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EMBARGOED: Release 6:00 PM (

Saturday, February 5, 1977

Excerpts of remarks by the Hon. Ronald Reagan,  
former Governor of California  
Fourth Conservative Political Action Conference  
American Conservative Union Banquet  
Hyatt Regency, Washington, D.C.  
Saturday, February 6, 1977

Crossfiled Under:

Conservatives - 1-2-6  
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# RONALD REAGAN'S ADDRESS ALUMNI WEEKEND, 1977

Alabama 2/26/77

Thank you all very much. Dean Pittman, thank you very much for your gracious and flattering introduction. Presidents of your Alumni organization, Dr. Wilson; President-Elect, Dr. Leitner; Dr. Hill, President of the University; the honoree, Dr. Waldrop; Dr. Kirschenfeld, I bring an apology from Nancy that she couldn't be here with me and her thanks for your very kind invitation for her to be here, but she's substituting for me in a couple of appearances out there. I will have to give her a full report because her father, Dr. Loyal Davis is still Editor of SG & O and they will want to know all about this. I am happy to be here myself, although I hope this isn't like the class reunion where everyone gets together to see who's falling apart. The mention of my previous occupation back in the motion picture industry — We once had a fellow in show business, Moss Hart, the great playwright. And Moss was that kind of individual all of you doctors, I am sure, dread to see at a social gathering. When he heard the word "doctor" he inevitably could come up with a low back pain, or something of that kind and seek some free advise. He did this at one party when introduced to a Dr. Jones, and the man introducing them — embarrassed — said, "Moss, please, he's a Doctor of Economics." Moss was stopped only for a second and he said, "I bought some stock last week."

But, you know, I had hoped this morning, when I had a brief tour of this magnificent Medical Center that has been built and is building, that I might find out also, and learn where you, as doctors, learn how to write prescriptions. It is an art in itself.

An absent-minded friend of mine had an examination, the doctor wrote him a prescription, he put it in his billfold, forgot to get it filled, and in two years he showed it to the conductor and used it as a railroad pass. Twice he got into the theater and once to a ballgame. He got a raise by showing it to the cashier as a note from the boss, and then he laid it down one day at home and his daughter played it on the piano and won a scholarship to the American Conservatory. He used it to get into her first concert.

These are times that governments seem to be so determined to save you from yourselves, that you must feel a little bit like the patient who went in for an examination and when he asked the doctor afterward for the result how was he, the doctor said, "Well, let me put it this way, eat the best part of the chicken first." I realize I'm taking a chance here. You shouldn't tell doctors' jokes, but I have to tell you the one about the man who had been having trouble for a long time and finally switched doctors, and a friend asked him how he was doing, and he said, "Well, just fine. This new doctor has diagnosed my problem as a lack of iron. I take iron pills every day. I get iron shots every week and once a month an intravenous injection of iron," and his friend said, "and you feel better?" And he says, "Only when I'm facing North."

Every speaker hopes that his remarks will be appropriate for the occasion and accepted by those present, and every speaker has had the experience when this didn't happen. I, as Governor, at one point represented our government in Mexico; spoke to a large audience and sat down to a very scattered and unenthusiastic applause. I was embarrassed more so when the next speaker, speaking in Spanish, (which

I didn't understand) was getting the most enthusiastic applause at virtually every other line. So to hide my embarrassment, I beat everybody to it. I started clapping before they did, and I clapped longer than anyone else, until our Ambassador leaned over and said, "I wouldn't do that if I were you, he's interpreting your speech."

But, I want you to know that I'm not going to dwell entirely on the problems of your profession. You are far more familiar with them. I will instead talk about problems that I think we all share. The increase in excessive government interference in the lives of all of us and the need for all of us to communicate. And, it has never been greater than it is today. We go our separate ways, and even as organizations we do, without realizing the great power that is ours in a country where government is supposed to be run by the people. Now I once had a definition of communication, and if some of you perhaps heard me give that definition before, you'll have to remember that life not only begins at 40, but so does lumbago and the tendency to tell the same story several times.

Danny Villanavo, who used to place kick for the Los Angeles Rams and later the Dallas Cowboys, and still later became a sports announcer, told me of this example of communication. He was having dinner at the home of a young Dodger ball player, and the young wife was bustling about getting the dinner ready. They were talking sports when the baby started to cry. And, she over her shoulder, said to her husband, "Change the baby." Embarrassed, he looked at Danny. Then he turned to her and said, "What do you mean, change the baby? I'm a ball player. That's not my line of work." And, she turned around, put her hands on her hips and she *communicated*. She said, "look buster, you lay the diaper out like a diamond. You put second base on home plate, you put the baby's bottom on the pitcher's mound, you hook up first and third, slide home underneath and if it starts to rain, the game ain't called, you start all over again."

In the election campaign just passed, there was a great deal of talk about America's place in the world and of the erosion of time-tested moral standards. Of the seeming inability of an economic system which has provided more for more people than any other system that ever lived to now solve the problems of unemployment and inflation, and always these issues were discussed in the context of what did government intend to do about them. May I suggest that just possibly government has already done too much about them. That, indeed, government by going outside its proper province — has caused many (if not most) of the problems that vex us. Some of us can remember when the only contact you had with the Federal Government was to go down to the post office now and then and buy a stamp. They were 2 cents each for twice a day delivery. Now they're 13 cents for once a day delivery to the wrong address. My friend Senator Dewey Bartlett of Oklahoma says that last 3 cents on the price is for storage. And he has suggested that you could improve the postal service if you started paying the postal employee by mail.

How much are we as citizens to blame for what has happened? Starting with the traumatic experience of the great depression, we turn more and more to government for



answers that government has neither the right nor the capacity to provide. But, because government as an institution always seeks to increase itself in size and power, it has attempted to provide these answers, and the result is that today, we have a fourth branch of enormous power that has been added to the traditional three of executive, legislative and judicial. I am speaking of the vast Federal bureaucracy that now, unfortunately, is being imitated by too many states and too many cities and counties.

The bureaucracy is permanent. It determines policy to a greater extent than any of us are aware and it cannot be removed from office by our votes. A friend of mine told me recently of being in a Congressman's office, and in the midst of the conversation he looked at his watch and he said, "Oh, I have to leave," he said, "I'll have to go over," and he named the director of one of the large agencies in Washington, "I have to see him," and my friend said, "But you're the Congressman, you're the elected representative, he works for you, why doesn't he come to your office?" Believe it or not, the Congressman said, "maybe 15 or 20 years ago, but today, they call; we go." I don't know whether that frightens you as it does me, to find elected representatives more intimidated by the public employees, the bureaucracy, than by the constituents back home.

And, of course, we bear a greater tax burden to support this permanent structure than any of us would ever have dreamed possible only a few decades ago. In 1930, governments, federal, state, and local, between them, only took a dime out of every dollar earned in the country. And of that dime, less than a third paid for the entire federal establishment. Today governments are taking 44 cents out of every dollar earned and more than two-thirds of that pays for Washington. The cost of government is the biggest single expense item in the average family budget. It is greater than food, shelter and clothing for the entire family all put together. It is the fastest growing cost item, but curiously it is not used as one of the factors in computing the cost-of-living index. Possibly it is because those in government have long since exempted themselves from feeling the pain of inflation by virtue of an automatic cost-of-living pay raise now passed for all time to come.

There are 70 million Americans working and earning in the private sector, supporting themselves and their dependents. They also support 81 million other Americans who are totally dependent on tax dollars for their year-round living. Now, it's true, about 15 million of those public employees who also pay taxes, but their taxes are simply a return to government of tax dollars that first had to be taken from 70 million. I emphasize this to point out that simply, the 70 million are the total resource of government. It has no other source of revenue.

Political demagogues, aided by spokesmen for a variety of causes (some worthy in themselves, but questionable as to whether they are a proper concern of government) have created a political and economic mythology that's widely believed by the American people. This has made possible the increase in government's ability to interfere in the free marketplace. Whether you are in your profession, in agriculture, or business as a private entrepreneur or producer, too many of you lack proper representation in government today and all too often you will become a convenient whipping boy. Profit has become a dirty word, blamed for most of the social ills. In the interest of something called "consumerism," free enterprise is becoming far less free. Property rights are being reduced and even eliminated in the name of environmental protection. Where and when

will a chorus of voices be raised proclaiming and reminding us that profit, property rights and freedom are inseparable and you can't possibly have the third unless we are entitled to the first two. And still, you and I are guilty, when something goes wrong, of saying, "there ought to be a law." Sometimes I think there ought to be a law saying "there ought to be a law." The German statesman, Bismarck, has said that if you like sausage and laws, you should never watch either one of them being made.

It is difficult to understand the ever increasing number of intellectuals in the groves of academe who contend that the system could be improved—this system of ours—by the adoption of some (if not all) of the features of socialism. Now one can hardly say that these eminent scholars are ignorant; it's just that they know a great many things that aren't true.

In any comparison between our free market system and socialism, nowhere is the miracle of capitalism more evident than in the very basic factor in life, food itself. The production and distribution of food. Our people eat better for a lower percentage of their earnings than any other people on earth. It takes 17 percent after taxes of the average family's income. The American farmer produces today two and one-half times as much as he did sixty years ago with one-third the man hours on one-half the cultivated land. If his counterparts in the rest of the world could match his technological skills, we could feed the entire world on one-tenth of the land now under cultivation. Nowhere is there a more dramatic example of the difference between the two systems than if we compared this same food system with the Soviet Union and the United States.

Some years ago, to increase morale among the workers on the collective farms, the Soviet Union adopted a little of capitalism. They let each worker have a small plot of ground which he could till and use himself and they allowed him also to sell the produce he produced there in the market, if he so chose. Today, less than 4 percent of the agricultural land of Russia is so farmed—privately farmed. And, on that 4 percent is raised 40 percent of all of Russia's vegetables and 60 percent of its meat. American researchers recently did a comparison of food prices in our markets, and I know that the housewives present believe that, very quickly, our own prices will be such that it is going to be cheaper to eat money. But, they did this comparison, between our own and the Soviet food stores, and they translated the price into how many minutes and hours that the average wage, a person would have to work to buy these items. With one exception the Russians would have to work from 2 to 10 times as long to buy each separate food item. The one exception was potatoes. The price tag on the Soviet food store potato bins priced out at less work time than the prices in our own stores. There was one problem. They didn't have any potatoes.

But you wonder then why so many of us seem to have lost faith in this system and in ourselves for that matter. We've born out the prophecy of a great French philosopher who came to this country about 130 years ago. He wanted to look at this experiment of ours. He wrote a book called *Democracy in America*. Then he pointed out, however, that if we weren't constantly on guard, we might one day find ourselves covered by a network of regulations controlling every facet of our lives. And he said if that came to pass, we would one day be a nation of timid animals with government the shepherd. Well we are covered by a network of regulations. Tens of thousands of them, and the federal government adds 25 thousand more every year. I don't know how many regulators and inspectors there are at the state and local levels, but there are about 75 thousand now at the

federal level. And, they are judge, jury and executioner. For breaking a regulation there is no presumption of innocence. You are guilty as charged. And they are everywhere. They truly see the sparrows fall.

In Weathersfield, Connecticut, the sixth grade boy's choir has been disbanded by HEW for violating the sex discrimination guidelines. They say musical groups can only be separated now on the basis of vocal range. But in sixth grade the boys all sing soprano. Des Moines, Iowa, the Roosevelt High School has been ordered to discontinue the annual Valentine's Dad and Daughter Dinner. HEW has ordered the University of Seattle to disband the Association of Faculty Wives unless it agrees to admit men.

