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9/17

EXCERPTS OF SPEECH BY GOVERNOR RONALD REAGAN  
California Federation of GOP Women  
Anaheim, California  
September 17, 1969

I would like to dispel a carefully concocted myth, to present some facts, and pay a tribute to a member in our administration who is doing a tremendous job and who happens to be one of your members.

The myth would have it that only our opponents care about the California consumer, and only the opposition party has ever done anything to protect the California consumer, and if that isn't a myth, I never heard one.

The fact is that more has been done, since 1967, under this administration to protect the consumer than in any other three-year period within recall.

And that brings me to the tribute---what was for too long an "empire" of researchers and propagandists has been turned into an effective, efficient operation by our consumer counsel---Kay Valory. She has our opponents in the legislature so baffled they were howling that the Office of Consumer Counsel should go back to being its swollen bureaucratic self---at the same time introducing legislation to eliminate the funds and abolish the office altogether!

Before Kay Valory, they were spending the taxpayers' money to reprint U.S. government pamphlets with a California label and put them out as something they dreamed up themselves. With Kay Valory, we got out of that phoney printing business and saved the taxpayers money by simply telling the people where they could get the original folders and pamphlets.

Before Kay Valory, the office was a propaganda machine lobbying for great spending on welfare education programs.

Since Kay Valory, the office provided consumer protection for all 20 million Californians, including the taxpayers.

Before Kay Valory, the consumer counsel---who is now a paid lobbyist---spent most of her time harassing business and industry and playing cops and robbers.

After Kay Valory, reports of consumer abuses were referred to the proper law enforcement officials for prosecution, not propaganda.

In addition to re-organizing the Office of Consumer Counsel---so that it could work with and through the proper state agencies, 1969 has been one of the most productive years for consumer protection legislation in more than a decade. <sup>Nineteen hundred sixty-nine</sup> / was also the first time we have had a Republican majority in the legislature. Together with the Republican legislative leadership, we enacted more than a dozen programs and laws to protect the buying public.

Some of the major consumer protection measures passed during 1969 include....

--Bob Monagan's "unsolicited mail law" which protects the citizen who receives unsolicited merchandise in the mail. This law will help reduce the flood of junk mail which has plagued housewives for years. It will also protect you from the unscrupulous merchant who attempts to force you to pay for something you didn't order and do not want.

Assemblyman Jim Hayes' two credit card bills---one of which protects you from being charged for goods and services ordered on a credit card issued to you but which you did not request and the other which protects you in case you lose your credit card and someone else uses it.

There were also laws to protect you from packaging fraud on the products you buy; laws to protect you from unethical land development promoters; and laws which protect you in the area of insurance and also against fly-by-night swimming pool contractors.

All this is over and above the day-to-day concern and activities of our various departments and agencies which keep consumer service and protection at the top of their priority list. Programs ranging from the Department of Motor Vehicles' protection from the false advertising in the sale of automobiles, to the Department of Insurance protecting you from arbitrary cancellation of your car insurance, to the Real Estate department protecting your funds in escrow, to the State Department of Health protecting you against accidental injury from hazardous substances used in and about the home.

We have established a record unparalleled in this field for years, thanks to Kay Valory.



Nothing is more important right now than cutting the cost of government. This should be the top priority of every administration. It must be the major effort of every public servant---civil service or elected official.

When inflation is costing our state government one-half billion dollars a year, and when taxation is an unfair and totally unbearable burden---economy is not only desirable, it is essential!

A journalist took me to task recently for saying nothing was more important than economy in government.

Well, in the past ten years inflation has cost our state more than all the monies spent to build or renovate our schools, or more than all the monies spent for our highways, or more than all the monies spent for hospitals and hospital facilities. And, there is really only one basic cause of inflation---the high cost of government.

I repeat, nothing is more important right now than economy in government.

If that statement seems too harsh, too negative, for some of our well-intentioned but spendthrift friends, I would remind them that unless we do enforce economy in government---unless we do stop draining off the people's resources through needless bureaucracy and inefficiencies and improper programs---there won't be enough money for important things... such as education, or better mental health programs, or better parks and recreational facilities. The taxpayer is the source from which our tax blessings flow and once he goes bankrupt, there will be no more money---no money at all.

Yet every time we call for cuts, every time we demand economies, there are those in government---both elected politicians and career employees---who charge we want to turn back the clock of government.

Well, unless we do cut the cost of government(so that it beings to live within the means of our taxpayers), we will find ourselves back in the very dark age---an age of dinosaurs of debt, depression and despair.

Millions of Californians---blue collars and white collars---find they have to run like crazy just to stay even with last year, or the year before; they find it impossible to make ends meet; and are up to their eyeballs in debt because their earnings simply won't cover the normal costs of living.

A recent Bureau of Labor Statistics report said that in July of this year, the wages for the average worker had risen to \$115 a week---that was an increase of about \$6.50 over last year. But, by the time the individual got through with the taxpayer and the cost of inflation, he was \$1 a week worse off than he had been a year ago.

The real job---the big job and the hard-nosed job---in cutting taxes and curbing inflation must be done at the federal level---that's where most of our money is spent. But here at the state level, too, we can do a job; and that's why the motto "cut, squeeze and trim."

There are those, apparently opposed to economy in government, who set up smokescreens and try to force us into their rut of spend and tax. They claim, for example, that we are cutting back at the cost of quality education in California. That is simply not true.

For the first time ever---under any administration---we included \$105 million in new funds for elementary and secondary education in our initial budget this year. This was new money over and above the amounts mandated or required by increases in student population. That amount was subsequently raised to \$120 million, as a change in federal policy made more state money available. We promised that if more turned up we'd use it for the school crises and now, as a result of economies in state government and about a one-half of 1 percent increase in revenue above our earlier estimates---even more can be applied to education.

Government does not exist to provide jobs; it does not exist to provide a livelihood or a sinecure for politicians; it exists to give the very best at the very least cost.

I sometimes think we have a new age of robber barons---only the robber barons of today are the bureaucrats whose answer to every problem is "spend more of the taxpayer's money." Spend and spend and tax and tax and the public be damned. Perhaps that is too harsh. Someone once said, "public money is hard to save, it seemingly belongs to no one and the temptation is irresistible to bestow it on someone." But the result of this generous impulse is very often as harsh in its effect as the actions of the 10th century freebooters. Inflation has cut 26 cents from the value of your dollar in the last 10 years.

One of the major cost factors in government---as most every other operation---is personnel. When we arrived in Sacramento in 1967, there were 102,465 full-time state civil service employees, not counting those in higher education.

During the four years prior to our administration taking over in 1967 the average rate of growth in the number of state employees was 4.5 percent a year...or more than 4000 new employees a year. Had we continued the previous rate of growth in the size of government, there would now be 117,000 employees on your state payroll!!

But there are now just 103,122---an increase of only 657 in three years. A percentage rate of increase less than half of what it was---even though we are doubling the California Highway Patrol to keep pace with our growing highway system.

You may recall that one of the first things we did back in 1967 was to ask a task force of business and management leaders to give of their time and their talents and come to Sacramento to help us find ways to do things better and cut the cost of government.

The task force on cost control and efficiency came up with some 1,561 recommendations for executive branch economies and so far we have been able to implement 821 of them for \$23 million in one-time savings and a reduction in the cost of state government of \$161 million per year.

Some years ago in a speech on government, I said a government program once started was the nearest thing to eternal life we would ever see on this earth. Well, in California government, bureaus and agencies are not going to be like the man who came to dinner; they will not have immortality---if the need for their operations ceases to exist---they will cease to exist.

We are going to prove, once and for all, that government can be held in bounds and can be run on a business-like basis.

We're just stubborn enough to tackle another of Professor Parkinson's laws---expenditures don't have to rise to meet income. To over-simplify, we are going to try to beat that law by including tax reduction as one of the expenditure items---treat it as a budget item; and, the bigger that tax reduction item gets, the better we will like it. Now, no one is kidding anyone---and we all know it won't be easy.

May I guess at a thought that probably entered your mind once or twice while I have been talking. How come with all the cut, squeeze and trim, the budget this year is a fat \$6.2 billion! That's right, it is and I had to blue-pencil \$125 million to get it down to that size. Incidentally, do you remember all that talk last spring that our opponents were going to cut \$85 million out of the budget we submitted? Well, that was like so much of their talk. While they were saying it, they had legislation on the floor for a quarter of a billion dollars in new spending. Unfortunately, only a bookkeeper can truly understand the budget and the way it is reported. Let's break that \$6.2 billion down.

The budget for operating state government is a little over \$2 billion. That is the figure citizens should watch to see if government spending is getting out of line.

Almost \$3.7 billion goes back to local government---city, county and schools. This is tax money collected by the state and then distributed to pay for local schools, welfare, local streets and roads, etc. The demand is almost constant to increase this part of the budget. Local government's other principle source of revenue is of course the property tax. A third part of the budget is one we should all hope we could increase---it is reported as an expenditure but it is a rebate to the taxpayer, \$211.7 million is given back directly to the property taxpayers, \$43 million is returned for business inventory tax relief and \$10 million goes for special property tax relief for low income senior citizens.



A total of \$254 million returned to the taxpayer is part of that \$6.2 billion. Incidentally, perhaps the reason no one ever thought about a better way of reporting this is because no other administration ever gave money back to the taxpayer.

To confuse the situation even further, there are two other tax reductions which do not show as expenditures but which cut back on the amount of revenue the state collects. These items are: \$87 million---the tax rebate on your state income taxes next year (and, that's the first rebate of its kind in the history of the state), and \$47 million which is not collected but which is the cost for the double standard income tax reduction to provide for relief for renters.

There were those in the legislature who kicked and screamed about the ten percent tax rebate that we were determined to give to the taxpayers. They obviously felt that we should have spent the money--because it was available--that desire again to bestow public funds on someone. Their desire might be termed an "easy come, easy go" philosophy--only the taxpayer knows that it doesn't come easy, and--on April 15--it doesn't go easy. Government has no right to keep a single penny beyond that amount absolutely essential for the operation of a prudent government. If there is any left over, it must be returned to the taxpayer.

So far I have discussed with you some of the highlights of what we have done and are doing, to cut the costs of state government. And, I have discussed the ultimate economy of tax reduction. There is a third part of this program and that is tax reform. I wouldn't be surprised if some of you have the impression that tax reform is dead---down the drain. Don't you believe it. It has been and still is one of the major goals of this administration.

Tax reform does not mean tax tinkering---tax reform becomes tax tinkering when it is approached by someone with one eye on the political tally sheet instead of both eyes focussed on what is really needed to straighten things out. The people, I suspect, know the difference;

for too many years there has been too much tax (making and virtually no reform. The tax reform proposal we have submitted is based in large measure on the work of the members of two task forces and the staff of the State Department of Finance---all of whom were advised that political considerations were to play no part whatever in their deliberations. Anyone who wants to be "politically smart" would stay away from tax reform. The proof of that is very simple---no one with an eye on politics would come within a country mile of it because tax reform means equalizing the tax burden---it means that those who have been paying too little and who have to start paying their full share, get very unhappy.

We have some major problems that need solving.

For one thing, property taxes are far too high---they are regressive and they are making it virtually impossible to own a home in California. For another that static, inelastic tax is virtually the sole source of income for our rapidly growing school system. A school system which is plagued by a great disparity between high wealth and low wealth school districts. What we need is a more equalized educational opportunity for all California children. Under our tax proposal, the present property tax levy for schools, which makes up about 50 percent of the property tax in California, will be reduced by 80 percent. Actually, residential property tax throughout the state would be cut in half. To provide an income for our schools that would grow with the economy and not require constant rate increases, we propose a one-half of one percent income tax solely for education.

--a one-cent addition to the sales tax and

--a state-wide tax on non-residential property which would be fixed at a rate of \$3.50 per \$100 assessed valuation.

The state-wide non-residential tax makes sure that all businesses pay their fair share of the cost of education---and does away with special districts which are in fact "tax havens." This, plus the use of sales and income taxes, will give our public schools a flexible source of income for the first time. And again let me point out the plan requires that property taxes can only be raised by a vote of the people. Under our proposal for tax reform, there would be no increase in the aggregate total of taxes collected by the state.

One of the major benefits of this tax reform proposal would be to eliminate the existing complex state subventions and mandates on the local school districts and convert the funds now used for red tape and paper work into funds used for education. Some of this proposed tax reform requires only legislation and part requires changes in the State Constitution. We could go ahead and enact the statutes and thus implement part of the program and the rest would depend on a vote of the people, either in June or November of 1970. But, we think it is important that the people express their will on such an important matter as tax reform; therefore, we have tied the entire package to the Constitution changes which means the people will accept or reject our concept of tax reform. And that is as it should be---it's their money; they should make the decision.

If the legislature will act in the 1970 session, or before, these proposed Constitutional Amendments can be on the ballot next year and we can get on with the people's business of tax reform. Our tax reform will not be tax increase, and it cannot be tax reduction---yet. It can be the way to a better, more business-like government for our state. You can help us bring this about because tax reform is dependent upon politics, the process by which we govern ourselves and the process by which we influence those who represent us in government. Politics, as you ladies well know, is not a spectator sport.

People do not always get the kind of government they deserve but they do, without fail, get the kind of government they resemble.

Those who are unconcerned about their political responsibilities often find themselves subjected to a government which is unconcerned about the people's rights and resources.

What will the state government of California resemble in the years ahead? Will it drift back to a philosophy of spend and tax, on the brink of fiscal disaster---or, will it continue to move toward economy, tax reduction and a reformed and honest and equitable tax system which, if we will it, can meet our needs without periodic increases in the share confiscated by government?

What it will resemble---what it will be---depends in large measure on you. It is to be expected that you ladies who---as individuals---are the heart of the home should be---as a federation 63,000 strong---the heart of our Party and...the heart of the reformation we are striving to bring about in Sacramento. I do not agree with Plunkett of Tammany Hall who said years ago that "reformers are only morning glories." We've come a long way together---you and I and this Republican Party in California...and if Old Man Plunkett were alive today he would know that there are 63,000 reformers who aren't morning glories---they are American beauties!

# # #

(NOTE: Since Governor Reagan speaks from notes, there may be changes in, or additions to, the above quotes. However, the governor will stand by the above quotes.)



9/22

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
P & V Standards Boards Breakfast  
September 22, 1969 - Sacramento

Years ago--long before I ever thought about running for public office--I came to the conclusion that government was becoming too centralized, too far removed from the people; that in far too many areas what started out as a representative democracy was evolving into unrepresentative bureaucracy.

Since taking office, I have become even more convinced of this, and I have been working to turn it around; trying to close the gap between citizen and government, and trying to increase citizen participation in the affairs of state.

Our efforts in this regard are wrapped up in the term Creative Society. Now those words were not conceived as some slick campaign slogan, and they are not used here as some glittering generality. The term Creative Society means, quite simply, that government should be of and by as well as for the people. It means that, whereas the government can often take the lead, in the final analysis the people must act. It means that this must be a government of the people, or we will all end up being a people of the government---and there is a great difference.

And, this is what your being here this morning is all about---this is what your service on the various boards and bodies is all about. You are helping to make the Creative Society a reality. As citizens, you are helping us conduct the affairs of government in a representative and responsible way.

As members of the various boards dealing with certain professional and vocational standards, you are here in part to represent those special groups and activities. But, in a much larger and truer sense, you are here to represent the public interest. That is the proper function of government, and that is the proper function of every phase of government.

In considering the best interests of the general public today--all 20 million Californians--nothing is more important than cutting the cost of state government.

Since I first made that statement a week or so ago, there have been those who have tried to distort and destroy its meaning. I suggest they keep one thing in mind: unless we do enforce economy in government in every area where it is realistically possible, there will be a real taxpayers' revolt.

And, furthermore, unless we do cut the cost of government wherever we can, there will not be enough money to pay for the essential service we must provide (and in some cases increase).

Today, the taxpayer is reeling under the heavy burden of taxation and wrenching from the impact of inflation. He demands--and he deserves--relief. The only way to reduce taxation, and to hold back inflation, is to cut the cost of government.

The high cost of government must be reduced. It is the basic cause of taxation and inflation. Definite priorities must be placed on government programs and government spending. We will not allow engrained and self-perpetuating priorities of yesterday's status quo call the tune.

There are those--perhaps even some of you here today--who believe that while the proposed economy drive may be alright for the rest of state government, it does not apply to P & V Standards... because it is largely a special fund operation.

Let me make my position very clear.

We will not condone waste and inefficiency in any area of state government--and that includes the boards and activities of P & V Standards.

No one is immune from the administrative order to review operation and make cuts wherever possible. We will not put up with any effort to stall this drive. We will not condone any refusal to seek out and employ honest economies wherever they can be made. Every program, and every program element, must be scrutinized.

No item is too small. No area can be overlooked. In the case of special fund activities, if economies can be made and savings realized, consideration should be given to reducing the fees and special levies.

It's all taxpayer money--special fees included. It all comes out of the taxpayers' pockets in the final analysis. It is all part of the high cost of government.

