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STATEMENT BY RONALD REAGAN  
JANUARY 25, 1980  
BEFORE THE  
GOP SOUTHERN LEADERSHIP CONFERENCE  
NEW ORLEANS, LOUISIANA

When the New Deal was riding high, with a program of social experiments, Mr. Democrat himself, Al Smith, went on nationwide radio to tell his fellow Americans he could no longer follow the leadership of the party he had served twenty years. He said he was taking a walk, and he asked the Democrats to look at the record.

It is time now for all of us to look at the record--the record of Democratic leadership. Despite the protests about all the problems he inherited, Jimmy Carter came into office with the economy expanding, with inflation reduced to less than five percent, and with the dollar a relatively stable measure of value. In thirty-six months he has tripled the rate of inflation; the prime interest rate has risen to fifteen percent, the highest level since the Civil War; the price of gold has risen from \$125 an ounce to more than \$800 and fluctuates up there at that level, which measures the extent to which international confidence in the dollar has fallen. And that is the indication of the collapse of confidence of economic policies in the Carter administration.

After last summer's cabinet massacre, the departing Secretary of the Treasury confessed that the Carter administration did not bring with it to Washington any economic philosophy of its own. So the President and his counsellors embraced the only economic philosophy they could find at hand--the warmed-over McGovernism of the Democrat platform of 1976.

Together Mr. Carter, his Democratic Congress and his first choice for Chairman of the Federal Reserve proceeded on the premise of parallel lanes of national prosperity, federal deficits, and easy money. Pursuing this course together, they made a shambles of our national economy wiping out in three years' time tens of billions of dollars of value in our private pensions, savings, insurance, stocks and bonds.

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I suggest that when one administration can give us the highest inflation since 1946, the highest interest rates since the Civil War, and the worst drop in value of the dollar against gold in history, it's time that administration was turned out of office and a new administration elected to repair the damage done.

But when we consider what lies ahead in this new decade, the damage done to the national economy is insignificant along side the damage done to our national security. In May of 1977, five months after he took the oath of office, President Carter declared at Notre Dame University, "We are now free of that inordinate fear of Communism which once led us to embrace any dictator who shared that fear." We are now free, he said, of that inordinate fear of Communism which led to moral poverty in Vietnam.

Now it's true Vietnam was not a war fought according to MacArthur's dictum, "there is no substitute for victory." It may also be true that Vietnam was the wrong war, in the wrong place, at the wrong time. But 50,000 Americans died in Southeast Asia. They were not engaged in some racist enterprise as candidate Carter charged in 1976. And when 50,000 Americans make the ultimate sacrifice to defend the people of a small, defenseless country in Southeast Asia from Communist tyranny that, my friends, is a collective act of moral courage, not an example of moral poverty.

Our current Commander-in-Chief owes an apology to almost three million Americans who served in Southeast Asia and to the memory of 50,000 who never came home. Isn't it time we recognized the veterans of that war were men who fought as bravely and as effectively as any American fighting men have ever fought in any war? And isn't it time we told them that never again will we allow the immorality of asking young men to fight and die in a war our government was afraid to let them win?

Since Mr. Carter dismissed his fear of Communism as inordinate, he has set about systematically to diminish and dismantle what one of his predecessors called the great arsenal of democracy:

-He junked the B-1 bomber program which was to be the mainstay of the Strategic Air Command from now well into the next century. In doing so,

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he left the air deterrent of the U.S. resting on a few hundred B-52's representing the 80's with the technology of the 40's--many of them older in years than the pilots ordered to fly them.

- Bowling to Kremlin propaganda, Mr. Carter killed the neutron warhead, a credible NATO deterrent to the Soviet tank arms now massed at the eastern end of the historic invasion corridors of Western Europe.
- To show good faith at the SALT negotiating table, the President delayed or postponed the cruise missile program, the MX and the Trident submarine.
- And after all these unilateral concessions, Mr. Warnke brought home from Europe the SALT II treaty. The Senate has so far refused to ratify, as well it should refuse.

Mr. Carter described the agreement as fair, as just, and for the security interests of the U.S. But is it fair that subsonic American bombers twenty-five years old are counted as strategic weapons, while supersonic Soviet bombers coming off the assembly line, one every ten days, are not? Is it fair that severe restrictions are placed upon the range, number and deployment of our small subsonic cruise missiles, while no limits are set upon the multiple-warhead medium-range rockets the Russians are targeting at Western Europe at the rate of one a week?

How should the Americans respond to such an agreement? The President said we must ratify the SALT II treaty because no one will like us if we don't. He said we should give away the Panama Canal because no one would like us if we didn't. It is time to tell the President: we don't care if they like us or not, we intend to be respected throughout the world.

We want arms limitation. We want arms control. But the United States should never place a seal of approval on an unfair, unequal, dangerous document which legitimizes American strategic inferiority to a hostile, imperial power whose ambitions extend to the ends of the earth.

Now you may be wondering why I bring this up. With the invasion of Afghanistan, the President says he has learned the Soviets cannot be trusted. So he's asked the Senate to hold up ratification of SALT II. But he made sure the Senate and the Soviets understood that he didn't say "no"--he said "maybe." He just

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doesn't want it ratified now--later on will do, when he has regained his trust in the men in the Kremlin.

For ten years, the West has searched for detente with the Soviet Union, no one more avidly than Mr. Carter. As a consequence of this ten years of detente with us, the Soviet Union is now fueled by Western capital, run by American computers, fed by American grain.

Where is the Soviet reciprocity? Where is the Soviet restraint promised in the code of detente of 1972? Is it visible in the Russian military buildup in North Korea? Or on the occupied islands north of Japan? Did we see it in Hanoi's annexation of Indo-China? In Soviet complicity in the starvation of the people of Cambodia? The Soviet provision of poison gas<sup>used</sup> against the hill tribesmen of Laos? Is Russian restraint evident in their military intervention with Cuban proxies in wars in Angola and Ethiopia? Is it visible in their imperial invasion of then independent, neutral nation of Afghanistan, where they executed their own puppet president and his entire family, including even the murder of his three year old daughter?

