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early 1978

Foreward by Ronald Reagan to
The Great Panama Canal Giveaway

Ever since he staged a media extravaganza in Washington, D.C. to mark the signing of his new Panama Canal treaties, President Carter has been saying that once the American people know "all the facts" about the treaties they will support them and want them ratified.

The American people already knew some important basic facts about the Panama Canal and the Canal Zone before the new treaties were signed. Now, once they know "all the facts" about the treaties and the circumstances leading up to their signing, I think they will do just the reverse of what Mr. Carter expects. They will oppose ratification in even larger numbers than they do now.

Congressman Phil Crane and Philip Nicolaides have put between these two covers all the facts anyone would need to make a reasoned decision about the Panama Canal treaties now before the Congress.

They trace the history of the Canal, the role of the Frenchman Phillipe Bunau-Varilla (if it hadn't been for him, the Canal would have been built in Nicaragua); how Panama was born (if it hadn't been for the United States, Panama would probably still be a province of Colombia); and why the charge of "colonialism" is an empty one.

The authors examine the question of "sovereignty" (we acquired the right to act in the Canal Zone as if sovereign, to the exclusion of the exercise of those rights by the Republic of Panama. Treaty advocates nearly always omit that latter condition of the existing treaty when arguing for a new one. The fact is that only one nation -- the United States -- can exercise sovereignty in the Canal Zone

unless that right is given away, as the new treaties would do. But, it is that right which is the bedrock foundation for our ability to operate and defend the Canal. If we give it away, our presence in the area is then only at the sufferance of the Panamanian government. It could nationalize the Canal on a moment's notice and order us out, with the full backing of provisions of the United Nations charter. We would be powerless to do anything about it -- except fight, and it is hard to believe that any American wants a confrontation under such circumstances. By keeping the rights of sovereignty in the Canal Zone, we cannot be summarily kicked out at the whim of a Panamanian regime. Considering the volatile nature of Panamanian politics over the years, the fact of the present military dictatorship which squelches human rights, and the evidence that Fidel Castro (and, behind him, the U.S.S.R.) covets much greater influence over Panama, it is clear that the new basic treaty's provision of relinquishing the rights of sovereignty represents a fatal flaw.

This book raises important questions about the defense role the Canal plays in Hemispheric security; about its commercial value to ourselves and our neighbors. It answers many of them, but leaves others -- nagging ones -- for the treaties' proponents to answer...if they can.

It looks at key elements in the development of these treaties, such as the Tack-Kissinger Memorandum of 1974, in which the then-Secretary of State seemed to be agreeing, in advance, that the Panamanians could have what they wanted. The effect of Special Ambassador Sol Linowitz' six-month appointment on the speed of treaty negotiations is studied. The announcement of the new treaties was made just hours before his appointment expired (to have it renewed,

Mr. Carter would have had to submit it to the Senate for ratification. This would have meant public hearings and close examination of Linowitz' business relationships -- relationships the authors will tell you about).

You will learn from these pages who is anxious to have the treaties ratified and why. You will learn why legal experts say that the House of Representatives must play a role in the Congressional approval process (it involves a basic Constitutional principle).

In recent months there have been persistent efforts to rewrite the history of the Panama Canal. Some have been made out of ignorance or incomplete research; others have no doubt been willful. The Great Panama Canal Giveaway strips away whatever confusion has been built up as a result of this. It is thorough; it is methodical. It is also highly quotable.

Though the American people may not have had all the facts about the Canal till now, most have known some vital basic ones for a long time. In early 1976, as I began my campaign for the Presidential nomination, I was surprised to find that, in state after state, the issue would come up in "town hall" type meetings. The people knew that our nation had created the Canal; had helped Panama achieve independence and to reach one of the highest per-capita income levels in Latin America; had maintained the Canal and operated it fairly for more than 60 years, and had helped guarantee the security of the Hemisphere by defending it. What they couldn't understand was why we are negotiating its giveaway under threat of blackmail by a military dictator and under a drumbeat of international propaganda by the far left designed to make us feel guilty and to retreat still further from a role of international leadership.

"Why?" was the question the people kept asking me. I was not the person to answer that question, of course, for I did not support the giving away of the Canal then and I do not support it now. Now, it is for President Carter and the supporters of his new treaties to answer that question.

Once he does and "all the facts" are known and Congress takes the logical step of turning down these treaties, what then? I believe it is important that we find workable alternatives which will protect our security and that of the Hemisphere and will also recognize the aspirations of the Panamanian people.

One alternative ready to be put into action is the Terminal Lake-Third Lock plan which would modernize and increase the capacity of the Canal. It would take a decade to complete and between \$1 and \$2 billion. Panamanian contractors and workers could be used extensively in the project to insure that a great deal of the benefit of the expenditure would go directly to the people of Panama, not the ruling clique which stifles human rights. Once completed, the project would make it possible for all but a few of the world's very largest ships to transit the Canal.

In recent months, scholars, legal experts, engineers and foreign affairs specialists have brought forward other alternatives. Some may not survive close scrutiny, but certainly all are worth laying on the negotiating table for discussion. Among them are:

-- International participation on the Canal governing board. In addition to the group of permanent U.S. seats, some Panamanian seats might be added and some term-seats to be rotated amongst Canal user nations.

-- Turning over Panamanians who violate laws in the Canal Zone to Panamanian courts.

-- Adjusting the boundaries of the Canal Zone to turn over any land not needed for operations or watershed protection.

-- Building one or more new vehicle bridges across the Canal to improve access by Panamanians to either side.

No doubt, in renegotiations other alternatives will be discussed. We should approach all of them with an open mind, but we should also make it clear -- as past negotiators apparently did not -- that the United States must retain practical control over the Canal for the security of the entire Hemisphere.

#

WHATEVER HAPPENED TO FREE ENTERPRISE?

by Ronald Reagan

Most recently known for his bid for the 1976 Republican presidential nomination, Ronald Reagan is distinguished for his successful careers in motion pictures, broadcasting, and politics.

Mr. Reagan was a player and production supervisor of television's "General Electric Theater" for eight years and hosted and acted in the "Dcath Valley Days" television series. For many years he owned and operated a horse breeding and cattle ranch.

Elected California's 33rd governor in 1966, he was re-elected in 1970. After leaving office in early 1975, Governor Reagan began a daily radio commentary program, nationally syndicated, and a weekly newspaper column in which he is still involved. Governor Reagan delivered this address on the Hillsdale campus in the Ludwig von Mises Lectures Series.

During the presidential campaign last year, there was a great deal of talk about the seeming inability of our economic system to solve the problems of unemployment and inflation. Issues such as taxes and government power and costs were discussed, but always these things were discussed in the context of what *government* intended to do about it. May I suggest for your consideration that government has already done too much about it? That indeed, government, by going outside its proper province, has caused many if not most of the problems that vex us.

How much are we to blame for what has happened? Beginning with the traumatic experience of the Great Depression, we the people have turned more and more to government for answers that government has neither the right nor the capacity to provide. Unfortunately, government as an institution always tends to increase in size and power, and so government attempted to provide the answers.

The result is a fourth branch of government added to the traditional three of executive, legislative and judicial: a vast federal bureaucracy that's now being imitated in too many states and too many cities, a bureaucracy of enormous power which determines policy to a greater extent than any of us

realize, very possibly to a greater extent than our own elected representatives. And it can't be removed from office by our votes.

To give you an illustration of how bureaucracy works in another country, England in 1803 created a new civil service position. It called for a man to stand on the cliffs of Dover with a spy glass and ring a bell if he saw Napoleon coming. They didn't eliminate that job until 1945. In our own country, there are only two government programs that have been abolished. The government stopped making rum on the Virgin Islands, and we've stopped breeding horses for the cavalry.

We bear a greater tax burden to support that permanent bureaucratic structure than any of us would have believed possible just a few decades ago. When I was in college, governments federal, state and local, were taking a dime out of every dollar earned and less than a third of that paid for the federal establishment. Today, governments, federal, state, and local, are taking 44 cents out of every dollar earned, and two-thirds of that supports Washington. It is the fastest growing item in the average family budget, and yet it is not one of the factors used in

computing the cost of living index. It is the biggest single cost item in the family budget, bigger than food, shelter and clothing all put together.

When government tells us that in the last year the people in America have increased their earnings 9 percent, and since the inflation is 6 percent, we're still 3 percentage points better off, or richer than we were the year before, government is being deceitful. That was *before* taxes. After taxes, the people of America are 3 percentage points worse off, poorer than they were before they got the 9 percent raise. Government profits by inflation.

At the economic conference in London several months ago, one of our American representatives there was talking to the press. He said you have to recognize that inflation doesn't have any single cause and therefore has no single answer. Well, if he believed that, he had no business being at an economic conference. Inflation is caused by one thing, and it has one answer. It's caused by government spending more than government takes in, and it will go away when government stops doing that, and not before.

Government has been trying to make all of us believe that somehow inflation is like a plague, or the drought, or the locusts coming, trying to make us believe that no one has any control over it and we just have to bear it when it comes along and hope it will go away. No, it's simpler than that. From 1933 until the present, our country has doubled the amount of goods and services that are available for purchase. In that same period we have multiplied the money supply by 23 times. So \$11.50 is chasing what one dollar used to chase. And that's all that inflation is: a depreciation of the value of money.

Ludwig von Mises once said, "Government is the only agency that can take a perfectly useful commodity like paper, smear it with some ink, and render it absolutely useless."

There are 73 million of us working and earning by means of private enterprise to support ourselves and our dependents. We support, in addition, 81 million other Americans totally dependent on tax dollars for their year-round living. Now it's true that 15 million of those are public employees and they also pay taxes, but their taxes are simply a return to government of dollars that first had to be taken from the 73 million. I say this to emphasize that the people working and earning in private business and industry are the only resource that government has.