Now, some of you may have heard about a statement I made recently concerning boards and commissions. So that no one can ever say that we say one thing before one audience and another thing before a different group, let me repeat that statement for you here today:

(quote) "Some years ago, in a speech on government, I said a government program--once started--was the nearest thing to eternal life we would ever see on this earth. Well, in California, bureaus and agencies are not going to be like the man who came to dinner; they will not have immortality....if the need for their operations ceases to exist, they will cease to exist. We are going to prove, once and for all, that government can be held in bounds and run on a business-like basis." (unquote)

As part of our efforts to streamline government and reduce its costs, we are reorganizing the executive branch of government. This year the legislature approved two of our major reorganization plans--one of these plans eliminates 29 boards and commissions and transfers their authority and responsibility to other agencies....or eliminates them as being unnecessary. This will save the taxpayers some \$158 thousand a year.

Now, this does not mean that we are going to capriciously eliminate boards and commissions; many of them are necessary and proper functions of government. But, it does mean that every operation is under the closest scrutiny....and that everybody is going to share the agony and ~~ecstasy~~ of living within a hard, specific, cut-back budget.

I should think that all of you--in an effort to serve both your special interest group and the general public--are determined to give us your full support in this.

Let me sum things up by stating...

1. the cost of government is too high
2. taxes are too high
3. the cost of government must be reduced wherever possible
4. tax-money should be judiciously spent on an up-dated basis, and
5. taxes must be reduced.

If you think this is a hard-nosed policy, it is. We are determined to cut the cost of government, and improve the services of government.

We need your help. We want your help.

# # #

(NOTE: Since Governor Reagan speaks from notes, there may be changes in, or additions to, the above quotes. However, the governor will stand by the above quotes.)



9/24

REMARKS BY GOVERNOR RONALD REAGAN  
STATE BOARDS OF EDUCATION CONVENTION  
Los Angeles, California  
September 24, 1969

In the few moments I have with you today, I want to touch briefly on three matters:

1. adequate financing of school districts
2. greater emphasis on technical training
3. realistic criteria for both teacher qualifications and curricula.

I do not have to remind you that many, if not most, of our school districts are having serious financial problems. The growth of student population; the rising costs of inflation; the strong competition for the tax dollar make it increasingly difficult for us to keep up with (let alone stay ahead of) the demands and the needs of an effective public school system.

The school districts are currently forced to depend too greatly on a single tax source---the property tax. And, on top of that, the property owner and taxpayer has had it---up to here.

And yet there is a strange dichotomy. The majority of our citizens say they want a better educational system---even if this means spending more money for the primary and secondary schools. They say this all the way to the polls where they vote against school tax overrides and bond issues.

But before we dismiss this as the weird, unexplainable conduct of an irrational citizenry, let's ask ourselves if it isn't an evidence of frustration and impatience. A vote against increased school taxes is the only way the citizen can strike out at the high cost of government in general. Something must be done to reconcile this situation.

And we are trying to do just that by providing for an adequate and sound revenue base for our school districts, while giving the property owner the relief he demands and deserves.

Last year we called for the inauguration of a statewide educational opportunity tax as the heart of a massive tax reform program.

Our plan calls for a reduction of the property tax by 50 percent--- at the same time we apply an educational opportunity tax of one-half of one percent on adjusted gross income, plus an increase in the state sales tax of one cent, and a statewide non-residential property tax of \$3.50 per \$100 assessed valuation. The revenue gained from these three taxes would be specifically for education and would be added to the state aid presently being appropriated to the districts. The total would then be about \$3 billion.

All of these funds would be distributed to the school districts on a straight ADA basis---free of the red tape, and void of the restrictions and conditions currently encumbering state subventions. It would be sent to the districts with no strings attached. We want to encourage diversity and innovation. The local school districts know best what is needed in their areas to achieve the agreed-upon goals in education. It is time the state stopped imposing conditions and restrictions and allowed the local school districts to exercise their judgments more freely.

Now conversely---let me urge something on you that perhaps does sound like state interference. I would like to bring to your attention the need to beef-up our technical---or vocational---training programs. Vocational training has always been an important part of education in our industrial society. It is even more vital now---in face of the exploding electro-nuclear technology which is upon us. This technology is having, and will continue to have, a tremendous impact on job opportunities and job qualifications, as well as the world in which our young people will live. In the decade ahead---faced with unemployment higher than the national average---California will still have to import 2½ million skilled workers unless we find some way to provide our own people with the necessary skills.

We spend a lot of time, and effort and money to provide greater opportunities for our young people who want a higher education---and, we should. But, it is still true that only about 55 percent of our high school graduates go on to college---and only about 28 percent of those who enter college stay on to earn a baccalaureate. This means that somewhere between 45 and 70 percent of our young people complete their education in the first 13 or 14 grades.

We must make sure these years of formal education---especially the high school and even junior college years---prepare these young people to develop their potential to the fullest extent possible, so that they are well grounded and prepared to go on from there.

Working within the educational establishment---and working also with such private sector entities as industry and organized labor---we must move rapidly to evaluate, overhaul and expand our system of technical education. This can serve us well in several ways: first, it will give these young people a more practical preparation for the future; second, it will help to insure a skilled labor force for the technical age ahead and, third, it can help us reduce the dropout rate in our schools.

Many of these young people who leave school are not so much dropouts as "turned-offs"---turned off because too often the courses they are required to take do not seem geared to the world which awaits them. They don't intend to go to college yet they are almost forced into college preparatory courses instead of prepared for potential opportunities in the job market.

In all of this, I hope we will not get so hung up on standards and criteria that we miss the mark---the mark of helping the individual prepare for his future. Unrealistic standards, irrelevant criteria, serve little purpose and too often are a hindrance.

Finally, I would urge that we maintain a full measure of adult leadership in our school systems.

As sociologist David Riesman said recently: "The problem when adult control disappears is that the young (peoples') control of each other is intensified."

Children learn by example---and, they cannot learn if the example is not set. The too prevalent fad of trying to act like the young people (the mod generation)---rather than trying to get young people to act more like adults---is a disservice to the students. Young people are eager to move up to adulthood. When there seems nothing to move up to, they lose an important drive to grow up, to mature and share in the prerequisites of maturity.

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(NOTE: Since Governor Reagan speaks from notes, there may be changes in, or additions to, the above quotes. However, the governor will stand by the above quotes.)



9/26

OFFICE OF THE GOVERNOR  
Sacramento, California  
Contact: Paul Beck  
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RELEASE: Friday P.M.s  
September 26, 1969

EXCERPTS OF SPEECH BY GOVERNOR RONALD REAGAN  
SAVINGS AND LOAN LEAGUE LUNCHEON  
September 26, 1969  
San Diego, California

Three years ago, when I was campaigning for this job as Governor, I spoke before you--here in this very room.

At that time--and long before I ever entertained the thought of seeking public office--I had the notion that government was becoming too centralized, too far removed from the people, too rigid--and too expensive. (I might add that the years have not changed my mind.)

Since that time three years ago, a number of us have been working to turn things around in Sacramento--trying to cut the costs of state government; working to increase citizen participation in government, and doing what we could to make this a government of the people so that we would not end up as a people of the government.

Very early we were re-affirmed in our belief that government could not do this job alone. One of the first things we did, back in late 1966 and early 1967, was to recruit outstanding men and women from all walks of the private sector--citizens who agreed to resign, or take leaves of absence from their jobs, to join us in our efforts.

I will readily admit what you already know--we pirated some of our top people from your savings and loan industry:

Gordon Luce, Pres Martin, Jim Schmidt, Mike MacBan, Eric Stattin and Don Moulin. I, personally, will be forever grateful for their service to the people of California, and you can be not only grateful to them as citizens but proud as well because of this association with you.

I guess Pres Martin liked the taste of government--at least, when the Nixon administration recognized his genius and asked him to go back to Washington, he went. I must say, though, that since Pres has been back there--as chairman of the Federal Home Loan Bank---there has been an entirely new attitude of cooperation with our state Department of Savings and Loan. So, perhaps President Nixon's gain is not entirely our loss.

Most of my remarks today deal with state affairs. But, before I get into those areas, I want to mention some of the major accomplishments made during the past two and one-half years which are of particular importance to you.

You will remember, I'm sure, that in 1968 we enacted legislation which---for the first time--permits savings and loan associations to make loans on mobile homes.

Mike MacBan is now ready, after extensive hearings, to issue the regulations implementing this legislation. Mobile homes represent 15 percent of all the new housing starts in California this year--and more than one-third of all the single family units built. Since savings and loan is the backbone of housing finance, these new regulations open up an important source of financing for the rapidly growing mobile home industry. This can mean greatly expanded housing availability to thousands of Californians in the middle and lower income brackets.

Last year, we also enacted legislation to permit a one percent deduction from state tax payments when low and moderate income loans are made. So far, this approach has not been used as widely as we had hoped and I would urge that you give thoughtful consideration to implementing it. I understand that Pres Martin--who conceived the approach when he was with us--is now planning to introduce it at the federal level. After having taken the leadership in this field, we should maintain it by making wider use of the program. That requires your cooperation.

Again in the field of low-cost housing, we enacted the California factory-built housing law of 1969. This was authored by Assemblyman Pete Wilson of San Diego, and it is the first law of its kind in the nation. It will overcome the problems of the modular housing producer who has been encountering non-uniform and overly-restrictive local building codes. It should open up a whole new market for the low-income homeowner. It can open up a new labor market and stimulate the economy. And it can mean new business for lending institutions.

Our State Department of Housing and Community Development has already begun work on the new standards under that law and these should be ready before next spring.

On-going, through all of this and the other innovations and improvements in our Department of Savings and Loan, has been our basic regulatory approach: regulation by exception.

We believe that government can best regulate in a manner which protects the public from the few who need close regulation without subjecting the entire business community to needless regulation and harassment.

## SAVINGS AND LOAN LUNCHEON

History records that the general welfare has best been served--and the greatest good for the greatest number has been achieved--through free competitive enterprise, and not because of bureaucratic meddling or collectivized controls.

In putting the general welfare of all Californians first--all 20 million of them--nothing is more important today than cutting the cost of government.

I said this more than a week ago at another meeting and stirred up a whole flock of Chicken Littles. For days, they ran around squawking and screaming that I was putting money ahead of people and that I didn't care about the problems of education, or health, or welfare, or parks and conservation.

Well, there's one thing they should understand: Unless we do enforce economy in state government--and unless we cut costs in every area we can--there won't be enough money to take care of the services the government should provide and, in some cases, increase. That is just a hard, cold fiscal fact of life.

It's about time that those who still operate on the old "tax more, spend more, tax more" mentality woke up and realized that the real problem most people are having today is the high cost of government---taxes and inflation. The spenders will just have to realize that they can't go on buying everything in the store without bankrupting the state.

I don't have to tell you that the taxpayer is already reeling from taxation and inflation. He demands--and he deserves--tax relief. We are determined to get the cost of government down to where it can live within his means and give him that relief.

We talk of not only future (near future) tax reform but hoped for tax relief--what hasn't been mentioned is that here and there in the meantime we have some accomplishments in the area of tax relief and even reform. Under this administration, direct tax relief of \$232 million was returned to the taxpayers in 1968-69, and \$401 million will be returned during 1969-70. That is a total two-year rebate of \$633 Million.



Of that total, \$391 million came in property tax relief--through the \$70 refund on property taxes and the \$750 exemptions. Another \$87 million will come next year when most California taxpayers receive a 10 percent tax rebate on their income tax payments. Double standard deductions, which are for special relief to renters, totals \$92 million; extra property tax relief to older citizens comes to almost \$18 million, and a reduction of the business inventory tax will total \$45.3 million in relief.

The simple truth is--those rebates were made possible by economies in state government and that is the only way to really reduce taxation--cut the costs of government.

This year, in working out the budget for 1970-71, we are using a new approach--at least, it's new to state government here in California.

Instead of waiting for the agencies and departments to come to tell us what they want, we have told them to tell us what absolutely top priority services can be financed for an amount equal to about 80 percent of what they spent last year.

Then all other items the departments feel are necessary or important will be listed in order of priority--and they have to convince us the program is vital--not to them, but to the best interests of the public.

What this is doing is that it is forcing every administrator and every department head and every division chief to take a really hard look at his operations; each one has to justify everything his people are doing. The old game of adding 15 percent to last year's budget, figuring that the Department of Finance will probably cut out 10 percent will no longer work.

In the language of the ranch--we are culling the herd--there are no sacred cows; no pet priorities. And, you'd be surprised how often you can come up with better--and less expensive--ways of doing things when you have to.

## SAVINGS AND LOAN LEAGUE LUNCHEON

No item is too small for scrutiny. Over the past two and one-half years, we've cut the costs for typewriter ribbons and telephones and a host of other things. Perhaps some of you have wondered why we take the time to worry about such little things. Well, in an operation the size of state government, these "little things" aren't so little. They have a way of adding up to millions:

--every year we spend \$75,000 for those typewriter ribbons,

--every year we spend \$75,000 for pencils...

--and, \$91,000 for carbon paper, and

--\$26,000 for paper clips, and

--\$1 million a year for paper, for letters and memos.

Just right there, in those five little items, we have more than \$1.25 million. Of course, it's not just the direct cost for these items...it's also the bureaucracy they represent. If we can cut back on the one, we can make a start toward cutting down the other.

The State Department of Savings and Loan is a good example of economies in a special fund operation. When Pres Martin took over that operation back in 1967, he found quite a few efficiencies he could make. Over a period of time he reduced the staff by 19 percent--without any reduction in the service. In fact, in some cases, he improved those services. As a result, in 1968 we were able to reduce your assessments by \$300,000--which is the first time in a long time any governmental agency has reduced assessments for anything.

9/29

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
TRI-COUNTY FUNDRAISER  
Auburn, California  
September 29, 1969

Last week, during a press interview, a newsman asked me what was the single most significant accomplishment of this administration. What was the one thing that gave me, personally, the greatest satisfaction? Well, the answer didn't immediately come to mind. I had to think about this awhile. Not because there weren't accomplishments of which we're proud, but we've been so busy and it seems every day as if there's something new and different, that I just had never tried to single one out.

But finally, forced to think of it, I said it was the fact that more people are participating in our California state government than ever before...that together we have revitalized the premise on which this nation was built--government of, and by--as well as for---the people.

The people of this state have been so willing to serve voluntarily that I am the envy of other governors. At the Governors' Conferences they came up to me--my fellow governors--and told me they wish they could get their citizens involved in government the way the people of California are involved. And of course the credit does go to the people.

During the terrible floods last winter, we naturally mobilized all the resources of government--federal, state and local. But as I toured the stricken areas, I couldn't help but realize there was a great and tragic loss that no government program could relieve. These were our neighbors, people like ourselves with mud-filled homes, people who were not dependent on government or even eligible for any kind of aid, and yet, they were lacking in the resources, as any of us would be, to cope with the catastrophe that had befallen them.

I made several statements on TV and in the press, suggesting that we should return to the old American tradition of neighbor-to-neighbor help--the idea at one time that when a fellow's barn burned down, the neighbors gathered around and helped build a new one. In Sacramento, in an effort to get such a thing started, we called a meeting of people from all over the state. The funny thing is, one participant in the meeting said it would never work; it was not only out of date--this idea---it was prehistoric. He said that government did these things today and that the present system obviates the need for individual help, that the system obviates the need for individual participation.



Well, if this is true, then the next step is for government to obviate the individual, and then we'll really be a people of the government, rather than a government of the people.

I just couldn't believe that we really had gone so far down the Orwellian road that individual effort is no longer needed, that the state is really our shepherd and all we have to do is lie down in bureaucratic pastures.

Well, we haven't.

All over the state, our citizens came to the aid of their neighbors. The current issue of National Geographic Magazine carries a feature story on the California winter of floods. And, the emphasis in the story is their surprise at how the people of California rose to meet the crisis and how they helped each other. We have turned the road, and we are headed back to a revitalization of the American dream and the American tradition.

I could recite for you what thousands of individuals are doing right now to fight the spread of narcotics through a statewide citizens council. I could tell you what parents and doctors and newspaper publishers, people in television--just plain concerned citizens--are doing right now to fight the spread of narcotics through a statewide citizens council.

I could tell you how the service and civic clubs throughout the state have joined with us in a California Service Alliance to spearhead community projects.

You know, I think as Harry Truman once said, "If you can't stand the heat, stay out of the kitchen." But some partisan attacks are a little harder to take than others, and none more so than the vicious and dishonest attack on our mental health program.

In the first place, it is unjust to the dedicated employees who have made ours the best program in the nation. Moreover, it insults literally thousands of men and women who are volunteering their time and their love at our state mental hospitals: Twenty-five thousand hours of volunteer time at Pacific Hospital, fifty thousand hours at Sonoma.

Tonight, I can stay much closer to home for an example of people participation and self-reliance.

1-1-1-COUNTY FUNDRAISEP  
Back in 1968, the Auburn District Fair was faced with the prospect of closing its gates. There wasn't enough operating capital to keep the office going from January to August. (August was the important month when the fair was scheduled to get its allotment from the State Fairs and Exposition Fund.) But, it seems some character in Sacramento was off on a spree of cutting, squeezing and trimming government expenses. And, that fair allotment for Auburn was cut almost in half.