Then there's one that maybe you think is far removed from your particular profession. There's the Occupational Safety and Health Administration (OSHA). They went into one industrial concern, made them tear out and replace all the guard rails that were 41 and 43 inches high because one of their four thousand regulations says they have to be 42 inches high. In another institution they made them take all the forklift trucks, shorten the wheel base for safety. They now turn on a narrower radius and they tip over. The farmers that I was talking about a little while ago have not been left out. They received a slick-paper pamphlet pointing out all the hazards of farm life. One was that when walking about the farm they should keep their eyes on the ground because here and there might be a slippery substance which, if you stepped in it, could cause a nasty fall. Now you know no farmer would have thought of that by himself.

But you're really not exempt yourselves. Up in Ohio there's a new hospital. This hospital employed some federal funds in its construction as most of them do these days. HEW, as a result, has demanded the right to inspect all such hospitals. And they came in and the only thing they could find wrong were the plastic liners in the wastebaskets and they said, uh huh, if one of those should catch fire the noxious fumes of the burning plastic would be injurious to the patients. Remove them. But they were in there because OSHA had been in before and said they have to have them in there to protect the employees against contamination of the waste material! Now the only thing they can figure to do is to have someone at the door and watch for the inspectors, take them in if one's coming and out if the other one is coming.

I am sure that many of you could give me examples of how burdened you are with non-essential paperwork required by government. And it's the same every place. The Federal Trade Commission requires data that's already filed with the SEC. The BLS asks for data that is already been sent to the FTC. The Labor Department has sent pension fund data that the IRS already has and both of them could get it from the SEC. A druggist in the midwest says it takes more time to fill out the paperwork every time he mixes a prescription than it does to mix the prescription. At the other end of the scale in that industry, the President of Eli Lilly Drug Company has now revealed that it takes more man-hours for his company to do government required paperwork than they spend on cancer and heart research combined. He told of marketing a new arthritis medicine, only after submitting to the Federal Drug Administration a 120 thousand-page scientific data report, three-fourths of which he said was absolutely useless. But they had to submit it in triplicate! And you just don't go down to the nearest mail box and drop 360 thousand pieces of paper in. A truck delivered one ton of the report.

The Del Monte Corporation reports that 14 new regulations in the last few years, having to do, not with food, just with the labels, has cost the company millions of dollars

in recalling old labels and designing new ones. And of course the millions of dollars have to be added to the price of foods and therefore are paid by all of us. And so it is with every case of government regulation and paperwork. Eli Lilly has admitted that government-required paperwork has added an average of 50 cents to every prescription that is filled.

There's an even higher price, of course, in life and health. We are no longer first in the production of new drugs and medicines, health giving factors. We've dropped way down the line. We're producing 60 percent fewer than we were just a few years ago. Paperwork of your patients, independent businessmen and women, add 50 billion dollars a year to their cost of doing business, and then we all pay 20 billion dollars in taxes to cover government's cost of handling that paper. Shuffling 10 billion pieces of paper which just independent businessmen alone send to Washington every year. We're so used to talking in terms of billions, I wonder if we really know what a billion is. A billion minutes ago, Christ was walking on this earth. A billion hours ago, our ancestors lived in caves and I doubt they'd even discovered fire yet. A billion dollars ago was yesterday in Washington. And it's a billion today and a billion tomorrow, and with the newly submitted budget, it will be about a billion and a half yesterday, today and tomorrow. To bring it a little closer, maybe you could picture it, if you gentlemen would send your wives out on a shopping spree and give each one of them a billion dollars, but tell them that they could only spend it at a rate of a thousand dollars a day, they wouldn't be home for three thousand years.

Freedom is fragile. It can't be passed on to our children in the blood stream or genetically. It's never more than one generation away from extinction. If you lose your economic and professional freedom, your patients become socialized also. We lose our political freedom. We, all of us, have to resist asking government for help if it limits competition or restricts the free play of the market place. Because when we ask government for help we wind up with a partner and a senior partner. Already government has assumed a great many of the prerogatives of management without accepting any of the responsibilities. But there's more we can do. Have we turned to the private sector? To the talent and ability that is there so abundantly. To the private market place to solve some of the problems government claims it alone can solve.

I just came over from Arkansas. Little Rock, Arkansas. Out there in the Benton High School I learned that they had a hot lunch program that was a failure. Only 10 percent of the students would patronize it and they complained about the lousy quality of the food. The cafe was losing a thousand dollars a month. Finally in disgust the school closed it down, went out to McDonalds to make a deal for McDonalds to come in and run the shop for them. Now, six times as many students are eating there and McDonalds is making a profit and the school is saving 12 thousand dollars a year.

We can fight back against unwarranted government harassment and regulations. Sometimes I fear that the great corporations have abdicated their responsibility to preserve the free enterprise system. Out of a reluctance to rock the boat or a fear of retaliation, they go on feeding the crocodile hoping he'll eat them last. Well let me tell you what can be done. Because we still are powerful as citizens if we will only recognize our rights and our power. There's a little company out in New Mexico. Husband-and-wife-owned. She's the president of the corporation. They have five employees. Two OSHA inspectors arrived at the door, wanted to come in on a hunting expedition to look for possible violations of their regulations. She said, "where's your warrant?" They said, "We don't need one." She said, "You do to come in here." Well

they went away and found a judge that would give them a warrant. And they came back. She had her lawyer with her. He looked at the warrant and said, it does not show probable cause. A federal district court — three judge panel — has upheld her right to do this. Up in Idaho, taking a cue from her, there's a small subcontractor and plumbing and electrical works. Family owned business. Mr. Barlow met the two inspectors at his door. They invoked Paragraph 8-A of the OSHA Act, which said they didn't need a warrant. He wouldn't let them in. They came back with a court order. He defied it and was cited for contempt of court. He petitioned the federal district court in Idaho and three judges ruled that Paragraph 8-A of the OSHA Act violates our Fourth Amendment — Constitutional right against search and seizure. We will now await the decision because it's been appealed to the United States Supreme Court.

But why don't more of us challenge the arrogance of officialdom. Government by the people will only work if the people work at it. We can fight back. We can begin by dispelling that economic and political mythology with the truth and the truth is on our side. In your own field, how long should go on fighting the lonely battle against socialized medicine? The truth, that so few seem to know, and virtually all of Europe, socialized medicine plans are afflicted with rising costs, underfunding, bureaucratic ineptness, quality decline, overusage, personnel and facility shortages, and a lack of capital for scientific modernization. In England they have made cutback after cutback in an attempt at sweeping reforms. One senior official says yes, we have gone too far. The waits for medical service are growing longer and the fees have doubled.

An English sociologist has said the medical, nursing and paramedic personnel, most of whom enthusiastically accepted the challenge of British National Health Service, and enthusiastically tried to treat patients as patients, are now soured, disenchanted and militantly organized in their own special interests. Public administrators override the independence of professional medical opinion. Progress raises expectations which cannot be fulfilled. The best doctors and surgeons are so few in number, therefore it is impossible for more than a few to receive the best medical care. The latest scientific techniques rest upon expensive equipment and therefore, only a few enjoy the benefits. Neither socialized medicine nor private medicine can change these facts. But socialized medicine induces the belief that it can.

In Sweden, a senior official says the waits for medical service are growing longer, fees have doubled, a new hospital in Stockholm stand one-half completed for a lack of funds, doctors leave the country in the summer to escape confiscatory taxes. Alcoholism, drug addiction, syphilis, mental illness and suicide rank among the highest anywhere. France. An official there said we spend all our time filling out forms. Holland. Suspended medical education for lack of funds. Israel has cutback on free prescriptions because the people were taking medicine they didn't need simply because it was free. In Russia the low quality program of paramedic service is so out of hand that abuse of the system is now a capital offense.

One of the senators who has been the most urgent in trying to bring to us, under the euphemism of "national health insurance," socialized medicine to this country — Senator Kennedy — visited a nursing home in Denver and spent about two hours there, which as far as I can learn, is as much first hand contact he has had with the government practice of medicine.

But an administrator in Denmark said, "don't ask me how to control medical costs." In the United States there can be no question but the rising medical costs are due in no small part to government's participation in health care. We acknowledge, I acknowledge, that in the pluralistic system some government participation is necessary and even desirable. But government never stops at that desirable point.

In California when Medicare and Medi-Cal started, there were 22 thousand nursing home beds in the state. Four years later there were 100 thousand and 80 percent of them were occupied by Medicare and Medi-Cal patients.

A recent poll asked people if they were satisfied with health care today in the United States, and 76 percent of the people said yes. But follow the rest of the questions. Second question to the same people. Are you dissatisfied with the quality of your own medical care? Only 10 percent said yes. Next question. Is it easy to get medical care? Can you get a doctor when you need one? Is medical service convenient where you are? 87 percent said yes. Question. Do you believe that you would get better care if the doctors were paid on a flat monthly salary? Only 12 percent said yes. Since 1963 there has been a 20 percent increase in the number of doctors engaged in direct patient care in this country. Total increase in the total number of doctors is 32½ percent. 76 percent increase in the number of women doctors. There is now one doctor in America for every 629 patients. Only two-tenths of one percent of the population, less than half a million people live in 138 countries without a doctor, but almost all of those are within 25 miles of available medical care. The number of doctors in the United States is increasing three times as fast as population, the auxiliaries to doctors are increasing four times as fast.

What we have accomplished in this country under our system should be the kind of truth that we used in comparison with this other. I stand here having already lived more than 10 years beyond my life expectancy when I was born. That's a source of annoyance to a number of people.

Almost 90 percent of Americans are covered by some form of health insurance. Now Congress is back in session. They'll take up the business of divestiture, solving the oil shortage by breaking up the companies that produce the oil; move to control all industry to the extent never before attempted, by way of the Humphrey-Hawkins Bill. The medical profession will face an all-out effort by Congress to socialize the practice of medicine. National land planning threatens the very basis of private ownership of property. The virus spreads.

The Legislature in California is talking about setting up state-owned banks to compete with privately-owned banks. Why is it so hard for us to look at those other countries that chose this path before us? In England the pound is sinking faster than the Titanic and the socialist prime minister is calling on private enterprise and capitalistic measures to save the kingdom from disaster. Sweden, for 40 years, has been held up to us as an example that Marxism does work. But last year the people of Sweden living under it cancelled out socialism by their votes. Probably the straw that broke the camel's back was the new tax law last year. It set the income tax rate at \$33,000.00 of earnings at 102 percent. You and I must realize that state-owned banks, breaking up oil (or any other industry), national economic planning, land planning, socialized medicine, are threats to all of us, regardless of our profession or occupation. For anyone of us to sit back and say, well, we will wage the fight only when the problem gets to our door-step is as shortsighted as going into the poultry



business without a rooster. You're putting a great deal of confidence in the stork. All of us have to stand together. All of the multitude of organizations that we have and that we belong to must recognize that we have a single interest in saving the free market system. If business can't expand or create jobs, if utilities can't get funding to keep up with the increased fuel costs, if the construction industry is frozen into immobility, the airlines and real estate trusts are backed up against the wall, who will rescue them? Who will rescue even the senior citizen whose fixed income can't keep pace with the erosion of inflation? Not the government that caused the inflation nor the profits by it. You know I've been told for a long time that politics was the second oldest profession, and I have come to realize in recent years it bears a great similarity to the first.