In Defense of Free Enterprise

More than anything else, a new political economic mythology, widely believed by too many people, has increased government's ability to interfere as it

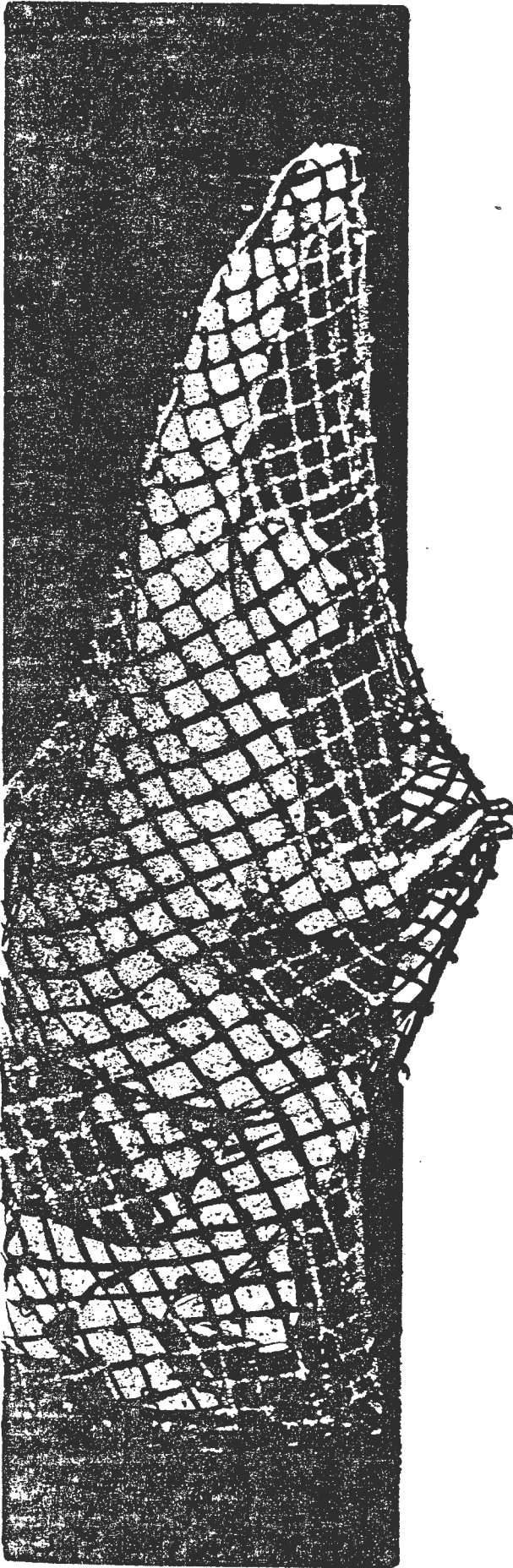
does in the marketplace. Profit is a dirty word, blamed for most of our social ills. In the interest of something called consumerism, free enterprise is becoming far less free. Property rights are being reduced, and even eliminated, in the name of environmental protection. It is time that a voice be raised on behalf of the 73 million independent wage earners in this country, pointing out that profit, property rights and freedom are inseparable, and you cannot have the third unless you continue to be entitled to the first two.

Even many of us who believe in free enterprise have fallen into the habit of saying when something goes wrong: "There ought to be a law." Sometimes I think there ought to be a law against saying: "There ought to be a law." The German statesman Bismark said, "If you like sausages and laws you should never watch either one of them being made." It is difficult to understand the ever-increasing number of intellectuals in the groves of academe, present company excepted, who contend that our system could be improved by the adoption of some of the features of socialism.

In any comparison between the free market system and socialism, nowhere is the miracle of capitalism more evident than in the production and distribution of food. We eat better, for a lower percentage of earnings, than any other people on earth. We spend about 17 percent of the average family's after-tax income for food. The American farmer is producing two and one-half times as much as he did 60 years ago with one-third of the man-hours on one-half of the land. If his counterparts worldwide could reach his level of skill we could feed the entire world population on one-tenth of the land that is now being farmed worldwide.

The biggest example comes, I think, when you compare the two superpowers. I'm sure that most of you are aware that some years ago the Soviet Union had such a morale problem with the workers on the collective farms that they finally gave each worker a little plot of ground and told him he could farm it for himself and sell in the open market what he raised. Today, less than 4 percent of Russia's agricultural land is privately farmed in that way, and on that 4 percent is raised 40 percent of all of Russia's vegetables, and 60 percent of all its meat.

Some of our scholars did some research on comparative food prices. They had to take the prices in the Russian stores and our own stores and translate them into minutes and hours of labor at the average income of each country. With one exception they found that the Russians have to work two to ten times as long to buy the various food items than do their counterparts here in America. The one ex-



ception was potatoes. There the price on their potato bins equalled less work time for them than it did for us. There was one hitch though — they didn't have any potatoes.

In spite of all the evidence that points to the free market as the most efficient system, we continue down a road that is bearing out the prophecy of De Tocqueville, a Frenchman who came here 130 years ago. He was attracted by the miracle that was America. Think of it: our country was only 70 years old and already we had achieved such a miraculous living standard, such productivity and prosperity, that the rest of the world was amazed. So he came here and he looked at everything he could see in our country trying to find the secret of our success, and then went back and wrote a book about it. Even then, 130 years ago, he saw signs prompting him to warn us that if we weren't constantly on guard, we would find ourselves covered by a network of regulations controlling every activity. He said if that came to pass we would one day find ourselves a nation of timid animals with government the shepherd.

Was De Tocqueville right? Well, today we are covered by tens of thousands of regulations to which we add about 25,000 new ones each year.

The Cost of Government Regulation

A study of 700 of the largest corporations has found that if we could eliminate unnecessary regulation of business and industry, we would instantly reduce the inflation rate by half. Other economists have found that over-regulation of business and industry amounts to a hidden five-cent sales tax for every consumer. The misdirection of capital investment costs us a quarter of a million jobs. That's half as many as the president wants to create by spending \$32 billion over the next two years. And with all of this comes the burden of government-required paperwork.

It affects education — all of you here are aware of the problems of financing education, particularly at the private educational institutions. I had the president of a university tell me the other day that government-required paperwork on his campus alone has raised the administrative costs from \$65,000 to \$600,000. That would underwrite a pretty good faculty chair. Now the president of the Eli Lilly drug company says his firm spends more man-hours on government-required paperwork than they do today on heart and cancer research combined. He told of submitting one ton of paper, 120,000 pages of scientific data most of which he said were absolutely worthless for FDA's purposes, in triplicate, in order to get a license to market an arthritis medicine. So, the United States is no longer first in

the development of new health-giving drugs and medicines. We're producing 60 percent fewer than we were 15 years ago.

And it's not just the drug industry which is over-regulated. How about the independent men and women of this country who spend \$50 billion a year sending 10 billion pieces of paper to Washington where it costs \$20 billion each year in tax money to shuffle and store that paper away. We're so used to talking billions — does anyone realize how much a single billion is? A billion minutes ago Christ was walking on this earth. A billion hours ago our ancestors lived in caves, and it is questionable as to whether they'd discovered the use of fire. A billion dollars ago was 19 hours in Washington, D.C. And it will be another billion in the next 19 hours, and every 19 hours until they adopt a new budget at which time it'll be almost a billion and a half.

It all comes down to this basic premise: if you lose your economic freedom, you lose your political freedom and in fact all freedom. Freedom is something that cannot be passed on genetically. It is never more than one generation away from extinction. Every generation has to learn how to protect and defend it. Once freedom is gone, it's gone for a long, long time. Already, too many of us, particularly those in business and industry, have chosen to switch rather than fight.

We should take inventory and see how many things we can do ourselves that we've come to believe only government can do. Let me take one that I'm sure everyone thinks is a government monopoly and properly so. Do you know that in Scottsdale, Ariz., there is no city fire department? There, the per capita cost for fire protection and the per capita fire loss are both one-third of what they are in cities of similar size. And the insurance rates reflect this. Scottsdale employs a private, profit-making, firefighting company, which now has about a dozen clients out in the western states.

Sometimes I worry if the great corporations have abdicated their responsibility to preserve the freedom of the marketplace out of a fear of retaliation or a reluctance to rock the boat. If they have, they are feeding the crocodile hoping he'll eat them last. You can fight city hall, and you don't have to be a giant to do it. In New Mexico there's a little company owned by a husband and wife. The other day two OSHA inspectors arrived at the door. They demanded to come in in order to go on a hunting expedition to see if there were any violations of their safety rules. The wife, who happens to be company president, said "Where's your warrant?" They said, "We don't need one." She said, "You do to come in here," and shut the door. Well, they went out and got a

warrant, and they came back, but this time she had her lawyer with her. He looked at the warrant and said it does not show probable cause. A federal court has since upheld her right to refuse OSHA entrance.

Why don't more of us challenge what Cicero called the arrogance of officialdom? Why don't we set up communications between organizations and trade associations? To rally others to come to the aid of an individual like that, or to an industry or profession when they're threatened by the barons of bureaucracy, who have forgotten that we are their employers. Government by the people works when the people work at it. We can begin by turning the spotlight of truth on the widespread political and economic mythology that I mentioned.

A recent poll of college and university students (they must have skipped this campus) found that the students estimated that business profits in America average 45 percent. That is nine times the average of business profits in this country. It was understandable that the kids made that mistake, because the professors in the same poll guessed that the profits were even higher.

Then there is the fairy tale born of political demagoguery that the tax structure imposes unfairly on the low earner with loopholes designed for the more affluent. The truth is that at \$23,000 of earnings you become one of that exclusive band of 10 percent of the wage-earners in America paying 50 percent of the income tax but only taking 5 percent of all the deductions. The other 95 percent of the deductions are taken by the 90 percent of the wage-earners below \$23,000 who pay the other half of the tax.

The most dangerous myth is that business can be made to pay a larger share of taxes, thus relieving the individual. Politicians preaching this are either deliberately dishonest, or economically illiterate, and either one should scare us. Business doesn't pay taxes, and who better than business could make this message known? Only people pay taxes, and people pay as consumers every tax that is assessed against a business. Passing along their tax costs is the only way businesses can make a profit and stay in operation.

The federal government has used its taxing power to redistribute earnings to achieve a variety of social reforms. Politicians love those indirect business taxes, because it hides the cost of government. During the New Deal days, an under-secretary of the treasury wrote a book in which he said that taxes can serve a higher purpose than just raising revenue. He said they could be an instrument of social and economic control to redistribute the wealth and income and to penalize particular industries and economic groups.

We need to put an end to that kind of thinking. We need a simplification of the tax structure. We need an indexing of the surtax brackets, a halt to government's illicit profiteering through inflation. It's as simple as this: every time the cost-of-living index goes up one percent, the government's revenue goes up one and one-half percent. Above all we need an overall cut in the cost of government. Government spending isn't a stimulant to the economy; it's a drag on the economy. Only a decade ago, about 15 percent of corporate gross income was required to pay the interest on corporate debt; now it's 40 percent. Individuals and families once spent about 8 percent of their disposable income on interest on consumer debt, installment buying, mortgages, and so forth. Today, it's almost one-fourth of their total earnings. State and local government in the last 15 years has gone from \$70 billion to \$220 billion. The total private and public debt is growing four times as fast as the output of goods and services.

Again, there is something we can do. Congressman Jack Kemp (R-N.Y.) has a bill before the Congress designed to increase productivity and to create jobs for people. Over a three-year period, it calls for reducing the income tax for all of us by a full one-third. And also it would reduce the corporate tax from 48 to 45 percent. The base income tax would no longer be 20 percent but 14 percent, and the ceiling would be 50 percent instead of 70 percent. Finally, it would double the exemption for smaller businesses before they get into the surtax bracket. It would do all of the things that we need to provide investment capital, increase productivity, and create jobs.

We can say this with assurance, because it has been done twice before: in the '20's under Harding and Coolidge and again in the '60's under John F. Kennedy. In the '60's the stimulant to the economy was so immediate that even government's revenues increased because of the broadening base of the economy. Kemp's bill is gaining support but unfortunately the majority in Congress is concerned with further restrictions on our freedom.

To win this battle against Big Government, we must communicate with each other. We must support the doctor in his fight against socialized medicine, the oil industry in its fight against crippling controls and repressive taxes, and the farmer, who hurts more than most because of government harrassment and rule-changing in the middle of the game. All of these issues concern each one of us, regardless of what our trade or profession may be. Corporate America must begin to realize that it has allies in the independent

business men and women, the shopkeepers, the craftsmen, the farmers, and the professions. All these men and women are organized in a great variety of ways, but right now we only talk in our own organizations about our own problems. What we need is a liaison between these organizations to realize how much strength we as a people still have if we'll use that strength.