Now, the people in the district could have gone off talking about that tight-fisted character in Sacramento...and they probably did and I'm glad I didn't hear them. They could have thrown up their hands and quit--or they could have said, "Okay, things are tough all over. If they have to be that tight in Sacramento, let's see what we can do on our own."

And that's what the people of Auburn did: You kept the fair open, volunteering for jobs as ticket-takers, exhibit attendants, clerks... all sorts of jobs. Gradually, it stopped being "that fair over at Auburn." Pretty soon, it became our fair and pretty soon, to hundreds and thousands of you, it was your fair.

This year, the Auburn District Fair, the fair that wouldn't die had its most successful year. It broke all records. Attendance was higher than ever, revenues were higher than ever because the fair was better than ever, and most important of all, it was a "family affair."

No, the system has not obviated the need for individual participation. Today more than ever before in this centralized, complex world, the survival of good government depends on citizen participation. If ever anyone wanted proof that it takes great people to build a great society, what has been done here at these fairgrounds over the past two years is an outstanding example.

About a week ago at another meeting, I said "Nothing is more important today than cutting the cost of government." A whole flock of Chicken Littles took off cross country and while they might not have been actually saying the sky was falling, they at least screamed that I was putting money ahead of people and didn't care about the problems of education or health or welfare or parks or conservation.

Well, the hard, cold fiscal fact of life is that unless we get government back to a reasonable cost (which is the first demand of the people), we won't be able to get at what the people say is the next most important demand--the whole question of our environment...the air we breathe, the water in our lakes and streams and ocean, and just the land itself and whether we're going to scar it and bury it under rubbish and change the whole nature of this California that brought so many of us here in the first place.

That is a top priority of this administration, but we can't go on buying everything in the store without bankrupting the state.

The taxpayers are already reeling from taxation and inflation. They deserve tax relief. We're determined to get the cost of government down to where it can live within its means, and give that relief.

Now we haven't been able to provide all of the tax reform or the tax relief we hope to manage in time to come. But, at the same time, we have been able to accomplish some direct tax relief. Two hundred and thirty-two million dollars was returned to the taxpayers last year, and four hundred and one million will be returned this year; that's a total two-year rebate of six hundred and thirty-three million dollars.

Of that total, three hundred and ninety one million dollars came in property tax relief through the \$70 refund on property taxes and the \$750 exemptions. Another eighty-seven million dollars will come next year when most California taxpayers receive a 10 percent tax rebate on their income tax payments. Double standard deductions which are a special relief to renters total ninety-two million dollars. Extra property tax relief to older citizens comes to almost \$18 million. And the reduction of the business inventory tax will total \$45.3 million.

Those rebates were made possible by economies in state government which is the only way to really reduce taxes.

This year we're working on the budget for 1970-71. And, we're using a new approach, at least it's new to state government here in California.

The old game of adding 15 percent to last year's budget, figuring that the Department of Finance will probably cut out 10 percent will no longer work.

In the language of the ranch, we are calling the herd. There will be no more sacred cows. We have given every department and agency and bureau a figure equal to about 80 percent of what was spent this year, and we've told them to list in that allocation, all the things they can do. In other words, the absolute essential services.

In this way, we will be able to compare items from one department with those of another department as to their importance, judge them and weigh them against each other to establish proper priorities. Then we can put your money where the priority is.

The other day, I was speaking to a group of businessmen, and a friend of mine said to someone, he hoped that I wouldn't talk again on how much we'd saved on typewriter ribbons. Well, darn it, we have saved money on typewriter ribbons. Every year, we spend \$75,000 for those ribbons. And, \$85,000 for pencils and \$91,000 for carbon paper; \$26,000 for paper clips; a million dollars a year just for paper for letters and memos! And just right there in those five little items, we have more than a million and a quarter. Of course, it's not just the direct cost for these items...it's also the bureaucracy they represent. And if we cut back on one, we make a start toward cutting back on the other.

Big programs, little items, general fund or special fees and assessments---it's all taxpayer money and it all comes out of the taxpayer's pockets. By paying attention to the little things as well as the big things, by implementing cost control and efficiency recommendations of those businessmen's task forces and employing our own ideas, we've made the gains that made possible those tax rebates.

I don't have to remind you of the several hundred businessmen---two years ago---who gave us about six months of their time and 1500 recommendations on how to improve efficiency. Well, we've implemented more than 800 of those recommendations.

You who are in the real estate business know more than anyone else, how much more efficient the real estate commission is, how much more you can depend on it. And, yet it's operating with 20 percent fewer employees.

The same goes for the savings and loan business. There the staff has been reduced 19 percent.

In the corporation commission which once was a national disgrace and is now considered the finest in any of the 50 states, they have cut the cost of operation in half and reduced personnel more than 30 percent. In the Department of Motor Vehicles, they have exactly the same number of employees that they had two and a half years ago and yet they're handling a 30 percent greater volume of business and have reduced the time for processing an application for a license from 39 to 10 days.

If we had kept the previous rate of growth in the size of government we would have today, 15,000 more full time employees---not counting higher education.



## Tri-County speech

As of this moment, we have only 657 more employees and we believe by the end of the year, we will actually have fewer employees than we started with at the beginning of this administration. We'll have cut the cost of government \$184 million.

Not all of the improvements show up, however, in reduced spending. In the use of your gasoline tax, for example, under the constitution, have to spend what comes in on highways and the related programs of the Department of Motor Vehicles. But, over in that agency, in these two and a half years, they have managed to squeeze down red tape, eliminate administrative overhead, and find more efficient ways to do everything from letting contracts to surveying rights of ways. And the result: this year they're building \$382 million more in highway projects than were scheduled, and most of that is from money that formerly went into administrative red tape.

Not all our attempts at economy are met with unrestrained joy. Not only are there those in the bureaucratic structure who want to maintain the ~~status~~ quo, but there are those who challenge that nothing has been accomplished. I think you will recall along about June or early July, our opponents in the legislature received a lot of press attention that they were the real economizers and that they were going to make \$85 million in cuts in the budget I had submitted. None of the press stories pointed out that those making the most noise about the cuts had on the floor of the legislature, \$272 million worth of spending programs they were trying to get passed. And of course, when all the talking was over with, they didn't cut the budget by \$85 million, they added \$125 million, all of which I blue-penciled out of the budget---as I have had to blue pencil out their increases every year this administration has been here.

Those who are unhappy of course claim that we have made our economies at the expense of the people...that we are destroying useful services and government programs which you demand in what amounts to false economy, that we have ignored our responsibility to the people.

Well, in the last two years, we have moved from 9th lowest among the 50 states to 5th lowest in the size of government in proportion to population. There are now only four states with smaller proportionate government than California, and we're on the way to becoming number one.

But in that same period, we have moved from 11th among the states to second among the states in the rehabilitation of the physically handicapped. This year, 14,450 physically handicapped have been trained and put into useful jobs where they are now self-supporting. This is 10,000 more than has been the normal annual rehabilitation figure in years past. These 14,450 are earning \$66 million a year. In three years, their state income tax alone will repay the total cost of their rehabilitation.

Those same opponents claim we have let the people down because in this last session we did not bring forth a program for complete tax reform as we had been hoping to do and as we are planning to do. Of course, they don't say anything about their obstructionism or the fact that in that obstructionism, they actually allowed this state to operate for three days without a budget---endangering every employee, bringing hospitals and institutions almost to the point of having no food for the patients and inmates, leaving our highway patrolmen without protection in the event of disabling accidents, and of course, not mentioning that tax reform will require constitutional amendments which can only be voted on by the people next June or November. Our program---submitted in the next session in January and tied to those amendments---will give the people tax reform just as quickly if they decide at the polls that our proposal meets with their approval.

Incidentally, there have been some statements indicating that they---the Democrats---won some kind of victory and this justified their holding the budget for ransom for three days. As a matter of fact, they gave up and allowed the budget to pass only after I announced I would go before legislature and the people of California on statewide television simultaneously to tell exactly what the budget delay was doing to the state. Before breakfast they notified me they would pass the budget if I didn't go on television. Now, let me just take a moment, and tell you basically what we seek in tax reform.

This is not the tax reduction I previously discussed. This is a reform of the system. We believe we can reduce property taxes by 50 percent, and put a ceiling on the property tax, a ceiling which could only be removed by a vote of the people in each district. To substitute for that lost revenue, we propose increasing the sales and the personal income tax, and using that increase, totally, for education. This would provide funds for every school district equal to \$500 per student beginning in kindergarten, and increasing this to \$725 per student for junior colleges.

Tri-County speech

Part of the reason for this, as I indicated, is to eliminate the widespread difference in school districts---some desperately poor and others exceedingly rich. The state's subvention for all of these would be sufficient to insure at least a minimum fundamental education in every district.

Incidentally, these state grants would be without strings or red tape. We think it's time Sacramento quit telling every school district how to run its schools.

This tax reform program will not amount to a hidden increase. It will be geared so as not to bring in any more revenue than government is presently getting.

And that brings me to the importance of this coming election year.

This is not just a struggle between our two parties to see which one can win a partisan contest. We are engaged in a battle of philosophies. Either the problems confronting us will be solved by those who believe in individual freedom, who believe in our free enterprise system, or they will be solved in some fashion by those who have no hesitation to use the coercive power of government and the power of taxation to bring about their idea of how we all must live.

We have seen their philosophy at work for almost three decades. I have seen it at work first hand. In these last two years our California population has increased by 600,000, but counting medical grants, we have added 400,000 to the number of people on welfare or receiving cash grants of some kind from government here in our state.

Last year our private economy added 207,000 new jobs for Californians. At the same time we added 108,000 to the welfare roles.

I have referred to welfare as a colossal failure. I did not mean by this that we have not successfully fed and sheltered those in need, nor do I mean that we should ignore our responsibility to those who depend on the rest of us for help. Certainly those who cannot take care of themselves whether through age or disability, those who must depend on us, should have not only the necessities but also some of the comforts that make life worth living.

But, the failure of welfare is that it continues to grow, that it has not succeeded in rehabilitating or salvaging people in need and making them self-sustaining, able to go out in the competitive market, support themselves and their families.

To continue simply to feed them at the cost of their self-respect and their self-reliance, is to destroy human beings and government shouldn't be in that business.

I know there are a great many good, patriotic Democrats who believe as we do with regard to a government which will protect to the ultimate the right of each one of us to individual freedom, and yet, which will, with compassion, meet the problems of the less fortunate. I know those Democrats, like the members of our own party, want the preservation of our environment, an end to turmoil on our campuses, safety for themselves and their families in their homes and on the street. But our party in this two-party system, is the necessary vehicle which can bring about this change.

We have a newly elected President who is handicapped now by a Congress opposed in large part to his philosophy. He is entitled to the opportunity of having a legislature friendly to his philosophy. Next year, after the census, California will be entitled to at least six new congressmen. The congressional and legislative districts will be reapportioned on the basis of that census. Our opponents did the last reapportionment. They did it in such a way that it is virtually impossible in some districts to have a fair reflection of the will of the people. In the last election, 55 percent of the people of this state voted for Republican congressmen, but they only elected 45 percent of our congressional delegation.

The party which has the majority in the legislature in the 1970 election will be in charge of the reapportionment. For the first time in many years---a decade---we have now a two-vote majority. Some indication of what this could mean is to be found in some of the programs passed by that legislature in this session.

Since I have been governor, I have pushed for legislation controlling pornography...legislation that would bring to an end California's reputation as the smut capital of the world.



I have tried for legislation which would enable local law enforcement officers to better do their job without some of the handcuffs they've been wearing in these recent years due to certain court decisions.

I have worked to draw up laws which would control, or at least help us control, the problem of the drunken driver. For two years, or more, all such bills were buried in committees, never allowed to come to the floor of the legislature for a vote. This year our two-vote majority gave us the control of those committees.

This year I signed laws that will allow us to curb pornography, laws which strengthen our criminal procedure. One law, for example---to those who claim we have no interest in gun legislation---says that any man committing a crime such as rape or assault or burglary or robbery, and convicted and found guilty of that crime, will, if he had a gun in his possession while committing the crime, serve five additional years in prison on top of his sentence.

Our biggest enemy, as a party, can be complacency. But, I assure you, our opponents are working hard to heal their wounds to recover the unity they seemingly have lost. They are desperate to stop what we have been trying to do these last two and a half years.

For many years---before I ever thought I would seek public office---I believed that government could be run on a businesslike, common sense basis. Now, after these two and a half years, I want you to know my belief has been strengthened. I know there is a light on the horizon. I know that government can be made more efficient, more economical, more in the hands of the people. We have made a better start in that direction than almost anyone realizes. Those of a differing philosophy, those who believe in big government with the power to control people, are desperate to bring this to a halt. I don't know if we would be given another chance, if we should be stopped now.

# # # # #

(NOTE: Since Governor Reagan speaks from notes, there may be additions to, or changes in, the above text. However, the governor will stand by the above quotes.)

10/8

OFFICE OF THE GOVERNOR  
Sacramento, California  
Contact: Paul Beck  
445-4571 10-7-69

RELEASE: 12 NOON, WEDNESDAY  
October 8, 1969

PLEASE GUARD AGAINST PREMATURE  
RELEASE.

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
National Association of Certified Public Accountants  
Biltmore Hotel, Los Angeles, California  
October 8, 1969

For many years---before I ever thought that I would seek public office---I believed that government could be run on a businesslike, common sense basis. Now, after these two and one-half years, my belief has been strengthened.

Just about two years ago, when I spoke before the California Society of Certified Public Accounts, I said that I believed we could solve quite a few of California's problems through fiscal responsibility and economy.

Today, my belief is stronger than ever before.

Today, it is my conviction that unless we reduce the costs of government, we may reach that point in time when the people will rise up and say: There is no more money for government. It has happened to other states; it has happened to other nations; it is happening in America today.

But, there are those who still believe that the public larder is an unfolding cornucopia. That from it can stream forever an endless flow of goods and services. That we can continue to dig into the taxpayer's pocket, deeper and deeper. Whenever something comes up that looks great and demands another billion or so all we have to do is to pass another tax or fasten on another surtax---or just print more money.

Well, the taxpayers have had it---up to here.

And to their injury is added the insult of knowing that many of the programs which have taken their billions have been costly failures.

One of my colleagues---the governor of a southern state---challenged me recently when I charged that welfare and many social reform programs have been failures. He cited the millions who have been fed and housed---and even suggested that without welfare there would have been a revolution.

He misses the point.

No one denies that needy people have been fed or housed or helped... or that they should have been.

What I am talking about when I say "failures" is that the government's good intentions have too often defeated the government's good intentions.

The programs have almost entirely failed to help the disadvantaged make themselves self-supporting. Obviously, many of the disadvantaged can't be self-supporting---because of age or physical disability. But, in the city of Chicago, the O.E.O. put on a training course for workers in the landscape field---tree pruning, plant propagation. Not just some leaf-raking, lawn mowing put-on, but training for good jobs. It was a two month course. The trainees were paid from \$45 to \$75 a week depending on need.

In spite of goof-offs and absenteeism, 108 were graduated. They were qualified to take jobs paying \$100 a week. There were at least three job opportunities for each one of the graduates. But, most refused to even go for a job interview and only one man ever took a job.

What was wrong with the rest? Well, their tax free welfare income for not working was higher than the take home pay they would have received for working at a job.

The year before last, California was spending \$1.9 billion on social welfare and Medi-Cal---federal, state and local funds combined. The projected costs for those programs for this year is \$2.6 billion. Two years ago the per capita costs for welfare and Medi-Cal was \$99.50---for this year it will be about \$131.46. That's per capita. For the average family of four, it adds up to \$525.84. The fact that it includes federal, state and local programs doesn't change the picture---it's all taxpayer money. And we wonder, how long those who work and are taxed can continue to pay out these amounts without someday going on welfare themselves.

For almost three years now we have been trying for ways to relieve the taxpayer of some of this burden. But not all of the problem can be solved at the state level. In 1968, we had to spend \$56 million we hadn't budgeted---money it was not really necessary to spend---just because the federal government introduced some new rules and regulations. Just recently, the Supreme Court held that we couldn't require newly arrived immigrants to wait one year to go on welfare in California. And so the gates are open. The California taxpayer may now have to assume an increased burden, and our own citizens on welfare see their benefits imperiled as more immigrants come in to California to demand "their share" of our largess.



President Nixon has called for a new approach to welfare. The key is the provision that able-bodied welfare recipients who refuse to work, or refuse job training, lose their welfare.

It is that provision that is drawing the angry response from the professional welfare workers. Well, we agree with the President; we support his proposition. For years we have been trying to get similar legislation out here in California. The federal government has been telling us we couldn't do it.

I hold the belief that most people on welfare are caught in a web from which they would like to escape.

The legitimate welfare recipient wants a helping hand up to self-sufficiency, respect and independence. But there are disturbing signs that in the eyes of some poverty has become an occupation. And, as is with any other occupation, the more alert and energetic usually make the most money.

As economist Milton Friedman puts it: "When we pay people to be poor, there are always going to be plenty of poor people."