Small special interest groups have succeeded in influencing government out of all proportion to their numbers. And yet we, who believe in the free market, have these organizations I've mentioned. We spend too much time talking to each other. I've looked, of course, at your literature. I know the organizations that you have and I have to say you're all allies. You with the independent businessmen and women's associations. The Chambers of Commerce, the trade associations, the Farm Bureau. All of us to save free enterprise. The historian, Toynbee, has said that "history is the patter of silken slippers descending the stairs and the thunder of hobnail boots coming up." Well we've had enough of hobnail boots in our lifetime and they were always worn by government. People fleeing the thunder of those boots have made their way to this land in our lifetime, in great numbers, and now some of them with fear wonder if they're going to have to flee again, except there's no place to flee to. We preserve freedom here or it's lost forever.

And the answer to our problem is so simple. To those people who keep telling us to look for something new and exotic, some new way to solve our problems, we have a system that for two centuries has served us as no people on earth has ever been served. That is the simple answer to our problems. Simply restoring to its viability that system. The system has never failed us once. We've failed it a number of times.

I had a letter one day from a man who left Hungary in 1956 and fled to America. As he put it, in the wake of the brutal Bolshevik rape of that brave country, he said "I saw Communism in action and I know what is in store for the world. I was shocked by the total ignorance of decent and good Americans about the true face of Communism." Then he added, "Penniless 20 years ago, today I have a small business. I only worked and used the opportunity this country gave me to choose my own course in life. I feel I have come close to the American dream, to be free, independent and proud. I never stopped thanking God for giving me that chance." Are we going to preserve that American dream? Will we use the vitality of the free market place to save this way of life? Or will we face our children and our children's children one day when they ask us where and what we were doing on the day that freedom was lost?

## CLASS OF 1947

Class Reunion Co-chairmen, T. N. Kirkland and Frank B. Waldo promoted their class reunion dinner to result in a fifty percent return of alumni with 18 former class members out of 36 attending. Thirty-one members and wives met at The Club for dinner.

Out-of-staters included the following: Lawrence E. Carlton, Houston, Tx.; Jack T. and Martha Chisolm, Dallas, Tx.; Vincent J. and Giovanna De John, Los Angeles, Ca.; Bruce A. and Virginia Elrod, Ft. Oglethorpe, Ga.; A. J. Henry, Jr., Tallahassee, Fl.; James Nesbitt, Goulds, Fl.; Louis F. Rittelmeyer, Jr., Washington, D.C.; and Ralph W. Wadeson, Jr., Bethesda, Md.

From over the state came John J. and Evelyn Carter, Florence; James M. and Dottie Jones, Dothan; Philip M. and Pat Lightfoot, Montgomery; Mervel V. and Marian Parker, Montgomery; and James A. and Anne Whiting, Saraland.

Birminghamians included Len R. and Adriene Burroughs; Keith W. and Dorothy Gilmore; John B. and Gloria Hodo; Theo Kirkland, Jr.; Frank B. and Betsy Wald, and former faculty member Robert F. Guthrie.

## CLASS OF 1952

John D. Sherrill, Chairman of the Class of 1952 twenty-fifth anniversary celebration reunion made arrangements for his class to meet at the Birmingham Country Club for their dinner. Twenty-three of the forty-two living members of his class returned for the weekend activities.

The group had an enjoyable time recounting the days of med school and kidding one another about how they had changed or had not changed in the twenty-five years since graduation.

Out-of-state alumni included the following: Wallace E. and Betty Calhoun, Moss Point, Mi.; Joe E. Duke, Bradenton, Fl.; Henry G. and Leslie Glass, Houston, Tx.; and William T. and Tanna Oakes, Amory, Mi.

Alumni from Alabama cities other than Birmingham included Harold L. and Bonnie Joan Blanton, Cullman; Hoyt A. and Ouida Childs, Samson; Frederick H. and Jean DeVane, Mobile; Steiner D. and Gay Garrett, Mobile; Kenneth and Fran Hannon, Mobile; J. E. (Ed) Kimbrough; Lewis M. and Ruth Lamberth, Alexander City; Robert and Alice Lightfoot, Montgomery; Sidney C. and Mary Phillips, Mobile; William H. and Jeannie Rudder, Mobile; Fred O. Sherrill, Jr., Falkville; H. Frank and Tamara Skinner, Mobile; and Rhett P. and Corinna Walker, Montrose.

Birminghamians included Malcolm C. Cook and Susan Norris; M. Clifford and Betty Holcomb; Claude M. and Mary Holland; Carl and Anne Robinson; John D. and Gloria Sherrill; and Henry Duke and Susan Thomas.

# RONALD REAGAN'S ADDRESS ALUMNI WEEKEND, 1977

Alabama 2/26/77

Thank you all very much. Dean Pittman, thank you very much for your gracious and flattering introduction. Presidents of your Alumni organization, Dr. Wilson; President-Elect, Dr. Leitner; Dr. Hill, President of the University; the honoree, Dr. Waldrop; Dr. Kirschenfeld, I bring an apology from Nancy that she couldn't be here with me and her thanks for your very kind invitation for her to be here, but she's substituting for me in a couple of appearances out there. I will have to give her a full report because her father, Dr. Loyal Davis is still Editor of SG & O and they will want to know all about this. I am happy to be here myself, although I hope this isn't like the class reunion where everyone gets together to see who's falling apart. The

I didn't understand) was getting the most enthusiastic applause at virtually every other line. So to hide my embarrassment, I beat everybody to it. I started clapping before they did, and I clapped longer than anyone else, until our Ambassador leaned over and said, "I wouldn't do that if I were you, he's interpreting your speech."

But, I want you to know that I'm not going to dwell entirely on the problems of your profession. You are far more familiar with them. I will instead talk about problems that I think we all share. The increase in excessive government interference in the lives of all of us and the need for all of us to communicate. And, it has never been greater than it is today. We go our separate ways, and even as organizations we do, without

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STATEMENT BY THE HONORABLE RONALD REAGAN SUBMITTED TO THE UNITED STATES  
AGRICULTURE COMMITTEE, HEARINGS ON FOOD STAMP PROGRAM - March 8-9, 1977

The national controversy over the Food Stamp Program has gone on for two years, and the end result of all that time and all that talk has been another disappointment for the American taxpayer. Considering the way things have been going in Washington, the public might well wonder, what else is new. A few weeks ago, the Secretary of Agriculture unilaterally revoked food stamp regulations which would have saved at least \$1.2 billion annually. That is an expensive price for the public to pay just to fulfill the political promises of a new Administration.

Two years ago, I joined other concerned Americans in offering this Committee testimony about the ills of the Food Stamp Program. I outlined, as succinctly as possible, the bare essentials of legislation needed to eliminate fraud and abuse in that Program while assuring to the needy a nutritionally adequate diet. I will not repeat today everything I said on that occasion, but I refer the Committee to the record of its hearings of October, 1975 (pp. 574-75).

True food stamp reform can be achieved but only if the Congress and the Administration are willing to apply to the Food Stamp Program the same rigor, the same concern for detail, the same administrative expertness as we in California applied to our State programs of public assistance. In California, we applied comprehensive management procedures to reduce welfare fraud. The same can be done with the Food Stamp Program by using better identification cards, by replacing stamps with countersigned food warrants, by requiring monthly income reporting, and by establishing a computerized central clearing house to prevent multiple receipt of benefits. In California, we effected tremendous cost savings by weeding out ineligibles from welfare programs; and the

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same can be done with the Food Stamp Program by a meaningful asset limitation to remove the affluent from the food stamp rolls, by barring from the Program the willfully unemployed (including strikers and non-working college students), and by making it illegal to transfer assets in order to get food stamps. That is why, in California, we were able to reallocate our welfare resources to substantially increase assistance to the truly needy.

It can be done; but I do not believe it will be done in Washington, not after the performance of the House and Senate in the 94th Congress. Let's lay out the facts for all to see. In April, 1976, the Senate of the United States had an opportunity to clean up the food stamp mess. Senators Curtis, Buckley and Helms offered a series of amendments -- ten in all -- which, with the concurrence of the House, would have done just that. One by one, they were called up for a vote. And one by one, the Senate rejected them.

Should the willfully unemployed, persons out on strike by their own choice, be denied food stamps? The Senate said no. (Vote 114, page S. 4549)

Should college students be treated just like other young people, who work in factories, on farms, and in the Armed Forces? The Senate said no. The Senate preferred that young workers subsidize the groceries of students. (Vote 123, page. S. 5045)

Should college students on food stamps at least be made to register for work during the school year? The Senate said no. (Vote 124, page S. 5047)

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Should strict asset limitations -- the same as in another federal assistance program (S.S.I.) -- be applied to food stamp recipients, so that persons who own expensive material possessions will not exploit the charity of their thrifty neighbors? The Senate said no. (Vote 115, page S. 4950)

Should the government issue photo-identification cards to prevent food stamp fraud? This Committee decided not to do so.

Should a meaningful and effective accounting period be used to assess the real income of a food stamp applicant, who might otherwise be "poor" only temporarily between periods of substantial income? Once again, the Senate said no. (Vote 116, page S. 4951)

Those are the facts. Another fact is that the Congress this year is likely to again reject meaningful food stamp reform. The national elections are over; and by the time the working people of America find out what hit them, the Congress will have disposed of food stamps and moved on to another issue. Indeed, this Committee has before it an audacious package of food stamp legislation which would actually worsen the Program's present problems.

Title X of the Farm Bill is nothing but a rehash of discredited proposals. It purports to use the poverty index as a cut-off point for food stamp eligibility, but that is a sham. The truth is that it would write into law a series of loopholes which would enable persons who are not poor to take multiple deductions from their income in order to qualify artificially for food stamps.

This bill again writes into law the present regulations which allow college students to refuse gainful employment and yet receive food stamps.



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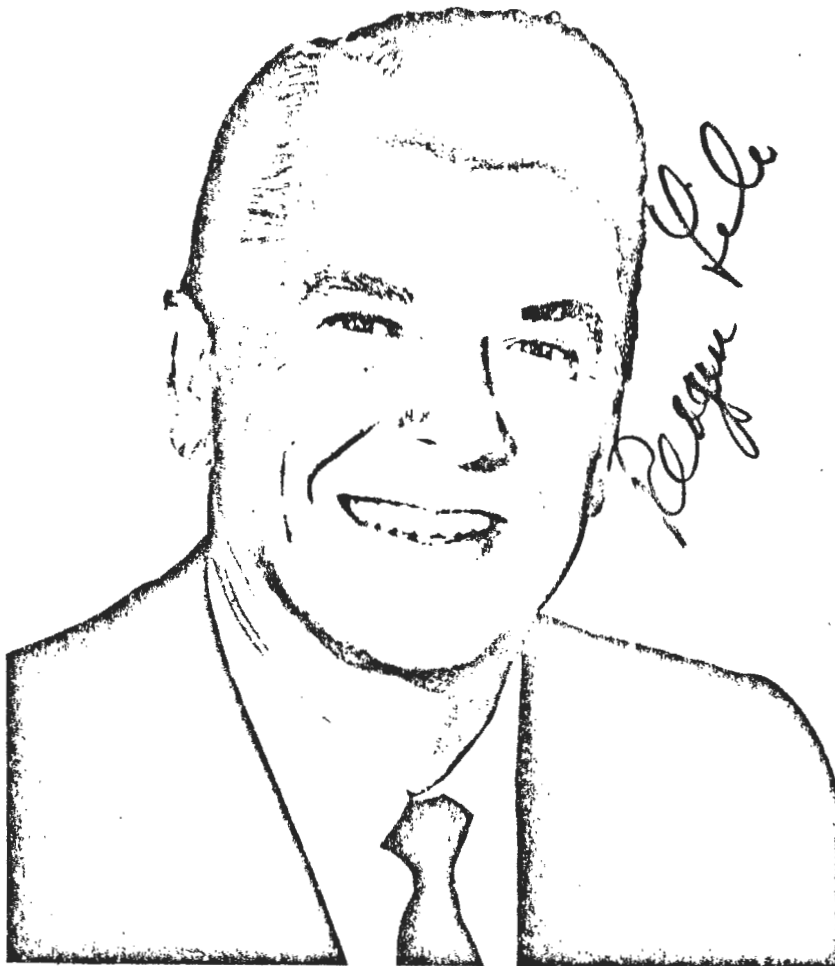
This bill will effectively kill important reform proposals: an earnings clearance system to guard against fraud and an asset limitation for prosperous food stamp recipients. Instead it calls for yet another bureaucratic study of those sorely needed measures. But a wild scheme to cash-out food stamps -- by eliminating the recipient's purchase price for them, thereby transforming the Food Stamp Program from a nutrition program into an outright income supplement -- that will get a test run, a pilot project in the hands of its supporters in the Food and Nutrition Service. This is the oldest legislative gimmick in Washington. True reforms are studied to death, while drastic changes are snuck in through the back door with pilot projects.