In regard to the oil industry, is there anyone who isn't concerned with the energy problem? Government caused that problem while we all stood by unaware that we were involved. Unnecessary regulations and prices and imposed price limits back in the '50's are the direct cause of today's crisis. Our crisis isn't because of a shortage of fuel; it's a surplus of government. Now we have a new agency of enormous power, with 20,000 employees and a \$10.5 billion budget. That's more than the gross earnings of the top seven oil companies in the United States. The creation of the Department of Energy is nothing more than a first step towards nationalization of the oil industry.

While I believe no one should waste a natural resource, the conservationists act as if we have found all the oil and gas there is to be found in this continent, if not the world. Do you know that 57 years ago our government told us we only had enough for 15 years? Nineteen years went by and they told us we only had enough left for 13 more years, and we've done a lot of driving since then and we'll do a lot more if government will do one simple thing: get out of the way and let the incentives of the marketplace urge the industry out to find the sources of energy this country needs.

We've had enough of sideline kibitzers telling us the system they themselves have disrupted with their social tinkering can be improved or saved if we'll only have more of that tinkering or even government planning and management. They play fast and loose with a system that for 200 years made us the light of the world. The refuge for people all over the world who just yearn to breathe free. It's time we recognized that the system, no matter what our problems are, has never failed us once. Every time we have failed the system, usually by lacking faith in it, usually by saying we have to change and do something else. A Supreme Court Justice has said the time has come, is indeed long overdue, for the wisdom, ingenuity, and resources of American business to be marshalled against those who would destroy it.

What specifically should be done? The first

essential for the businessman is to confront the problem as a primary responsibility of corporate management. It has been said that history is the pattering of silken slippers descending the stairs and the thunder of hobnail boots coming up. Back through the years we have seen people fleeing the thunder of those boots to seek refuge in this land. Now too many of them have seen the signs, signs that were

ignored in their homeland before the end came, appearing here. They wonder if they'll have to flee again, but they know there is no place to run to. Will we, before it is too late, use the vitality and the magic of the marketplace to save this way of life, or will we one day face our children, and our children's children when they ask us where we were and what we were doing on the day that freedom was lost?

HILLSDALE NOW OFFERS SUMMER STUDY ABROAD

The Hillsdale Foreign Study Program (Adam Smith University) is offering a 1978 summer program at both Oxford and Cambridge in England, two of the oldest and most prestigious universities in the world.

At the Adam Smith University summer program, students may stay either three or six weeks and earn from three to eight credit-hours from Hillsdale College (accredited by the North Central Association).

The first three-week session, July 10-28, will be held at Magdalene College, Cambridge, while the second three-week session, July 31-August 18, will be held at St. Edmund Hall College in Oxford. Students have the choice of attending either (or both) of the three-week sessions, or of taking some of the six-week courses which will be held at both Oxford and Cambridge.

Offering courses in history, English, economics and business administration, politics, philosophy and art, Adam Smith University is uniquely located to enrich its students with the culture and experience of Britain and Europe.

For a copy of the current Adam Smith University catalog and application form, write to:

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Hillsdale, Michigan 49242

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10960 Wilshire Blvd., Suite 812
Los Angeles, CA 90024
For information contact
Peter Hannaford (traveling
with Gov. Reagan)

EMBARGOED UNTIL 12 NOON EST
Saturday, January 21, 1978

File

EXCERPTS OF REMARKS BY THE HON. RONALD REAGAN
AT THE CITIZENS FOR THE REPUBLIC LUNCHEON
HYATT REGENCY HOTEL, ATLANTA, GA., JAN. 21, 1978

There is a significant piece of news I'd like to share with you in case you haven't heard. It isn't news to the White House. They've had this embarrassing information for weeks, hoping if they didn't look at it it would go away.

Well, it didn't. It surfaced early last week in a Detroit newspaper. It was reprinted in the Wall Street Journal where it received editorial comment. I believe its significance will sink in with other news media, too. Its impact can hardly be ignored.

The N.A.A.C.P. -- National Association for the Advancement of Colored People -- held a National Energy Conference for its members. The result was withdrawal of its support for President Carter's energy program. In its report it supported, instead, deregulation of oil and natural gas prices and an emphasis on nuclear power. The report said, "if we do not move ahead now with nuclear, the next generation is likely to be sitting around in the dark, blaming the utilities for not doing something this generation's officials would not let them do."

Having seen so many legal barriers against blacks and other minorities removed in recent years, the N.A.A.C.P. has shifted its focus to the economic front. And, for what may be the first time, this important group has taken a free enterprise instead of a government intervention stand. In its energy report it spells out the economic facts of life.

MORE

It said, "We cannot accept the notion that our people are best served by a policy based on the inevitability of energy shortage and the need for government to allocate an ever-shrinking supply among competing interests."

MARGARET BUSH WILSON

Mrs. ~~Margaret Bush~~, the chairman of the N.A.A.C.P., didn't mince any words in telling a Detroit reporter where the Carter energy program was coming from. She said, "It was put together by a virtually lily-white coterie of White House advisors who subscribe to a 'limit-to-growth' philosophy which tends to freeze people to whatever rung of the ladder they happen to be on. That's O.K. if you're a highly educated 28-year-old making \$50,000 a year as a Presidential adviser. It's utter disaster if you're unskilled, out of work and living in a ghetto." Amen!

The limits-to-growth people who are so influential in the Carter administration are telling us, in effect, that the American economic pie is going to shrink. That we all have to settle for a smaller slice.

I believe black Americans want what every other kind of American wants: a crack at a decent job, a home, safe streets and a good education for their children. And the best way to have those things is for government to get out of the way while we make a bigger pie so that everyone can have a bigger slice.

The N.A.A.C.P. and the Republican Party are on the same wave length on at least two basic issues. One is energy, where we both want deregulation of prices and development of all the domestic fuel sources available; oil, gas, coal, nuclear power and long-range alternative sources; not short-range ones that are merely romantic.

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I'm sure some environmentalists will fight us all the way, but it seems to me we haven't seen representatives of minority communities out manning the barricades to halt the building of power plants.

Energy and jobs are directly related. Our Republican approach to jobs creation is not the shopworn, unrealistic plan for massive government job programs. Our approach is embodied in the Roth-Kemp Jobs Creation Act. It calls for an across-the-board cut in the income tax over a three-year period. The base tax would drop from 14 to eight percent; the ceiling from 70 percent to 50; and the average cut would be one-third. A family of four, however, with \$8,000 in earnings would have a tax reduction of 90 percent. At \$15,000 that family tax would be reduced by 40 percent.

Economists studying this proposal say it would so broaden the base of the economy that we would add \$300 billion to the G.N.P. over the three years and seven million new jobs would be created.

Will permanent across-the-board tax cuts work? History says they will. They worked under Presidents Harding and Coolidge earlier in this century. More recently, John F. Kennedy proposed them. They went into effect, along with restraints on federal spending, and the economy entered into a period of sustained expansion. In all three cases, the Treasury didn't lose money; it gained because the incentives generated by the tax cuts had expanded the economy, thus revenues.

Today, the President and his economic advisers, trapped in Keynesian thinking and rhetoric, are talking not about tax cuts that produce long-range incentives, but about short-term, "quick fix" stimulants to the economy. And the cuts, for most taxpayers, don't turn out to be very significant.

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This is in keeping with the pessimistic belief of those who today control the Democratic Party that we must lower our expectations and become more dependent on government for the very necessities of life.

But that is not the American way nor is it what developed this great land. Problems are for solving; opportunities are waiting to be recognized. There is a better life for everyone if government will have faith in the people's capacity for greatness. Those who have only recently opened the door to better jobs and greater opportunities must not be told now that the good life is gone; that their struggle has been in vain. The N.A.A.C.P. doesn't believe that. Millions of blue collar Democrats and Independents don't believe it.

Let us, as Republicans, tell them we don't believe it; that we choose the high ground of optimism, and that with their help we can keep this land of ours what it has always been -- the land of promise -- where dreams come true.

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EMBARGOED UNTIL 12 NOON EST
Saturday, January 21, 1978

File

EXCERPTS OF REMARKS BY THE HON. RONALD REAGAN
AT THE CITIZENS FOR THE REPUBLIC LUNCHEON
HYATT REGENCY HOTEL, ATLANTA, GA., JAN. 21, 1978

There is a significant piece of news I'd like to share with you
in case you haven't heard. It isn't news to the White House. They've

Filed Under:

Energy - Supplies
Blacks
Tax Reduction

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ON DELIVERY, 11:30 P.M.
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CST, Wed, Feb. 8, 1978

Text of Remarks by
The Honorable Ronald Reagan
on the CBS Television Network
Wednesday, February 8, 1978
In Response to President Carter's
"Fireside Chat" About the
Panama Canal Treaties

Good Evening.

I appreciate this opportunity to discuss President Carter's television talk on the Panama Canal and the treaties he has proposed which are now before the United States Senate for debate.

A great deal has been said and written about the Panama Canal in recent months. Despite many different points of view about many different aspects of the issue, on one point virtually everyone seems to agree: the continued smooth and secure operation of the Panama Canal is vital to our national security interests and those of the entire Western Hemisphere.

Some of our Latin American neighbor states depend on the Canal to such an extent that more than two-thirds of their commerce goes through it every year. We ourselves will depend on the Canal for the smooth flow of Alaskan oil, by tanker, to our Gulf coast ports for refining. Our naval experts agree that, with our Navy shrunken in size to its smallest point since before World War II, mobility is critically important and the Canal is a vital factor in maintaining that mobility.

In his talk, President Carter said, "What we want is the permanent right to use the Canal." I agree with that, as I'm sure you do. We have that permanent right -- right now, but will we effectively have it if the Carter-Torrijos treaties are ratified? I have very serious doubts that we will.

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The President, in his fireside chat, discussed the background of this issue so briefly (perhaps because of the press of time) that he left the mistaken impression that we acquired the Canal Zone by some underhanded means; that the Canal was somehow forced on Panama. Nothing could be further from the truth.

Panama, a province of Colombia prior to 1903, had attempted repeatedly to become an independent nation -- without success. Separated by mountains and jungle from the capital of Colombia, the people on the Isthmus of Panama felt neglected and forgotten -- and maybe they were, in their disease-infested swamps and jungles.

Colombia had given a French company permission to build a canal through the province of Panama. When the French failed and gave up, our Congress authorized the President to negotiate a treaty with Colombia and to buy out the French interest for \$40 million. Seeing a chance to get the \$40 million for itself by stalling, the Colombian government rejected our proposals. The Panamanians saw their chance and rebelled, notifying the United States at the same time that the new Republic of Panama would sign a canal treaty. The revolution was bloodless...and successful.

President Carter made the point that our 1903 treaty was not even signed by a Panamanian, as if this somehow indicated we had forced Panama to accept it. Well, the treaty was signed by a Frenchman named Philippe Bunau-Varilla, but only because the Panamanians themselves named him as Minister Plenipotentiary, for the purpose of negotiating a Canal treaty with us, which he did. The people of Panama were so pleased with what he had done they erected a statue in his honor.