Consider the case of Cuba. When he took office, Mr. Carter extended the hand of friendship to Havana as he did to Hanoi. He had an ideological ally in Senator Kennedy, who has said, "The United States should respect the experiment that has taken place in Cuba, and normalize relations with it." Will the Senator explain why free men should respect an experiment that required the elimination of human rights and political freedom. Why should we respect an experiment of an American-hating dictator who betrayed the Cuban people and converted that country into a penal colony for the Soviet Union?

And how has Fidel Castro reciprocated the friendship offered by President Carter? Since 1976, Russian pilots have begun flying air cover over the island. Soviet submarines have been sent to Castro's navy. Nuclear-capable fighter bombers have appeared at Cuban air bases, and a Soviet combat force is discovered holding military maneuvers there. Apparently, to Mr. Carter, this was the last straw. The status quo--that's Latin for "the mess we're in"--he said was unacceptable, a few weeks later, it seems, was acceptable.

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It is precisely because of this foreign policy bordering on appeasement that a student mob can hold hostage, with impunity, diplomats and marines in the American embassy in Iran.

And when viewing the Soviet empire established in Eastern Europe in the first years of the Cold War, again Senator Kennedy and Mr. Carter appeared ideological and political twins. In 1976 Senator Kennedy wrote, "With exception of East Germany, Russia has no more satellites." Arriving in Warsaw in 1977 President Carter got off the plane to announce to a startled Satrap who rules that country on behalf of the Soviet Union, "Our concept of human rights is preserved in Poland."

What concept of human rights can that be? Would he like to explain that to millions of Polish-Americans who know better, or Czechoslovak-Americans, Lithuanians, Latvians, Estonians, and Hungarian-Americans who know the lands of their fathers are slave states of the Russian Gulag. But as Abraham Lincoln once said, "They only have the right to criticize who have the heart to help."

It is time for the Republican Party to come to the rescue of this country. When Woodrow Wilson delivered his inaugural address, he made a comment that applies to both the great political parties. "The success of a party means little," he said, "except when a nation is using the party for large and definite purpose."

The American people are prepared for large and definite purpose. It is many-faceted:

- It is to restore in its rightful place this society of high principle, of equality for all and special privilege for none. You do not alter the evil character of racial quotas simply by changing the color of the beneficiary.
- It is to care, shelter, and protect the least protected among us, and that includes especially the unborn.
- It is to conserve the environment with which we are blessed without shackling the free enterprise system that has made a poor backward agricultural country the greatest nation on earth.
- It is to set aside forever the discredited dogma from the 1930's that an endless string of federal deficits is the path to national prosperity.
- It is to relieve the small businessmen of the burdens of excessive

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regulation and to energize the economy by lifting the burden of taxation from the backs of the working and middle class.

-It is to look for a solution to the energy crisis, to the genius of industry, the imagination of management, the energy of labor--not to some sprawling cabinet office in Washington which never should have been created in the first place.

-It is to guarantee each and every American his or her constitutional and civil rights, but never to let them forget as citizens they have responsibilities and duties as well.

-It is, lastly, to begin the moral and military rearmament of the United States for the difficult, dangerous decade ahead, and to tune out those cynics, pacifists, and appeasers who tell us the Army and Navy of this country are nothing but the extensions of some malevolent military-industrial complex.

We reject that libel--that lie--against millions of American men and women who are serving in the armed forces of the United States. There is only one military-industrial complex whose operations should concern us and it is not located in Arlington, Virginia, but in Moscow in the Soviet Union.

One parting note. For years now we have witnessed the agony of refugees from Asia, starving Cambodian men, women, and children, fleeing Vietnamese, struggling ashore on Malaysia from some leaky boat after a horrid passage across the South China Sea. Some of these boats make it; many do not. But all of these boats, as has been written, carry on them the same inscription: "This is what happens to friends of the United States."

If there is one message that needs to be sent to all the nations of the world by the next President, it is this: "There will be no more Taiwans and no more Vietnams, regardless of the price or the promise, be it the oil of Arabia or an Ambassador sitting in Beijing, there will be no more abandonment of friends by the United States of America. I want very much to send that message.

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NOTE: Because Governor Reagan speaks from notes there may be some variation from this text; however, he stands by this statement.

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RONALD REAGAN SPEECH

DES MOINES, IOWA, JANUARY 19, 1980

It is good to be back in the heartland of the nation. I'm filled with memories of such warmth and meaning. Everything good that has happened to me had its beginning here. Now, only about 48 hours until the final gun and some of you probably wouldn't be surprised to hear me say the long blue shadows are spreading across the field. But this is a more important game than those stadium events I used to broadcast. We live in a time of unprecedented peril.

When President Carter was inaugurated three years ago he said he was faced with two minor crises--inflation and energy. Now we are faced with two major disasters--inflation and energy.

Inflation was 4.8% when he took the oath of office. It is now three times as great. But there is another figure equally significant which is going down--our standard of living of which we've been so proud. It is going down 4½% a year.

We face an economic crisis and inflation is at the heart and soul of that crisis. Some would have us believe inflation is somehow a mystery, that it comes upon us like a plague. It is nothing of the kind. Inflation is caused by government; therefore, government alone can make it go away.

But our government is talking of a \$615 billion budget for the coming year. At the same time, the President has lectured us that somehow we are to blame. We must learn to live with less. Business must hold down prices and labor accept a lower wage. Blaming wages and prices for inflation is like blaming a thermometer for a fever.