And so we find that we can't get apprentices from among the young men on welfare--they can make more money by staying on welfare. In New York, a group of the largest stores have just extended credit privileges to welfare recipients---all they have to do is show their welfare identification card.

Within our lifetime we have seen a change in the definition of poverty and welfare. There was a time when welfare meant that we should provide food and shelter until the unfortunate individual could get back on his feet. Now we must provide television and automobiles. And Easter wardrobes and credit ratings---why should he get back on his feet:

In June of 1967, here in California, welfare recipients were 7.3 percent of the total civilian population. Two years later, in June of 1969, they totaled 9.1 percent. And our monthly costs for welfare have soared from \$125 million in 1967 to \$170 million. The projections are even more frightening. Most of this is caused by federal regulations and court decisions which make it impossible for the state to have any real say or control over the taxpayers' money which keeps flooding out to support this mounting tide.

In 1961 there were 45 federal social welfare programs spending \$10 billion a year---and some of us voiced our concern. Now, there are 435 social welfare programs costing us \$25.6 billion a year--not including money the states have to put up--and the problems have grown apace. And so the states wretch and reel and have to find the matching funds to keep up with this Alice-in-blunderland.

But, we are told---don't worry about it. There's a way out. Just turn the welfare program over to the federal government---the whole thing. That way there'll be no more problems and people at the state level won't have to worry any more. Nobody but the taxpayer. The fact that the tax dollar is collected and sent three thousand miles away doesn't make the heart any lighter. And, in fact, the brokerage fee gets even heavier.

Let's look at one major western nation. They have had nationalized medical service for the past 21 years.

The average waiting time for an operation is 24 weeks.

Only five hospitals have been built in those 21 years. They have 1,500 fewer hospital beds than they had when they started.

The government assigns 3,500 patients to each doctor and pays him \$3.00 a year per patient. Out of this the doctor must pay consulting physicians, for waiting and dressing rooms, for all of the nursing and secretarial help---and a deputy when he is not available himself; because in the eyes of the government he is on duty 24 hours a day, 365 days a year.

Their medical schools graduate 2,000 physicians a year---and one-fourth of them emigrate, immediately.

The red tape is intolerable (sickening). You have to get a certificate that says you're sick, and one that proves you're well. If you have a broken arm, you have to fill out government papers every week just to prove it's still broken.

When this system started back in 1948, the annual cost was \$363 million. Now it costs \$28 billion.

The citizens pay a nickel a week and some people think it pays the costs. It doesn't. Ninety-eight percent of the bill is hidden in the general tax bill, and how far are we?

Some time ago an ad was run in the Los Angeles Times describing a new convalescent hospital bragging it was fully certified for Medicare. The enticements included "modern, fully automated beds, handsomely furnished rooms, fully carpeted, and a carpeted patio for afternoon relaxation.

"A modern treatment room crammed with the latest therapeutic equipment. Muzak delights the ear. A TV set in each room delights the eye. And, each meal delights the palate."

The management describes it as "a place for those who prefer exclusive accommodations in a resort hotel atmosphere," and added that they were "trying to run the finest facility in the country."

"As we see it," they said, "this is the intent of Medi-care."

Well, if that's the intention of Medi-care---then it's out of whack with the intentions of the taxpayers. Just like a lot of other intentions are out of whack.

A recent survey by the U. S. Office of Education asked 7,500 faculty members and administrators on 68 college campuses to name what they thought should be the objectives of the university.

And the answer came back: The number one objective according to them was "to protect academic freedom for the faculty."

Whatever happened to the idea of teaching the students? That was our intention. Could this be a part of the reason for campus unrest? We send our children to the campus for an education. They go for an education. But, when students feel that they are second best--that after the teachers they come first--they have a right to be upset. And so do we.

We expect the student to come first. We expect a full day's work for a full day's pay in the office and in the factory. We have a right to expect it on the campus.

In the freshman year of college, the faculty's teaching load tends to be one-half--or less--of what it is in the senior year of high school. The Carnegie Commission on Higher Education puts the increase in the costs of higher education, since World War II, at about twice the national rise in wages and almost three times the increase in inflation. We have a right to know if those rising costs are truly justified.

Our administration is fully committed to education as a top priority item. We have put the taxpayers' dollars where our faith is.

Today, under this administration, we are spending more per capita, more per student and more--period--on higher education than ever before in the state's history. And yet a constant barrage of criticism from some in the academic community would have our citizens believe that we are instead reducing the budget for higher education because they can't have all they ask for.

Just last week the State Poll, a well-known polling organization, released the findings of a recent public opinion survey. One of the questions in that survey was this: "Do you approve or disapprove of Governor Reagan's cutting the budgets of the university and state colleges?" Given the question--which we must assume the respondents accepted as being based on fact--the majority disapproved of my cutting the budgets. Well, if I had been in their position, I would probably have given the same reply.

But, what if the question had been based on the facts of the record? The facts are these:

The total general fund budget for the state universities and colleges has gone from \$414 million three years ago to \$639.6 million this year.

The per capita expenditure for higher education in California has gone from \$21.90 three years ago to \$32 per capita today.



To those who charge we are not concerned with higher education or cognizant of its importance to our society, compare higher education's 54 percent increase in budget over these three years with the increase for all other agencies of state government---18 percent.

Education is of top priority. But it is not a sacred cow. Its costs must be scrutinized along with all other costs of government.

We have taken a new approach to preparing the budget this year. The old idea of adding 15 percent to last year's budget, figuring the Department of Finance will cut out 10 percent, will no longer work.

Perhaps you'll be interested in our new approach.

We have allocated specific sums to each agency and department of state government--about 80 percent of what they received this year. Each department must submit its own program budget, within the sum we have allocated. They must list the absolutely essential services they can provide for that amount. Then each department will submit in a supplemental list the balance of services in the order of their priority.

This was presented as simply a management tool to enable departmental directors and others--including college administrators--to determine what are their highest priority programs and to allocate available resources to those programs. We know that government is not a business--but we are convinced that government can be run on a more business-like basis.

Taxes continue to rise and inflation gallops and the population explodes and we worry about unemployment, without getting at the root of the problem.

There are those who would scare us with tales of widespread unemployment if we continue to automate our industrial machine. Today, 7 percent of all American workers already produce all of the nation's food and manufactured goods and unemployment is at the lowest point in years.

In the next 6 years we will need 1 million more computer programmers just to keep pace with requirements.

One of America's great resources is the skill of the private sector in managing our great resources. Servan Schreiber counts this as the major reason America is so far ahead of the pack in economic progress.

What will bring about unemployment will be if the government-- at both the federal and state level--continues to force individuals and companies to dig into their reserves to pay and pay and pay-- whether it is taxes or inflation. Once the risk capital is siphoned off to governmental projects, there will be no funds for industrial expansion or jobs or job opportunities.

Perhaps the federal government should recognize that fact and question whether it is trying to do too many things that are not its proper province...things the private sector could do better, more economically and more effectively.

One of the first things we did when we took office was to convince some of the business leaders of this state that they could help us cut the cost of government. They formed a task force of experts on cost control and efficiency and spent six months looking into almost every operation of the executive branch of state government. They did it at their own expense without cost to the taxpayer. Other states have since heard what we did and have come to find out how they could do the same things in their operations. Now, they're following suit.

Some 250 of California's top business, industrial and professional people came up with 1,560 recommendations. So far, we have implemented 837 of them.

We have managed to cut the amount of office space government occupies by 22 percent--just by applying the same average number of square feet of floor space per employee that business uses.

We modernized the state's filing system and saved \$275,000. We consolidated most of the state government switchboards and saved another \$121 thousand.

We adopted a one-way toll collection system on our state bridges-- and saved \$227 thousand a year just at two bridges alone. Now we are expanding the idea to other bridges and expect to save another \$300 thousand a year.

The other day I spoke to a group of businessmen and as I was going in, I heard one of them say, "Boy, I hope he doesn't tell us about saving money on typewriter ribbons again".

Well, darnit, we have saved money on typewriter ribbons, and paper clips. And carbon papers, too.

History indicates that no government has ever voluntarily reduced itself in size. But then very few governments have ever been so subject to control by the people. Since the beginning of such social reforms as the farm subsidy program, the U.S. Department of Agriculture has gone from one employee for every 72 farms to one for every 28 and with no record of success to match that growth. Last year meat and citrus with no subsidy or production controls represented two-thirds of our dollar value in crops and reached a 5 year high. Corn, wheat and cotton had a \$3 billion subsidy and reached a 5 year low. A government agency is the nearest thing to eternal life we'll ever see on earth. Only the people can reverse this amoeba-like growth in government, but it can be reversed.

When we came here in 1967, there were 102,465 full-time civil service employees-- had the normal rate of growth continued, there would be 15,000 more today. There are in fact only 657 more than when we started.

Recently the U.S. Comptroller General reported to congress that the federal government is paying from 36 to 42 percent more for many items than we do up in Sacramento. Connectors, for example, cost Uncle Sam \$31.60 each; we pay \$10.40 each for the identical item. California pays \$200 less than the fees for electric typewriters; \$250 less for automobiles; \$12 less for tires, \$80 less for mobile radios and we owe it all to another one of those recommendations made by our businessmen's task forces. The federal government negotiates its contracts, we call for competitive bids.

After two and one-half years, I am convinced that government can-- and must--be run on a more business-like basis.

The taxpayer must start getting a bigger return on the dollar he sends to Washington-- and Sacramento. So that eventually, taxes can be cut and he can send fewer dollars to government and spend more for himself and his family. The great dissenter Oliver Wendell Holmes said: "Keep government poor and remain free."

It can be done.

I mention these accomplishments not just because we're proud of them but, to make a point.

If we really want to cut the cost of government, if we really want to reduce taxes, it can be done.

We can't sit back and blame everything on Washington--or expect Washington to make all the cuts.

Economy in government has to take place at every level. At the same time that we cooperate with the President in his economies, we have to make our own at home.

This is not a struggle between two political parties. It's not just a case of one party wanting to spend it all while the other tries to save it all. There are penny pinchers in both parties--and there are those in both parties who want to spend the people's money like it was going out of style. And, if they have their way, it will go out of style; I sometimes think if they take any more out of our take-home pay we won't have to take it too.

We are engaged in a battle of philosophies. And it's a battle for survival. Either the problems confronting us will be solved by those who believe in individual freedom--including the right of each person to spend as much of his own, private wealth as possible, Or by those who seem to feel the government should have claim to more and more of the individual's earnings. Our problems will be solved by those who believe in individual free enterprise. Or, it will be solved by those who have no hesitation at all to use the full coercive power of government--and the power of taxation--to enforce their idea of how we all must live. We have seen that philosophy at work for almost 30 years. And we see its results. Our young people see it and they don't like it. I have seen it at first hand during these past two and one-half years. I wrestle with its enervating residue everyday.

In these last two years in California, our population has increased by 600,000--but, counting medical grants, we have added 400,000 to the number of individuals on welfare or receiving such cash grants of some kind from government.



Last year our private, free enterprise economy added 207,000 new jobs here in California. During the same period, we added 108,000 to the welfare roles.

There are those who are still looking down the pass wondering when the revolution will come, But, as Garet Garrett once wrote, the revolution was. What is needed now is an anti-revolution--a reformation of the reformers. What is needed now is a move to reclaim the American dream. To recapture and pass on to our young people the opportunity to grow and build, to be free to fly as high and as free as their talents and their drive will take them--free from the heavy-hand of government interference and control.

It can be done. But not without you. The biggest enemy is complacency. We see things happen everyday that gripe us. We complain about them for a moment or an hour. And then we settle back. Sometimes we make an attempt toward change and we run into the brick wall of bureaucracy and again we settle back. Most of all, however, is our desire for economy in everything but our district--our particular interest. The bureaucrats in that permanent structure of government know that and so when their particular empire is threatened, they start beating the public relation war drums and muster what amounts to a special interest pressure group of well meaning citizens. A mayor, a governor, a President, can stand against this only if he has the support of people who will submerge their other interests long enough to say: "Our first priority is economy and efficiency in government."

There is a light on the horizon. I know that government can be made more efficient, more economical; that government can be brought closer to the people--back to the hands of the people where it belongs. We have made a better start in that direction in this state than most people realize. Others in other states are doing the same. And those who believe in big government--as contrasted with big people --are desperate to bring this reformation to a halt; in Sacramento, in other state capitols, and in Washington. That must not happen. Not because of the fortunes of any political party, but for the fortunes of all Americans.

Under the false title of liberalism, we have seen social engineers with calculation and the violence of centralized power confine, control and direct the free rhythms of human life. They deny the validity of absolute moral values and reject the spiritual bases upon which that unique being--the individual person--is founded and with that rejection, they destroy the philosophical foundation of our free society.

Government begins where you live--not in some distant capitol. It is too important in your life to leave it to politicians.

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( NOTE: Since Governor Reagan speaks from notes, there may be changes in, or additions to, the above quotes. However, the governor will stand by the above quotes. )

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OFFICE OF THE GOVERNOR  
Sacramento, Calif. 95814  
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445-4571  
10-14-69

RE: CASE: WEDNESDAY A.M.'s  
October 15, 1969

REMARKS BY GOVERNOR RONALD REAGAN  
Eisenhower College Fund Raising Dinner  
Washington, D. C., October 14, 1969

The memory of a man we hold in high esteem and for whom we have a great personal warmth and affection has brought us all together here tonight. At the groundbreaking for Eisenhower College, Bob Hope called the school a monument...a living monument to a monumental man. He said the General believed that education was something more than one of freedom's blessings---education was freedom...freedom of the mind to search for, and find, a better way of life for all mankind.

And, the General's great and good friend, Winston Churchill, said: "The destiny of man is not measured by material computation. When great forces are on the move in the world, we learn we are spirits, not animals. There is something going on in time and space--and beyond time and space--which, whether we like it or not, spells beauty." How appropriate these words are to this man we could refer to as President or General, but who is enshrined in all of our hearts, and so many millions more, as just "Ike."

His lifetime was devoted to duty. In expressing his pride in this college he said we must, all of us, have a sharper understanding of how we are to exercise the rights of citizenship, and to discharge its duties. He was trained in the science of war. But, he called it "man's greatest stupidity." And his dream for all mankind was a world at peace.



Still, he knew that his craft and his profession were absolutely necessary in this world. For there is a price on peace, and sometimes that price is more than free men can pay.

There is also one with us here tonight [the president] who knows the weight of duty. He too knows that the price for an immediate peace could well be a thousand years of darkness for generations yet unborn.

There are parades held today in our streets in the name of peace. But, some who march in those parades carry the flag of a nation that has killed almost 40,000 of our young men. We have a right to suspect that at least some who organized those parades are less concerned with peace than they are with the welfare of the enemy.

Many of our universities who should be committed to learning and free inquiry will close down classes in what is called a "Vietnam Moratorium Day", and it is correctly named because there will be a moratorium on free discussion. There will be no legitimate debate of the alternatives facing this nation.

The decision has already been reached by the National Vietnam Day Committee. Those responsible for the safety and the security of this nation and it's people...those who have access to the facts and the information...will simply be told what their course shall be by the self-annointed.

And young Americans, living today, will die on some tomorrow because the enemy planned his strategy so as to add fuel to the demonstrations in American streets where he hopes to win that which he cannot win in the rice paddies and the jungles of Vietnam.

If I sound too harsh, it's because I know no other way to talk about those who would lend comfort and aid to the enemy. Those who protest would have the game without the name.

But today, no less than the Premier in Hanoi, Than Van Dong, made it plain that he does receive comfort and aid from this planned protest. His letter has been made public by the government in Hanoi. It is addressed to his 'dear American friends' and it is full of praise and gratitude for their efforts. It expresses the hope that together, with those friends in America, they can go forward to total victory. He signs it 'affectionately yours'.

Those entrusted with the awesome responsibility of the leadership of our nation deserve not only our support, but our rejection of those in our midst who would arrogantly kibitz in a game where they haven't even seen the cards with which the game is played. They would like to attempt brain-surgery. But, they have gone only so far as to read the directions on an aspirin bottle.

I know it is something of a cliché to draw a parallel between the rise and fall of Rome and the course of our own Republic. Certainly this is true in academic circles. And yet, the parallel is there in such detail that it is frightening...almost eerie.

Dr. Robert Straus-Hauppe recently published a series of articles based on the observations of a number of historians; Spengler, DeReincourt, Ferraro, Gibbons and some others.

He told how Rome had known a pioneer beginning not unlike our own pioneer heritage, and then entered into two centuries of greatness reaching its pinnacle in the second of those centuries, going into the decline and collapse in the third. Yet, the signs of decay were becoming apparent in the latter years of that second century.

It is written that there were vast increases in the number of the idle rich, and the idle poor. The latter were put on a permanent dole, a welfare system not unlike our own. As this system became permanent, the recipients of public largesse increased in number. They organized into a political bloc with sizeable power. They were not hesitant about making their demands known. Nor was the government hesitant about agreeing to their demands...and with ever increasing frequency. Would-be emperors catered to them. The great, solid middle class--Rome's strength then as ours is today--was taxed more and more to support a bureaucracy that kept growing larger, and ever more powerful. Surtaxes were imposed upon incomes to meet emergencies. The government engaged in deficit spending. The Denarius, a silver coin similar to our half dollar began to lose its silvery hue. It took on a copper color as the government reduced the silver content.