We were also told the other night that "the people of Panama have

never been satisfied with the treaty." Yet, the first President of Panama, at his inauguration, said he was about to preside over a great economic boon and "the end of centuries of plague." The Panamanian legislature immediately and unanimously ratified the treaty. It took our own Senate three months and the vote was not unanimous. To top it off, every town council in the new Republic of Panama voted its endorsement of the treaty. You might say the Republic of Panama and the Canal are Siamese twins -- one couldn't have been born without the other. The Canal is so vital to Panama's economy that the Panamanians have the highest per capita income in Central America and the fourth highest in all Latin America.

Our relationship with Panama has been an evolutionary one. Accommodations have been made to fit changing times. We entered into additional treaties in 1936 and again in 1955. And, each time the accommodations benefited Panama.

Negotiations for another treaty began under the late President Johnson, but in very recent years the nature of the talks shifted toward a treaty that would take us from our steady, evolutionary course to the uncertainty of radical change in our relationship. The treaties that the Carter administration announced last August are the result of that sharp change of direction in our negotiating approach.

The new treaties would, in a single stroke, eliminate the foundation on which our right--and our ability-- to permanently use the Canal has been based for more than six decades. Until recently, the United States government had always taken the position that we could discuss and negotiate virtually any matter that would enhance our relationship with Panama, except the rights of sovereignty we hold in the Canal Zone. That was not negotiable.

The negotiations leading to the treaties now under discussion were carried out by two Democratic and two Republican administrations. This is an American, not a partisan, issue.

Let's take a look at what these treaties would do.

As you know, there are two of them. The first one is called the "Panama Canal Treaty"; the second is titled "Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal".

If the first treaty is ratified, the existing 1903 treaty will be cancelled entirely. Unlike the 1936 and 1955 treaties, these new ones do not simply adjust or amplify the basic treaty. They eliminate it and it is the one that gives us the right we now have to permanently operate and use the Panama Canal.

Once ratified, the first new treaty goes into effect six months later, at which time the Canal Zone ceases to exist.

While we would be granted the right to manage, operate and maintain the Canal till the end of 1999, the rights of sovereignty we presently have would be eliminated.

There has been a lot of confusion over this matter of "rights of sovereignty" and the fireside chat the other night didn't reduce that confusion. In trying to answer the question, "Why are we giving away the Canal Zone?", President Carter said, "We do not own the Panama Canal Zone. We have never had sovereignty over it. We have only had the right to use it." That is not quite accurate.

What we have (and this is very important to us) are the rights of sovereignty. That 1903 treaty is very explicit (as the new treaties are not). Listen to this: -- QUOTE -- "The Republic of Panama grants to the United States all the rights, power and authority within the zone

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...which the United States would possess and exercise if it were the sovereign of the territory...to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power and authority." -- UNQUOTE. Now, that isn't hard to understand, is it?

The Canal Zone is unique. We did not acquire it under precisely the same circumstances as we did the Louisiana Purchase or Alaska, but there can be no doubt our government intended to acquire a firm, unshakable legal basis for building, operating and defending the Canal.

The Canal Zone is not a "last vestige of colonialism". It has never been a colony. We didn't acquire it for the purpose of exploiting mineral wealth or harvesting crops or engaging in trade. It has been a single-purpose enterprise.

Only one nation can exercise sovereignty over a given piece of territory at a given time. Historically, there have only been a few special exceptions to that rule. In this case, the 1903 treaty makes it clear that the United States and not the Republic of Panama exercises sovereignty in the Canal Zone. The President, however, said on television that we are only paying rent for the Canal Zone. Read the 1903 treaty a thousand times and you'll never once see the words "rent" or "lease". We paid Panama \$10 million outright and annual payments beginning nine years later and, according to the treaty, that was -- QUOTE -- "The price for the rights, powers and privileges granted in this convention." -- UNQUOTE.

We did more. We went into the Zone and bought, in fee simple, every privately owned piece of property, including homesteads and squatter's rights. We not only have the rights of sovereignty, we are the owners of the real estate.

The President told us that our Supreme Court has "repeatedly knowledge" that Panama has sovereignty over the Canal Zone. Not so. The United States Supreme Court in 1907 (in the Wilson versus Shaw case) said, "It is hypercritical to contend that the title of the United States is imperfect and that the territory described does not belong to this nation." In 1971, the U.S. Court of Appeals ruled, "The Canal Zone is an unincorporated territory of the United States".--UNQUOTE

Why are the rights of sovereignty so important? Well, for one thing, they make it impossible for a government of Panama to expropriate the Canal. And, they give us the unquestioned right to operate, maintain and defend it. We can be proud of the way we have used that right. For 64 years, we have run the Canal at no profit and kept it open to all peaceful shipping of the world.

Through four wars it has been an important link in our Hemispheric defense. We have established bases in the Zone where our own forces receive training and where we have given training to the soldiers of our allies in the Hemisphere. As a matter of fact, that's where General Torrijos received his training.

Through four wars there has been no sabotage and we have successfully kept the ships of our enemies away from the Canal. Yet, the new treaties would give enemy ships the same right of access to the Canal that we have.

We've been warned there will be trouble if we do not ratify these treaties. Indeed, these treaties were negotiated under threat of bloodshed and rioting. Just recently, Col. Noriega, representing Torrijos, told Senators Baker and Garn during their recent visit to Panama that he "knows the weak spots in the Canal and our military does not."

Before we get frightened into ratifying these treaties, let us remember, there are no guerilla bands roaming the jungles of Panama. It is General Torrijos' National Guard which has the guns in Panama. And, as the President himself pointed out, the Canal's continued operation is vital to the economy of Panama. They aren't about to blow it up. Nor can a lone terrorist with a stick of dynamite under his coat sabotage the Canal. Experts on Canal operations say it would take a trained demolition squad, with access (which is not now possible) and an extended period of time to do any real damage.

George F. Kennan, the eminent scholar and former diplomat has said, "...one can only quail at the prospect of attempting to operate and protect the Canal in some sort of 'partnership' with the Panamanians. An arrangement of this nature would weaken the American position without giving permanent and complete satisfaction to the Panamanians. It would be replete with possibilities for disagreement and minor conflict."

We're not talking about a partnership in a mountain cabin. We are talking about our national security, and where that is concerned we must always be skeptical and on guard against the worst that might happen. In his book The Treaty Trap, Laurence Beilenson documents that treaties down through history have been broken more often than not.

The so-called "partnership" of which President Carter speaks and of which Ambassador Kennan is worried, is almost certain to build up pressures in Panama. We had a portent of these just a few days after the new treaties were announced last August. The government-sponsored Panamanian Student Federation said it would support the treaties, but

its secretary general declared, "...this struggle will be continuous and prolonged until the last invading soldier leaves." Those "invading soldiers" are, of course American G.I.s.

Panama, a nation with a history of unpredictable politics, could find the pressures building to the point where its ruling regime might one day respond by declaring the new treaties obsolete; declare the Canal a national asset and tell us, "Yanquis, go home." Short of that, there could be disruptions of support services such as police, fire protection, traffic management and garbage collection -- all of which we provide now but which we will be getting from Panama if the treaties are ratified (and for which we will pay \$10 million a year). Or, there might be a quiet request for us to withdraw most of our troops so that they are not a provocative symbol to potential rioters.

Of course we do not know whether these or similar "scenarios" will come to pass if the new treaties are ratified. But we do know they can't come to pass under the 1903 treaty. If the Senate ratifies the new Panama Canal treaty, we'll be exchanging a sure thing for a mere hope that all will go well.

If, one day, we were told to get out, we would of course consider that a breaking of the treaty. But, with recent events in mind, would we risk a confrontation or would we comply? Or, suppose, at some point we declared that the Canal's neutrality had been violated, but Panama said it hadn't? If we sent our armed forces in would we be violating that part of the treaty which says we can't intervene in Panama's internal affairs? If what is now the Canal Zone becomes part of the Republic of Panama how can whatever happens there be anything but part of the internal affairs of that country?

The President told us, --QUOTE-- "We can take whatever military action

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is necessary to make sure that the Canal always remains open and safe." Doesn't this bring up the possibility that one day after the Canal Zone has been eliminated by the new treaty, an American President might be faced with having to order airborne and amphibious action there? And, what of the U.N. Charter which prohibits member nations from using force except in self-defense? We sternly reminded Britain, France and Israel of that in 1956 when Egypt's Nasser seized the Suez Canal.

The so-called Neutrality treaty is so ambiguous in its wording that while the administration in Washington was telling us that it gave our naval ships the right "to go to the head of the line" in case of emergency, Panamanian officials repeatedly denied this to their own people. For example, Romulo Escobar Bethancourt, Panama's chief treaty negotiator and Torrijos' chief adviser, said in Panama, "If... the gringos with their warship say, "I want to go through first", then that is their problem with the other ships waiting there."

President Carter pointed to the treaty phrase "expeditious passage". Escobar, on the other hand, has said he had given us the word "expeditious" after refusing the term "privileged". He said "expeditious" was meaningless and intended only to help the U.S. negotiators sell the treaties to the Pentagon.

This caused quite a flap, as you'll recall. The President and General Torrijos met in Washington and gave out a joint statement supposedly confirming our right of priority passage and our unilateral right to defend the Canal after the turn of the century. The other night in his talk, President Carter tried to give the impression that this statement somehow has the same force as a treaty. It does not. It is not legally binding. It is simply the announced opinion of two

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heads of state and it was signed by no one. General Torrijos, when he got home to Panama, even boasted that he had signed nothing, as if to say it was all a public relations exercise to help the White House sell the treaties to the American public.

Many Senators are deeply concerned about this problem and the Senate Foreign Relations committee voted to recommend a new article in the Neutrality treaty to take care of it. That was on a Friday, not quite two weeks ago. The following Monday, the State department sent a spokesman to the committee asking that the changes be made in existing paragraphs of the treaty rather than by adding a new one. It turns out that the Panamanians had burned up the telephone wires over that weekend, urging the change.

It doesn't sound all that important. Why were they so concerned? Well, on closer examination, it reveals a deep difference in interpretation between ourselves and Panamanians. It shows also why we can't afford to take anything for granted where treaties are concerned. Our Senate has been talking consistently about "amendments" to the treaties. But, the Spanish word for "amendment" -- "enmienda" -- has a different meaning.

Professor Cesar Quintero, the dean of law and political science at the National University of Panama put it this way in a television interview on January 20: -- QUOTE -- "The word 'amendment' in English is a substantive reform. In Spanish, we speak of 'correcting' something (EN-MEN-DAR-LA PLANA). The word 'amendment' does not have the same strength in Spanish as it does in English." -- UNQUOTE.

So, in Panamanian eyes, adding the changes to existing paragraphs amounts to a minor change, but adding a new paragraph or article would be a major change. This would mean the treaties would have to be submitted to Panamanian people for another plebiscite. And that, Torrijos

sn't want to do.

If there can be such misunderstanding in one area, what lies ahead in this uncharted course President Carter has told us we must take in our relationship with Panama? And, speaking of that relationship, let us be reminded of a few things.

In the process of building what has been called the Eighth Wonder of the World, we wiped out diseases that had plagued Panama and had killed more than 20,000 workers when the French attempted to build a Canal. We gave Panama a lower death rate than we had in the United States. We built sanitation, power and water systems for Panama. We built schools, hospitals, bridges and highways.