Inflation is too much money chasing too few goods. But too much money is printing press money created by government to fund its own extravagance. But too few goods are the result of punitive tax policies which destroy incentive plus tens of thousands of restrictive and un-

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necessary regulations imposed on farmers, shopkeepers, professionals and industry. Our savings, insurance, pensions, social security, wages and profits are reduced in value with only government showing a "profit."

Possibly that is really why government's heart really isn't in the fight against inflation. For every dollar of increase in income to keep pace with inflation, government gets \$1.60 in added tax revenue. This year, the income tax alone will collect \$16 billion of undeserved revenues through what Washington calls "bracket creep"--people with cost of living pay increases moving up into higher income tax brackets. Government doesn't have to raise the tax rates to get more money. Last year the rate of increase in tax revenues was three times as great as the rate of increase in wages, eight times as great as the rate of increase in business profits. Government costs are increasing three times as fast as the cost of food. We lack capital investment for industrial research and development, or new plant and equipment, because Americans are saving at the lowest reate since the Great Depression.

Japanese workers, by contrast, deposit in savings accounts five times the percentage of their earnings that Americans do. What capital investment does take place does not result in increased production. It is mandated by government to meet environmental and safety regulations. The result is the highest percentage of outmoded industrial plant and equipment of any of the industrial nations we must compete with in world markets.

Twenty-seven agencies enforce 5,600 regulations imposed on the steel industry. U.S. Steel is closing seventeen plants, most of them here in the Midwest. We once produced 47% of the world's supply of steel; that is now 19%.

We once built 76% of the world's automobiles; that is now 38%. And General Motors has to employ 23,300 full-time employees to comply with government required paperwork. Standard Oil of Indiana keeps 636 miles of computerized records demanded by the Department of Energy which can't produce a single quart of oil.

Possibly the giant corporations, with their legal departments, can make their way through this blizzard of paperwork, but what about the farmer, the storekeeper, the druggist on the corner? They are spending \$13 billion a year filling out forms for 103 federal agencies. 164 agencies regulating hospitals alone add \$35.00 per day per patient for hospital cost. All of this has created a bureaucratic monstrosity in Washington which assumes more power than those we elect to represent us.

I am sure that many of those that make up this federal environment are well intentioned, but there tends to be a lack of accountability and an insensitive tunnel vision.

A Utah sheep rancher was planning his annual move of his sheep from one tract of land leased by the government to another where customarily the lambs are born. The Department of Interior told him they were re-evaluating the land, that he would have to wait until they finished. They told him he would just have to delay the birth of the lambs by a month.

We question frequently--can this bureaucracy be controlled or is it too big to be managed? No, it isn't. The first step is simply to put a freeze on hiring replacements for those who retire or leave government service. In California, the size of government had grown 75% in eight years. During the eight years of our administration there was virtually no growth at all, despite the fact that our population was increasing faster than any other state in the Union. Stopping the growth of government is an important step in the fight against inflation; so is reducing the tax rates across the board for everyone who works and earns. It should be phased in over a three year period until the income tax has been reduced by a full one-third.

To encourage thrift and the creation of investment capital, taxing of interest on savings accounts should be eliminated; as should another tax, which raises less than 1% of the present budget, but threatens the continued existence of the family farm and the family-owned business. I am speaking of the federal inheritance tax which often forces a family to sell the farm or business to pay the tax. I would ask that it be eliminated.

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Punitive taxes on business and industry should be changed and a multitude of unnecessary regulations cancelled to increase productivity.

It is also time to put into practice the 10th Article of the Bill of Rights. That is the one which says that the federal government shall do only those things specifically called for in the Constitution --all others shall remain with the states or the people. There must be a planned and orderly transfer back to the states and local communities of functions which the federal government has usurped and which has proven it is incapable of managing. And at the same time, we must turn back the sources of revenue to pay for them. There is no magic that adds value to our tax dollars just by sending them to Washington and then having them return to us as a federal grant--a federal grant we are told we must spend exactly the way Washington tells us to spend it. Would it be so difficult to add a line to the income tax law which would say "x" percentage of the money collected in this tax shall remain in the states where it is collected for the states to use as they see fit. There would be a considerable saving in administrative overhead.

One of the first programs I would recommend for transfer would be welfare. It never belonged in Washington to begin with. The President is asking Congress to further federalize it which would add millions of people to the rolls and billions of dollars to the cost. There would be no disruption in turning it back to the states. It is presently administrated at the local level by local and county employees who deal directly with the welfare recipients under the direction of a state welfare department. There is no need for another costly layer of bureaucracy in Washington. One, which by its own admission, is riddled with waste and fraud.

Republicans in Congress have introduced legislation which I am proud to say, was written with the help of a man who was our welfare director in California when we achieved the most complete reforms of welfare ever attempted. This legislation

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would turn welfare back to the states and would give the states the right, as they so chose, to require able-bodied welfare recipients to work at useful community projects in return for their welfare grants.

There are today 79 million of us working in the private sector. There are just under 82 million receiving their income from government. All of this contributes to inflation and it is proper that here in this heartland I should point out that no one is caught harder in the cost-price squeeze than those who farm.

Three and one-half million farmers in America feed 220 million Americans and at the same time, export to a hungry world produce from nearly one of every three acres. Farming in America has been one of the great technological miracles of our time. Even in the midst of this runaway inflation, Americans put food on the table for only 17% of their disposable income. Thirty years ago it took 22%. Now the Department of Agriculture has estimated that the farmer's income in 1980 will probably drop 19% below what it was this year. Government has pitted farmer against city dweller, producer against consumer, with a cheap food policy for political purposes.

I would like to change that. I would like to do something about the transportation mess that sees farmers constantly threatened with having to dump grain on the ground or stuff it into elevators because there is no way to move it to market. Government can't possibly know as much about the local farm problems as the farmers do.