In short, there doesn't seem to be much chance for reforming the Food Stamp Program this year; for limiting eligibility to the truly needy, for instituting workable administrative checks against fraud and abuse, or for effecting the cost-savings that would permit responsible increases in benefits to food stamp recipients, especially the elderly. It was made clear in the 94th Congress that special interest groups still crack the whip on Capitol Hill, and those same groups have already issued their marching orders for the 95th Congress.

But let this much be noted in the Committee's official record: that, when the Congress set about its misguided work of transforming the Food Stamp Program into a gigantic barbecue in which the hungry and the helpless can be elbowed aside by the cunning and the greedy, some persons did protest. And we will continue to protest, on both fiscal and humanitarian grounds, until the Congress lives up to its responsibilities to the taxpayers and to the poor.

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**"FREE ENTERPRISE"**  
**RONALD REAGAN'S**  
Important New Message to America



FOREWORD BY W.S. MCBIRNIE Ph.D.

## Foreword to "On Free Enterprise"

### AN APPRAISAL

*Ronald Reagan kept more of his promises as Governor of California than could reasonably be expected, given the distasteful reality that politics is always the art of the possible. The state enjoyed economy and prosperity, with a lower rise in bureaucracy and spending during his administration than in that of any recent governor.*

*From those of us who know him personally and well, there can be only admiration and gratitude.*

*The experience as governor of a state, larger in its economy and by many other measurements than most nations of the world, is itself a superb education. As a spokesman for a genuinely "pro-American," or constitutionalist point of view, Ronald Reagan has remained faithful to the great American traditions of capitalism, free enterprise and individualism. It is that characteristic of remaining true to principles, yet ever learning, ever growing which marks the truly youthful person, regardless of his years.*

*In his message "On Free Enterprise," Ronald Reagan has revealed a keen understanding of what is right and what is wrong in America today. Here are the classic, yet progressive, insights of a man who has earned the trust of vast numbers of thinking and loyal Americans. By his wise insights and his irrefutable logic, Ronald Reagan has sounded the right note at the right time. The reader will be the better for reading this message. In the fog and confusion of much of our national leadership with its egregious inconsistencies, here is the "certain sound of the trumpet!"*

W. S. MCBIRNIE

## Ronald Reagan:

### ON FREE ENTERPRISE

EDITOR'S NOTE: *Former California Governor Ronald Reagan presented the following dissertation on free enterprise in the American system of government before cattlemen attending the Centennial Convention of Texas and Southwestern Cattle Raisers Association March 21, 1977 in Fort Worth, Texas.*

In the election campaign just past, there was much talk of America's place in the world, of the erosion of time-tested moral standards and the seeming inability of an economic system, which has produced more for more people, to now solve the problems of unemployment and inflation. And always these issues were discussed in the context of what did government intend to do about them?

May I suggest that just possibly government has already done too much about them. That indeed government, by going outside its proper province, has caused many if not most of the problems that trouble us. Many of us can remember when the only experience you ever had with the federal government was to go down to the post office and buy a stamp, and it cost 2 cents then for twice a day delivery. Now they're 13 cents . . . for once a day delivery . . . to the wrong address.

Dewey Bartlett, senator from Oklahoma, a friend of mine, said that last 3 cents on the price of a stamp is for storage. And he suggested that we could improve the postal service if we'd start paying the postal employees by mail.

But how much are we as citizens to blame for what has happened? Starting with the traumatic experience of the Great Depression we've turned more and more to government for answers the government has neither the right nor the capacity



to provide. But because government, any government, always seeks to increase itself in size and power, government has attempted to provide those answers. The result is a fourth branch of government has been added to our traditional three — the executive, legislative and judicial. A vast federal bureaucracy that is now being imitated in too many states and too many communities. The bureaucracy is permanent. It determines policy to a greater extent than any of us realize and it cannot be removed from office by our votes.

A friend of mine was in a congressman's office recently, and in the midst of the conversation the congressman looked at his watch and said I've got to go. He said I have to go over, and he named the director of an important agency, he said I have to go to his office. And my friend said, Wait a minute. You're the Congressman, the elected representative. He works for you. Why doesn't he come here? And believe it or not, the congressman said, Maybe 15 or 20 years ago. But now if they call, we go.

I don't know whether it frightens you — it does me — to think that the elected representatives of the people can be more intimidated by the permanent employees of government than they can by the constituency back home. And, of course, to have this kind of bureaucracy we bear a greater tax burden than any of us would have ever dreamed possible only a few decades ago.

In 1930, governments — federal, state and local — between them, only took 10 cents out of every dollar earned. Today governments are taking 44 cents out of every dollar earned. In 1930 only a third of that dime ran the federal government. Today two-thirds of that 44 cents is the federal government's share.

The cost of government is the biggest single expense item in the average family budget. It is greater than food, shelter and clothing for the family all put together. And it is the fastest growing cost item in our daily living. But curiously it

isn't one that is used as a factor in computing the cost of living index. Possibly because those in government have exempted themselves from feeling any of the pain of inflation by virtue of an automatic cost of living pay raise for all time to come. Sometimes it seems that government is like a baby, an alimentary canal with an appetite at one end and no sense of responsibility at the other.

There are today 70 million of us working and earning in the private sector to support ourselves and our dependents. We also support 81 million other Americans who are totally dependent on tax dollars for their year-round living. Now it's true about 15 million of that 81 million are public employees who also pay taxes. But make one thing certain, the taxes they pay are simply a return to government of tax dollars that first had to be taken from that 70 million. I say this to emphasize that 70 million working Americans in the private sector today are government's total source of revenue. It has no other source.

Political demagogues aided by spokesmen for a variety of causes, some worthy in themselves but questionable as to whether they're the proper concern of government, have created a political and economic mythology widely believed by the American people. This has made possible an increase in government's ability to interfere in the free marketplace. Whether you're in the professions, in agriculture or business as a private entrepreneur or producer, people in those fields today lack proper representation in government. You'll become all too often a whipping boy. Profit has become a dirty world blamed for most of our social ills. In the interest of something called consumerism, free enterprise is becoming far less free.

I remember the boycotts of the markets over the price of beef. And I remember in California one of the women leading the picketers at one of the markets was picketing for the lower price of beef; her husband at the same time was picketing the packing plant for a raise in pay.

Property rights are being reduced and even eliminated in the name of environmental protection. Where and when will voices be raised reminding us that profit, property rights and freedom are inseparable and you can't have the third unless you're entitled to the first two.

And still we all share the blame. How often when something goes wrong we say, there ought to be a law. Sometimes I think there ought to be a law against saying there ought to be a law. A German statesman named Bismarck once said if you like sausages and laws you should never watch either one of them being made.

It's difficult to understand the ever increasing number of intellectuals in the groves of academia who contend that the system could be improved by the adoption of some if not all of the features of socialism. Now you can hardly say these eminent scholars are ignorant. It's just that they know a great many things that aren't true. In any comparison between the free market system and socialism, nowhere is the miracle of capitalism more evident than in the production and distribution of food itself. The American people eat better for a lower percentage of their earnings than any other people on earth. It runs about 17 per cent of their income after taxes for the average family.

The American farmer today produces two and a half times as much as he did 60 years ago with one-third the man hours of labor on one-half of the cultivated land. If the counterparts in the rest of the world could match the productivity of the American farm, we could feed the world on one-tenth of the land now being devoted in the world to agriculture.

But nowhere is it more dramatic — the difference between the two systems — than if you take a comparison of agriculture in the United States and the Soviet Union. Some years ago in their collective farms, there was such a low morale on the part of the workers on those farms that the Soviet Union turned to a little bit of capitalism. They decided to let each

worker have a small plot of ground that he could cultivate and farm for himself and they even permit them to sell the produce they raise there, if they want to, in the open market. Today, less than 4 per cent of the farm land of Russia is farmed privately by these employees. But on that 4 per cent is raised 40 per cent of the vegetables and 60 per cent of all of the meat that is available in Russia. Some American researchers recently did a comparison of food prices in our markets and in the Soviet food stores. Now, obviously they had to translate the price into how many minutes and hours of the average wage rate in both countries an individual would have to work to buy one or other of these food items. With one exception they learned that the Russians have to work from two to 10 times as long as their American counterparts to buy the various items of food. The one exception was potatoes. The price tag on the Soviet stores' potato bins was lower than in ours. There was only one hitch — they didn't have any potatoes.

But why then do so many people seem to lose faith in this system, and faith in us for that matter? Have we borne out the prophecy of a French philosopher who came to this country 130 years ago? He came because he admired the greatest society that we'd created, but he warned that if we weren't constantly on guard we would one day find ourselves covered with a network of regulations controlling every facet of our lives. And he said if that came to pass, we would one day be a nation of timid animals with government the shepherd.

Well we are covered by a network of tens and tens of thousands of regulations to which about 25,000 new ones are added each year. I don't know how many regulators and inspectors there are at the local and state level, but there are about 75,000 at the federal level and they are judge, jury and executioner. Any of you that have had an adventure with them know that when they say you have broken a regulation you are

guilty as charged and they can impose the penalty right then. They're everywhere. They truly see the sparrows fall.

In Weathersfield, Conn., the sixth grade boys choir has been disbanded by HEW (Health, Education and Welfare) because they say it discriminates — it violates — their sex discrimination guidelines. They say that musical groups anymore can only be separated on a basis of vocal range. In sixth grade the boys are still singing soprano.

In Des Moines, Iowa, Roosevelt High School has been ordered to discontinue its annual Valentine Day dad and daughter dinners.

HEW has ordered the University of Seattle to disband its association of faculty wives unless they will agree to admit men.

And then there's OSHA, the Occupational Safety and Health Administration. I know none of you have ever had any experience with them. They've gone into one industry and told them that all the guard rails that are 41 and 43 inches high must be replaced by guard rails that are 42 inches high to fit their regulations. They went into another industry and told them to shorten the wheel base on all the forklift trucks so that they would turn shorter in the interest of safety. They now turn shorter and they tip over.