The value of what we are proposing to give away is estimated to be as high as \$6-10 billion, depending on whose estimate you choose. We are debating over treaties by which we not only will give the Canal away, we'll also pay a considerable amount to the government of Panama for taking it off our hands! We also promise to turn it over debt-free to Panama, after operating it for them for the next 22 years, during which time we will pay all operating and maintenance costs.

In addition to some hundreds of millions of dollars in loans and aid, we would pay the \$10 million a year I mentioned for municipal-type services; another \$10 million from Canal operations each year; plus 30 cents a ton on cargo going through the Canal. Estimates on the total range up to \$70--even \$80--billion a year. And, to top it off, under the new treaties we would give up the right to build another canal elsewhere without Panama's permission.

The President says we aren't paying Panama, that the payments would come from tolls paid by ships using the Canal and not from

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tax dollars. But, the law says the Canal must be self-supporting, so an increase in tolls is almost a certainty.

Industry Week magazine says that it is estimated tolls must rise between 25 and 46 per cent above the current level of \$1.29 per ton. Note that that current rate already reflects sharp toll increases that went into effect in 1974 and 1976. The publication quotes a consultant to the Panama Canal company as saying that the payment provisions of the treaty give him "little optimism" that the Canal "will be financially viable."

Shippers who use the Canal are worried, too. The Gulf Ports association, representing 23 U.S. ports through which move nearly 40-percent of our waterborne commerce, warns that such toll increases may price some American exports--"notably grain and machinery to eastern and Pacific markets"--out of world competition. I'm sure I don't need to remind you what that would mean to American jobs.

If Canal tolls can't be increased because of worries over driving business away, or if they are increased and result in that, who will pay Panama its share of the revenues as promised in the treaties? And, what about the \$43 million the Army says it will cost to rearrange our military bases if the treaties go into effect? Then there is some \$16 million in interest paid to the U.S. Treasury annually because we've never recovered the original cost of building the Canal. Won't the American taxpayer have to come up with all of that?

Since General Torrijos came to power, Panama's national debt has climbed steeply, the country's economy is in serious difficulty and Panama is having trouble meeting its loan obligations to banks in New York and elsewhere. Perhaps this explains why our negotiators

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felt they had to pay Panama to take the Canal.

We are talking here about a huge and complex public enterprise; one that is difficult to operate and maintain. Yet, we have done so efficiently for more than 60 years. But, the government of Panama; operating much smaller utilities (some of them expropriated) does not have an encouraging record of public management. It is not a matter of skill, it is a matter of effective, honest management.

The President made one other point in his talk which deserves comment, namely, that these treaties giving up the Canal--QUOTE--"have overwhelming support throughout Latin America."--UNQUOTE--. The fact is, only a few states neighboring Panama have ever actively supported treaties which would have us turn over the Canal to the government of Panama. Many others have repeatedly expressed in private their concern.

Now, we have very convincing evidence of that concern. Last week, Lt. General Gordon Sumner, Jr., chairman of the 19-nation Inter-American Defense board, the only group specifically charged with defense of the Western Hemisphere, testified before the Senate Armed Services committee. He told the Senators he had talked with high level officials of all the 18 Latin American nations in the organization. He said--QUOTE--"All express a very grave concern about the treaties. They see the possibility there for conflict. They also see the possibility for mischief-making by the Communists. And...there is not one of these countries that does not have some type of Communist subversions or terrorism going on...(And)They are very concerned about the economics of the Canal. It is my impression that some of them were in favor until they got a copy of the treaties and looked at the economic prospects. When they look at what this is going to cost them, they have very serious reservations. Almost without exception they have expressed their opinion that the way the United States (has)...operated the
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Canal...has been fair...Because they are faced now with an unknown situation they are concerned that the Torrijos government will be unable or unwilling to keep the Canal in operation.."-UNQUOTE.

The General then asked for permission to retire from active duty.

The President made much of the support for the treaties by the Joint Chiefs of Staff. Well, our military is under civilian control. The President is Commander-in-Chief. The military must accept his policy decisions or resign. It is significant that more than 300 former top-ranking generals and admirals, now retired and free to speak their minds, are strongly opposed to ratification of the treaties, while only ~~three~~ ^{seven} are in favor.

Many distinguished veterans of the military and the diplomatic service have expressed their concern that our friends and allies worldwide would see our giving up the Canal as another indication of American weakness; a retreat from the free world leadership which is our responsibility. Can we afford this in today's world?

In making a case against ratification of these treaties as they have been proposed, I want to make one thing clear before my time is up. I believe these treaties contain fatal flaws--especially the Panama Canal treaty which would eliminate our basic right to operate, maintain and defend the Canal. Ratification of the proposed treaties would not be in our national interest. But, I also believe we should continue to seek ways to eliminate friction with the people of Panama and to strengthen the bond between our two countries.

Great nations which believe in progressive and friendly relations with their neighbors do not ignore those neighbors and we must not ignore our friends, the people of Panama and their aspirations.

We must recognize that, just as a spirit of evolution and progress dominated our approach to our treaty relationship with Panama for many more--more

years, so it must again. We must seek alternatives to these treaties; but alternatives that will also preserve our basic right to use the Canal permanently.

There are some features of the proposed Panama Canal treaty which have merit. It would permit us to embark on the Third Lock modernization program. This would take about 10 years and one to two billion dollars to complete. Its construction could directly benefit the people and economy of Panama and, once completed, the Canal would be able to handle all but a few of the world's largest ships.

The first new treaty also introduces the idea of a governing board which would have Panamanian as well as United States representatives. I hope the Senate will discuss this point in detail, for the idea of having representatives from both nations has merit. Why not go further and seriously consider having some seats (probably on a rotating basis) for the user nations, thus increasing participation by other Latin American nations?

We should consider further negotiations leading to adjustment of Canal Zone boundaries so that some areas no longer needed by us could be turned over to Panama for commercial development.

There is also the possibility of offering Panamanian citizens who break the law in the Canal Zone the option of being tried in their court system or ours.

We should discuss the possibility of building more vehicular bridges over the Canal to improve access to either side. Sovereignty easements on the bridges might even be part of that discussion.

Isn't it time for us to take a collective deep breath? To realize that our negotiators took a wrong turn some months ago, but that the mistakes can be corrected?

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We do not have to plunge into a series of fresh mistakes; to replace a workable, sensible and time-tested system with a bundle of uncertainties.

Greatness may be measured in many ways. Carrying out our responsibilities as a nation is one of them. Being the middle point--the vital center--of the free world is not an easy responsibility. We have shown in recent years that we can get very weary of shouldering our burdens. But, if not us, then who? The Panama Canal is vital to the free world and that world depends on us. It is part of our rendezvous with destiny. We must not shrink from it, for the ultimate price we pay may one day be our own freedom.

Thank you...and good night. .

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EMBARGOED TILL 12:00 NOON

SATURDAY, FEBRUARY 25, 1978

Excerpts from Remarks by
The Honorable Ronald Reagan
Citizens for the Republic luncheon
February 25, 1978
Hyatt International Hotel
Los Angeles, California

Along with the Russian flu, there are a number of other ailments. We have a political schizophrenia spreading over the land.

There was -- little more than a year ago -- a Candidate Carter who told the people of Texas and Oklahoma that he would be for natural gas deregulation, but now a President Carter (same person) proposes a program of vast new energy taxes and continued regulation.

There is the Jimmy Carter who announced his dedication to human rights everywhere -- that is everywhere but Cuba, Vietnam, Cambodia and Panama -- and to hear him lately; Poland and Hungary.

Candidate Carter said he would never give up control of the Panama Canal, but President Carter will give up control, ownership and sovereignty rights and pay a military dictator a handsome sum of money to take all that off our hands.

In this political schizophrenia we have a President Carter who intended to appoint and retain United States attorneys strictly by the merit system; and a President Carter who fires a crusading U.S. attorney (a Republican) for investigating two Democrat congressmen suspected of fraud.

We have a President Carter who was going to keep the super-powers out of Africa, and a President Carter who looked the other way when gun-toting Russians and Cubans descended en masse on Ethiopia, to drive toward Somalia to gain a base along our Red Sea oil route.

One President Carter declared we need lots of nuclear energy. That other one fought to stop the nuclear breeder reactor program.

Then he came up with a plan to convert scores of factories from oil to coal, while he signed a strip mining bill which made sure that the vast Western states fields would find it hard to supply that coal.

He proposes an income tax cut for some Americans, an increase for others and raises the social security taxes for everybody and says, "Oh, what a good boy am I".

By coincidence, that same schizophrenia is found 3000 miles west of Washington in a place called the "corner office" in Sacramento, California. In this case, there is a complication -- government-by-enigma.

The ladies and gentlemen of the Fourth Estate have discovered when they ask California's governor a question they don't get an answer they get a question -- like, "How high is up?"

Maybe we are better off with his questions. When he gives a statement, it's something like -- "Small is beautiful" or we should "lower our expectations". Some thought he meant less government -- they found out. His budgets have grown an average of almost 17% a year.

Today the State treasury is bulging with a surplus of nearly \$3 billion. Because of inflation. Everytime the cost of living goes up a penny -- the State gets a penny-and-a-half. The Governor and the legislature are talking back and forth about "tax relief" and "tax reform" but won't come up with a simple Republican solution -- give the surplus back to the people and cut the tax rates to offset the affect of inflation. Along about June they may get a one-word answer from the voters spelled J-A-R-V-I-S.

His first year in office, the Governor was telling business it

should fend for itself; the business climate didn't need any help from the state. Today, he's sporting a lapel button that says "California means business" -- the button was made in New Jersey. A funny thing happened to him on the way to election year. Dow Chemical tried to build a big new plant near San Francisco bay but they ran into a message made of red tape -- it said "Keep Out". And, a lot of businesses got the message without even trying to struggle through the commissions and regulatory agencies named by the Governor's anti-business appointees. Still, he discovered it is an election year and has turned up with a brand new Chamber of Commerce-type speech.

He wants to spend a bundle to buy an official State of California communications satellite. He says it's to beam disaster relief messages. But, the telephone company can already do that for a dime.

He's ready to solve the energy shortage with walnut shells and olive pits. At the same time his appointees on the Public Utilities and State Energy Commissions have blocked effort after effort of the public utilities to meet California's energy demands by building new power plants and upgrading old ones.

He thinks nuclear energy is a dragon to be slain. One of his appointees on the Energy Commission said recently with a straight face that the demand for nuclear energy was declining so sharply new nuclear plants might not be needed. He didn't add that the Governor's Energy Commission had ordered that decline in demand.

The Governor talks warmly about letting people get more control over their own lives. And no one can quarrel with that, but then he calls for something called "relevant technology" -- which he explains as using the most appropriate technology under the circumstances. If I read him right, he means putting personal choice and relevant technology together. In California, that, could mean the ultimate rapid transit

system: the automobile on the freeway.

Speculation grows that the Sacramento patient is itching to take on the Washington patient in the Democratic primaries in 1980. These two political schizophrenics show signs of campaign fever and it looks like "corner office" may take on "oval office" in the 1980 primaries.

It's time for Republicans to get into the act. We have a house cleaning job to do in Sacramento and there's the little matter of Congressional elections this fall. How are we going to do it? First, by nominating the best candidates we can find. That goes without saying. And then by appealing beyond our own party lines to the independents and a growing number of disillusioned Democrats.