But there are areas in which government can be of legitimate help. It can help with the development of foreign markets. It can intervene when foreign governments subsidize their farmers so they can undersell ours in the marketplace. I would think it was my duty as President to take such matters up with foreign heads of state.

But I know farmers are just as concerned as everybody else about the problems of the nation, not just agriculture. We all have a stake in the energy crisis. The President speaks to us of his energy policy which in truth, is no policy at all. Again, he

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talks as if we the people were to blame. He makes it sound as if someone else has been in charge these last three years. We are lectured on doing with less and told that we worship self-indulgence to want enough gas to get to work or diesel oil to plow the south forty. Would it surprise you to learn that in the year just ended, we have reduced our gasoline consumption voluntarily by 8%? The Department of Energy itself admits that American industry is using less fuel now than it used in 1973, yet it is producing 12% more in product.

The massive new taxes the President says will be applied to the oil companies mean billions of dollars the oil companies will first have to get from us, the consumer. And a new super agency that he asked for will be added to the super agency that we already have. Government price fixing and regulation are the cause of the so-called crisis. There is more oil yet to be found here in the United States than we have used in the 120 years since the first oil well was drilled in Pennsylvania in 1859. The energy industry and agriculture have something in common; if we turn both loose in the marketplace without government interference, they'll deliver the fuel and food that we must have.

But overshadowing all the domestic problems today is the loss of American honor and American prestige on the world scene. A rag-tag band of radicals doing the bidding of an evil old man seize our embassy, hold hostage half a hundred of our citizens for going on three months now.

In other lands our embassies have been torched, our diplomats murdered. Using its own military forces for the first time outside the circle of the captive nations, the Soviets have crossed the border into Afghanistan. They have murdered the puppet president that they themselves installed in that country and brutally slain his family down to the youngest child, a three-year old girl. Placing another puppet in the presidential palace, the Soviet war machine rolls on, using motorized equipment from the giant Kama River plant in Russia which couldn't have been built without American

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know-how or couldn't be run without American computers. To get our help and machinery, the Soviets pledged that the motors and the trucks produced in the Kama River plant would never be diverted to military use.

And when the Soviet motorized forces swept southward into Afghanistan, the President appeared to tell us that he has discovered that Brezhnev lied and the Soviets cannot be trusted--something that a great many of us already know, and have known for some time. We waited to hear his specific proposals for firm action that he would take in this emergency and none were forthcoming. Oh, he called for the Senate to defer action on SALT II, but at the same time he let them and the Soviets know that this was only temporary, that he wants ratification of SALT II just a little later on. We can only presume that a little later on he will regain his faith and trust in the Soviet Union.

SALT II is flawed. It would freeze the Soviets into a position of military superiority permanently over the United States. With or without Afghanistan, it should be shelved. But in view of the naked aggression of the Soviets, the SALT II treaty instead of being deferred, should have been immediately and publicly withdrawn and given back to the Soviet Union.

I have been critical of the President's embargo of feed grain. It has worked no hardship on the Soviets. But it has upset our own commodity market and caused hardship to our farmers. Mainly, however, I find fault because it was little more than a gesture, unaccompanied by other actions which would have made it part of an effective whole.

It is time to send unmistakable signals to the Soviets and, for that matter, to our allies. Signals that we intend to provide world leadership for those nations who want to remain free:

The presence of American air power in the Mideast and naval forces in the Indian Ocean and the Persian Gulf plus the resumption of arms delivery to Pakistan and clear evidence that we will honor our treaty with that country could be the beginning.

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It is true that Mr. Carter has asked for increased spending on our own defense budget. But it was he who cancelled the B-1 bomber, shut down the Minuteman-III production line, slowed the MX, the cruise missile, and the Trident sub and cut the Navy ship building program in half. We have a right to ask what specific plan does he have for restoring the military supremacy that once served our nation.

Does Mr. Carter have a strategic plan to repond to the crises that now face the nation? If so, he will have the backing of the American people. If there is no way to repond except through half-measures already employed, we have the right to know that. We have always been able to face the truth and make whatever sacrifice is necessary. It is time for the President to break his silence.

We've had enough of doom criers telling us that we've lost confidence in ourselves, that we lack the will to regain our position of leadership that we once had. We've lost confidence, yes, but not in ourselves. We, the people of this country, survived a Great Depression that changed national boundaries and toppled governments throughout the world. We took the shock of Pearl Harbor, and came back to win a victory that has been unmatched in world history. We, today's living Americans, have fought harder, paid a higher price for freedom, and done more to advance the dignity of man than any people whoever lived on this earth.

If you believe as I do that this nation hungers for a spiritual revival, that we have it in our power as Tom Paine said 200 years ago to "begin the world over again," then go to those meetings on Monday night. They are called caucuses, but they are just neighborhood meetings just for you. They are not limited to party regulars or party officials. Go and register your opinion about the leadership that you want for this nation.

I have come to this great heartland of America to seek your support not because I believe I can solve all the problems I have touched on here tonight, but because I believe you can if only someone will remove the roadblocks government has put in the way; if only someone will unleash the great power that you possess, the power that tamed this undeveloped land and made it the greatest nation on earth. I believe, with God's help I can do that and I want to more than anything I have ever done.

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Two months ago when I declared my candidacy, I spoke of that moment in 1630 when John Winthrop stood on the deck of the tiny Arbella off the coast of Massachusetts and told the little band that was with him, "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 throughout the world."

Well, we have not become a story or a byword. The eyes of all mankind are still upon us. Our party, the Republican party, came into being more than 100 years ago, born of a great crisis at that time. We led this nation through that crisis. We are being called upon again. Let us keep our rendezvous with destiny, let us build a shining city upon a hill.