And then, of course, they did get to the agricultural industry. They sent out quite a slick paper, an expensive booklet, telling about the hazards of farm life, how to avoid accidents. Said that walking around the ranch or the farm you should keep your eyes on the ground because here and there was a slippery substance which if you stepped in it you could possibly have a nasty fall.

Now you know none of you would have thought of that by yourselves.

I know that many of you could give me examples of how burdened you are with non-essential paperwork required by

government. I do a little farming myself and I know how many years that I never heard from the government at all. Well, I have to skip that. I do have to tell you once that I heard from them. They sent me a notice to get everything herded up in the corrals because the veterinarians were coming out, that I was in a brucellosis zone. So, we herded them in, and in they came to inspect and to inject. These were all steers for the beef market. I really never heard of brucellosis. So I said, tell me, if you found brucellosis, what happens? They said, then you sell them. I said, what do you mean I sell them? Well, they said, brucellosis only hurts the milk. They said it doesn't hurt the beef, so you market them. And then what? And then they said, well, you get a \$50 per head fee from the federal government and \$25 per head from the state and this is what we do to compensate you for having to sell them. I said, just let me get this straight. If you find brucellosis, I sell the cattle. I get to keep the money and then you give me \$75 per head over and above that because I had to sell them? He said, that's right. I said, I only have one more question. Where can I find a lot of cattle that have got brucellosis?

Well, anyway, lately I've found out there's about a 19 page form, as you've found out. Even the census now treats you especially different. Every five years, not every 10, with all kinds of particular questions. The Federal Trade Commission has data it has already filed with the SEC. The BLS asks for data that has already been sent to the FTC. The Labor Department has sent pension fund data that the IRS already has and both of them could get it from the SEC.

A druggist up in the Midwest says it takes him more time to fill out the paperwork every time he mixes a prescription than it does to mix the prescription.

At the other end of the scale in that industry, the president of Eli Lilly Drug Co. has just revealed that his company spends more man hours per year on government required paperwork than they do on cancer and heart research combined. He told



of marketing a new arthritis medicine only after submitting to the FDA 120,000 pages of scientific data, most of which he said was absolutely useless. But it had to be submitted in triplicate. And you don't just go down to the nearest mailbox and drop in 360,000 pieces of paper. They weighed a ton and were delivered by truck.

Del Monte reports 14 new regulations in the last few years having to do with the food labels alone — not the food — that cost the company millions of dollars in recalling old labels and designing and printing new ones. And, of course, those millions of dollars had to be added to the price of food and, therefore, were paid by all of us.

And so it is with every case of government regulation and paperwork. It is estimated this paperwork alone has added 50 cents to the price of every drug prescription. The price is even higher in lives and health. We are no longer first in the world in the discovery of new drugs and medicines to help our people. We produce 60 per cent fewer than we did just a few years ago. Paperwork required of independent businessmen and women adds \$60 billion a year to the cost of doing business and then we're taxed for \$20 billion a year to cover government's cost of shuffling that paper. Ten billion pieces of paper sent to Washington every year by just independent businessmen and women alone.

You know, we've become so used to talking in billions. Does anyone know what a billion is? A billion minutes ago Christ was walking on this earth. A billion hours ago our ancestors lived in caves and I doubt they had even discovered the use of fire. A billion dollars ago . . . but first let me bring it closer to home.

If you gentlemen could send your wives out on a shopping spree and give each one of them a billion dollars but with instructions not to spend more than \$1,000 a day, they wouldn't be home for 3,000 years.

But a billion dollars ago was yesterday in Washington, D.C. And it's a billion today and a billion tomorrow and so on throughout the year, and in the new budget that is being discussed it will be a billion and a half each day.

Freedom is fragile. It can't be passed on to your children in the blood stream or genetically. It's never more than one generation away from extinction. If you who are out there in the free marketplace lose your economic freedom, all of us lose our political freedom. We have to resist asking government for help that limits competition and restricts the free play of the marketplace. When you ask government for help you wind up a partner, a senior partner, and already government has assumed a great many of the prerogatives of management without accepting any of the responsibility.

You, I know, back through the years when the government was so involved in the farm regulation program, you kept your independence. You stayed outside that program and you were penalized many times for doing so by government threats of dumping grain on the market or regulating the price of feed grains and so forth. But thank God you stayed where you were and I hope you'll continue to do so out in the free marketplace, free of government regulation and control, or at least as free as you can be. None of us can be completely free.

There is more that we can do. Have we turned to the talent and ability that is so abundant in the private marketplace to solve some of the problems that government claims it alone can solve? Benton, Ark., High School has a hot lunch program. It's a failure. Only 10 per cent of the kids eat there, and they complain that the food is lousy, and this cafeteria is losing \$12,000 a year. Finally in disgust the school board closed it down, went out to McDonald's, made a deal. McDonald's has come in and has set up shop in the school cafeteria. Now six times as many kids are eating there, McDonald's is making a profit and the school is saving \$12,000 a year in taxes.

We can fight back against unwarranted government harassment and regulations. Sometimes I fear that the great corporations have abdicated their responsibilities to preserve the free enterprise system out of a reluctance to rock the boat for a fear of retaliation. What they're really doing is feeding the crocodile, hoping he'll eat them last.

Well, let me tell you, what you can do, and you don't have to be big and powerful. There's a small company out in New Mexico . . . five employees . . . owned by a husband and wife . . . the wife is the president of the company. OSHA appeared at her door the other day. Two inspectors. Said they were coming in on a hunting expedition to see if there were violations of their regulations. She said, show me your warrant. They said, we don't need one. She said, you do to come in here. Well they got a warrant. They came back. She had her lawyer with her this time. He looked at the warrant and said it doesn't show probable cause. Then they appealed to a federal district court and a three judge panel ruled that, yes, she had a right to keep them out unless they had a warrant showing probable cause.

A little acorn was dropped with that.

So, up in Pocatello, Idaho . . . a family owned business . . . a man with 35 employees . . . subcontractor in plumbing and electrical work. They came to his door. He'd evidently heard about New Mexico. He turned them away. This time they came back with a court order. They cited paragraph 8A of the OSHA act as their reason that they could come in without a warrant. He defied the court order and was cited for contempt of court. He appealed to a federal panel, the district court, and a three judge panel has ruled that paragraph 8A of the OSHA act does violate the Fourth Amendment of the Constitution — our protection against search and seizure.

And so, OSHA has appealed to the Supreme Court, and in the interim there can be no further inspections in Idaho. But that isn't good enough for Congressman George Hansen of

Idaho. He has introduced a resolution in the Congress that until the Supreme Court rules, all inspections by OSHA be stopped in the entire nation.

Yes, we can fight back. But why don't more businesses challenge the arrogance of officials? Government by the people will work only if the people work at it. We can begin by dispelling the economic and political mythology that I mentioned. Replace it with the simple truth about the marketplace and how it works. There's been a recent poll of college and university students. They found an overwhelming majority of them estimated that business profits in the United States averaged 45 per cent a year. That's nine times higher than what they really average even having a good year. But it's understandable, because in the same poll their professors estimated the profits were even higher.

Then there is that fairy tale so dear to the heart of the demagogue that working men and women are cheated by a tax system that overburdens them while some in the higher income levels use loopholes to escape their fair share of taxes. Truth? Again? Eight per cent of the people in this country, beginning with those who are in what is termed the upper middle income range, around \$25,000 to \$30,000, hardly the idle rich, those 8 per cent pay 50 per cent of all of the income tax in America. They take only 5 per cent of the deductions that are taken through the various so-called loopholes. Ninety-five per cent of the deductions are taken by the people in the lower half of earnings in this country because they're the legitimate deductions, interest on their mortgages, medical expenses, local taxes and so forth, without which the whole system wouldn't work. But more dangerous than that loophole myth is the demagoguery that you can shift the tax burden from the individual to business. Politicians preaching this are either dishonest or economically illiterate and I don't know which one should frighten us the most.

The simple truth is business doesn't pay taxes. Business collects taxes for government. Only people pay taxes. And if

business can't include the taxes in the price of a product, you go out of business. All taxes are paid from the employers' share of Social Security, everything from the beginning of production on the farm or in the mine, of raw material on up to the retailers' license. It must be recovered in the sale of the price of the product. I've tried this with students on a campus. I've seen their look of disbelief because all of us have heard (for) so long: "Why shouldn't those big businesses pay the taxes instead of us?" Then I bring it down to something so simple they can all understand. The farmer who raises the wheat that goes into the loaf of bread, the staff of life, the thing we all must have, if he can't get enough price for his wheat to pay the property tax on his farm, if you can't get enough price for your cattle to pay the property tax on your farm, you can't continue raising those food supplies. In the case of a loaf of bread, it winds up being 151 accumulated taxes accounting for more than half of the price of the loaf when you buy it.

I asked an automobile manufacturer recently, one of the big four companies, I said why can't you do a little educating? Why couldn't you put in your ads the price of the car plus all the accumulated taxes. I said would it be possible? All of those all the way back in the manufacturer of the steel, the rubber, all the things that you use, and then in your own industry itself. And he said we could do it right now. I said what would it look like? He said, well, on our \$4,000 model, the price would read, automobile \$800, tax \$3,200.

Now, politicians like this. They like hiding these taxes from the individual because it hides the true cost of government from all of us. In the last 20 years corporate profits went up 105 per cent. Wages and salaries went up 213 per cent. Government spending went up 340 per cent. And I don't know of anyone who is more caught in the cost-price squeeze in America today than you who are in the business of raising cattle. These hidden taxes not only contribute to the growth of government, they constitute an even greater threat to freedom

because government uses them to manipulate and control the economy. Back in the New Deal days, an under-secretary of the treasury told a congressional committee, we need to look at taxes as an instrument of social and economic control. And he said, on a higher level taxes may be used to redistribute the wealth and the income. They may be used to penalize particular industries and economic groups. And we're naive if we don't think that's the present tax policy.

After two years of study the Congress has a new tax reform five inches thick, fifteen hundred pages. We need simplification of the tax structure. We need a tax policy that will lead to more investment in the private sector, not less. We need a simplification of the tax structure so that you don't have to employ legal help to find out how much you owe the government every year. We need some indexing of the tax structure. We need an end to people who get only a cost of living increase to keep pace with inflation, but who find they have moved up into higher surtax brackets and are paying the government a profit on the inflation the government created. But that isn't what we have in this tax reform. In these fifteen hundred pages some of the greatest economists in the country have studied the book and they say that they can't understand it. But you and I better understand it before April 15.

Congress rushes ahead, now that they're back in session, with the common situs picketing bill, far more threatening than the one that was vetoed last year. It'll be signed into law. It'll give total control of America's largest industry, construction, to the construction trades, Department of the American Federation of Labor-CIO. I suggest that you get a report written by Peter Nash called The Business Round Table that identifies what a menace to all people in the free marketplace this particular bill is. Who is next?

The passage of the Humphrey-Hawkins Bill will give government control of all industry to an extent never before attempted in this land of ours.



The medical profession faces an all-out battle to prevent the socialization of the practice of medicine.

A national land planning bill threatens the very basis for private ownership of property.

And the virus spreads. In my own state the legislature is talking about setting up state owned banks to compete with the privately owned banks. Why is it so hard for us to look at other countries that chose this path before us? The British pound is sinking faster than the Titanic. The socialist prime minister is desperately calling for private enterprise and capitalistic measures to save the kingdom from disaster. Sweden has had socialism for 40 years and for 40 years it has been held up as an example to the rest of us trying to convince us (to) see how well it's doing there. Well, last year the Swedes voted socialism out, of their own free choice. Possibly the straw that broke the camel's back was a new tax law. It set the income tax rate, on \$33,000 of earnings, at 102 per cent.