Even then, Gresham's law was at work, because the real silver coin soon disappeared. It went into hiding.

Military service was an obligation highly honored by the Romans. Indeed, a foreigner could win Roman citizenship simply by volunteering for service in the legions of Rome. But, with increasing affluence and opulence, the young men of Rome began avoiding this service, finding excuses to remain in the soft and sordid life of the city.

They took to using cosmetics and wearing feminine-like hairdos and garments, until it became difficult, the historians tell us, to tell the sexes apart.

Among the teachers and scholars was a group called the Cynics whose number let their hair and beards grow, and who wore slovenly clothes, and professed indifference to worldly goods as they heaped scorn on what they called "middle class values."

I'm still talking about Rome.

The morals declined. It became unsafe to walk in the countryside or the city streets. Rioting was commonplace and sometimes whole sections of towns and cities were burned.

And, all the time, the twin diseases of confiscatory taxation and creeping inflation were waiting to deliver the death blow.

Then finally, all these forces overcame the energy and ambition of the middle class.

Rome fell.

We are now approaching the end of our second century. It's been pointed out that the days of a democracy are numbered once the belly takes command of the head. When the less affluent feel an urge to break a commandment and begin to covet that which their more affluent neighbors possess they are tempted to use their votes to obtain instant satisfaction. Then equal opportunity at the starting line becomes an extended guarantee of at least a tie at the finish of the race.

Under the euphemism "the greatest good for the greatest number," we destroy a system which for two centuries has accomplished just that. The greatest good for the greatest number.



Demonstrations to force colleges to divorce themselves from participating in the defense of the nation take place. We've known riots in our streets. We no longer walk the countryside or the city streets without fear.

The jungle seems to be closing in on this little plot we have been trying to civilize for 5,000 years and all of us, I know, are disturbed at the virus that has infected the campus.

No doubt we could all top each other with frightening and unbelievable stories. One day on one of our campuses I listened to a tape recording of a so-called student meeting where they were planning a campus disruption. Explicit directions were given on how to start fires in college buildings. Subsequently, there were 50 fires started in those buildings in one day.

Continuing to listen, they outlined where the pickets would go and how they would parade and what they would do and how they would take over the college. We actually heard a voice say: "If, in the process, it becomes necessary to kill, you will kill."

We were gripped with an overwhelming sense of unreality. Unreality that it is happening at all. But, even more frightening is how close we have come to accepting it as a normal way of life.

Dr. Spock's babies have grown up, which is probably more than we can say for the doctor. I confess I liked him better when his concerns were pabulum and potty training.

In my state, two young people lie with mangled hands and sightless eyes. One 20-year-old girl was picking up the mail delivery in a college administration office when the bomb exploded. The other was a 19-year-old boy.

In the dark early morning hours, he was planting a bomb in a campus building when it exploded prematurely. The bomb was a symbol of his rage and his hatred. We wonder, when and how did this all begin?

It began the first time someone old enough to know better declared it is no crime to break a law in the name of social protest.

It started with those who proclaimed, in the name of academic freedom, that the campus was a sanctuary, immune to the laws and rules that govern the rest of us.

It began with those who, in the name of change and progress, decided we could scrap all the time tested wisdom man has accumulated in his climb from the swamp to the stars.

Simply call its constricting tradition and morality the dead hand of the past, and wipe out the discipline as no longer binding upon us.

Saint Thomas Aquinas warns teachers that they must never dig a ditch in front of a student that they fail to fill in.

To cleverly raise doubts, and ever seek, but never to find, is to discuss freely all sides of a question without values and, thus, to insure the creation of a generation of uninformed and talkative minds.

Our obligation is to help our young people find truth and purpose...to find identity and a goal.

I have talked to those already in rebellion, already with a torch and the club in their hands. Admittedly, they are a tiny few. A very few in number on all of our campuses.

But, there is a ferment on our campuses involving the great majority. They have complaints, and their complaints are legitimate. They want to invest their energy and their idealism in causes they can believe in. They refuse to become numbers in a computer. They want more than a four-year ride on an assembly line in some kind of a diploma mill. They want a re-ordering of the priorities.

The United States Department of Education, in taking a survey on 68 campuses, and questioning 7,500 professors, found this answer to the question: "What is the obligation of a University?" The professors said: "To protect the academic freedom of the faculty."

What has happened to teaching? It is time for all of us, especially those in charge of the institutions of learning, to revise and review the bidding.

Shouldn't the doctrine 'publish or perish', and even research, follow in the order of importance the need to teach our young people?

It is possible that even among the most radical protestors, there are those who have in reality been crying out for help. And, it is all the more poignant because the cries have gone unheard and unheeded.

One day I participated in a lecture series in a large mid-western university. It was opened to the public. There were about 4,000 adults on the main floor of the auditorium of the field house. There were more than 10,000 students all the way to the ceiling in the tiers of seats around the great oval. During a question and answer period one question came to me and I don't remember exactly what it was about. But, the questioner expressed concern that our young people were rebelling against the moral standards and the principles we have tried to teach them all of their lives.

In my answer I expressed a belief that they weren't so much rebelling against the standards and the principles. They were rebelling because they don't believe that we are living up to those standards and principles.

There was a second of silence, and then 10,000 young people came to their feet with a roar I shall never forget.

Have they lost faith in the rules, or have they lost faith in us?

Do they doubt our willingness to practice what we preach?

Has there been a quiet drifting away...an erosion of our moral commitments?

Where were we when God was expelled from the classroom?

How often do they see us dismiss wrong-doing in public life with this sort of easy tolerance--"well that's just politics"?

The halls of government are the very temples of freedom and we should so consider them. What about us when the youngster comes home from the football field and tells us, with great pride, how he learned to get away with holding--without being caught--on a block. How many times have they been in a car with us and seen us look over our shoulder, then fudge on a stop-light because there wasn't any policeman in sight?

As the country parson once said, "The fellow who left the gate open is only slightly more guilty than the one who saw it open and didn't close it."

Is it possible that much of what frightens and disturbs us actually started with us?



With such a gradual and silent erosion of our own moral code, no government at any level and for any price can afford the police necessary to insure our freedom unless the overwhelming majority of us are guided by an inner personal code of morality--a code that makes us act when we are alone, the same as we do when the eyes of the crowd are upon us.

Some years ago, when Bud Wilkinson had those great national championship teams out in Oklahoma, toward the close of the season he took one of those great teams to play a very mediocre Texas-Christian team. That day, TCU rose to the heights as some times a beaten team will. In the closing seconds a receiver dived into the end zone to make a shoestring catch of what would have been the winning touchdown against the national champions. There was a huge upset in view. The crowd was going wild. But down in the end zone the kid stood up...walked over to the referee, and said: "No sir, it touched the ground before I caught it."

Now, what was your reaction? Was your first reaction...Now wait a minute---that's going too far? The referee didn't see it! He should have kept his mouth shut! Or, should he?

Someday, he may represent you in a statehouse, or in Congress or in the White House, And what then? Do you want him to keep his mouth shut if no one is looking? Do you want him to base his decisions on political expediency? Or, do you want him to base those decisions on the same kind of inner moral conviction that made him tell the truth to the referee without being asked?

And, who will teach them--by word and deed--that kind of morality if it isn't us?

On the deck of the tiny Arabella off the coast of Massachusetts, in 1630, John Winthrop gathered a little band of pilgrims together. He told them of the life they would have in this land that they had not yet seen. He said: "We shall be as a city upon a hill. The eyes of all people are upon us so that if we shall deal falsely with our God in this work we have undertaken and so cause Him to withdraw His present help from us, we shall be made a story and a byword through all the world." For you who have considered, "What can I do?" in this time of crisis in our world, I would suggest supporting Eisenhower College, and making it as a city upon a hill.

Without such schools, this shining dream of John Winthrop may well become a taste of ashes in our mouths.

These schools--like Eisenhower College--are educational whetstones, serving to hone the educational process, helping to improve the public tax-supported system, keeping it competitive in the drive for excellence. By their very competition, they help preserve the freedom of public institutions from political interference and guarantee a measure of academic freedom the public institutions could never attain by themselves.

General Eisenhower commended those who gave of their time and substance to bring this college into being, and to keep it alive. He knew that institutions such as Eisenhower College are essential to America. They provide leadership out of all proportion to their size.

America will be needing them more and more in the days ahead. Ladies and gentlemen of the world of commerce and industry and the professions, you can make no greater investment in freedom than by your contributions to independent schools and colleges, such as Eisenhower College.

I dare to hope that one day the federal government will grant tax-credits--not deductions, but tax credits--for a portion of the tuition fees made by parents sending their sons and daughters to such colleges. I even dare to hope that they will explore the possibility of extending federal aid, not through more bureacracy, but by creating tax credits for contributions to such schools and colleges, if we are to win the battle that is being fought today in the minds and hearts of our young people.

I pray that you will keep alive this dream of a man named Ike who left us these words: "We believe individual liberty, rooted in human dignity, is man's greatest treasure; that men, given free expression, will prefer freedom and self-dependence to dictatorship and collectivism."

And then he reminded us that freedom from fear, injustice and oppression will be ours only in the measure that men who value such freedom are ready to sustain its possession and defend it against every threat from within or without.

The college bearing his name is pledged to the preservation of his ideals, and the country he loved so much. I think we can do nothing less than to see that it becomes as a city upon a hill.

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PLEASE GUARD AGAINST PREMATURE  
RELEASE.

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
Republican Fund-raising Speech  
Knoxville, Tennessee  
October 20, 1969

Inflation wears a beguiling glow. The American economy is pushing annual G.N.P. to a trillion dollars a year. The labor force stands at nearly 80 million. Unemployment is at 4 percent. Wages in industry are rising at a rate of 6 percent every year, and personal income is setting a new high each passing day.

For some, the fortunate ones who have captured the big increases in profits and wages, inflation has the look of a windfall, the promise of a never-ending boom. In the parlance of those who turn on, it is a mind-expanding trip. The beneficiaries are mainlining with money; hooked on inflation.

But, as with drugs, there is the other side to the habit---the ugly, dark side most of us would rather be spared. There are upwards of 25 million men and women past 60, mostly retired on fixed pensions, who through no fault of their own have missed the trip. With the value of their savings deteriorating, they face old age without the dignity for which so many labored a lifetime.

There are the untrained and unskilled whose take-home pay has gone up slowly and erratically while the prices they pay for groceries, rent, and clothing have been soaring at a rate of 6 percent annually.

There are the millions of young families, barely launched, who are discovering that the high expectations of their generation are only that. A high produced by political pot. The expectations of their generation have been wiped out while they slept. Pay raises and bonuses have been swallowed up by the remorseless rise in prices, taxes, and the cost of services.

We trip out by massive injections of economic speed. The government prints money. That money starts to chase too few goods. Labor comes into high demand. Costs push up prices to where the market is no longer able to absorb them. When we finally stop mainlining---as eventually we must---profits fall, output drops, unemployment increases, and the trip is over.

It is now morning, and the withdrawal symptoms are painful and we learn the man with the golden arm is only a guy with sticky fingers.

Economists can describe inflation in erudite, hard to understand terms but in simple language, inflation is a thief's hand in our pocket, water in the stew, and a despoiler of the American dream and for all families, the story is the same.

If your income went up 50 percent over the last ten years, you are no better off than when you started. Taxes went up 73 percent, inflation got the rest.

And who spiked the stream of life with these economic hallucinogens? Government. For more than three decades, we have been "under the influence" of theories, and grandiloquent plans which we were told would generate an unearned Utopia. (The word is Latin for nowhere). Now we are face to face with the oldest most irrefutable law of economies--- "there ain't no such thing as free lunch."

President Nixon has promised to end inflation. He should have our support. In my opinion, he is taking some very necessary actions on the monetary and fiscal fronts with prudence, and courage.

Some people find it easy to believe that if the president would only shut down the war in Vietnam inflation would evaporate. There would then be freed an immense "peace dividend" for social programs of all kinds. True, war costs, as in every war past, have certainly contributed to raising the pressure in the inflation boilers. But the budget deficit of \$25 billion in the 1968 Johnson budget was a product not only of the war costs but of social welfare programs for which the Democrats were loath to tax in an election year.

Federal costs for social welfare programs---not including state and local costs---have more than doubled since 1960. Today, one out of every three tax dollars goes for welfare. In that same period, since 1960, the military budget has dropped 8 percent.

The truth is, Vietnam was only an extra whiff of kerosene splashed on a barbecue pit whose coals were already ablaze.

Spokesmen for our Republican party have been warning for a decade that our government's policy of deliberate, planned inflation---which they claimed was necessary to maintain prosperity---would one day bring the walls crashing down. May I quote one of my own statements from a TV speech in the 1964 Goldwater campaign "The dollar of 1939 has now in 1964 a purchasing power of 45 cents." In 1966 in my own campaign, I said that, "inflation like radioactivity is cumulative." By that time the dollar was down to about 39 cents and it has lost more than a dime since.

There was a time when Republican leaders warned of someday having a 50-cent dollar and our opponents called them scare mongers. We'd be twice as well off as we are if we could get back to a 50-cent dollar.

Republican Fundraising Speech, Knoxville, Tenn.

In California, over the past decade, infla on alone has cost our state more than all the monies spent to build or renovate our schools, or more than all the monies spent for our highways, or more than all the monies spent for capital outlay for hospitals and hospital facilities.

If Americans who are the current beneficiaries of high wage increases think the economy can safely enter the 1970s. at the current rate of inflation, they are in for a rude shock. Real G.N.P. grew only 2.4 percent in 1967. The rate needs to be at least doubled if we are to "get this country moving again."

If coming to terms with inflation was merely a private matter, it wouldn't matter much. The danger is that this trouble comes when we are a divided people. We appear to be uncertain of our course, too weak and infirm of purpose to win a war or give it up. It comes when the productivity of American labor is lagging and that of other developed countries is fast catching up, and when world confidence in the dollar is again coming into question.

It is inflation in combination with these other blemishes that makes the American greatness suspect. So far as the watching world is concerned it is a question of whether the Americans can or will take hold of themselves.

Case in point, unemployment has gone from 3.5 percent to 4 percent. Hubert Humphrey rushes to the AFL-CIO convention with a rehash of last year's campaign speech in hand. President Nixon, he charges, has revealed the baseness of his character and his lack of compassion for the common man. Will he fight inflation at the price of unemployment?

Now, no one cheers about unemployment but I don't recall Mr. Humphrey and his liberal associates getting so exercised during the Kennedy years when unemployment stood at 6.7 percent. Does Mr. Humphrey know some way to halt the inflationary fire he and his playmates started and stoked for all those 8 years?

He knows very well it can't be halted without some dislocation, some hardship to all of us---some of the hard choices he and his party leaders didn't have the courage to make.

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(NOTE: Since Governor Reagan speaks from notes, there may be changes in, or additions to, the above quotes. However, the governor will stand by the above quotes.)

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EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
American Chamber of Commerce Executives  
Detroit, Michigan  
October 21, 1969

While we are here in this room more than 840 serious and violent crimes will be committed in our land; five women will be raped, three persons will be murdered, 52 individuals will be the victims of burglary or larceny. The increase in crime is outstripping our population growth, 11 to one. And, the FBI warns that one out of every 50 of us will be a victim of crime this year.

These figures, frightening in themselves, become stark tragedy when we learn that half of all crimes are committed by persons under 18---and about one-quarter are committed by youngsters under 15. And, according to police officials, something like half of these crimes by young people are committed to finance drug addiction. It is reported that heroin addicts steal more than \$1 billion worth of goods each year---to pay for their habit. And for every young person apprehended, there are at least ten who do not get caught.

Drug abuse has reached epidemic proportions and its side effects have an impact in every area of our society---from the street corner to the campus, from the office to the home. Many of our youngsters are, literally, growing up in a drug-oriented culture which knows no social boundaries. It sweeps through the suburbs as well as the slums. It dances through our land to the beat of rock music which extols the wonder of "Acapulco Gold", or the beauties of riding a painted pony. It hangs heavy in the air over Woodstock, New York and Lake Amador in California, and in a hundred thousand pads in the cities of our nation.

We, in California, are especially concerned about the flow of narcotics across our borders and through our seaports and airports. It is estimated that 80 percent of marijuana, dangerous drugs and hard narcotics come into our state across the Mexican border---most by car, some by plane and fast boats which sneak along the shore. We supported fully and worked closely with the federal authorities on Operation Intercept. Our purpose was, not simply to stop the flow of these drugs but to make it crystal clear to all concerned that we have had it. We will not look the other way as this junk floods into our state and our nation.

If we can stop cs and search for fruit flies and fungus, surely we can search for marijuana and other drugs; the lives and future of our young people are vastly more important than citrus trees and other crops.