# # #



# Ronald Reagan

## Biography in Brief

• Ronald Wilson Reagan, born Feb. 6, 1911, in Tampico, Ill. • Son of John and Nellie Reagan. • Graduated Eureka College (Eureka, Ill.) in 1932. • Radio sportscaster for station WHO in Des Moines, Ia., where he was known as "Dutch" Reagan. • Acted in 50 movies during a 20 year period from 1937-57, including *King's Row*, *Dark Victory* and *Brother Rat*. • President of Screen Actors Guild for six terms; on board of directors for 14 years. • President of the Motion Picture Industry Council for two terms. • Served four years in Army Air Corps during World War II; discharged with rank of captain in 1946. • Hosted "General Electric Theater" and "Death Valley Days" for television. • Married actress Jane Wyman; two children: Maureen and Michael. Marriage ended in divorce. Married Nancy Davis in 1952; two children: Patricia Ann and Ronald Prescott. • Elected governor of California in November 1966. Reelected in 1970. • Chairman of Republican Governor's Association in 1969. • Member of Presidential Commission investigating the CIA in 1974-75. • Nationally syndicated radio commentator and newspaper columnist. • Speaker to civic, business and political groups. • Ran unsuccessfully for Republican presidential nomination in 1976. • Founded conservative political action organization, Citizens for the Republic. • Actively campaigned nationwide for Republican candidates in 1978 elections. • Announced 1980 presidential candidate, Nov. 13, 1979.

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# Reagan

## Says That Government Ignores Farmers, Aims Policy at Consumers

By WILLIAM ENDICOTT  
Times Staff Writer

ISMARCK, N.D.—Ronald Reagan Tuesday advocated an increase in beef prices for consumers so farmers could enjoy a higher net income.

The Republican presidential candidate, campaigning in farm-rich North Dakota, charged that the federal government "has a cheap food policy for political purposes, is aimed at the consumer and that does not recognize the problems of the farmer." He did not elaborate, but a campaign aide later said Reagan was referring to the federal farm-price support system and other government programs that virtually control the marketplace through various floors and ceilings on farm products.

"The time has come, I think, for the federal government to find out—not interfering, not by trying to repair those old programs that rob you independence—but to find out where it can be of help to ensure that the farmer of this country gets the net income that is fair and equitable with regard to what he is doing for his nation," Reagan said.

His remarks came in a keynote speech to a GOP convention at which North Dakota's 17 national convention delegates were chosen later in the day. Reagan won 12; George Bush got one and four indicated that they would go to the convention in Denver undecided.

The former California governor offered no concrete recommendations on farm policy in his speech but told reporters later that the government "should, for one thing, attempt to stimulate more farm exports."

He contended that farmers are caught in a "cost-price squeeze" and an increase in their income would not be any considerable solution to the inflated prices of today.

But he sidestepped the farm-price parity issue that has plagued farmers for weeks in the Midwest by urging farmers to "think in terms of their price on their farmer's investment, and labor."

Reagan involves federal subsidies to farmers based on World War I era farm prices and is one of the most controversial issues in the farm belt.

As he left the convention center, Reagan was greeted by a singing group called "The Plainsmen," dressed in buckskin jackets and cowboy hats and singing patriotic songs. In a group of horsemen called the North Dakota Rancheros.

Reagan shed his coat, donned a 10-million-hat and mounted a horse, joking that his campaign staff might have a difficult time persuading him to leave. But after a few expert turns around the roped-off grassy area, he headed off by a chartered jet for Texas where his campaign plans called for a visit to the Alamo in San Antonio today before he returns to Los Angeles tonight.

After only one night at home, however, he will head out again Saturday, this time for Ohio and a Sunday morning meeting with Gov. James A. Rhodes and other Ohio GOP leaders in Columbus. He is expected to win their endorsement for the June Ohio primary.

Sounding more and more like a farmer and picking up delegates and endorsements at a rapid clip, Reagan also announced Thursday the formation of a "policy council" headed by former Treasury Secretary William Simon to "provide the advice and counsel on a broad range of key national policy issues."

It is what might be a preview of a Reagan Cabinet if he should reach the White House; the council also includes Reagan's campaign director, William T. Casey; Alan Greenspan, who was chairman of the Council of Economic Advisers under President Gerald R. Ford, and several former cabinet officers, including William Rogers, Donald Rumsfeld, George Shultz and Caspar Weinberger.

Others on the list are Rep. Jack Kamp of New York; Irving Kristol, professor of social thought at New York University's graduate school of business; Dr. John McKetta, professor of chemical engineering at the University of Texas; Charis Walker, a former Treasury undersecretary; and Murray Weidenbaum, director of the Center for the Study of American Business at Washington University in St. Louis.

"Their charge, collectively and individually, but working closely together in the weeks and months to come, also will be to examine and offer workable alternatives to our dangerous dependence on oil from the Persian Gulf and recommend appropriate ways to restore values and make life better in our cities, our neighborhoods and our towns," Reagan said.

The policy council also will advise him on how we can make our government leaner, more efficient and more responsive to Americans—and will offer counsel on the best ways to strengthen America's national defense and rebuild our relationships with our allies and friends around the

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# The Record, and

By John Bulzar

Chronicle Correspondent

## Sacramento

Ronald Reagan has spent just about as much of his life out on the stump campaigning for public office as he has behind a desk holding public office. And it's been 5½ years since he shook his last hand as governor of California.

As a result, much of what the public knows about Reagan's record as an officeholder is what he says about it.

And he says a lot. Hardly a speech, a press conference or a town hall appearance passes without Reagan harking back to his two terms as governor.

"Why, in California..." he begins, and the audiences listen and are impressed. When he's clicking, Reagan gives little room for doubters.

Now, however, as he moves close to locking up the 1980 Republican presidential nomination, his record as governor of the nation's most populous state is coming under renewed scrutiny and skepticism, especially as it compares to what he says about it.

The comparison process is not clean or crisp.