You and I must realize that state owned banks, breaking up the oil or any other industry, national economic planning, land planning, socialized medicine are threats to all of us regardless of our occupation. For any one of us to sit back and leave any segment of society to fight its own battles saying, well, I'll pick it up when the battle actually reaches my doorstep, is about as shortsighted as going into your business without a bull; you're putting a hell of a lot of confidence in the stork.

Corporate America must realize that independent businessmen and women, shop keepers, farmers and ranchers, professionals, are allies. Indeed, they are at the very heart and soul of capitalism. And we all have to stand together in the struggle to save the free market system. If business can't expand to create jobs, if utilities can't get funding to keep up with the increased fuel costs, if the construction industry is frozen into immobility, airlines and real estate trusts backed up against the wall, who'll rescue us? Who'll rescue you when they change the rules in the middle of the game with regard to leased gov-

ernment land and the other things that they do when they say raise and sell in the open market and then restrict you when trying to sell in the world market.

Who will rescue the senior citizens who can't protect themselves in a fixed income against inflation? Not the government that caused the inflation in the first place.

You know, over the years we've been told that politics is the second oldest profession. I've come to learn in the last several years it bears a great similarity to the first.

More special interest groups have succeeded in influencing government out of all proportion to their numbers, and yet, those of us who believe in the free market have organizations. You are here as members of an organization. Maybe we spend too much time talking to each other. What we have to do is recognize that we have allies. The medical society. The independent businessmen's association. The chambers of commerce. The trade associations. The farm bureau. Saving free enterprise is everyone's business.

For three or four years now Congress has been totally irresponsible in meeting the energy crisis. Who better, than the people of that industry, could tell the people of this country that really our problem is not a shortage of fuel, it's a surplus of government.

Government often serves us best when it does nothing. Let it get out of the way. Let it turn the energy industry loose in the free marketplace to produce what we need.

The historian Toynbee has said history is the patter of silken slippers descending the stairs and the thunder of hobnail boots coming up. Well, we've had enough of hobnail boots in our lifetime and always they've been worn by government. People fleeing the thunder of those hobnail boots have made their way to this land and now some of them wonder if they'll have to flee again, except there's no place to escape to.

The answer to our problem is so simple. We have people every day telling us that we have to look for something new.

That somehow this system of ours has become outmoded and outworn and we have to find some new form of government and new form of economic system. It isn't that difficult. All we have to do is keep the system, which over two centuries has made this nation the great refuge for all the depressed or oppressed in the world that it has been. The system has never failed us once. We have failed the system many times when we've lost faith in it, when we've placed our faith in government and turned to government for answers we should be providing for ourselves. What has this system done for us? Think.

With all of the harassment, all of the nitpicking on the part of government, all that they've imposed on us, still we have fixed the poverty level and said people living below that level are in poverty. That level is fixed 800 per cent higher than the average income in the rest of the world. Not the average poverty. The average income.

Hobnail boots? I received a letter one day from a man who left Hungary in 1956 in the wake of the brutal Bolshevik rape of that brave country. He said, I was shocked by the total ignorance of decent and good Americans about the true face of Communism. And then in his letter, he said, he came here 20 years ago, penniless, and he said today I own a small business. I only worked and used the opportunity this country gave me to choose my own course in life. I feel I have come close to the American dream, to be free, independent and proud. And he said I never stop thanking God for giving me that chance.

Are we going to preserve that American dream? Will we use the vitality of the marketplace to save this way of life or will we face our children and our children's children one day when they ask us where we were and what we were doing on the day that freedom was lost.

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GOVERNOR RONALD REAGAN

OFFICE OF RONALD REAGAN

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Saturday, April 16, 1977

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*Extra*

Excerpts of remarks by the Hon. Ronald Reagan,  
former Governor of California  
Annual State Convention  
of the  
California Republican Assembly  
Hotel Miramar, Santa Barbara, California  
Saturday, April 16, 1977

Let me tell you about a meeting I had Thursday with the new Chairman of the Republic National Committee, former Senator Bill Brock of Tennessee.

I'd like to report a little on that meeting, not only because of what was said but also because of what may come from it. I believe it is of interest and importance to all of us here in this room.

Just briefly, on issues: Chairman Brock assured me again that he is a conservative and that he stands by the principles of our Party as they are enunciated in the platform we at the grassroots wrote in Kansas City last August.

He assured me that he is opposed to the so-called election reform package of the Carter Administration: universal registration, which might better be called the Universal Voter Fraud bill, repeal of the Hatch Act, which might better be called the Bureaucrat Takeover bill, repeal of the Electoral College provision of the constitution which would be a giant step toward ending our federal system, and federal financing of Congressional elections, better known as the Aid to Incumbents Act.

He assured me also that he recognized that California as the largest state occupies a special position in our Party, that he wants to work with us here, and that he has no desire either to control our activities or to siphon off all of our money.

I told him that indeed we are capable of running our California Party, that we have achieved a certain level of political sophistication here, and that we are concerned lest they at the National level fail to recognize the importance of California to the Republican Party. I told him we need to keep much of our money in California if we are ever to regain control of our state and our Congressional delegation.

I frankly told him that in Washington they sometimes forget what the real world is like, that they often pay too much attention to liberal pressures because they forget that we conservatives are not a minority of our Party but we are, in truth, a majority of our nation.

Let me say finally that I told Chairman Brock that we are Republicans, that we want to work for our principles and our beliefs within the Republican Party. We hope -- and I told this to him also -- we hope that those who are in control of the National Party apparatus will never force us to look elsewhere or for other means to seek to advance the cause of conservatism in America.

# # # # #



4/25/77

Hello. I've been watching "The Age of Uncertainty" with great interest. No one could accuse Dr. Galbraith of lacking either an interest in the broad sweeps of history or of a sense of humor. Just the same, the program we have just seen leaves me uneasy.

Uneasy, partly because it uses skillful editing to glorify Dr. Galbraith's heroes and makes those he disagrees with seem ignorant, unfeeling or downright villainous. But more important, I am uneasy about his view of just what constitutes Democracy, Leadership and Commitment.

Early in the program, he gives us a glimpse at Switzerland's federal democracy at work. He makes the point that it works because it is close to the people and the emphasis is on problem solving. "The money is spent by the people who pay," he says.

So far so good. That's an idea that worked pretty well in the United States until some people began getting the idea that they could make government solve every problem that came along, if only they were put in charge of its machinery.

Dr. Galbraith says that Switzerland's politics is the politics of problems; ours is the politics of leaders. That would be true if most power rested in the hands of individual leaders, but it does not. I believe ours is more the politics of expectations. Having allowed government to grow to monster size, we have -- as a natural result -- produced a cadre of professional, lifetime politicians, most of whom ply their trade by periodically raising their constituents' hopes of solving the latest problems. Once reconfirmed by the voters, they always follow the same method, dispensing huge amounts of tax money, passing laws that lead to restrictive regulations, then blaming those they regulated when things break down. And then, passing more laws and regulations because things obviously don't work. It's a closed loop. The ruling class of politicians and bureaucrats we have

been breeding for several decades benefits from bigger and bigger government. And the opposite side of that coin is, inevitably, less liberty for individual citizens.

These new Brahmins are a self-renewing class in our society, too. ~~An~~ increasing number of seats in Congress and state legislatures are being held by men and women who had been career assistants to other lawmakers. They are as detached from the give-and-take of making a daily living in the real world as if they were on a desert island.

Dr. Galbraith says that the essence of leadership is "to confront, without doubt or equivocation, the major aspiration, the greatest need, the gravest anxiety of the people you presume to lead." He cites Nehru, Franklin Roosevelt and John Kennedy as models. But, there is something lacking in his definition. Essential, also, to leadership, it seems to me, is a clear belief in the limitations of government, coupled with a strong faith in the ability of individual men and women to think for themselves and to make decisions for themselves.

As an academician, Dr. Galbraith understandably places emphasis on education's role in democracy. He says, "...the greatest source of democratic power...derives from education." He adds that it helps bestow the self-confidence, the sense of purpose, the ability to identify with a people's anxieties as Nehru, Roosevelt and Kennedy did. He then takes us to the University of California where much of the anti-Vietnam war movement began. He is impressed by the ability of that movement to change events as it did. He does not also show us its anti-intellectual, anti-democratic side when mobs rampaged through the streets of Berkeley and demonstrators wanted anything but free speech for those who opposed them.

The impression comes through in this program that leadership is best left to development by a group of wise mandarins on college campuses. We can forgive Dr. Galbraith this bias in favor of his own profession, but I am afraid that the idea is taken all too seriously these days. The mandarin.

did not stop the violence. In fact, some even encouraged it in those days. And, today, many of their products enter public service with the view that man was meant to be just an ant in society's ant hill.

In the last analysis, Dr. Galbraith and I have different views of man and his relationship to society and government. He extolls the submersion of personality and self-interest in what he says is being "part of the team". I am suspicious of people who profess to have no self-interest, only that of the group or community.

Dr. Galbraith seems to believe that it is a simple matter to identify what the community interest is. I am afraid that he forgets that the community interest is constantly subject to the reality of pressure from special interest groups of all kinds. This is true whether the "community" is represented by the city council, the state legislature, the Congress or the President, or, for that matter, the academic senate of a university. Leaders, in each institution will act in terms of what they believe is the main anxiety of their constituents, but they are far from being always right. As often as not, it is the squeakiest wheel that gets the grease.

Rather than government-by-squeaky-wheel, history has shown us that it is better to leave the individual alone to develop to the fullest extent possible whatever talents God gave him. Almost without exception, he will be better for it and so will his community. As for leaders, give us those who know the difference between what society as a whole -- and government -- can and should do, and what it should leave alone. Thank you.

This is the day of the economy package; whether it be in breakfast cereal, soap, cake mix or travel. Regarding the latter, I've been attracted by the advertisements in the travel sections of the Sunday newspapers; everything from pre-packaged vacations by ship, plane, train and even sometimes by bus. They state an overall price, the duration of the trip, a list of what is included, the fare (of course), lodging and meals (sometimes only breakfast is included, etc.) and they emphasize the bargain price.

I've decided that an experience I had during my days as Governor ranks as the outstanding economy package of all time. It really wasn't, but it sure attracts attention when you casually drop into a dinner party conversation that you toured seven countries in Europe over a two week span for a total of \$5.11.

The story actually begins with some diplomatic problems following the first Presidential visit to the People's Republic of China back around 1971 or '72 and his subsequent journey to Moscow. The Moscow visit, in particular, had caused some tremors among our NATO allies because it had been made without pre-consultation.

I was asked to represent the U.S. at the great annual 4th of July celebration in Denmark put on by the Rebild Society. Most Americans are unaware that such an event is held -- the largest celebration of our nation's birthday outside the U.S. The Rebild Society is dedicated to keeping alive the bond between our two countries and the awareness of how many Danes have been and are citizens of the United States. I am, of course, familiar with the part the Irish have played in building America but I knew nothing prior to that trip about the Rebild Society or the traditional celebration of the 4th of July in Denmark.

It is held outdoors in a beautiful valley. More than 40,000 people sit on the hillsides looking down on a platform where the Royal Family, high ranking government officials, dignitaries of the society, our own Ambassador, American visitors of Danish descent and other guests are seated.

