Secret Service men, who were there, to leave. And I found Nancy was--they'd already removed her ahead of me. It seems the individual had pulled out a toy gun, and I guess that's as much as I can tell you or I guess anyone can tell you now.

Q. Are you certain it was a toy?

A. Yes, because we have it now.

Q. Did he touch you at all, sir?

A. Not that I know, no.

Q. He was that close to your shoulder, though?

A. Tommy Thomas was the first one, evidently, or rather the first one who spoke up about it, and the next thing I knew, I just thought someone had had an accident and was falling down, so I wasn't aware until I got inside what it was all about.

Q. Governor, will you describe your feelings about this episode and what it makes you feel about campaigning?

A. Well, you have to remember that this is not a thing that is limited to Presidential candidates. I have been eight years a governor, and, during those eight years, there were incidences of one kind or another, and you were under, well, you were protected by security all that time.

It's true of many people who hold public office today, so it just isn't that untoward an incident. But it doesn't change my view or my mind any about campaigning.

Q. Were you frightened?

A. No, I didn't know what was going on until I got inside and somebody told me.

Q. Were you frightened then?

A. No.

Q. Does it change any of your feelings on gun control now?

A. Oh no, not at all. Because as I've said, most of the people... this can't apply here because that wasn't a real gun. Most of the people who are involved with incidents with guns...it is already against the law for them to have a gun.

Q. Governor, explain to us again, was it not a real gun?

A. No, no, it was a toy gun.

Q. Mr. Kissinger said a few days ago that it was high time that Latin-American nations are treated on a one-to-one basis, rather than as one big country. I am a Latin-American; what can we expect from you?

A. Well, I don't know just exactly what he meant, but I support that you mean that he was talking about that we deal on a one-to-one basis with each country in Latin America instead of a basis of all...

Q. No, Governor, ...all just one big conglomerated...

A. Oh, well, I have to agree with that. Latin America is made up of a number of sovereign nations, and I think that they don't all have problems in common or should not be lumped together and treated as... We don't deal with Europe on that basis. There are some things I suppose where you deal with a continent on continent problems; but on the other hand, I think that, no, you deal with each nation individually.

Q. Mr. Reagan, what do you think about diplomatic relations between Cuba and the United States?

A. Diplomatic relations between Cuba and the United States, I have already made my position clear. I don't believe that Fidel Castro has done anything that should make us feel that we should start overtures toward relations with Cuba. As a matter of fact, I think he has a long way to go, beginning with the freeing of his own people, the making it possible for Cuban-Americans to visit their families and return, to travel back and forth and leave the country, the release of political prisoners, the repayment to American individuals for the property that was seized when he took power, and I would suggest that he could also send the Russians home and recognize our right to Guantanamo.

Q. Would you demand the release of the political prisoners of my country?

A. I just said that I think this is one of the things that he could do to show that he wanted better relations with America. I don't think we should be initiating this desire for better relations with him. I don't think he's done anything to inspire it. And he could stop, also, with his fomenting with the little three percent group of Separatists in Puerto Rico who are going against the majority of the Puerto Ricans with regard to Separatism from the United States.

Q. What is your impression of the incident that just occurred outside the hotel? Tell us just what you saw.

A. All I saw was what I thought was some people having an accident, falling down. And, as a matter of fact, I started to try and take a step forward because one of them was a little boy, to help him. The next thing I knew there were several gentlemen that have just joined us this morning who persuaded me to leave. They were rather firm in their persuasion.

Q. Were you shaken by the situation?

A. No, no, do I look shaken?

Q. Did you see the gun?

A. No, well, I've seen it since. It is in custody. It's a toy.

Q. Governor Reagan, what are your feelings concerning the current vote in the U.N. toward Zionism?

A. The vote, the resolution, oh, that Zionism is racism? Well, I think it is a sign of what has happened in the General Assembly when you've got nations that can muster a two-thirds majority and represent less than 10 percent of the population of the world. I think it was a shameful and outrageous thing, and I am in sympathy completely with the remarks that were made by Ambassador Moynihan about it. It's high time we began calling some of those things what they really are.

Q. Would you support the United States cutting their support to the U.N.?

A. I support the idea that we should review our position with regard to that and to the United Nations.

Q. Governor Reagan, going back to Latin America on foreign aid, as the possible President of the United States, are you for more aid, and what do you think about the Panama Canal problem?

A. Well, with regard to foreign aid, certainly if foreign aid is to be continued, I think we have great obligation to our own hemisphere, but I think that foreign aid has been badly mismanaged. I don't think it has achieved its purpose, and certainly there is a program that needs a great deal of review as to what we're doing with it.

With regard to the Panama Canal, I am opposed to the negotiations that are going forward about it. That is sovereign territory of the United States. The government that is attempting to demand the return or that we give up some of our rights there is a dictatorial, pro-Communist military government that threw the duly elected President of

Panama out of office 11 days after he had been elected and installed in office. They employ censorship of denied civil rights, there have been no elections in the eight years since, and I don't think we ought to be doing business with them.

Q. Thank you Mr. Reagan. Another question here. Sir, there are two issues where you seem to differ completely from President Ford's point of view. One of them is the ratification of the ERA, and you say that it would sort of open up a Pandora's Box?

A. Yes.

Q. Two, you also seem to be against the passing of the abortion law. Don't you think this should be left to the individual conscience of every woman?