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## Fans know he did battle the big spenders and sometimes won

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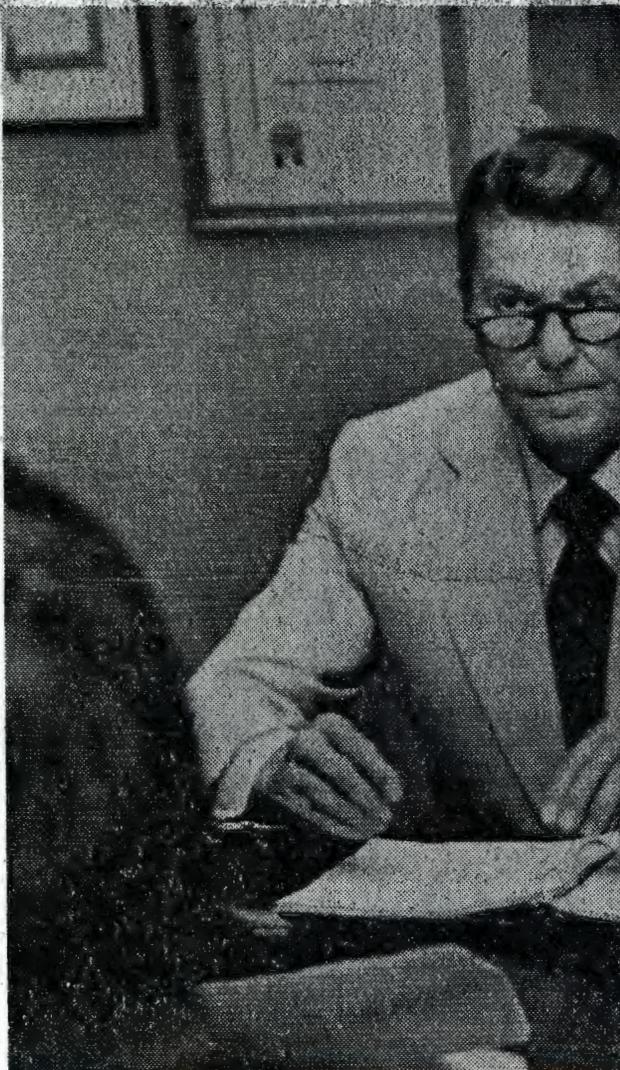
Those who liked Reagan when he was governor, from January 1967 to January 1975, generally recall his accomplishments in a favorable light. Those who didn't like him are apt to say that for all his huffing and puffing, he left only shallow footprints that have all but washed away.

There are, in fact, morsels in Reagan's record and the way he recounts it to please or anger most everyone, no matter what their political prejudices.

Reagan fans can be comforted that he did battle the big-spenders and sometimes won; that he refunded tax surpluses when legislators were drooling on their ties thinking about ways to spend them on new programs; that he had the determination and stamina to actually tackle reforms of the huge welfare system, and that as a political novice he brought a degree of administrative acumen to the wheeling-and-dealing of government that surprised even those opponents who viewed him as more appropriately cast in movies such as "Bedtime for Bonzo" and "Cattle Queen of Montana."

Reagan critics can find that his legendary tax refunds were made possible because he overcharged taxpayers in the first place with some of the biggest tax increases in state history. They can find that for all his bluster about damnfool bureaucrats, he established 73 separate boards, commissions, authorities and councils during his last term alone, and that the man who now compares abortion to murder is the governor who signed California's wide-open abortion statute, and declared he was sympathetic to liberalizing the law.

Here is a review of some of the most talked about portions of the Reagan record, as he remembers it and as others do:



Ronald Reagan during a meeting in his off

**WELFARE:** Reagan has consistently described his assault on the status-quo of the welfare system as his most important and satisfying achievement while governor.

To hear him tell it, he bounced the chislers and freeloaders off the gravy train, increased benefits for the truly needy, and saved taxpayers a whole pile of money. He calculates that the package of welfare reform laws, enacted in 1971, kept a million persons from joining the welfare rolls and saved a dramatic \$1 billion by 1974.

These reforms included requiring adult children to contribute to the support of their welfare parents, cracking down on runaway fathers, stiffening fraud penalties and stepping up efforts to detect welfare fraud. His most controversial effort required able-bodied recipients to perform community work, such as gardening, to qualify for benefits.

Reagan's claims of unqualified success have been challenged on several grounds, by both Republicans and Democrats who are familiar with the programs.

While it is true that welfare rolls stabilized during Reagan's second term, after years of rapid growth, some experts believe that this came about mostly because of a sizzling economic upswing and increased employment in California during the mid 1970s, not primarily because of any action by Reagan and the Legislature.

The experts also note that the courts rejected some elements of the reforms and the method of implementing them, and that Reagan's own administration concluded that the vaunted work-or-else pro-

# Reagan's Claims



Reagan in Sacramento when he was governor

Program for able-bodied recipients had little impact on welfare.

Still, there is the feeling that Reagan did have a profound impact on welfare, if in an indirect fashion.

Tom Dooley, a top deputy in the non-partisan legislative analyst's office, remembers the welfare reform battle clearly.

"The result was a change in attitude about welfare," says Dooley. At a time when the Legislature was mostly occupied with expanding the welfare system, he says, "Reagan ended that and since then we've had a stabilization of the welfare rolls. He put a brake on welfare expansion — kind of like saying, 'enough is enough.'"

Dooley says the effects also can be seen in the kind of bureaucrat now working in the welfare department — accountants instead of social activists as in the pre-Reagan years.

**TAXES:** If welfare is the main course served up by Reagan, then taxes are his dessert. "The Reagan Record," a 73-page account of Reagan's governorship prepared for his 1980 presidential campaign, unabashedly calls him "the greatest tax-cutter in the state's history."

Reagan also claims, by virtue of an unsuccessful initiative effort to impose a limit on the growth of government spending, to be the forefather of Proposition 13 and other California tax-cut initiatives.