There are two bands, one Danish and the other an American high school band invited especially for the occasion. Over the platform fly the flags of both countries. It is an impressive and heartwarming experience, particularly for Americans far from home.

The only interruption in the three-quarters of a century the Rebild Society has sponsored this annual event came during the Nazi occupation. I learned, however, that, even then, on each of those years when the sun came up on July 4th, there on the hills above the city would be two flag poles flying the flags of Denmark and the United States. As quickly as possible, the Nazis would shoot them down with artillery fire. But, to this day, no one has ever revealed who erected the poles or raised the flags. The Rebild Society can, in truth, claim an unbroken record of observing the holiday -- even with fireworks on each occasion.

Of course, there was more to the mission than attending this ceremony. There were meetings and discussions with the Prime Minister and other government officials and an audience with the Queen. Then, it was on to Brussels for meetings at NATO headquarters.

Maybe I should get back to the economy package part of the trip. As Governor, I had become accustomed to going about for days at a time with an empty pocket. For security reasons, I would be pre-registered in hotels. In fact, I never had a key to my own hotel room. When we ate out, security personnel would receive the check and even do the tipping. I used to wonder sometimes if, after I left



office, I might not just get up and walk out of a restaurant or hotel without paying the tab. The idea back of this was a security precaution against standing around anywhere longer than necessary, even at a cashier's desk. Let me make it plain, however, that I wasn't freeloading or riding on the taxpayers. Security simply handed in a bill to my secretary.

On this European mission, we traveled in one of the White House squadron of planes, security was provided by the Secret Service and we were accompanied by staff and a State Department representative. In view of this and the procedure I'd become accustomed to, it didn't bother me at all that, when we boarded the Air Force plane in Los Angeles, I had a five dollar bill, a dime and a penny in my pocket.

When we left Denmark -- and a few days later, Brussels -- I still had my three pieces of money. Then came Paris and meetings with the Foreign Minister, a state dinner at the American Embassy and a luncheon meeting with a number of government officials and, finally, a free evening. The staff thought it would be nice if we were permitted a purely family evening out on the town. Besides, they wanted a night off themselves.

The three of us; Nancy, our son Ron and I, when to the famous Maxims for dinner. Of course, we knew that, at a nearby table, keeping us in view, would be the Secret Service. We also knew that the check would be delivered to them. I hadn't counted on the romantic atmosphere of Maxims, though, which included a strolling violinist pausing and playing among the diners.

Even with inflation, I didn't think five dollars was a suitable gratuity for a brief pause by a musician at your table but I also didn't think asking a violinist for change was the thing to do, particularly not when part of my mission was to win friends for Uncle

Sam. The violinist was about three tables away and obviously moving in our direction. I asked Nancy if she had any change. She didn't. I turned to Ron. "Are you kidding?", he said. I suggested we all continue eating, without looking up. I figured he might pass us by if he only saw the backs of our heads. Unfortunately, he wasn't discouraged one bit. He stopped at our table and played "California Here I Come". I handed him my lone five dollar bill.

The next day, we left Paris for Spain. In my pocket was a dime and a penny. There were the usual meetings with the Foreign Minister, trade officials, the late Premier Franco and a most delightful visit with the present King and Queen of Spain.

If this were a travelogue, I could go on at length about the hospitality in each country and how we were entertained between the official chores which were our reason for being there. Perhaps I should mention that Spain, Italy, Denmark and Belgium were firsts for all of us and all but England were a first for Nancy. For Ron, it was all a first.

Our next stop was Rome. Here, the duty of being a Presidential representative included an audience with His Holiness the Pope. On the governmental side were appointments with the President and several cabinet ministers.

The free weekend was spent on the Amalfi Coast and seeing Pompeii. We also spent some time with our Admiral commanding the 6th fleet in the Mediterranean. We flew on to England, myself still loaded down with that dime and penny.

In England, seeing the American Ambassador was more than official. It was a reunion with old friends, Ambassador and Mrs. Walter Annenberg. Of course, there were still the official duties; conferences with the Prime Minister, the Foreign Office, etc.

Last stop before home was Ireland. While I had visited the Emerald Isle many years before, this was entirely different. Even the official duties had that touch that is purely Irish. I was helped in learning something about my own name. My father, God rest his soul, was orphaned when he was three years old so could tell us very little of his family history.

When all the chores were done (and pleasant they were), we were driven by automobile across Ireland to Shannon for the return flight to America. It was a beautiful drive through a countryside green as no other place seems to be. We overnighted at a magnificent hotel which was once one of the great castles of Ireland. In another such castle, we dined in the great hall served by lads and lassies who then entertained magnificently with pageant and song that told the history of Ireland.

Then, on our last day, we visited the ruins of the castle and chapel on the limestone hill where St. Patrick raised the first cross on Irish soil. A wonderful young man with Ireland in his heart and on his tongue was our guide on this tour.

In the ancient cemetery, we saw a headstone bearing an epitaph, "Remember me as you pass by, for as you are so once was I. And as I am you soon will be so be content to follow me." This had proven to be too much for some irrepressible son of Erin who had scratched a reply across the bottom of the stone, "To follow you I am content -- I wish I knew which way you went."

From our guide, we learned the history of the place; the battles that had been fought, the enemies fended off. Finally, and with the showmanship appropriate to a proper finale, he stood before an iron gate at the base of one of the castle towers. "Now", he said, "you've probably asked yourselves how they could have withstood a siege here,

isolated on this rock." Pointing to the distant hills, he told us of a lake in those hills and then said, "Here, on this rock, is a well which we now know taps an underground stream flowing down from that lake." He opened the iron gate with a dramatic flourish, revealing the well and said, "Tis a wishing well. You throw in a coin and your wish will come true." It sounded like a command! I handed Nancy the dime, took the penny in hand, and we each made a wish.

Then, as the travelogues say, we left beautiful Ireland.

We had been to Denmark, Belgium, France, Spain, Italy, England and Ireland; sipped tea with royalty, dined with heads of state and been blessed by the Pope -- all for \$5.11.

# # #

*The National Broadcasting Company Presents*



# MEET THE PRESS

*America's Press Conference of the Air*

*Guest:* RONALD REAGAN

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JAMES J. KILPATRICK, *Washington Star Syndicate*  
CARL T. ROWAN, *Chicago Daily News*  
TOM PETTIT, *NBC News*

*Moderator:* BILL MONROE, *NBC News*

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## MEET THE PRESS

**MR. MONROE:** Our guest today on MEET THE PRESS is Ronald Reagan, former two-term Governor of California, and the man who challenged President Ford last year for the Republican presidential nomination. He is considered a possible contender for the GOP nomination again in 1980.

**Governor Reagan, after his first hundred days in office, how do you evaluate President Carter? What do you see as his possible major successes or major mistakes so far?**

**MR. REAGAN:** This being Sunday, I could answer that with a line from the Scriptures: "Some said one thing and some said another, for the assembly was confused, and the more part knew not wherefor they were gathered together."

I think it is kind of hard to figure out now, even after a hundred days, the course of this administration. Apparently, however, it is somewhat contrary to the campaigning against Washington that took place, because it seems as if he believes solutions can be found through further expansion of the federal government. This is true of the energy program. If we are to believe what we are going to hear next week about the welfare reforms that are proposed, the same thing is true again, looking for the solution in the federal government. I am in disagreement with that myself, but—I had hoped that we would have more of a decentralization and actually start back toward returning some of these functions to the states and local government.

**MR. MONROE:** Governor, the polls indicate that most Americans feel President Carter is more conservative than they expected him to be. Isn't there some justification for this in view, for example, of his opposing big spending on water projects, in view of his opposing a minimum wage level at the scale George Meany wants, in view of his being willing to attack Moscow on human rights?

**MR. REAGAN:** I have to agree on the <sup>Carter</sup> position that is taken on human rights. I think this is traditional in our country. As to the water projects—having been a western Governor—it smacked a little of shooting from the hip, because you have to know the west to know the importance of some of those. Many of those projects half-way to completion were threatened with being stopped. Now with the drought hitting the west, it is even more evident how necessary many of those are. If there are any that are ill-advised and that are extravagant and aren't going to have a cost-



effectiveness ratio that is proper, then they should be treated in that way, but this blanket stopping, I disagree with.

Some of the other things I think also are countered by the appointees, the people he has taken from previous administrations and so forth, who hardly would meet that conservative tag. I don't believe that the proposals, for example, for energy, would also match that. I hope, however, that it is true.

**MR. MONROE:** Are you surprised at all about how conservative on some issues President Carter is?

**MR. REAGAN:** Not really, because I don't feel I have seen that much. I don't think there has really been enough of a record in a hundred days for us to make decisions of that kind.

**MR. KILPATRICK:** Governor, a moment ago you criticized Mr. Carter's energy program as being over-federalized, as it were. What would you do about this energy crisis if you were in his spot?

**MR. REAGAN:** I have felt for a long time that the government is not the answer to the energy problem. Government is the problem. We are not troubled so much by a shortage of energy as we are by a surplus of government. The great problems in the energy field came about with government's involvement in the marketplace, regulation, price-fixing and so forth, and I think that today the answer lies in the marketplace.

**MR. KILPATRICK:** Do you have any measures of conservation that you would recommend, or any measures of new production that you would recommend?

**MR. REAGAN:** In the field of <sup>energy</sup> conservation, this is where I think we can find agreement that, yes, of course we must do that. There is no question about there being an energy problem, but again, I see nothing in this program that is really going to stimulate the production of new sources of energy. Just a few years ago in 1972 we were producing 9.6 million barrels of oil a day. We are down to producing 8.1, in spite of the fact that almost four years ago Washington rang with the cries of "Project Independence," that we were now going to increase our production. I think that we have made it uneconomic to go out and search for new sources of oil and gas.

**MR. KILPATRICK:** Returning to conservation for a moment, one of the proposals is to convert utilities and major industries from the burning of fuel oil to the burning of coal. What effect would this have in California, Governor?

**MR. REAGAN:** For one thing, I understand that the estimate is about \$50 billion cost to transfer or make industries and plants of this kind change over. Senator Bartlett of Oklahoma says there are two electrical producing plants in his state, and the cost would be \$3 billion, which two utility companies obviously don't have, for making this transformation to coal. Again at the same time that we are going to transfer over to coal, we find increased regulations in this program that are going to again limit the production of coal and raise the price of producing it.

**MR. ROWAN:** Governor, you say we must have conservation. Let me be clear where you stand. Mr. Carter has proposed a tax on large automobiles. Would you favor that?

**MR. REAGAN:** I know—we talk about the gas guzzlers, and everyone in his mind envisions the affluent fellow with the great big Cadillac buzzing around having fun. But the so-called gas guzzler also includes that five-year-old Chevy that a family—a station wagon, that a family is using because they have got a family of that size. Gas guzzlers also can include pickup trucks that people find necessary as a kind of combination, in the rural areas particularly, home, car and work vehicle.

We also have the camper, the retired people who have a camper truck. This is their total recreation, and it is almost the place they live. All of these would come under this requirement about the tax on those automobiles. Now he tells us at the same time that that tax is then going to be given back as an incentive to the people driving the small cars. Well, if you tax to the point—the tax is supposed to discourage people from buying a big car. If they don't buy the big car, then you don't have anything to give back to the people with the little cars.