We must focus on the contradictions between campaign promises of our opponents and post-election performance. But, let's also get down to some pocketbook issues. The leadership in both Sacramento and Washington are on the wrong side of the energy issue, the tax reform issue, the job-creation issue. They picture an America in decline -- no longer the land of golden promise. They are looking the wrong way through the telescope and everything seems shrunken in size. Let us offer leadership to all who believe the best is yet to be. The ladder is still there for all who want to climb to new levels of living. We offer small government to big people.

On the energy front, get government out of the way, removing politically-mandated prices and shortages and let those thousands of independent explorers and producers, urged on by the incentives of the market place, find more of our traditional energy sources, while American technology continues to work on new ones.

On the tax front, it means giving the surpluses back to the taxpayers; restructuring property taxes so they relate to property functions; and, at the federal level, a strong

across-the-board income tax cut which will produce investment capital to make our economy grow -- not on a quick-fix "stimulant" basis, but on a steady, sustained basis. We don't need the customary Democrat gimmickry of tax cuts for some, increases for others, with government in there taking a higher percentage of overall earnings than they take now. There is a Republican alternative -- a real tax cut for everyone -- the Roth-Kemp Jobs Creation act which would cut taxes on the average of 30 percent over the next three years, making capital available for the kind of investment that creates real and permanent jobs for our people.

We have a message for millions of disenchanting Democrats who will find we've been talking their language for a long time now.

And, that goes for the minorities. It is time to open a new dialogue between the Republican party and minority voters, especially black Americans. The Reverend Jesse Jackson, himself a Democrat, addressed the Republican National committee recently and told the members that they must convince black voters to put their eggs in more than one basket. The National Association for the Advancement of Colored People, realizing that the Carter energy program would turn our economy downward just when black citizens were about to get a slice of the pie, recently released the report of its own energy symposium in which it took strong exception to the White House program.

Let's not tell minority voters what is best for them -- the Democrats have been doing that for a long time. Let's tell them we would like to listen first and find out how much we have in common. I think we'll find we're on the same "wave length" on a great many things.

The other day a black Republican leader visited me and in the course of our conversation, the fact came up that during my Administration in Sacramento I had more minority appointees in executive positions

than had all of the governors before me -- put together. He asked why I hadn't talked about it. Well, I hadn't because it seemed to me I'd look like I was taking bows or trying to make political hay out of something that just needed to be done. He told me that black Californians who knew I had made all those appointments thought I was keeping my mouth shut for fear of losing white votes. Well, in the first place I didn't think that it would cost me any Republican votes and in the second place I wouldn't want the vote of anyone who would feel that way. But, it shows we do need more dialogue.

There are hopeful signs. Within our own party, grassroots minority groups are growing. The Black Republican council was created by the Republican National committee and is developing many grassroots chapters here in California. In Southern California, a primarily minority group, Citizens Active in Politics (C.A.P.) is off to a promising start. These organizations are headed by young, energetic men and women who want to guide their own destinies and to work in partnership with the Republican party, providing it is willing to listen to what the minority communities have to say. Let's listen.

The party that gives people hope -- real hope -- that problems can be solved, that tomorrow will be better, is the party that is going to dominate American politics in the years to come. It won't be the Democrats -- they are still trapped by the rhetoric of the doomsayers. It must be the Republicans. Republicans, problem-solvers, in their personal and professional lives willing to turn their energy to helping others solve their problems, too.

Our message is the answer to government-by-contradiction. We have the vaccine for that illness. We stand for government that knows where it is going. We reject the philosophy that promises some a bigger slice of the economic pie only by taking it away from others.

7--7--7

We believe we can bake a bigger pie so that everyone can have
a bigger slice.

Thank you.

#

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EMBARGOED TILL 12:00 NOON

SATURDAY, FEBRUARY 25, 1978

Excerpts from Remarks by
The Honorable Ronald Reagan
Citizens for the Republic luncheon
February 25, 1978
Hyatt International Hotel
Los Angeles, California

Along with the Russian flu, there are a number of other ailments.
We have a political schizophrenia spreading over the land.

There was -- little more than a year ago -- a Candidate Carter

... for natural

Crossfiled Under:

U.S. Foreign Policy 1
Republicans 4
Energy-Market vs. Control 4
Taxes-General 4-5
Blacks 5-6

DO THE NETWORKS ALWAYS SHORTCHANGE THE 'LOYAL OPPOSITION'?



The author says yes—and offers suggestions for more balanced political coverage

By Ronald Reagan

Does the "Loyal Opposition" get a fair shake from the three commercial television networks?

The fact is, in an age when most Americans get their daily headlines (and in some cases their entire news diet) from television, we haven't yet found a workable way to make sure that the Loyal Opposition (whether it be Republican, Democrat, or whatever) gets a fair chance to present rebuttal arguments to the President's proposals. I hope some of the suggestions I'm going to make will help us change that sorry situation.

Any American President can virtually dominate the television screen. His actions make news, after all. He can hold a press conference at the drop of a hat and be assured live coverage by the networks. He can slip into something comfortable and give a fireside chat (really a sales talk) if an issue is stalled in Congress. He meets with foreign visitors, signs bills, appoints people to important jobs and offers up "photo opportunities," ranging from sparerib barbecues with old campaign supporters to medal-pinnings in the Rose Garden.

His family is news. His cabinet members are news. His staff is news. You can get, if he's careful about it, a powerful and positive dose of his Presidency every night of the week.

During his first six months in office, President Carter completely overshadowed the opposition on television. In one category alone—the announcing of Presidential policy statements between Jan. 20 and July 16—his network coverage swamped GOP efforts to announce counter-

proposals. Following is the amount of time devoted by the three networks to the Carter announcements, with the corresponding time they gave the Republicans for their policy statements shown in parentheses: ABC, 3 hours, 5 minutes (12 minutes, 10 seconds); CBS, 2:56:17 (0:08:29); NBC, 2:54:58 (0:05:46).

Even if you stretch a bit and include such categories as "Public Reaction to Presidential Policies," "Coverage of Prominent Republicans" and "Congressional Reaction (not all of it Republican) to Presidential Actions or Policies," the Loyal Opposition comes up to a total of only 1 hour, 40 minutes, 1 second on ABC; 1:41:00 on CBS; and 1:31:47 on NBC. The Carter edge is still two to one. No wonder political pundits talk about the power of incumbency.

When all categories of Presidential coverage (except news conferences) are added together, the contrast between the White House and its opposition becomes even sharper. In the case of CBS, for example, the Presidential tilt was still more than four to one.

These figures do not include live coverage of Presidential news conferences, and Mr. Carter has held 25 of them since he has been in office!

One week last April provides an—>

PATTERNS OF COVERAGE (January 20-July 16, 1977)

| | ABC | CBS | NBC |
|--|----------------|----------------|----------------|
| The President* | 5:30:20 | 6:50:38 | 5:57:14 |
| Republican policy statements (and related coverage)** | 1:40:01 | 1:41:00 | 1:31:47 |
| Commentaries on Presidential Policies*** | 0:54:15 | 1:05:16 | 0:16:32 |

*Includes Presidential policy statements, ceremonial duties, reports on daily activities, meetings with foreign leaders, cabinet-level policy statements, Presidential appointments, Presidential family news.

**Includes Republican policy statements, public reaction (not necessarily Republican) to Presidential Policies, Coverage of Prominent Republicans, Congressional Reaction (not necessarily in opposition) to Presidential Actions or Policies.

***These are commentaries by network newsmen and commentators, not necessarily in opposition.

(source: Republican National Committee)

continued

ances (which, on the average, is one minute of rebuttal time for nearly every three given Presidential coverage).

Short of a court test by the opposition over the Fairness Doctrine (and perhaps involving questions about First Amendment rights as well), where does the remedy lie?

The networks could take the initiative by doing a far more conscientious job than they do, on the nightly news, of seeking out opposing comments to White House initiatives. They do some of this, of course, but there is room for improvement.

It can't be argued that opponents are unavailable. The opposition party's national chairman is nearly always handy (in this case, former U.S. senator Bill Brock). There is the opposition's leadership in Congress (currently Sen. Howard Baker and Rep. John Rhodes). Opposition lawmakers, former Government officials or other party leaders with specialized knowledge can always be called on to comment on specific issues and Presidential initiatives.

The current opposition, the Republicans, could improve the situation by taking initiatives too. Back in the early '60s, the frequent *Ev and Charlie Show* (named for the late Sen. Everett Dirksen and Rep. Charles Halleck, the party's Congressional leaders at the time) provided a regular "report card" by the opposition on the goings-on of the Democratic White House and Congressional majority. It was good copy, so it was covered. The proposed televising of proceedings of the U.S. House of Representatives will also give some regular coverage to opposition lawmakers, because local stations and the networks will be able to select highlights of the gavel-to-gavel coverage. Newsmen—and cameras—will still follow their noses when they're on the scent of a good story.

What about a new Federal law to require minute-for-minute equal time

for rebuttals to Presidential speeches, news conferences and special messages? There are problems of definition. The argument about where pure news coverage ends and Presidential salesmanship begins always clouds any demands for literal interpretation of the Fairness Doctrine, but some changes in the current law should not be ruled out. The networks, however, with so much potential lost revenue at stake, could be expected to lobby furiously against any bill to convert today's one-third-of-parity version of "response" time into the real thing.

Furthermore, now that the Democrats control both the White House and Capitol Hill, their complaints of the last eight years are fading into the mists of memory. And it is doubtful that Congressional Democrats would have much interest in speeding along a Republican-sponsored bill to improve the opposition's access to the TV screen, especially with an election year coming up. Even though Congressional Democrats and President Carter continue to have their differences, survival is the incumbent's first instinct during election season and intraparty divisions tend to recede in the process, at least temporarily.

An aroused public can change things. As many a letter writer has discovered, the pen is a mighty weapon if used at the right time. More than one bad bill has been killed on Capitol Hill because the folks at home—in large numbers—let their elected representatives know just what they thought of it.

It might even be interesting to see what Common Cause and other such groups might accomplish by tackling the issue. A concerted campaign would at least get the undivided attention of network executives. And, human nature being what it is, they just might begin offering some more time to the opposition—and not against top-rated *Laverne & Shirley* or after the late movie, either. (END)

TV GUIDE MARCH 11, 1978

...their MOVIE

a funny love story



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Marshall Jackson Carney

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Richard Benjamin

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Directed by HOWARD ZIEFF • Produced by ALEX WINITSKY and ARLENE SELLERS • Executive Producer JENNINGS LANG

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PG PARENTAL GUIDANCE SUGGESTED
SOME MATERIAL MAY BE INAPPROPRIATE FOR PRE-TEENAGERS

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Opens at Movie Theatres Everywhere March 17th

continued

example of the heavy tilt in favor of the man in the Oval Office. On Monday night that week, Jimmy Carter pulled on his cardigan sweater, sat down beside a crackling fire and gave us a chat about his new energy program. All three networks covered it. On Wednesday night, his energy message to Congress was carried live by all three. Both evenings totaled 180 minutes. By contrast, one network gave the Republican National Committee 15 minutes in response and the other two each gave 30 minutes. Total: 75 minutes. All this does not even count President Carter's Friday news conference, which was devoted to the energy program and covered by all three networks. That would have added another 90 minutes to his total.