A campaign brochure sums it up: "The state faced bankruptcy when Governor Reagan took office. And

the Legislature was dominated by the other party. Asserting his leadership, Governor Reagan turned the state's red ink into black. He gave the taxpayers \$5.7 billion in tax relief, in the form of credits and rebates. He left his successor with a surplus. In 1973, he pioneered the now popular tax reform movement."

Some of that is true, some is disputable. But for certain, there is more to the story. First, Reagan indeed gave back tax rebates and tax credits. But he also raised virtually every important tax in the state by millions of dollars. And by any measure, state taxes and spending were much higher when he left office than when he arrived.

Per capita state taxes were \$184 during Reagan's first year; and \$382 his last. Or by another measure, state taxes per \$100 of earnings were \$5.12 in his first year; \$6.41 in his last. Spending went up 12.7 percent a year during his first term, and 14.9 percent a year during his second — substantially higher than the rate of inflation at the time.

As he says, Reagan inherited a state with a deficit of \$194 million. But to make up for that, he increased sales, income, corporate, liquor and cigaret taxes almost \$1 billion in 1967. There was another half-billion dollar tax increase in 1971 and a \$670 million

## He surprised even those who always recall 'Bedtime for Bonzo'

increase in 1972.

"Obviously, the tax bite went up under the Reagan regime," says John Vickerman, chief deputy in the legislative analyst's office. "It was a significant increase even when you start considering inflationary dollars... The rate of growth was about the same as his predecessor."

And, despite his attempts to associate himself with the Proposition 13 tax rebellion movement, Reagan very strongly fought initiatives in 1968 and 1972 to roll back the property tax in California. These were sponsored by former Los Angeles assessor Phillip E. Watson.

### BUREAUCRACY AND LOCAL GOVERNMENT:

There is a particularly strong theme in the Reagan 1980 campaign — his dislike of the large federal bureaucracy and his view that the federal government ought to transfer both responsibility for many programs and taxing authority to pay for them to local governments, "the level closest to the people."

Reagan's record in California seems to point in exactly the opposite direction.

A large chunk of Reagan's tax increases went to pay for local programs at least partly controlled by the state, primarily schools and property tax relief through the homeowners' exemption. In these major areas, he furthered the trend of big government collecting taxes and then spending the money for state-dictated local programs.

According to the business-oriented Cal-Tax activist organization, the 73 new state government councils, commissions and the like created during Reagan's last four years cost \$12 million in 1974 alone.

# Reagan Collects the E

By Lou Cannon and  
David S. Broder  
*Washington Post*

Los Angeles

On the Friday that President Carter announced his proposed budget cuts, Ronald Reagan's domestic adviser, Martin Anderson, slipped away from the candidate's party at the airport at Mattoon, Ill., and placed a telephone call to San Francisco.

After a chat with Milton Friedman, the nation's best-known conservative economist, Anderson emerged with information that would enable Ronald Reagan to tell reporters later that the budget cuts, while a step in the right direction, were inadequate to control inflation.

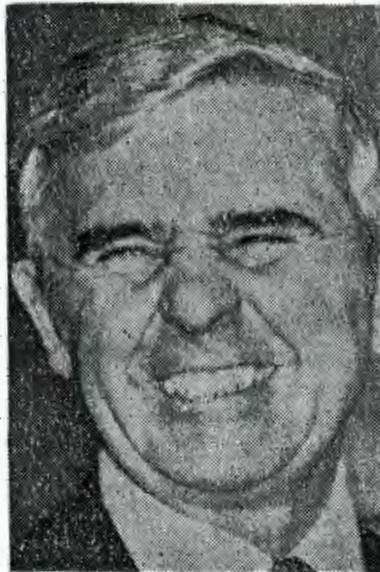
The same day, Representative Thomas B. Evans Jr. (R-Del.) had an idea. He told Reagan that the United States could increase its influence among the "captive nations" of Eastern Europe by expanding the Voice of Radio Free Europe and Radio Liberty.

This suggestion showed up intact the following Monday in a foreign policy address Reagan made in Chicago and again, immediately afterward, in a speech that was warmly applauded by a group of Polish-Americans.

These two incidents typify the way ideas and information are flowing into the Reagan campaign as the candidate's focus shifts from the Republican primaries to an anticipated contest with Carter.

Only a few months ago, Reagan was a candidate who wrote his own one-liners and drew a seemingly endless supply of statistics from newspaper clippings he found himself.

Now the former California governor has briefings or telephone conversations regularly with economists such as Friedman, Alan Greenspan, Jude Wannaski, and Arthur Laffer. He is drawing on



SENATOR PAUL LAXALT  
A key adviser

the diverse expertise of men such as former Treasury secretaries George P. Schultz and William E. Simon, former Federal Reserve Board Chairman Arthur F. Burns, former Arms Control and Disarmament Agency Director Fred C. Ikle and former Health, Education and Welfare Secretary Caspar W. Weinberger, who was Reagan's finance director in California.

Reagan also is relying increasingly on the advice and staff work of key Republican politicians such as Evans, Representative Jack Kemp of New York and Senator Paul Laxalt of Nevada.

Out of this eclectic consultation, some new themes and proposals are beginning to make inroads into Reagan's stock anti-government speech.

In New York this week, Reagan used information from Kemp that enabled him to demonstrate newfound knowledge about New York state's taxation and inflation burdens. In the same speech he took heed of inner-city unemployment problems with information provid-

ed him by New York political director Roger Stone.

Reagan's foreign policy pronouncements, while still stressing the perfidy and military might of the Soviet Union, increasingly have begun to reflect Ikle's influence that a U.S. military buildup can be used as leverage for genuine arms control.

Reagan also is obtaining a broad range of information from GOP members of Congress scrambling to board the Reagan bandwagon before it gets too far along.