Last year we enacted legislation which makes it illegal for youngsters under 18 to cross the border into Mexico without their parents' written consent. And now, under the direction of our Lt. Governor, Ed Reinecke, we are working through the bi-national Commission of the Californias to tackle the problem on both sides of the border---in cooperation with Mexican officials in Baja California who must be just as concerned as we are about this problem.

Many of the criminals who are directing the flow of these drugs out of Mexico have been identified as fugitives from California---criminals who have escaped justice and fled across the border.

These individuals direct and control the cultivation, packaging and distribution of a great deal of marijuana and heroin which ultimately finds its way into the United States.

We do not have an extradition treaty with Mexico for narcotics offenses. I believe we should.

In addition to marijuana and heroin, literally hundred of thousands of "pills" pour into California every day...amphetamines, desoxyphedrine, barbituates. They come by land, by air and water, on or in the bodies of the pushers and peddlers. The greatest volume of these pills are manufactured in this country and shipped to so-called drug stores in Mexico. Many of these shipments never get there. Some do, but are smuggled back to the United States, often on the same day they arrived in Mexico.

Recently undercover agents in San Diego completed a large "buy" of pills at a San Diego warehouse. The pills were sold to them right out of the containers marked for shipment to Mexico.

The federal government should require all dangerous drugs---including these pills---to be shipped in bond; from the bonded manufacturer to bonded warehouses and to bonded pharmacists---to follow the bottle from the producer to the user---similar to what is now required with liquor.

There is a range of options available, it seems to me. They extend from complete government control to complete Laissez Faire. The former is not necessary and the latter is not acceptable. The problem will not be solved in a wave of hysteria. Legitimate drug manufacturers are concerned and want to cooperate. And unless we are going to go on losing a generation, we must have their help. Time has run out. The jungle is closing in on this clearing we call civilization.

American Chamber of Commerce Executives, Detroit, Mich.

It will be difficult to stop the flow of narcotics and dangerous drugs across our borders and through our ports. It will be even more difficult to stem the tide on other type drugs...the synthetics, those that can be easily and inexpensively compounded in home laboratories. Decades ago it was "bath tub gin"; today, it is "bath tub drugs"...speed, LSD, DMT, DET, STEP, 68---the list grows as the backroom "chemist" discovers new miseries.

Recently in California, we arrested a young chemist who had made a million dollars manufacturing bath tub drugs. He admitted to making more than 10 million doses of LSD in his San Francisco home.

The basic ingredients of these synthetics are, in themselves, harmless and legal...until they are mixed together to make the drug of the day. One operation in Berkeley, uncovered in a raid, was shipping large quantities of the basic ingredients for these synthetics to "first name" accounts throughout the state. Their final destination? Well, in one case, it was a five year old girl who accidentally got hold of a sugar cube soaked in LSD. Nine months later she was still hallucinating. There is another, a 15 year old girl strapped in a restraining jacket, who manages to twist her head sideways to chew her way through the leather straps. She gets to a bare area on her arm and starts biting and chewing and spitting out pieces of her own flesh. She is on a "trip", courtesy of LSD.

Then, of course, we have the controversy over marijuana---a congressman says no one has proved it harmful. Well, for centuries, marijuana was widely used in India; chronic addiction was common; damaged health was reported for 42 percent of the users. India outlawed marijuana in 1959.

In Egypt, habitual use of marijuana reached an estimated 30 percent of the population and the Egyptian government reported that "it is a thoroughly vicious and dangerous thing of no value."

The tiny nation of Nigeria is way ahead of us in drug control. For years it had a record of prolonged use of marijuana by a large number of people. The Nigerian officials knew this was having extremely adverse effects on the growth and development of the nation and its people. As a result, possession and use of narcotics is not only illegal but a matter of long prison terms. And, pushing drugs, in some cases, gets the death penalty.

"Maybe", say Nigerian officials, "America has enough wealth and resources so that it doesn't have to worry about losing a few hundred thousand people. We can't."

In country after country, after years of bitter experience, marijuana has been outlawed. But here in the United States, as we see the wave of marijuana building, there are those who call for its legalization. Some of them are responsible individuals.

An assistant secretary of federal Health, Education and Welfare says marijuana should be classified with such things as coffee, cigarettes and alcohol. A former head of the federal Food and Drug administration states that he doubts marijuana is any more dangerous than alcohol. I am well aware that we can lose this ball game by lumping marijuana with the hard stuff like heroin but let us not be so naive as to class it with gumdrops and jellybeans.

Narcotics officers, who wrestle with the effects of marijuana on a day-to-day and night-to-night basis tell us that out of every six kids who try marijuana, at least one will go on to heroin. Not because the one leads to the other automatically but because under the influence of one it is easier to be talked into the other and in the drug culture, there are willing missionaries on hand to do the talking.

We say that freedom of speech does not give someone the right to stand up in a crowded theater and yell "fire." But, we stand mute before the articulate pronouncements of spokesmen who rationalize the use of drugs with all the aura of pseudo-intellectualism and religious fervor.

Twenty years ago anyone who had something good to say about drug abuse did not make the news. Today, it is front page stuff and the physician, or the narcotics officer, who tries to sound a warning is lucky to get a one-column, two-inch item back with the want ads.

The California Teachers Association points to the dramatic increase in juvenile arrests for marijuana violations after articles appeared in national magazines extolling legalization of marijuana.

May I ask you to review your own thinking? If marijuana is legalized do you see it as just a case of the people who are getting it now getting it then without breaking the law? Think again. Once it is legal there is a market to be expanded--billboards, tv, radio and press advertising will extoll the joys of pot---tune in and turn on.



According to one national magazine in the expectation it will become legal there are already on file 14 applications for trade-names such as Flair, Acapulco Gold, Laredo, Luv and Deities and the competition won't be based on taste or kindness to your throat but to the effect. Put your money on a counter or in a vending machine and out will come a pack---fancy wrapped and cleverly named.

Perhaps it is not too far out to expect such slogans as "Take a better trip on ours" or "Fly higher with brand X" and if truth in advertising prevails, even "Trip now, pay later." And what will they print on the side of the pack: "Caution, marijuana smoking may lead to heroin?" And will the federal government subsidize marijuana as it now subsidizes tobacco?

Dr. Edward Bloomquist, a nationally recognized authority on marijuana and what it does to the body and brain, states that there is every reason to believe that marijuana has the potential to produce an equal, if not greater number of socially disturbed people than the nation's six million victims of alcoholism.

Law enforcement officers say that persons under the influence of drugs lose their ability to judge distance and speed. During the last several years, our highway patrol has apprehended more and more drivers under the influence of drugs.

But let me repeat a warning I have already hinted at. You can lose credibility and your chance to communicate effectively if you try to scare young people with way out stories on the effects of the drug---marijuana. First of all, too many of them know someone who has tried it, if they have not tried it themselves, and they are prone to take these few experimenters as evidence that nothing too awful happened. Even more important, they can quote a certain body of professionals who claim there is no established proof yet of the bad effects. In my opinion they are wrong. They may be well intentioned but they are very much like the ones a few years ago who refused to recognize the tobacco cancer link because it had not been absolutely proven in a test tube.

But exaggerations are not necessary. Enough truth is available about marijuana to be convincing to anyone who will listen. Avail yourself of those facts. But keep in mind the problem is not one of choosing between drugs---the problem is the drug culture itself.

It is just as simple as this: How much is the life of our future generation worth? I hold the belief it is worth an all-out war against narcotics and the narcotics peddler. To the argument about whether laws should be stiffer, I subscribe to the idea of all the traffic will allow as far as the peddler--the pusher--is concerned. As for the user, I'll avoid the argument about making them stiffer but I am opposed to making them more lenient. The important thing though is to enforce them, to make punishment swift and certain. In one county in my state during a recent year, 78 percent of all juvenile narcotics arrests resulted in release and dismissals. That is a sure road to tragedy.

To the question "what can I do?", may I pass along some of our experiences in California. Particularly because they come within the scope of citizen and government joint effort.

In addition to those activities conducted by the various departments of our state government, we are determined to use the resources--the brainpower and the manpower--of the private and independent sectors.

In August of last year, we began a program with the California PTA, the California Medical Association and the California Peace Officers Association. Through that program, we have established drug abuse information committees in many high schools and junior high schools throughout California.

In October of last year, again with the medical association, we formed the interagency council on drug abuse to bring together representatives of public and private agencies to develop coordinated efforts in this fight.

Just three months ago we embarked upon what we consider an outstanding example of a cooperative commitment by state government and the private sector...a mass media public education program. Some 55 business firms, associations and foundations have joined us in this campaign which includes a sustained, statewide advertising campaign.

Using for the first time an actual advertising campaign planned by a commercial advertising firm, the broadcast and print media have given us tremendous assistance in getting accurate and medically-sound information on drugs to parents and their children.

Our first objective is to fill the information vacuum about the effects of dangerous drugs, and to counter misinformation which has been pandered by those self-annointed high priests of narcotics.

Laws are important, but laws alone cannot do the job. It must be a multi-pronged attack--laws, law enforcement and public information. The magnitude of the problem--the stakes involved--are too high to permit anything but a total, intelligent, persistent campaign. If there is a similar campaign underway in your state and you are not now involved in it--I urge you to get involved. If such programs are not now underway in your state, I urge you to get them going and we will be happy to furnish information on how it works. All of us--wherever you may live--are faced with an epidemic of a kind we have never seen before. The wave of drug addiction has touched our colleges; it is in our high schools and is now moving into our junior high schools. Youngsters not yet in their teens, start out sniffing glue and gasoline and cleaning fluid. They drink codeine cough syrup in large quantities--and toy with any of the 100 items found around the home that can produce hallucigenic results. They see us take pills to wake up and pills to sleep and you would be surprised how many kids start on "speed" by taking mama's diet pills. Some experts in the field predict that 80 percent of the young people now in our high schools and junior high schools will experiment with drugs sometime before they leave their teens.

There is a sustained tragedy, and an aftermath of agony, that rides their painted pony. In the euphoric cocoon of drugs, with its false values and distorted sense of reality, the druggie makes those crucial decisions which can box him in for the rest of his days--decisions about a job, an education, or even marriage. Sometimes it is a non-decision that dooms him to live the rest of his life in regret and quiet desperation if, in fact, he can withdraw; and if he is anything more than a vegetable when he does.

Now one more point. Common sense should make it plain that we did not spawn a generation which suddenly developed a taste for drugs. Drugs are a symptom, not a cause. What is this generation trying to tell us? You and I sneaked a forbidden cigarette and later a drink to prove we were in the adult world. Our children are turning to drugs not to imitate us but to prove they are apart from us.

We hear a lot of talk these days about the generation gap. Well, maybe the problem is really that there is no gap at all. We have tried so hard to be buddies we have forgotten to be adults. Children want their parents to act like parents, when they want a buddy they will call the kid next door. They expect rules to be set and examples given. How do they learn to become adults if adults are too busy imitating them---using their slang, wearing their styles and dancing their dances?

Is the ferment and rebellion among our young people really a cry for help? All the more poignant because it has gone unheard and unheeded? Are they telling us they want something to believe in, something to strain their muscles and their will? That they want to be held responsible for their acts and deeds, to be brought to account so they will know where the limits and boundaries are. Are they frightened of the challenge of adulthood because we have kept them from being challenged at all?

We lived through two world wars and a depression that toppled governments and changed the map of the world. Maybe we wanted to make life easier for our children. But, in so doing, we created a permissiveness in our homes, our schools and too many courts. We robbed them of the very challenge of life. No generation has ever <sup>been</sup> guaranteed a free ride because there is no such thing and we have no right to create such a false impression of life for our children, who are only a tomorrow away from taking charge "of where the world goes from here."

We are concerned because we see in them a rebellion against all the standards of morality we learned to believe in. Well, maybe they haven't stopped believing in those standards--maybe they have stopped believing in us. They want to see us practice what we preach. The world is desperate for a resurgence of morality but it will have to begin with each one of us. All the laws and law enforcement in the world won't turn the tide unless the individual citizen accepts his responsibility to re-affirm by act and deed his belief in a personal moral code as binding when he is alone and unseen as it is under the eye of the crowd. This is really the answer to the drug problem--a cause so self-fulfilling that escape is unnecessary and unwanted.

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(NOTE: Since Governor Reagan speaks from notes, there may be changes in, or additions to, the above quotes. However, the governor will stand by the above quotes.)



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Sacramento, California  
Contact: Paul Bel  
445-4571 10-21-69

October 22, 1969

PLEASE GUARD AGAINST PREMATURE  
RELEASE.

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
Republican Fund-Raising Speech  
Flint, Michigan  
October 21, 1969

Governor Milliken and I share the challenge of being governors of large industrial states. Most of our problems eventually get back to the matter of money. In this regard, Washington inevitably plays a major role. The federal government has preempted many of the sources of our income. To correct this, we are struggling to bring about some tax sharing.

Past administrations have also brought about an inflation of the currency which adds tremendous problems to the operation of a state government. But the current mischief causing us concern originated in the House of Representatives and is known as the Tax Reform Bill of 1969. It has been called the most revolutionary tax bill of our time. Tax Coordinator, a tax reporting publication, calls it "the most incredibly complicated tax law in United States history." In less formal circles it is known as the "Lawyers and Accountants Relief Act." This bill had its genesis in the surtax bill of 1968 sought by President Johnson to fight off the chickens of inflation which were coming home to roost.

The 1968 bill also required that the administration prepare a tax reform package for presentation to the 1969 Congress. The military would describe this as booby trapping the position before withdrawal. With the inauguration of President Nixon, the Democratic leadership of Congress triggered the device.

What followed was unusual in the history of Congress. The most revolutionary tax reform bill of our time roared through the Ways and Means Committee, on to the floor of the House, and past the membership with virtually no advance notice or public hearing. The flak and fallout threatens to drastically change the American economic system.

There is a lot of noble oratory about closing loopholes and the sound of the tumbrels can be heard carrying the venal rich to their just punishment. Many of what our friends call loopholes are really the incentives which made the whole cockeyed tax structure work. Provisions for depletion, deductibility of gifts and tax free institution were devices voted in by earlier congresses to promote worthwhile social objectives. Wasn't there a time when we felt that the discovery and production of raw materials was as important to our nation as the urban environment now? Are we no longer interested in supporting our schools and foundations? The booby trap has been extremely effective already.

Donations to private charities have ground to a halt since the passage of the House bill. Small colleges are threatened with extinction. Even such august institutions as the Institute for Advanced Study at Princeton have publicly stated that their operations could be severely curtailed if the present bill is passed. Is this really in the best interest of our society, or is it simply another attempt by the bureaucrats to stifle anything but government owned and operated institutions? Is a man who gives away substantial sums of his invested capital every year using a gimmick, or is he benefiting society as was intended by the current tax law?

Of more direct concern to your governor and to me is the impending federal raid on municipal bond sales. The Bank of New York has accurately described the municipal bond market as "a disaster area in the finance world." Ever since House adoption of the current tax bill, interest rates on municipal bonds have sky-rocketed and sales have virtually stopped. In California our state water plan and needed campus facilities have been delayed because we cannot sell authorized bond issues.

And who gets the bill when municipalities and states must raise tax rates to compete in the commercial money market? The forgotten American---the low and middle income families whose property taxes will be raised once more to meet these increased borrowing costs.

And why should anyone have to be taxed for inflation? A man buys a house for \$10,000. The local tax collector one day has to tell this citizen that it's now valued at \$15,000---not because it's worth more but because dollars are worth less. If he sells his house for \$15,000, the government tells him he's made a \$5000 profit even though he must pay \$15,000 for an exactly similar house. Government taxes 25 or 50 percent of what it has declared is profit and in truth he is the loser.

The real issue is a bill hatched in the back room, passed in the dark of night, and smuggled through the House. Shouldn't we start anew and ask some more basic questions?

I would like to suggest something I believe is in keeping with our Republican philosophy---a new bill of our own embodying a new basic principle, namely, a limit on government's power to tax. Surely the right to earn, keep and disburse should be as inalienable a right as the others listed in the first ten Amendments to the Constitution?



Dr. C. Northcote Parkinson, that great chronicler of the modern bureaucracy, has noted that the percentage of gross national product intercepted by the tax collector is an excellent barometer of the stability of civilizations. When all taxes, federal, state and local, absorb a significant portion of a society's gross national product, there is trouble. "At 35 percent there is a visible decline in freedom and stability," he wrote. "At 36 percent, there is disaster, complete and final, though not always immediate."

Today, 37 cents of every income dollar in the nation goes to taxes.

In this decade alone, total taxes for the average United States family are up 73 percent. The average family of four, with a wage earner who makes \$10,000 a year, has to pay \$2,600 in taxes...and he works three months just to earn the money to pay them...and he's not going to stand for it much longer.

Why not consider a limit on the power of all government to tax? And a distribution of these taxing powers between the federal, state and local levels in order to prevent the current preemption of the taxing power by the federal establishment. Those who are always rejecting what they charge are simplistic answers should be happy for the problems involved are complex. But history on the one hand, and the angry mood of the taxpayer on the other, confirm that our society will not remain stable upon attempting to increase taxes further.