A. What on the abortion law? No, I do not. I have to believe that the interrupting of a pregnancy is the taking of a human life. And I believe that in taking a human life you are bound by our Judeo-Christian tradition which does permit that in the case of self defense. But to simply allow someone on their own desire or whim to take a human life... this is condoning murder.

Q. Governor, on the ERA?

A. The ERA Amendment I do believe is an over simplistic answer. If there still are inequities that need to be corrected, I think that they can far better be corrected by statute, such as we did with the Equal Employment Act and the Equal Educational Opportunity Act. Both of those erased as far as sex was concerned some of the inequities. If there are more needed, we do those. But I believe that a Constitutional Amendment which the court must interpret...the Constitution could then be used to eliminate many things that now protect women.

First of all, the right of a woman to expect her husband to provide a home for herself and her children. It could affect, also, the protective labor laws in industry and factories in which women workers--there is a recognition of the physical differences between men and women and there are certain protections for them--that could be wiped out by a Constitutional Amendment. I just think it's taking a meat ax to something that requires a scapel.

Q. Governor, don't you think that might take a lot of the feminine votes away from you?

A. Well, let me make one thing plain, I don't know exactly how women line up on that particular issue, but if there is one thing we might as well get straight now in my campaigning, I'm not going to campaign on what I think the people want to hear. I'm going to campaign on what I believe.

Q. How important do you consider the Florida Primary in your bid for the Republican nomination?

A. Well, important enough to wait an hour for that airplane and come down here. And I'll be back. I think it's...Florida's a major state. Florida's a state of roughly eight million in population and a very important state, I think, in this Union. And I think that anyone who is going to campaign for a nomination has an obligation to do an many primaries as he can, and that certainly begins with the first two, with New Hampshire and with Florida.

Q. Do you feel it's essential to win Florida for you to conduct a successful campaign?

A. Never having had any experience of this kind before, I'm not going to make an assessment on that. I'm just going to do my best to win wherever I campaign.

Q. Governor, to follow up on that, your state manager has said that if you do win big here in Florida, as he's predicting you will, then President Ford can pack it up and call home the dogs.

A. Well, now, let me tell you something. If there is one thing I've learned since Tommy Thomas has been chairman of the Citizens for Reagan Committee is that he doesn't need me to speak for him. He'll do just fine for himself, and so whatever he said, you take up with him.

Q. Before you arrived, he may have violated the 11th Commandment. He said that President Ford's a nice guy, but what we need now is something more than a nice guy.

A. Well, that doesn't seem like a serious violation of the 11th Commandment.

Q. The Cuban society is interested to know about your opinion of the intent of the political Mr. Kissinger. What is your opinion about the political Mr. Kissinger?

A. Well, here again, I don't think I'm in a position to criticize, not knowing all the ramifications that are involved in the diplomatic chess game that is going on in the world today. I've been in disagreement with some things, the nature of detente right now. I was not in disagreement with the principle of detente. I don't think that it is an equal, two-way street for us anymore. I think, on the other hand, that in Israel he's securing a lull there and at least buying some time so we can go forward and try to resolve the problems...was a masterful thing to do. but I'm not going to...as I said this morning in answer to some questions. Here again, when you are in my position, you are not privy to all the facts and all the information that you should have. I will, as I say, criticize things where I disagree, such as I don't believe the SALT talks have been to our advantage, particularly the agreement in Vladivostock. I think it has given the Russians an opportunity to go ahead of us in military power, and so I disagree with that.



I disagree, as I've said, with what has happened with detente. Instead of based on equal strength, now the Russians are using it to further their own aims, and we're not getting a quid pro quo out of it. But I'll do that. I will not make an assessment of his overall standing as a diplomat.

Q. Governor Reagan, do you see anybody else in the Republican Party joining the Presidential candidate ranks?

A. I just said this morning I thought it was possible, that once the ice was broken, there may be some more.

Q. Governor, do you have any idea who might join?

A. No.

Q. Governor, I wonder if Mrs. Reagan would tell us how she feels about your campaign across the country as a result of the incident, if her opinion has changed any?

Mrs. Reagan: Well, I just hope it doesn't happen again.

Q. Are you worried about the Governor's safety as he travels across the Country?

Mrs. Reagan: Well, I think you always have it in the back of your mind, but you try to keep it in the back of your mind because otherwise if you let it obsess you, you can't function.

Q. Did you discuss this; have you two discussed this before, prior to the announcement of the Presidential candidacy?

Mrs. Reagan: No, we've discussed it; we discussed it in Sacramento a couple of times.

Q. Where were you?

Mrs. Reagan: I was in back, and I was pushed into the building.

Q. Governor, there were some of us that had to come in late because we were on the police beat here. Could you go back over, at the risk of being redundant, and tell us what you saw?

A. I can make it very brief. I saw very little of anything. I thought someone was falling down. I saw a little boy falling first, and I actually started to lean and go to this help, and the next thing I knew, several pairs of arms were around me and I was being told I was coming in here.

Q. You didn't see a man or a gun?

A. No.

Thank you very much, Governor.

Reagan: That does it? What...one last question, all right.

Q. If Mr. Ford is the candidate for GOP, you will be with him as Vice President?

A. I'm not interested in that. No, I'm running for the Presidency.

Thank you.

XXX

PRESS CONFERENCE WITH RONALD REAGAN  
November 20, 1975  
Miami, Florida

Q. Governor, can you describe the incident and Mrs. Reagan's outside?

A. Well, I'm not exactly the one to describe it. I'd gone over to that corner of the crowd because there was an old friend there who'd been calling out to me, and I hadn't made out who it was. I was on my way

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