Four years ago, when Reagan was running for the Republican nomination against Gerald Ford, virtually all his congressional help came from Laxalt, governor of Nevada when Reagan was governor of California. Laxalt remains the GOP officeholder closest to the candidate, but 13 other senators and dozens of House members are now supporting Reagan.

"We have key people on all committees who can provide expertise from a realistic political standpoint," Laxalt says.

As Laxalt sees it, such communication is as important for Congress as for Reagan. With this in mind, Laxalt conducted a congressional briefing last fall and intends to bring Reagan to Washington for another congressional meeting this month.

Directing the flow of information to Reagan is chief issues adviser Edwin Meese III and two senior staff consultants, Anderson on domestic policy and Richard V. Allen on foreign policy. At least one of them travels with Reagan throughout the campaign. A fourth frequently consulted adviser, who rarely travels, is Richard J. Whalen, president of Worldwide Information Resources.

Except for Meese, who was executive secretary to Reagan during his most successful period as California governor, there is a com-

Martin County supervisors vot-

Over Budget Cuts

To Sue Brown

Marin Board Votes

San Francisco Chronicle - 5

Wed, Apr 2, 1980

The U.S. government rested its case yesterday in the marathon Hell's Angels racketeering trial after introducing some damaging

Closes Case

Prosecution

Hell's Angels



# the Experts

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mon thread to the background of  
these key advisers. All were young  
program-oriented aides in the salad  
days of the Nixon administration  
when people talked about welfare  
reform rather than Watergate. All,  
like departed Reagan campaign  
manager John Sears, left the Nixon  
White House after policy or person-  
al disputes with top presidential  
advisers.

Whalen, a former editor of  
Fortune, wrote a searing book on  
administration failures entitled  
"Catch a Falling Flag." Economist  
Anderson, an architect of the all-  
volunteer Army and author of  
books on welfare reform and urban  
renewal, left Nixon in 1971 to join  
Stanford University's Hoover Insti-  
tution on War, Revolution and  
Peace. Allen, once regarded as the  
right-winger in residence at the  
National Security Council, departed  
early in the Nixon administration  
only to return in 1971 as deputy  
assistant for international economic  
affairs.

It is an open secret that Allen,  
as did others at the NSC, resented  
the control of information and  
access to the president monopolized  
by Henry A. Kissinger. Without  
mentioning Kissinger by name, Al-  
len says he has learned from his  
White House experience; he tells  
consulting academics that informa-  
tion they provide for Reagan will  
reach the candidate unaltered and  
with the author's name on it.

"Information flows through me  
to the candidates whether it's in  
accord with what he feels or what I  
feel," says Allen. "We've had too  
many bad examples of what can  
happen when it's the other way."

Meese, a San Diego lawyer, is  
the glue that holds the Reagan  
senior staff together. He is easygo-  
ing and so trusted by Reagan that  
he does not need to guard proximi-  
ty to the candidate in order to  
wield power.

Among the new creations were controversial  
agencies such as the California Energy Commission.  
He signed the 1973 legislation creating the commission  
and putting government deep into the energy busi-  
ness, including requiring a three-year review process  
for any new power plant. Reagan also established the  
state Department of Consumer Affairs during his  
tenure.

**ABORTION AND EQUAL RIGHTS:** On both of  
these emotional issues, Ronald Reagan has not only  
changed his position since being governor, but in his

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He refunded  
taxes . . . but  
also raised  
key taxes

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1980 campaign has come to symbolize opposition to  
both. He is against abortion, recently likening it to  
murder and saying, "I have to believe the unborn  
child is a human being," and he is solidly against  
putting any equal rights amendment into the U.S.  
Constitution.

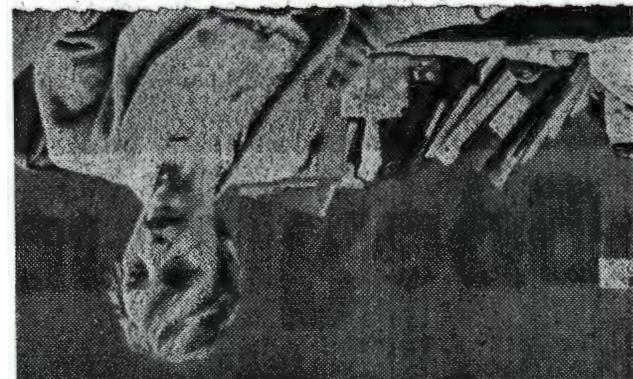
Yet in June 1967, he signed what was then the  
nation's most liberal abortion law and declared, "I'm  
fully sympathetic with attempts to liberalize the  
outdated abortion law now on the books in California.  
I am confident that the people of California will  
recognize that need and will support the humanitari-  
an goals of the measure."

The number of legal abortions in California  
jumped under the law from 5018 in 1968 to 131,870 by  
1973, when the U.S. Supreme Court acted to liberalize  
abortions nationwide. During those years under  
Reagan, about one-third of the abortions were paid  
for by taxpayers through the Medi-Cal program.

On the ERA, an important issue to many women,  
Reagan says he is for the "E" and the "R" — equal  
rights — but not for the amendment to the Constitu-  
tion. He says it will end up in the courts and cause  
"mischief," perhaps even backfire.

But during Reagan's tenure, California ratified  
the ERA and the governor issued a statement that  
directly contradicts his position today.

"In my opinion, the declaration that 'equality of  
rights under the law shall not be denied or abridged  
by the United States or by any state on account of  
sex' is morally unassailable," Reagan said at a 1972  
press conference. "Whether or not its adoption might  
lead to problems, real or imagined, is besides the  
point. All of the broad principles and guarantees of  
the original Constitution carried the same potential  
for problems."



Bilingual employees of San Francisco General Hospital en-  
gaged in a "talk-in" yesterday to  
She rescinded the order under  
By H. G. Reza

## S.F. Hospital Furor Over Languages