None of the figures quoted include the popular Sunday-morning panel programs in which each network features newsmen questioning public figures. Even these programs are subject to the White House tilt. Late last spring, one of my associates asked the producer of one panel program when they were going to have the Loyal Opposition on the air. The reply was, "We're still working our way through Carter's cabinet officers and high-level appointees." In fairness, it must be noted that some major Republicans and other opponents of specific Carter policies have since been guests on the Sunday panel programs; however, there were many weeks earlier in the year when it appeared that the opposition had simply vanished.

Why is the Fairness Doctrine, codified in the Federal Communications Act, so distorted? After all, the networks consistently give the President more than three times the coverage.

One reason, as I have noted, is that the President is news. Most policy initiatives come from the White House, so there will always be some built-in "tilt" in that direction, regardless of which party occupies the building.

Another reason is that time is money, as the saying goes. Every half hour of prime evening time a network gives up means about \$100,000 (or more) of revenue it won't get.

What if, say, the Republican National Committee offered to buy prime time? The networks would still lose money even if they sold rebuttal time to the opposition.

(Research shows that a 30-second commercial on a top-rated show sells for as much as \$100,000. If a network sold three minutes of "spots" per show, it would gross \$600,000. Even after deducting the production costs—averaging \$160,000 for a half-hour series—local station fees and ad-agency commissions, the network would net roughly \$160,000 per episode. And since each episode is usually broadcast twice a season, the production cost is virtually halved, thus increasing the profit by another \$80,000.)

So, if the networks sold time to the opposition political party as a half-hour program unit, it would get a paltry \$100,000, or maybe \$125,000. That means a potential loss of more than \$100,000—net—per half hour.

Television network executives aren't any more sentimental about providing time for the opposition than they are about scuttling some new fall comedy show that lands in the cellar in the season's first Nielsen ratings. Giving up golden half hours to politicians who want to grind axes with the President isn't something that is done very often in the deadly serious dollar stakes played by the networks.

With television being such a powerful medium to shape public impressions and thus public opinion, what can be done to insure fair treatment for the opposition?

Clearly, when it comes to direct rebuttal of Presidential policy statements and special messages, the networks won't give up any more time than they think they have to to keep up appear-



a scene from their
MEETING
Walter Matthau and Glenda Jackson



...their **COURTSHIP**

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EMBARGOED TILL
8:30 P.M. EST
Friday, March 17, 1978

EXCERPTS FROM REMARKS BY THE HON. RONALD REAGAN
CONSERVATIVE POLITICAL ACTION CONFERENCE BANQUET

Hyatt Regency Hotel
Washington, D.C.

As a part-time journalist faced with producing a syndicated daily radio broadcast and twice-a-week newspaper column, I find being on the mailing lists of an almost endless array of organizations most helpful. Now some of the flood of materials crosses my desk very swiftly. But not all of it. One thick handout I got late last year was especially fascinating, not only because of content but just because it was mailed to me at all.

It was from the White House Press Office. Under the title "Domestic and Foreign Policy Accomplishments" it told me, in 21 single-spaced pages, of the wonders of the Carter Administration's first year.

Beginning with the modest statement that -- QUOTE -- "The President tackled directly and comprehensively major domestic problems that had been almost completely ignored in previous years." -- UNQUOTE -- It then recited an impressive list of major accomplishments. True, the White House hadn't claimed to find a way to control the weather or to eliminate crab grass on the White House lawn, but it did think it had solved -- or nearly solved -- our energy problems, social security's \$17 trillion deficit, the size of big government (we added 52,000 new employees in the first 10 months of 1977), the welfare mess and a host of other problems

that have been center stage in American life for quite some time.

Tonight, perhaps we should discuss some of those White House claims and see if they have stood the test of even the three months that have passed since they were made. I know that's a little cruel -- like checking up on someone's New Year's resolutions. After all, the Administration has scarcely gotten a single domestic program worth noting through Congress. I'll tell you what. Let us concentrate on the Administration's handling of foreign affairs, national security and its sense of priorities.

On priorities, there is the matter of issuing the former budget director a diplomatic passport; the taking of depositions from bartenders and issuing a 33-page denial that the President's chief aide expectorated at or in the direction of a young woman. It boggles the mind to think what they would have done if he'd spit on the sidewalk. Then there was the solemn oath to appoint and retain U.S. attorneys on the merit system. Obviously, there is no merit in a U.S. attorney who goes investigating suspected wrongdoing on the part of Congressmen who belong to the President's own party.

Moving on to the Carter Administration's record in foreign affairs -- let me say a few words about Panama and our canal there. And I do mean a few words.

With yesterday's vote on the so-called Neutrality treaty, you might say that Round One is over. Now, there has been confusion in some news reports which called this the "first treaty",

saying that the Senate would next take up the "second" treaty. Actually, the Senate decided to reverse the procedure. The Neutrality treaty is the second treaty. They just voted on it first. Next they will deal with the basic treaty, the one called the Panama Canal treaty. It is the basic treaty because it is the one which would relinquish our rights and would actually eliminate the Canal Zone as soon as it goes into effect -- if it does.

I hope the Senate will devote as much detailed attention to this basic treaty as it did to the Neutrality treaty. Meanwhile, I can't get a question out of my head. It is this: even though the Neutrality treaty supposedly guarantees our right to go back in to defend the Canal after 1999, if there is no Canal Zone, wouldn't any such move on our part be branded as interference in the internal affairs of Panama?

On the other hand, if the basic treaty is not ratified, the Neutrality treaty itself won't have much meaning because our rights and our presence in the Canal Zone would continue. And, when all is said and done, it is always easier to defend something you have than to get back something you gave away.

My fundamental concern has always been primarily with this basic treaty which would eliminate our rights there. I think there are alternatives to it which would be better for all concerned.

You are all activists, and I know you will make your views known to your elected representatives on this next treaty debate.

My purpose tonight, however, is not to repeat my views on this question. Panama is an important issue. The final outcome is not yet certain, and certainly the matter won't end with the final vote in the Senate. In a way, that will only begin it.

But, whatever the outcome on Capitol Hill, the smug assumptions of many of the treaties' proponents have been successfully and vigorously challenged.

Few Americans accept the belief of some of those now in positions of importance in guiding our foreign policy that America's purpose in the world is to appease the mighty out of a sense of fear or to appease the weak out of a sense of guilt.

But a question remains. Is the faulty thinking that has led us to these particular treaties an isolated particle, or is it part of a much larger whole?

In reviewing the foreign policy of this Administration, one can only come to the conclusion that the mistaken assumptions that led to its course on the Panama Canal treaties are being duplicated around the world.

Its policy is rooted in well-meaning intentions, but it shows a woeful uncertainty as to America's purpose in the world.

The Administration means to do good by espousing a human rights doctrine it cannot define, much less implement. In the process, this policy has met with scorn from our enemies and alarm from our friends. That self-graded 21-page White House report card said, with regard to human rights, "The President has strengthened our human rights policy and we are letting it be known clearly that the United States stands with the victims of repression." -- UNQUOTE. Is that why our representatives at the Belgrade Conference remained

silent in the face of a final report that contained not one word about Russian violations of the human rights provisions in the Helsinki Agreement?

If the Carter Administration "stands with the victims of repression", the people of Cuba, Panama, Vietnam, Cambodia and the mainland of China have yet to hear about it. The fact is, the Carter human rights policy is whatever his appointees who guide it want it to be. In practice, they have ceaselessly scolded authoritarian governments of countries that are friendly and ignored authoritarian and totalitarian countries that are not.

Mr. Carter might find a reading of the historian Charles Beard informative. Nearly 40 years ago, Beard concluded that the defect of a foreign policy based on what he called "the selfless sacrifice required by an absolute morality" was the inability to understand "the limited nature of American powers to relieve, restore and maintain life beyond its own sphere of interest and control -- a recognition of the hard fact that the United States...did not possess the power...to assure the establishment of democratic and pacific government."

But, by using a combination of heavy-handed moves against allied countries, on the one hand, and making "pre-emptive concessions" toward unfriendly or potentially unfriendly countries on the other, the Carter Administration has managed to convey the view that it desperately wants the whole world to have democratic institutions that would be the envy of the most ardent A.C.L.U. lawyer, and that wishing will make it so.

That view of the world ranks along with belief in the Tooth Fairy. But, confusion of purpose and a false sense of guilt are not

the only elements in this Administration's foreign policy.

Too often, the President is advised by men and women who are forever trapped in the tragic, but still fresh memory of a lost war. And from Vietnam they have drawn all the wrong lessons.

When they say "never again", they mean the United States should never again resist communist aggression.

In saying "never again", they imply that the war should have been lost; that it is alright for the victors to conduct a brutal campaign against their own people, violating even minimal human rights.

...That it is alright to ignore these massive violations and alright for us to seek better relations with the governments responsible. That White House document lists as an "accomplishment" the fact that "the Administration has started the process of normalizing relations" with the communist conquerors of South Vietnam.

The lesson we should have learned from Vietnam is that never again will Americans be asked to fight and die unless they are permitted to win.

We need a foreign policy stripped of platitudes, cant and mere moral earnestness--an earnestness fatally compromised by the massive crimes of some of the communist world's newer members.

This pattern of Communist violations of human rights should come as no surprise to us. Over and over again, newly established Marxist regimes have committed them. In the 1920's and 30's it was the Soviet Union; in the late 40's the new Iron Curtain countries; in the 50's and through the Cultural Revolution of the 60's it was Communist China and Cuba; and now it is Vietnam and Cambodia.

The problem with much of the Carter team is that they know too

little, not too much of history. And, they have lost faith in their own country's past and traditions.

Too often, that team has operated under the assumption that the United States must prove and reprove and prove again its goodness to the world. Proving that we are civilized in a world that is often uncivilized -- and unapologetically so -- is hardly necessary.

The themes of a sound foreign policy should be no mystery, nor the result of endless agonizing reappraisals. They are rooted in our past; in our very beginnings as a nation.

The founding fathers established a system which meant a radical break from that which preceded it. A written constitution would provide a permanent form of government, limited in scope, but effective in providing both liberty and order.

Government was not to be a matter of self-appointed rulers, governing by whim or harsh ideology. It was not to be government by the strongest or for the few.

Our principles were revolutionary. We began as a small, weak republic. But we survived. Our example inspired others, imperfectly at times, but it inspired them nevertheless.

This constitutional republic, conceived in liberty and dedicated to the proposition that all men are created equal, prospered and grew strong.

To this day, America is still the abiding alternative to tyranny. That is our purpose in the world--nothing more and nothing less.

To carry out that purpose our fundamental aim in foreign policy must be to insure our own survival and to protect those others who share our values.

Under no circumstances should we have any illusions about the

intentions of those who are enemies of freedom. Our communist adversaries have little regard for human rights because they have little interest in human rights because they have little interest in human freedom. The ruling elites of those countries wish only one thing: to preserve their privileges and to eliminate the nagging reminder that others have done and are doing better under freedom.

Every American President since World War II has known or quickly learned that the Soviet Union, for example, is not benign in its intentions.

The Soviet Union has no interest in maintaining the status quo. It does not accept our soft definition of "detente". To the Soviet Union, "detente", is an opportunity to expand its sphere of influence around the world.

The Soviet Union has steadily increased its capacity for such expansion. That capability has grown enormously since 1945 and, above all, since 1962 when the Cold War was first declared "over" by the hopeful and naive.