**MR. ROWAN:** So you are against his proposal?

**MR. REAGAN:** On that particular one, yes. Basically I think this isn't an energy program; it is a tax program.

**MR. ROWAN:** What about the standby tax on gasoline? Do you favor or oppose that?

**MR. REAGAN:** Again, what is the stimulant for the production of new sources of energy? We have been told now for three years that the government is going to protect us against the oil companies' raising the price of gasoline, and yet we are told also that only through a profit incentive will they be able, the independents who find 80 percent of our oil and gas, will they be able to afford to go out and find more. But the government sees

nothing wrong with raising the price of gasoline by way of a tax in which the government gets the money.

**MR. ROWAN:** If you are against that tax and you are against the tax on automobiles, what would you do to conserve gasoline?

**MR. REAGAN:** For one thing, wouldn't the marketplace, if we met the realistic price for energy by allowing the market price—the market to set the price, wouldn't conservation also take place, that the person would curtail his driving if the price went up? It always has. And at the same time, this would stimulate more production, which then would eventually, as it does in the marketplace, bring the price down again when competition brought new sources of energy on market.

**MR. PETTIT:** Governor Reagan, are you a millionaire?

**MR. REAGAN:** I don't think so.

**MR. PETTIT:** Everybody always writes you up as a millionaire.

**MR. REAGAN:** I know. I am aware of that. But no—and let me put it this way: I have to keep on earning money to make a living.

**MR. PETTIT:** Do you receive a salary from the Citizens for the Republic organization as Chairman?

**MR. REAGAN:** Not at all.

**MR. PETTIT:** Any fees?

**MR. REAGAN:** No.

**MR. PETTIT:** But the director is paid \$45,000 a year.

**MR. REAGAN:** I receive nothing from that. I earn my living out on the speaking circuit, doing a radio commentary and a once-a-week newspaper column.

**MR. PETTIT:** In 1980 you will be 69 years old. Are you washed up as a presidential candidate or a candidate for any other public office?

**MR. REAGAN:** I don't know. I have given no thought to 1980 in advance, and that would be up for the people to decide, if age is going to be a factor.

**MR. PETTIT:** But you have in the past said you might.

**MR. REAGAN:** I have said that I don't rule it in and I don't rule it out. I just think it is ridiculous for anyone to speculate this far in advance. No one knows what the situation will be. There may be a new cast of characters on stage. If there is a decision for me to make with regard to running for President that calls for it, at that time, I will make that decision then.

**MR. PETTIT:** Do you think that you would have beat Jimmy Carter?

**MR. REAGAN:** You kind of have me trapped, because shortly after the election on another television program I was asked that question, and because I had campaigned on the belief that I offered the best chance of victory, I answered yes. I don't like talking about it. The race is over; the race was decided. But I do know this: We have learned in tracking surveys that within the last four weeks of the campaign Watergate had not been an issue until then. In those last four weeks, Watergate, according to the surveys, became the No. 1 issue, No. 1 in the peoples' minds. Obviously that could not have happened if I had been the candidate, because I wasn't there.

**MR. MONROE:** Governor, an Associated Press report from Panama said the other day, quoting a high Panamanian official, that the U.S. has agreed to pull its 9,000 troops out of Panama by the end of the year 2000. Are you going to oppose any treaty that makes any kind of concessions to the Panamanians?

**MR. REAGAN:** Not a treaty that makes any kind of concessions. We have had two negotiations before and changes in that treaty with Panama. In each case, however, we ruled as non-negotiable the giving up of our sovereign rights, the giving up of our actual ownership and right to protect the Canal. I believe—I have never said that we should not negotiate. I think there are probably things we could work out that would be beneficial to the Panamanians, that would ease situations and help them. But I do not believe that we should be, at this point in history—that we should be negotiating to give away the Canal or to give up our sovereign rights, and our rights of defense of the Canal, and I shall oppose that.

**MR. MONROE:** Considering that U.S. sovereignty over the Panama Canal is arguable—for example, Chief Justice William Howard Taft said some time ago that Panama retained titular sovereignty, and there is a perception around



the world, especially in Latin America, that our control over a strip of land running through Panama in 1977 is a relic of colonialism. Even somebody like Senator Goldwater says we may have to fight a guerrilla war in Panama if we persist.

Would you not agree to any cessation of what might be called sovereignty or control over the Canal?

**MR. REAGAN:** A few years ago we agreed that the two flags would fly over the Panama Canal Zone. With regard to sovereignty, our own Supreme Court did render a decision in which it referred to those sovereign rights as similar to the same rights we acquired in the purchase of Alaska.

As to guerrilla war, this is the biggest part of the Panamanian economy, that canal. It is difficult for me to believe that they would cut off their nose to spite their face and do something to interrupt what is their biggest source of revenue, their principal economy, in the Canal Zone.

This, incidentally, brings to mind, of course that the stories, the talk of disaster, of this kind of thing happening to the Canal don't originate in Panama; they originate here among the people on our side who are using this to bolster an argument as to why it should be given back.

I also challenge that—it is not general among Latin American nations that they all want us out of there. As a matter of fact, some of our Senators who have been in other South American countries—there are a few, Central America, Venezuela, who have indicated this belief, that it is this colonial enclave. Others down the west coast, Brazil, other major South American countries, don't want us out of there, and are frank to say so.

**MR. MONROE:** Are they saying this publicly?

**MR. REAGAN:** This I don't know, but they have certainly told our own representatives and senators who have been there; it has been relayed to me, their feeling about it.

You have to remember, we are dealing—in all this talk of human rights that goes on today, we are dealing with a dictator who seized power at the point of a gun, who has never permitted an election, who censors and controls the press, whose secret police take people away in the middle of the night, all of the things that are abhorrent to us, and we are dealing with a government that is, what—there have been 50-odd governments in 60-odd years of history of the country. This is hardly the kind of a stable government that we should be engaged in this kind of an exchange with.

**MR. KILPATRICK:** Let me return, if I may, Governor, to domestic affairs.

One of Mr. Carter's most important recommendations has to do with electoral reform. He has proposed the direct election of Presidents, for example; repeal of the Hatch Act; the federal funding of congressional elections; and finally, his recommendation that has split your party, having to do with instant registration on election day. How do you stand on this last issue?

**MR. REAGAN:** I'm "agin" it.

**MR. KILPATRICK:** Why are you "agin" it?

**MR. REAGAN:** Well, I am "agin" it, first of all—the Hatch Act, there are some fifteen million public employees in the United States. If you grant each one of them only influence over one additional vote, such as a family member, you are talking about a voting bloc of thirty million people, who conceivably can have any number of conflicts of interest with regard to taxing policies, government programs and so forth.

**MR. KILPATRICK:** Governor, nothing in the Hatch Act prevents a postal employee from influencing the vote of his wife if he can.

**MR. REAGAN:** Yes, that is right, but if you are now going to free them more, to be more active, how many people in this country are going to be influenced if they have to do business under the tens of thousands of regulations with government agencies and the people they are doing business with are openly expressing a political viewpoint at the time they do business. That is not as important to me as two or three of the other things. The popular vote to elect a President, I think, is the greatest threat to the sovereignty of the states. We are a federation of sovereign states. Our constitution was drawn up to give those states a certain representation, so that the President is chosen by the people of the states of this country. If we turn to popular vote I can see your presidential candidates directing their attention and their campaign promises and programs to a couple of dozen of the largest cities in the United States and never mind the rural areas of this country or the less populous states out in the west and the south, because all the President has to do or demand to be President is get the majority in those big voting centers.

**MR. KILPATRICK:** How about the controversial point, Governor, on instant election day registration? Your own party's Minority Leader in the House, Mr. Rhodes, at first seemed to favor this.



**MR. REAGAN:** This I have to oppose, and I disagree with Mr. Rhodes on that. I have to oppose it, because I don't care what they say, the bureaucracy that would be necessary to try and prevent fraud, it would be impossible.

Even today there are two points. Today we have the investigation of an election in one of the Southern states recently, a Congressional election decided by 160 votes, and in the first few days of the investigation they found that the winner had received the votes of three oil stations, two public parks, a couple of warehouses, and an empty lot. It can go on today with this kind of registration.

The other point they ignore is, our voting problem is not based on the difficulty of registration, because of the registered voters, when half of them don't vote, what is their excuse? Our problem today, I think, is that too many American people are turned off on voting because they just don't believe their vote counts anymore, that they have any influence on government.

**MR. ROWAN:** Governor, on January 15th, you said, "We are going to have to come to grips with what I consider a major failing of the party, its failure to attract black voters."

Yesterday the Republican National Committee allocated \$250,000 to attract black candidates for public office. Does this meet your idea of coming to grips with that problem?

**MR. REAGAN:** Whether the amount is right or not, or whether they are bound by what their own constraints are, this is the type of thing that I do believe in. As a matter of fact, I will be supporting a candidate for one of our state legislative offices when I return to California, in a special election.

**MR. ROWAN:** Suppose they come up with some candidates, some blacks who are in the mainstream of black thinking, who are liberal like Ed Brooke. Would you go out and campaign for them, even if they don't meet your particular ideology?

**MR. REAGAN:** I don't have an ideology. I think ideology is a scare word. Ideology is Marxism and Leninism, Hitlerism or something of the kind.

I believe that the Republican Party for too long has let itself be covered by these labels "conservative" and "liberal," to the point that any time there is a dispute—as there is going to be between human beings—immediately it is portrayed as: "This is the conservative, this is the liberal faction."

I think we have an answer, and I have been trying to persuade our party we have an answer: We have adopted at the grassroots level in Kansas City a platform which is to guide our party until

the next convention, and in my view that platform is the reflection of the policies or the thinking of the majority of the Republican Party, and I believe that all we have to do is have our candidates in support of a Republican thinking as evidenced in that platform.

**MR. MONROE:** We have about two minutes.

**MR. PETTIT:** You said ideology is a scare word like Hitlerism or something like that.

**MR. REAGAN:** Yes.

**MR. PETTIT:** Senator Howard Baker said, "A party shouldn't have a philosophy; it should be ideologically sterile." Do you agree with that?

**MR. REAGAN:** I don't know just exactly what he meant by it, because in my thinking a party only exists because of a cause.

**MR. PETTIT:** Then, you can't have it both ways.

**MR. REAGAN:** Wait a minute. I am differing between ideology and philosophy, party policy. Ideology has a narrow connotation to people, and that is why I used the examples of Hitlerism and Marxist-Leninism.

**MR. PETTIT:** Is that why you suggested the Republican Party change its name—

**MR. REAGAN:** I didn't suggest that, Gallup did, and I said that we ought to look and see if Mr. Gallup had reason for saying it. But let me say just this one thing about a party:

If you analyze it, a party is not a social club; it is not an organization that says, "Let's have an organization." It is a group of people brought together because they share a common belief in what government should be like, and the party is only a mechanism to further that belief. It isn't the mechanism that brings the people together. It is the belief, and the cause, and this is why I am asking the Republican Party to take that platform which, for the first time in either party, explicitly states what is the belief of Republicanism, so that we are able to say to the independents and Democrats who are looking for a home because they are disenchanted with their own party, "Here is what we stand for; here is what you can count on."

**MR. MONROE:** We just have a few seconds left.

Are you seriously interested in changing the name of the Republican Party? Is that a possibility?

**MR. REAGAN:** No. When Gallup came out with a poll and said this is a major albatross, I said our party ought to look at this and see, but since then I have had indications from legal-minded friends that under the new election laws this might possibly constitute as being a new party, in which case under the new laws we couldn't function.

**MR. MONROE:** Thank you, Governor Reagan, for being with us today on **MEET THE PRESS**.

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