Let us hope the senate will carry out its traditional deliberative role for, we have a tax bill before us, concocted in a back room by staffs of a repudiated administration. What it slipped through in the dark of night does not stand the light of day. Under the false claim that it will benefit the system it would destroy, the current bill carries the seeds of destruction of local government, of private educational and charitable foundations, and of the basic concepts of a free enterprise system which has fought the most successful war on poverty in the history of man.

The President should examine it with care, for as Governor Milliken and I are both well aware, the power of veto is one of the major responsibilities of any chief executive.

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EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
Colorado Republican State Central Committee  
Fundraising Dinner, Denver Hilton Hotel.  
October 24, 1969

For almost two centuries this nation has conducted its two-party rivalry <sup>in</sup> lusty, no-holds-barred fashion typical of our pioneer heritage. Certain ground rules have pertained, however, and have become so deeply engrained as to be virtually a national institution. Party rivalry has been a family argument, stopping short of disunity in the sight of the neighbors. Now, apparently, this time-honored tradition, like so many others, is to be sacrificed to modernism. Politics no longer stop at the water's edge.

A <sup>Vietnam</sup> war carried on almost eight years by the Democratic administration has, in the short course of nine months, become Nixon's war, and our political opponents are wide-eyed with shock and horror that he ever let such a war happen.

Those of us in the west who are oriented to the Pacific had better take a long, hard look at the actions being urged upon the president. That grey lady of journalism, the New York Times, which usually manages to make an opponent's policies and opinions clear, even to the point of lacking space to present our viewpoint, calls for the Republican president to bring the troops home and then end the war, which incidentally, he has said he will do. Now this is the same New York Times which, on February 19, 1962, said: "Hanoi may deny its responsibility but its guilt is clear. In a flagrant violation of its signed pledge the North Vietnamese regime has launched on a course to destroy the Republic of Vietnam."

One wonders what the circumstances were then and how they differ now to cause this journalistic about face. Then---President Kennedy had moved from the "no large infantry forces in a ground war in Asia policy" (the Eisenhower policy) to a policy of direct intervention and the first 15,000 ground troops had been committed. In justification of this he said: "The enemies of freedom think they can destroy the hopes of the newer nations and they aim to do it before the end of the decade. This is a struggle of will and determination as much as one of force and violence. It is a battle for the conquest of minds and souls as much as for the conquest of lives and territory. In such a struggle we cannot fail to take sides."

There is no miscaking the impulse that moved him. It is true, of course, that impulse did not harden into determination to try for victory. Something new in warfare was introduced---"limited objectives" and "don't get too angry at the enemy." The rationale was that little wars might become big wars <sup>/so as</sup> to impress on the enemy that he would not be allowed to win either and his adventure would be painful and costly. We even provided a tempting alternative---a "Golden Bridge" at his back across which he could retreat to peace and a generous helping of U.S. foreign aid.

Secretary McNamara assured us he was going to produce a war as enjoyable as war could possibly be. A large force would be deployed overseas without calling up the reserves, without imposing economic controls at home, and we pay all the bills out of the entries in the gross national product. It would be strictly a little war. But to the young American being killed, to the wife or mother reading the telegram, "The Defense Department regrets to inform you..." the war was as big as a war can get.

President Johnson carried on the policy---more and more but never quite enough. Carl Rowan reported several weeks after L.B.J. took office that he made a conscientious decision not to give the public all the facts about Vietnam because he thought the majority might demand a tougher effort against Hanoi. He decided to "cool public opinion." Now 300,000 casualties later it is Nixon's war---and those who helped bring it about in the first place just can't understand how it all came about---they didn't know the gun was loaded. Senator Fullbright said the president must be stripped of his power. This is the same Senator Fullbright who said at Stanford University several years ago that the president is our moral teacher and our leader. He should be freed from the shackles of public opinion and the constitution so that he can do what he alone knows is best for us.

Of course, at that time it never occurred to him that some day the president might be a Republican. The Senator's foresight is such that he can always clearly see yesterday.

Then there is Senator McGovern who said he believes that, "increasing numbers of Americans, young and old, of every political persuasion, every walk of life, are determined to have a voice in those issues that affect their lives. Isn't that what our whole society provides for every American? All our citizens vote, their chosen representatives debate in an orderly manner and decisions are arrived at in the democratic way. Is he suggesting instead we all take candles and placards and march around the White House? The president judges the goal, records the volume of sound on an applause meter and so determines the course of the Ship of State? If so, it is as the fellow said, "a helluva way to run a railroad."

Was the American intervention immoral? Not if you listen again to the words of John F. Kennedy in 1961. I find nothing to be ashamed of in Lyndon Johnson's declaration in April 1964 that "our objective is the independence of South Vietnam and its freedom from attack. We want nothing for ourselves---only that the people of South Vietnam be allowed to guide their own country in their own way."

A momentous anniversary is imminent. Next week it will be one year to the day when, on the eve of the presidential election, President Johnson ordered the bombing of North Vietnam stopped. We were to see if the enemy would match us move for move until peace came. It wasn't the first time we had probed the enemy's thoughts and intentions---each time hoping he would give some indication that he too desired an end to the killing, but his answer was the same monotonous demand for total victory---nothing less.

A new president, Richard Nixon, faced with this mean and nasty war---his by inheritance and not of his doing---has kept the door open in a hope for peace started by his predecessor. Over these nine months he has made every offer possible except to give away the freedom of our allies---a freedom which is not ours to give.

He has told us that other measures are being taken of such a nature they cannot be carried on the front pages of the daily press. We have more than his word on this. No intelligent observer can believe the dramatic drop in our casualty rate has come about by accident.

But this is not good enough for some. Parades are held in the name of peace and no doubt some who march are sincere. But there are others in the parade who carry the flag of a nation that has killed 40,000 of our young men and we are forced to conclude they are less concerned with peace than with the welfare of the enemy.



Last week a moratorium was held and it was appropriately named, for there was a moratorium on free discussion and there was no legitimate debate on possible alternatives. The National Vietnam Day Committee saw to that. The one who has access to all the facts and information gathered from worldwide intelligence sources, the one who is responsible as no other man is for the safety and security of our nation and our people---was simply handed, by placard and noisy shouting, an ultimatum from the self-annointed. It was an arrogant gesture by those who would kibitz in a game in which they haven't even seen the cards with which the game is played.

Somewhere a young American now alive will die in an enemy attack geared to produce more activity in our streets where the enemy hopes to win that which he can never win in the rice paddies and jungles of his own land. Those who parade, those who invoke the names of our honored dead in their noisy protests would have the game without the name. But they cannot escape the ugly truth---they would lend comfort and aid to the enemy.

Don't you think that even the most insensitive among them and certainly those erudite scholars---if they would pause for even a moment of sober thought---would realize that no one could stand to profit more in his political fortunes if peace should come, than the president? Can they possibly believe that any American president would prefer war to peace?

But a president must weigh the price of peace and sometimes that price is more than free men can pay. The price of an enemy peace could mean a thousand years of darkness for generations yet unborn.

For one year we have offered peace, for one year apparently we have been rebuffed. If, on the other hand, a reduced casualty rate is an indication the enemy is at last prepared to negotiate his good faith let the president conduct those negotiations with our full support and we will offer a prayer of thanksgiving. If this is not so, then let us make it plain that a year has been long enough, and that we will not go on indefinitely sitting at a table in Paris while our young men are killed in Vietnam. Let us make it plain to the enemy and the world that we the people believe the president has been totally committed in his efforts to achieve peace and that now he has the backing of a unified American people if he should decide on other alternatives.

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(NOTE: Since Governor Reagan speaks from notes, there may be changes in, or additions to, the above quotes. However, the governor will stand by the above quotes.)

11/14

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
Interorganizational Water Committee Luncheon;  
El Rancho Hotel, West Sacramento  
November 14, 1969

California's history is closely related to the history of its water conservation and development. From our first man-made canal, back in 1796, that brought water to the Mission in San Diego, down to today--- and on into the future---water development has been and is vital to our economy and environment. Water is our life and in California water and how to get it and use it has become a way of life.

Great lessons have been learned---in the laws and in engineering. What was once just plain water development has been expanded to the "multiple use" concept, the generation of electric power, flood control, the enhancement of fish and wildlife, and the creation of great new recreation facilities.

Today, some 4,000 separate organizations throughout California attend to the water needs of our 20 million people. The great urban and suburban areas exist only because man engineered ways to import water from the east to the west and from the north to the south within our state, good water, in sufficient quantity, and at reasonable prices.

The problem, as you well know is maldistribution.

More than 70 percent of the water sources of our state are in the northern one-third of California; and, more than 70 percent of our water demand is in the southern two-thirds. In part of the state, during part of the year, we have too much water; in other parts of the state, during part of the year, there is a serious water deficiency.

The challenge is---to conserve, develop and to distribute our water so that all areas of the state can achieve their potential in growth and prosperity.

Local water districts, the foundation of water development and use in California, have invested more than \$3.5 billion in water facilities, as compared to the federal investment of some \$2.5 billion, and a state investment of some \$1 billion. Foreseeable future investments by local water agencies will be at least equal to those of the federal and state governments. To a considerable extent, the great success of the Federal Central Valley Project has been due to the existence of dynamic local agencies willing and capable of assuming responsibility for the repayment of costs and the distribution of water.

The population explosion of the forties and fifties brought millions of people to California, most of them to the water deficient south. This created the need for comprehensive statewide water development. One of the steps taken to meet that need was the California State Water Project. Water that is surplus to the needs and uses in the north was to be conserved and transported to the water deficient areas of the south. Included in the plan was the protection of the water needs of the areas of origin, protection of water quality, provision of flood control where possible, and the generation of hydro-electric power. Recreational projects and uses were also made a part of the plan.

Now let there be no mistake---no doubt---that as far as this administration is concerned, the state will honor its contracts with the 31 agencies involved in the water project.

The plan was born in controversy, and it hasn't outgrown that. There are many problems to be solved. But involved as it is in intricate and interwoven contracts and construction details it cannot possibly be cancelled or unduly delayed; to even attempt to do so would create inequities and chaos for years to come.

At the same time, however, it would be misfeasance if this, or any, administration did not re-examine and re-evaluate certain aspects of the project from time to time. It is in the best interest of the contracting agencies that we have full and open analysis of the project as times and techniques and demands change; so long as we do this with full assurance that the state has every intention of honoring its contract commitments.

With 40 percent of the state's water supplies, the rivers of the north coastal region are looked upon as our long-term water bank. It is obvious that future water development will take place in that area.

The question is, "How will that water development take place?"

And the only acceptable answer is that it will take place in a responsible, efficient, economical and balanced manner adhering to three basic principles.

--First, the state's water resources will be conserved and developed in a total and coordinated approach to insure our people a continuing and adequate supply of water.



This includes not only the development of natural water---from rain and snow and other sources---available now. It includes the potential water sources which can result from technological breakthroughs---such as salt water conversion, waste water reclamation, and weather modification. You and I know these are somewhere in the future and not to be counted on as substitutes for the water now available in our streams. Nearer at hand, however, is the protection of our waters from pollution, as well as the encouragement of modern techniques to conserve and reduce the use of water in industry. Conscience and economy dictates that we do not waste our water. I think my opening remarks made my views clear on this. Technology will, without question, someday make it economically feasibly to use and re-use water that once was rejected. To those who may doubt this, let me remind you that today there is in orbit a communications satellite weighing less than 500 pounds out performing more than 150,000 tons of transoceanic cables.

--Second, the development of our water resources must be achieved in a balanced approach---with full consideration given to environmental and ecological as well as engineering and economic factors. It is our responsibility to develop and distribute the water needed by our people and their industries and recreations; it is also our responsibility to preserve this wonderland we call California, with its natural wonders and beauties and its irreplaceable grandeurs.

To achieve this proper and balanced approach we must see that environmental factors are given greater and earlier consideration in the discussion and planning of water resource projects. We have already done this in our freeway planning through our joint Highways Resources Agency council. The California Power industry welcomes the recommendations of the State Power Plant Siting Commission.

It must be the same in choosing the sites for dams and reservoirs.

--Third, a complete---honest and properly weighed ---analysis of cost benefits and detriments must be made of every proposed project, and every facet of the development must bear its full and fair share of the costs involved.

We recognize that many water users are now carrying a stiff financial burden; and, we know that some may be having difficulties in meeting their district obligations. Therefore, it may be necessary to find new ways to finance some of the environmental and recreational facets. These basic principles in terms of the total state water development program mean fishery resources must be protected, and enhanced wherever possible;

--local and downstream communities must be afforded flood protection as well as regulated water supplies essential to their existence and growth;

--the recreational potential of reservoirs must be developed to the maximum extent compatible with flood control and other uses such as fish and wildlife preserves;

--and, when water projects are built, reasonable consideration must be given to those intangible factors which affect the life, the economy, and the environment of the people in the area involved.

The last point, as you can imagine, played a part in my decision regarding Dos Rios. That decision did not mean there was any thought of reneging on the state water plan and our commitments to deliver the promised water--you already have heard me make that clear. It did not mean that the Eel river has been ruled out as a source of water or that we are not aware of the need for flood control on that river system.

In May, I asked Bill Gianelli to have the Department of Water Resources look at alternatives which would not flood Round Valley. My reasons for this request were, among others, that I hated to see that picturesque valley and the town of Covelo flooded, and the Indian community subjected to further displacement. I still feel that way; we are looking for feasible alternatives.

Bill's report on the Eel River Basin is just about completed and will be available soon. This report will show there are alternatives. We shall study their feasibility. Our considerations will be concerned with several major factors:

--the best interests of the downstream areas needing flood protection;

--the best interests of the residents of Round Valley and the Indian community;

--the protection and, if possible, the enhancement of the fisheries--especially the anadromous fishery;

--the development of the recreational potential of this northern area;

--the development of any hydroelectric potential that may exist;

--the concerns of those charged with the responsibility of meeting the water needs of our people;

and, the best interests of all who are concerned with protecting the environment for future generations.

Subsequent to my request for a search for and study of alternatives, the legislature passed SCR-144 which calls for hearings on the matter when the report on alternatives is available. I shall ask the benefit of the legislative views when their hearings have been concluded.

Another consideration is the Sacramento-San Joaquin Delta and the effect of what we do there upon the water supply available to other areas of the state and here, too, there is controversy. The Sacramento-San Joaquin Delta is the hub of all major intrastate transfers of water---from areas of origin to areas of deficiency. I believe that when all the study and technical information is made available, it will be seen that the Peripheral Canal, operated properly, will do much toward protecting the environment of the Delta area as well as providing a means for delivery to our state's other areas of need. The subject of quality of water to be maintained in the Sacramento-San Joaquin Delta area is currently the subject of hearings being conducted by our own State Water Resources Control Board which has jurisdiction over water rights and water quality. In addition, negotiations have taken place, and I hope will continue, between representatives of the Sacramento-San Joaquin Delta, the U.S. Bureau of Reclamation, and our own Department of Water Resources in order to assure the maintenance of high-quality water in the Delta area. The findings of the State Water Resources Control Board and the results of these negotiations will have a direct bearing on the quantity of water available for delivery by state and federal projects and therefore will be related to the time when additional storage must be provided, probably in our north coastal area.

Just recently, Bill Gianelli informed me that several major water supply contractors are re-evaluating their water needs. I am most gratified that one of the largest water distributors in the state has offered to work with the Department of Water Resources to update its estimates of water requirements. This is most significant; it will enable us to have the latest information before we make final decisions on the development of a major additional water supply---one which will assure that we can meet the needs of the 31 water supply contractors, including the extremities on the East and West branch.

Interagency Additional Water Committee Luncheon

I am asking the Department of Water Resources to submit to me, through the Resources Agency, a report which takes into account things I have discussed today plus recommendations concerning the necessity and timing for developing additional major water projects to meet the needs of all Californians. At the same time, the department will continue to explore the feasibility of cooperative construction of large-scale desalinization plants in cooperation with the federal government and our power utilities who are developing nuclear powerplants. Waste water reclamation will also receive additional study. In the meantime, I have asked that the U.S. Army Corps of Engineers withhold further action on the Upper Eel River Project until the state determines which projects should proceed, and that we continue to work with all other agencies involved to find the best means of meeting our water supply needs in California.

It has been difficult to get as far as we have with the project, and it will be difficult in the future. The project was underfinanced from the very start. It is not my intention to dwell on this, but the people were allowed, if not led, to believe that the original bond issue would cover the programs' total cost. This was never true. The fact that we have managed to get as far as we have is a tremendous tribute to the genius and tenacity of Bill Gianelli. Working with Bill, and with Ike Livermore, we have been struggling to provide adequate financing to complete the basic facilities so that the water users can, in turn, meet their obligations to the state. As you will recall, a citizen task force appointed by us in early 1967 identified the fund shortage at more than one-half billion dollars.

Since then we have re-examined the project construction schedules and have deferred certain project features not essential to the delivery of water. We have put together a revenue bond issue of one-quarter of a billion dollars, guaranteed by a contract with three private power utilities for the Oroville power output. We secured a rededication of the tideland oil revenues for water development which had been siphoned off by the previous administration. And, we have practiced economies not used before---and have done this without sacrificing the quality of the work being performed.