Today, the U.S.S.R. continues its drive to dominate the world in military capability: on the land, on water and in the air. Meanwhile, the Carter Administration seems confused and torn, partly believing the realities and partly listening to those who believe that pre-emptive concessions by us will result in matching concession by the Soviets. But they don't bargain that way. They understand strength; they exploit weakness and take advantage of inexperience. And, possibly, it was inexperience that led the President to placate the most dovish members of his party by scuttling the B-1 bomber -- one of his bargaining chips -- even

before the SALT II negotiations began.

One of the reasons given for cancellation of the B-1 was economy, and even here there was a lack of accuracy. First of all, the price given for the aircraft was what the price will be in 1986 if inflation continues -- which incidentally suggests a lack of resolve in the Administration's anti-inflation fight. Second, we were told the B-52 or the F-111 could be modified to do the job the B-1 was supposed to do. Here the cost differential shrinks sizeably when we look at the facts. The modification itself is quite costly, and we can double that cost. It will take two planes to substitute for every B-1 because the B-1 will carry twice the payload the others will. It will carry that load twice as fast in a plane only half the size of a B-52, and it is far less vulnerable to the Soviet defense system.

While confusion and conflicting advice seem to tug and pull at the White House, the Soviet Union continues to build up its capability for world domination: It has even gone so far as to put entire factories underground and to disperse much of its industrial capacity -- the most sophisticated civil defense program ever developed. The knowledge that our strategic missiles, if they ever had to be used, would inflict minimal damage on the Soviets, compared to the havoc their's would produce on our continent, should, in itself, be sufficient to spur the Administration to making certain that we be Number One in the world in terms of national defense capabilities. So far, though, this does not seem to be a White House priority.

Today, we can see the brunt of the Soviet Union's capabilities at work in the Horn of Africa.

To most Americans, that part of the world seems remote, as Korea and Vietnam seemed remote, along with those other places where the Soviets have sought advantage.

In Ethiopia, formerly a close friend of the United States, the Soviets with their Cuban foreign legion have turned that country into a Free Fire Zone in order to subdue Ethiopia's two principal enemies, Somalia and the Eritrean rebels.

The Soviet goal is obvious: to secure a permanent foothold for itself on the Red Sea.

If the Soviets are successful ^{in Ethiopia} -- and it looks more and more as if they will be -- then the entire Horn of Africa will be under their influence, if not their control. From there, they can threaten the sea lanes carrying oil to Western Europe and the United States, if and when they choose.

More immediately, control of the Horn of Africa would give Moscow the ability to destabilize those governments on the Arabian peninsula which have proven themselves strongly anti-communist. Among them are some of the world's principal oil exporters.

Moscow can also turn its full attention south if it can insure its position in the Horn of Africa. It takes no great stretch of the imagination to see that Rhodesia is a tempting target. Cuban leaders now boast that it is.

What are we doing about it? Apparently, our response to the Rhodesian settlement proposed by the moderate black leaders and Prime Minister Ian Smith is not to tell the Soviets -- behind the scenes -- to get lost or risk pressures elsewhere that they won't like. No, our response seems to be best summed up by our ambassador to the United Nations, who is unhappy with the moderate, democratic

solution in Rhodesia because he's afraid (he says) it will bring on a massive Soviet arms buildup. What does he think we're having now?

He seems to believe that the only Rhodesian plan we can afford to support is one to the liking of the two terrorist guerrilla leaders. But if they have their way, one or the other of them will become the sole power in Rhodesia, fronting of course for the Soviet Union. Unless we want to make the world safe for terrorist guerrillas, the only sensible course is for us to support the moderate solution in Rhodesia and quietly tell Moscow to keep its hands off -- unless, of course, we are too weak to do that. Is that what Mr. Young is trying to tell us? I hope not, for a Marxist Rhodesia would lead to even more tempting targets for Moscow in Africa. Perhaps Djibouti, Sudan, Chad, the old Spanish Sahara (where guerrillas are already in operation).

And one other which will cost us dearly. Whatever we may think of South Africa's internal policies, control of its mineral riches and its strategic position are the Soviet Union's ultimate goal in Africa.

Unless the White House can bring itself to understand these realities, it is not too much to say that in a few years we may be faced with the prospect of a Soviet empire of proteges and dependencies stretching from Addis Ababa to Capetown. Those who now reject that possibility out of hand -- and they seem to have the ear of the man in the Oval Office -- have yet to explain Angola, Mozambique, the situation in the Horn of Africa or the terrorists in Rhodesia.

One thing is certain: Soviet successes will not breed caution

in the Kremlin. Rather, the reverse.

Those in the Carter Administration who are not even inclined to protest the recent Soviet moves assure us that, sooner or later, the Soviets will make serious mistakes and our doing nothing will hasten that day.

But to say, as they do, that all is well because the Soviets are creating their own Vietnam is nonsense. These Carter advisers seem to forget that the Soviets won in Vietnam and they intend to win again -- this time in Africa. They learned the true lesson of the Vietnam war: certainty of purpose and ruthlessness of execution wins wars. Vietnam held no terror for the Soviets as it did for so many Americans. And, adventures in Africa hold no terror for them either.

To say, as some in the Administration do, that African nationalism will stop the Soviets is the weakest reed of all. The reason is simple: African nationalism, as such, does not exist. No African government has yet condemned the Russians, nor do the halls of the Organization of African Unity ring with anti-Soviet slogans -- perhaps because those halls happen to be in Addis Ababa, the capital of Ethiopia.

The criticism by African states of the Soviets that the Administration seems to be so desperately hoping for will not materialize. After all, there is in Africa, as around the world, a healthy respect for power and the determined use of power.

One veteran West European diplomat put the African situation in perspective recently. He was quoted as saying, "This situation is going to make the leaders of a lot of these small, weak nations stop and think. And what do they see on the American side? Apparent

indecision, attempts to talk, a reluctance to give weapons to friends" -- and, he might have added: a "belief that there are nasty, immoral wars of imperialist aggression and nice clean wars of national liberation".

The Administration's uncertainty of purpose isn't confined to the world's current hot spots. It is apparent even in our own hemisphere.

That White House tally sheet I mentioned listed its "accomplishments" in Latin America. It said, "The Administration has developed a new global approach to Latin America..."

Well, what it has done from the beginning was to accept the notions fashionable in the most liberal circles that surrender of the Panama Canal and rapprochement with Cuba were the keys to successful relations with Latin America.

Nothing could have been further from the truth. Of Panama, I have already had a good deal to say. But let me say again, we have earned no respect or lasting affection in Latin America with these treaties.

Nor does friendship with Castro make any sense. It never did. His intentions toward us remain fixed. We are the enemy; a threat to him and all loyal supporters of Moscow. There is not now nor ever will be a place for a free America in his vision of the world.

Unfortunately, our policy toward Latin America has not only entailed friendship for one dictator who is a sworn enemy and for another who routinely suppresses human rights and may be involved in the worst sort of corruption -- that policy has also entailed hostility toward our friends.

Let me cite just one example, Brazil. An ally in World War II,

(contributing a division which saw hard action in Europe), a friend through most of the 60's and now a great hope for contributing to the future industrial strength of the West, Brazil now finds itself turned on by us--with a vengeance. Whatever the motives, human rights or worries over nuclear proliferation, the ends did not justify the means. The result is that we have very nearly lost a friend without achieving any of the Administration's professed objectives.

It is time to try another approach, an approach based on reality and not the slogans and romantic notions of ideologues who just happen to have access to the Oval Office.

First, let us end this cycle of American indifference, followed by frenzied activity in Latin America (as it has been elsewhere). It leaves our southern neighbors bewildered and cynical. Instead, I propose a steadier course in which Latin America's growing importance is recognized not as an act of charity, but in our own self-interest.

Latin America, with all its resources and vitality, should be encouraged to join not the Third World, much less the communists' Second World, but the First World -- that community of stable, prosperous and free nations of Western Europe, North America and Japan.

Today, there is hope that much of Latin America might do so. First, many nations have learned the cost of Socialist experimentation: Argentina under the Perons. Chile under Allende. Peru under Velasco, Mexico under Echeverria. All suffered economic catastrophe. Their successors learned the bitter truth that defying the laws of economics benefits no one and, in fact, hurts most the poor whose cause those earlier leaders so demagogically espoused.

Today, as a result of those experiments which went so badly out of control, more and more of our neighbors are turning to the free market as a model of development. Their acceptance of economic rationality should be neither ignored nor penalized, but actively encouraged.

At the same time, we must recognize that Latin America is once again leaving a period of strictly military rule and entering a more democratic phase. But in this case, the United States is doing too much pushing, rather than too little.

Unhappily, the change from military to civilian rule is not an easy one. Nor can it be rushed. If it is, we will only succeed in creating weak and vulnerable democratic governments that will soon be swept out of power by yet another generation of military strongmen even more convinced of the defects of democracy.

Above all, we want a free and prosperous Latin America. And, to obtain that, we cannot continue to reward our self-declared enemies and then turn around and punish our friends.

That leads me again to Panama. The treaties that have occupied so much of our attention in recent months represent both the good instincts and the bad impulses of American diplomacy.

The bad, for reasons I have repeated on many occasions: the feeling that we are guilty of some sin for which we must now atone; and, our inability to say "no", not out of truculence, but because it was the proper thing to say to secure our interests and to reaffirm our greater responsibility, which is leadership of all that remains of the free world.

Yes, the treaties represent the good instincts of American diplomacy, too; a spirit of generosity and willingness to change

with the times. A good foreign policy must have both elements -- the need to say "no" and the willingness to change -- in just the right proportions. Unfortunately, accepting change because it seems fashionable to do so, with little real regard for the consequences, seems to dominate our foreign policy today.

Too many in positions of importance believe that through generosity and self-effacement we can avoid trouble, whether it's with Panama and the Canal or the Soviet Union and SALT.

But, like it or not, trouble will not be avoided. The American people and their elected leaders will continue to be faced with hard choices and difficult moments, for our resolve is continually being tested by those who envy us our prosperity and begrudge us our freedom.

America will remain great and act responsibly so long as it exercises power -- wisely, and not in the bullying sense -- but exercises it, nonetheless.

Leadership is a great burden. We grow weary of it at times. And the Carter Administration, despite its own cheerful propaganda about accomplishments, reflects that weariness.

But if we are not to shoulder the burdens of leadership in the free world, then who will?

The alternatives are neither pleasant nor acceptable. Great nations which fail to meet their responsibilities are consigned to the dustbin of history. We grew from that small, weak republic which had as its assets spirit, optimism, faith in God and an unshakable belief that free men and women could govern themselves wisely. We became the leader of the free world, an example for all those who cherish freedom.

If we are to continue to be that example -- if we are to preserve our own freedom -- we must understand those who would dominate us and deal with them with determination.

We must shoulder our burden with our eyes fixed on the future, but recognizing the realities of today, not counting on mere hope or wishes. We must be willing to carry out our responsibility as the custodian of individual freedom. Then we will achieve our destiny to be as a shining city on a hill for all mankind to see.

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EXCERPTS FROM REMARKS BY THE HON. RONALD REAGAN
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Hyatt Regency Hotel
Washington, D.C.

As a part-time journalist faced with producing a syndicated

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