Now we face still another serious financial crisis. We have been unable to market the project bonds because of the rapid escalation of interest rates beyond the five percent limit set by the State Constitution.

A proposal to raise the interest ceiling to seven percent will be on the June ballot next year. This proposal is of direct importance to our veterans' housing program and to our parks and recreation development as well as the state water project. It is vital that this proposition pass so that we can continue with these programs. Hopefully, we may not have to extend ourselves to the seven percent ceiling---if during the period ahead the tight market eases off.

I urge you to help us in this; we need your support---your organized support---for the passage of this measure to guarantee an orderly and sensible development of the programs involved.

You may have read or heard that we are going to provide for a loan of up to \$100 million from the General Fund to the Department of Water Resources, to assure that construction of the State Water Project will proceed on schedule through next June, when we hope the electorate will approve Proposition 7.

This loan, of course, is being arranged on a completely businesslike basis. It will be drawn down on an as-needed basis. It will bear interest---to be paid by the Water Service Contractors---at the same rate as would be earned by the state if monies were invested in the open market. A repayment schedule has been worked out.

Something of which we are all proud was assisting in the successful solution to the long-standing Colorado River dispute between Arizona and California. We are proud that the controversy has been laid to rest and that the two states are working for the betterment of all the West as well as their own mutual interests. Another great achievement, which I have already touched on, is the enactment of the Porter-Cologne Water Quality Act. It has been cited as the nation's "toughest" water protection law.

Man can no longer ignore his own impact on the world in which he lives. He must begin to weigh this impact with each step he takes and each project he undertakes; it affects the quantity and quality of the water he has at his disposal, it affects the air he breathes and the land he lives and moves upon.

We have tried to steer state government in this balanced, enlightened direction because that is the right thing to do, and because that is what the great majority of the people want us to do.

Except for possibly temporary delay due to the current bond market the state water project will be completed.

The advanced technology potential such as reclaiming of used water, desalinization, even the idea of an undersea aquaduct and others will be researched, studied and tested in a common sense manner.

As Bill Gianelli has stated, this is one state---with one people; we are all Californians. The call now is for cooperation and common commitment to seeking the proper balance between full water development and responsible protection of our environment. Controversy sheds very little light and certainly not enough heat to warm us in our winters of discontent if we fail to build the better future in all respects.

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(NOTE: Since Governor Reagan speaks from notes, there may be changes in, or additions to, the above quotes. However, the governor will stand by the above quotes.)

11/17

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
Governor's Conference on California's Changing Environment  
Ambassador Hotel, Los Angeles  
November 17, 1969

The scope of this conference is as vast as the state itself.

The problems you will be examining affect all of us---individually and collectively.

Now, we don't have any shortage of problems. More and better schools, housing, transportation, tax reform, a prosperous economy, a sound industrial base to provide the jobs and to help finance these and other requirements of our expanding population---these are all important, priority issues. But there is no subject more on our minds than the preservation of our environment.

A booming economy and the "good life" are of little value if our air is too dirty to breathe, our waters too polluted to drink, our land too cluttered and packed for our people to live.

What are we doing to our environment in the name of progress?

Where is America the Beautiful?

The National Wildlife Federation issued a report card on the condition of the American environment a few months ago and it didn't exactly make Rhodes scholar.

Air: very bad. Water: bad. Soil, forests, wildlife: fair.

Of the six categories surveyed in the Federation's newly issued environmental quality index, only minerals received a good rating. And they were judged to be on the decline.

Across this nation, we are covering up our fields, forests, grass, and farming lands with highways, shopping centers and subdivisions at the rate of some 3,000 acres per day.

Since 1945, more than one million acres of California's prime agricultural land---the land on which we produce 43 percent of the nation's fruits and vegetables---has been lost to the bulldozer and we continue at a rate of 112 more acres every day. If this continues for another 60 years we will have used up all of our economically productive soil. That's quite a legacy to leave our children. To say nothing of the effect this will have on the rest of the nation...and the world... who rely on California for such a large percentage of everything that goes on the family table.



And what about (st having enough room? (

Nineteen hundred and sixty-eight years ago, man had plenty of elbow room: A square mile of this planet's land surface per half dozen people. Within just a few years---31 to be exact---it is estimated there will be 125 people on that same square mile. For that's the year 2,000---when it's predicted we will have seven billion people on this earth---50 million of them right here in California. And each one of us produces 5 lbs. of garbage a day.

What will it be like 31 years from now---with seven and one half billion of us doing the same thing...only more so?

Look what's happening to our water.

It's nice to think of the drops falling from the towering thunder clouds high in the Sierra splashing on to a granite boulder, join other drops in a rushing mountain stream finding its way at last to a clear artesian well and then into a drinking glass on the family table.

It's nice to think of it that way but we may find ourselves viewing that drop of water with suspicion.

In a special report in the November 1 issue of Business Week entitled: The War That Business Must Win, there is a reference to what happened to one body of water in the east. As Business Week reports it, the date was last June 22. "On that day, the oily, oozing Cuyhoga River--a waterway so reeking of filth that it cannot support even leeches, sludge worms and other common low forms--actually caught on fire and damaged two railroad bridges that span it."

It isn't good enough to say it can't happen here. Let us make sure it doesn't.

Isn't it time that each one of us keeps a thought in the back of his head that there will always be some sylvan glade, mountain top or tropical island to escape to?

Twenty-two years ago, the well known author and explorer, Thor Heyerdahl, sailed across the Pacific in a balsa raft. Twenty-two years ago he found the sea a thing of beauty and clarity. Recently he attempted a somewhat similar journey. This time he says it was a thing of ugliness. He described garbage, plastic squeeze tubes, and other signs of industrial and civilized "progress" floating around his boat---in the middle of the ocean!

He said: "If the indiscriminate pollution continues, we will be sawing off the branch we are sitting on."

While the pollution is bad enough, it reflects an attitude that is even more dangerous; the totally false and very frightening belief that man can continue to build a bigger society without regard for the basic laws of nature.

The earth is basically a closed system with a waste disposal system that has very definite limits.

Back in the 40s, SMOG was something the radio comedians kidded about. Today it's one of the main reasons some 10,000 people leave the Los Angeles area every year on the advice of their family doctors. Every day, <sup>13,000</sup> ~~13~~ tons of air pollutants descend on the people of Los Angeles County.

This year alone, that figures out to nearly a ton of air pollution for every man, woman and child in the Los Angeles Basin.

And, of course, this goes on world wide. Cities pour sewage into lakes, rivers and oceans, pump tons of pollutants into the air in every imaginable form---from industrial plant wastes that go up the stacks to the agricultural wastes burned off in our fields. And that's not even mentioning the automobile---or, if you prefer---the internal combustion engine!

Reliable reports now indicate that even arctic glaciers contain lead, deposited there by the winds which have carried it from our cities---just as the tides have carried the other products of our technical development to the middle of the ocean.

Until recently, man considered the air infinite. We now know it is not. The next time the pilot tells you your altitude is around 35,000 feet, four-fifths of all the air there is in the world is between you and the ground....a thin envelope of air---literally life itself--for 3½ billion humans.

It has definite limits. And as we also pointed out, so, too, does the earth's disposal system.

When there were fewer of us on this earth, nature could assimilate the products and byproducts of man. Time and natural decay took care of the problem. Today it is different.

There are too many of us pouring too much into our land, our water, our air, our total environment, for nature to keep pace.

Aside from the sheer numbers of us adding our share of pollutants, the wonders of modern science are producing detergents which won't dissolve, plastic which doesn't decay, cans which won't rust. The more than 1,800 pounds of rubbish which the average Californian contributes to the world every year is getting harder and harder to get rid of. The cost of disposing of it here in California already costs us almost one half billion dollars each year.

Who has computed the costs of the ultimate ecological consequences?

Man can no longer continue to build a bigger society with little regard for the laws of nature. We are already straining nature's limits.

Bearing out the reports of lead in the Arctic ice floes--as well as in our bodies--meteorologists and other scientists in the United States and elsewhere report that pollution particles which are conspicuous over our urban centers and industrial complexes are spreading across nations and continents and slowly encircling the world. I am sure Apollo 8 Astronaut Colonel Bill Anders can comment on the visual evidence of this when he talks with you this evening.

And all of this is only the top of the iceberg. Underneath we find the death rate from bronchitis and emphysema nine times as high as it was 20 years ago. In the last 70 years, (coincidentally, the 70 years in which the internal combustion engine has become so much a part of our lives), the average American's lead content from leaded fuels has risen 125 percent.

But why go on? I am not under any illusion that I have told you anything you don't already know. Let's just say these unpleasant reminders were to set the stage. Actually, I am sort of in the position of the fellow in those stories that begin "I have news, some bad, some good. Now for the good news."

Well, the first good thing is your presence here. Obviously you are concerned or you wouldn't be here. What's more important, you have a contribution of knowledge and expertise to make. Let this meeting mark the beginning of the absolutely essential transition from "they" to "we."

It is very easy to hear the facts and figures I have just presented and then to grow very angry at some mysterious "they" who are polluting our air and water, smothering our land with garbage, covering the land with freeways and scarring the hillsides with construction. Sometimes we can get so mad we are a menace to our fellow citizens as we drive our smog producer down the freeway on our way out to see how the bulldozer is doing as it cuts a building pad for what the real estate agent said would be our hillside-view home.

The first step in solving these problems lies in recognizing there is no "they." We cause smog, pollute the water and change the environment as we require more living space, more power and more production to meet our legitimate needs.

We cannot afford those who say growth and progress justifies all of this, but likewise we cannot abide by the thinking of those who would stop the world to maintain the ecological status quo we knew when there were six people per square mile instead of 125. The answer lies somewhere between where we weigh each suggested change honestly against the fair value of what must be eliminated or destroyed. For Heaven's sake, we can stop smog almost entirely within the next 30 seconds if we all throw our car keys away. But you and I know that won't work, so let's get on with what "we" can do.

I made a commitment to the people of California that my administration would mark the beginning of what must be a total commitment for the 70's and beyond--a total commitment--an all-out war, if you will--on the pollution of our environment.

The air is going to be cleaner, the water we drink is going to be purer and we are going to alert the people of California to the indisputable fact that the protection of our natural environment must rank as one of our major priorities.

These are a few of the major objectives of this conference.

These are also major objectives of this administration.



We established an Air Resources Control Board and put some of the top men in the country on it. We gave the board new powers to enforce the air pollution regulations we passed. Those regulations are the toughest in the nation---so tough we had to fight the federal government to get them. Senator George Murphy led that fight for the waiver that let us go ahead with our tougher laws. Now, Detroit is making their cars to California standards.

We are experimenting with motor vehicles powered by steam and liquid propane gas to see if we can find a satisfactory substitute for the internal combustion engine. We adopted the nation's first program to control air pollution from jet aircraft.

We supported and signed into law the first complete revision of the state's water quality control laws in 20 years. The Los Angeles Times called it the "strongest state water pollution control bill in U.S. history." It established fines of up to \$6,000 a day for violators, and it makes violators pay for cleaning up the pollution they cause.

We created an Environmental Quality Study Council to find ways to protect the natural environment and established a bi-state agency to protect Lake Tahoe. We were one of the first to call for passage of the bill to extend the protection and preservation of the San Francisco Bay--the BCDC--and I am sure we shocked the U.S. Corps of Army Engineers when we said no to flooding Round Valley.

We have reorganized our Parks and Recreation system and developed a comprehensive 20-year plan to make sure that every Californian will be in easy driving distance of a major park. We instituted a new reservation system for our parks--just like the one you use for hotels and motels when you travel--and it is working so well that the federal parks system wants to know how it works; they are thinking of using it, too.

Between 1967 and 1969 we added 24,693 acres of new park land to the system. We are moving to develop new underwater marine parks, and are speeding up our entire park development by contracting with private enterprise to finance and develop our resort facilities.

We formed a Joint Transportation-Resources Agency Committee to protect aesthetic and ecological values in planning all types of public works---from highways to reservoirs.

Incidentally, in this area of highways, we have made a number of other departures from what was once considered the "only way to do things," thanks to the leadership of Gordon Luce, secretary for Business and Transportation, Jim Moe, our bright young director of Public Works, Vern Cristina, our chairman of the California Highway Commission and others.

Trees and parks now have precedence in freeway routing disputes. The straight line approach of freeway building is now not considered the only way to fly.

The director of Public Works now submits the highway budget to the Highway Commission and--this last time around--it had an interesting new wrinkle, a line item appropriation for the expenditure of highway funds for air pollution.

While we are not planning to open up the highway trust funds to finance everything under the sun as some would have us do, let there be no misunderstanding about our feelings on the use of highway funds to battle smog. We have the responsibility to invest these dollars to develop, operate and maintain our streets, highways and freeways. Since the automobiles which use them are the major single contributors to air pollution in California, we also have the definite responsibility to solve the statewide air pollution problems which these automobiles cause.

If motor vehicles taxes support, say, a \$10 million per mile stretch of freeway from which daily are pumped nearly a ton of hydrocarbons and over 6½ tons of carbon monoxide into the environment, then should not part of the same \$10 million per mile in motor vehicle taxes be used to help conquer smog once and for all? We believe it should.

In another area where we have already taken decisive action--effective next January--we have banned DDT and DDD for household and garden use and 47 different types of agricultural crops. This means that the use of those pesticides will be reduced by about 50 percent next year. And we plan to phase it out completely. Again we find the

There is much more to do. And we intend to do it. Administratively--legislatively--and through you--the private sector; the concerned citizen--the young people--the responsible labor leaders--the enlightened industrialist.

Our intentions could not have been better articulated than was the case in Assembly Speaker Bob Monagan's remarks before the Commonwealth Club in San Francisco when he discussed our plans for a new environmental bill of rights which guarantees each Californian the right to breathe clean air, drink clean water, relax on clean beaches and find the solitude of an unspoiled wilderness.

Bob's proposed Environmental Committee in the Assembly---and what I look for as its counterpart in the Senate---are vitally necessary to achieve a team effort in the development and implementation of an overall environment plan for California.

To help assure coordination of effort between the legislative and executive branch of government---and to insure cooperation and unity of purpose within the agencies that make up the executive branch---I have asked Lieutenant Governor Ed Reinecke and the other key members of this administration to give their personal and direct attention to solving our environmental problems. They will carefully study the priorities you establish and the considerations and ideas which you recommend through this environmental conference.

I want to assure you that Governor Reinecke and I are totally serious about this. We expect you---through this conference---to submit your findings and recommendations for workable solutions to California's environmental problems. The consensus of each of the four panels and your list of priorities and recommendations are scheduled to be submitted to Governor Reinecke at tomorrow afternoon's session.

Your proposals will not gather dust on some shelf. They will be carefully evaluated and programmed into the appropriate long and short range objectives and priority establishing mechanisms of our administration.

We are deadly serious about this issue. We intend to wage a vigorous war against pollution. And we intend to win that war for the sake of our environment...and for the sake of the people of California!

We intend to eliminate smog. To achieve this end we will intensify our research and coordination with designers of alternate methods of power to the internal combustion engine.

Through our Air Resources Board and our Clean Air Act of 1968, we have, as I said, the toughest automobile emission pollution requirements in the nation for cars produced for 1970. They are even tougher for 1974. They will be even more so for 1975.

While the auto industry has made great progress and invested millions of dollars to comply with our requirements, they will have to spend even more to comply with what will be even stricter---but absolutely necessary requirements in the next few years. Time is running out.

We will also call for strict controls on the stationary sources of pollution as we have in our state water pollution control measures.

Our conservation education program must be strengthened. The recent report of the Advisory Committee on Conservation Education should be implemented, and I offer all assistance to Superintendent Rafferty and his department in this important field.

We intend to continue the policy we have adopted at Oroville---of encouraging greater private sector investment in our parks and recreational system---by modernizing and updating the whole concessionaire system. We are talking about concessionaires who will invest millions in the development of our parks and adjoining areas following a state approved environmental master plan program. This way, the concessionaire can---as he should---realize a reasonable profit on his investment which will be shared with the state to make possible more and better joint ventures which will serve to benefit all of the people of California.

These are but a few of the plans we have for the 70s and beyond.

There are many more. And we know you will provide us with even better ideas, suggestions and priorities from this conference.

Our environment is everyone's business...the industrialist, the labor leader, the housewife, the conservationists, government and our young people. They---literally---will inherit the earth.

It's only right that they have a part in helping determine just what kind of an earth...and an environment...it will be.

You are all represented at this conference. Every degree of shading on the environmental spectrum.

I have insisted on this from the very inception of this conference.



Governor's Conference on California's Changing Environment

We know there will be differences of opinion, but let's disagree without being disagreeable. We are here to build, not to destroy.

From the great reservoir of knowledge, experience and concern represented here, this conference is dedicated to finding creative solutions to California's environmental problems...to finding practical solutions for the seventies and beyond.

Time is growing short.

Let us get on with the task at hand!

The opportunity is ours. The responsibility is ours.

We messed it up to begin with---we can clean it up.

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(NOTE: Since Governor Reagan speaks from notes, there may be changes in, or additions to, the above quotes. However, the governor will stand by the above quotes.)