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EMBARGOED TILL 12:00N EDT
THURSDAY, September 8, 1977

EXCERPTS OF REMARKS BY THE HON. RONALD REAGAN
TO THE NATIONAL PRESS CLUB
Washington, D.C., September 8, 1977

This morning on Capitol Hill, I had an opportunity to voice many of my doubts about the wisdom of the Canal treaties. This afternoon, rather than covering those same specifics, I would like to broaden the focus to a more general discussion of American foreign policy and the constructive steps that we should consider with regard to Latin America. First and foremost I believe our concern should be our national security and that is in turn dependent on Hemisphere security.

Possibly you remember I wasn't particularly happy with the way the last Administration conducted our foreign policy so it won't come as a complete surprise that I'm not particularly happy with this one, either.

It is true that Mr. Carter has made changes, and some of those changes I admire -- or did initially. The moral tone he set out to restore to our diplomacy struck me as especially healthy. But its uneven application has cancelled out much of its value.

In the beginning there seemed to be reason for optimism when declarations were made about morality in foreign policy but if there is such it is being unevenly applied.

Our Secretary of State has come home from Moscow and the Mid-east empty handed. From China he brought back ambiguity. Then our U.N.

Ambassador went to Africa and there were some who wished he hadn't returned at all.

Our friends are confused and our enemies who never held us in affection now seem to hold us in disrespect. Seneca said, "He who knows no ports to sail for finds no winds favorable". Can anyone really say we have set a course or are we making spur of the moment course corrections looking for a landfall.

The President is right to call for a moral reawakening in our foreign policy. But we must also awaken to the hard realities of today's world. It is not enough to have a new morality declared; we must also have a new realism. For too long, we have ignored or tried to avert our eyes to the truth, and the truth is now exacting a terrible price from us.

One fundamental reality -- indeed, the overriding reality -- of our time is the expansion of Soviet power in the world. We were very much aware in the early post World War II years when the Soviets brazenly thrust into Eastern Europe, Greece, Iran and Turkey, and in some instances -- though certainly not all -- we moved quickly to blunt their progress. But in more recent years, as they have turned to proxy wars in countries such as Korea, Vietnam, Zaire and now Ethiopia, their attempts have become more subtle and we have become unsure.

Now the highest officials of our government seem almost oblivious to their threat, even in Europe where the Communists may, before long, plunge a dagger into the heart of our NATO alliance. The doctrine of Lenin, "Two steps forward, one step back", is working effectively. When occasionally they are pushed back a step, always, always they trudge those two steps forward -- into the Indian Ocean, into the Mediterranean, into Angola, into Cuba, Jamaica, Guyana -- and if one listens the sound of hobnailed jack boots seems a little nearer.

We cannot deny the overriding reality of gradual but inexorable retreat of Western power in many areas of the world. In the Pacific basin today our forces are gone not only from Vietnam, but from Thailand as well. In Korea, we go forward with plans to withdraw 33,000 men. In Taiwan, we have signalled our intention to withdraw our forces and to slip out from under our obligation to the Republic of China. We are negotiating over our rights at Clark Air Force Base and Subic Naval Base in the Philippines. The Japanese are beginning to ask the same question that DeGaulle posed only a few years ago: in the event of an attack, can we still count on help from the United States? Even Peking is said to be worried about the power vacuum we are creating.

Nor is our withdrawal of power limited to Asia. We see the same withering of American will in Africa and Europe. When the Marxist rebels swept through Angola, we stood paralyzed. When trouble knocked in Zaire, it was France -- not the United States -- that stepped into the breach. Today in Europe, the West Germans are still jittery about reports that in the event of a Soviet invasion, we would concede a third of their territory. Our government has denied that report, but the fact that it was so easily accepted by high officials in West Germany speaks volumes about how we appear to others.

As we look upon our shrinking global influence, we are reminded of what our Ambassador to the North Atlantic Treaty Organization, Robert Strasz-Hupe', said recently upon his retirement from that post. "...throughout the West it seems to have engendered in the Western public at large that sense of fatalistic indifference which, so I have read, living by the side of a volcano induces in the local population." That indifference, I believe, presents the Western world with one of the greatest challenges of this century.

Still a third reality of our time, one much remarked upon, is the tide of expectations that is still rising in so many parts of the world. Some are frightened by the changes that it may bring, but I believe we should welcome and respect the aspirations of people who want to better their lot. It was not very long ago that the United States was a lesser developed country, and for over a hundred years we heavily depended upon investments and loans from other countries to build our own nation.

In the Third World, it is sometimes said that the new word for peace is "development". And indeed, the two goals are deeply intertwined: without peace, there will be no development; and without development, there will surely be no peace. The United States, I believe, shares a responsibility to do all that we can to contribute to both of these goals.

Yet, in this pursuit of peace and development, we would be grossly foolhardy to abandon our own principles or our own interests. Some argue, for instance, that we should pour our resources into nations that have adopted Marxist, centralized regimes and want a new social order that would include such things as mineral cartels and world-wide pricing agreements. That approach, I believe, is in neither their interest nor ours. As I look about the world, the countries that have achieved the greatest economic advances and have attracted the largest quantity of private capital are not socialist regimes but those with relatively free and stable market systems -- countries such as the Republic of China on Taiwan, South Korea and Brazil. Those are the nations where economic miracles are transforming the lives of their people. Thus, by encouraging the growth of free markets and free trade, we serve not just our own ends but those of the developing nations as well.

By the same measure, let us reject the idea that we should sacrifice our strategic or political interest in order to appease Third World nations. That may purchase some short-term friendship, but in the long-run it will only hurt us all. Every time the United States retreats from a hard-earned position, we squander just a bit more of our authority and respect. As that process continues, and the most powerful guardian of democratic institutions shrivels into a shell of its former self, prospects for peace will dim all over the world. Let us be generous toward others, as befits a great and free nation; but never obsequious. We cannot abdicate our free world leadership without abdicating our ability to keep the peace.

All of the realities that I have mentioned here -- the relentless expansion of Marxist power, the relative decline of American power, and the rising tide of expectations among lesser developed nations -- are now converging in Latin America, and it is within that context that I believe the United States should shape its policies toward that region.

The United States and Latin America have, of course, always shared a unique relationship. We were both born out of a struggle against tyranny. Our declarations of independence roughly paralleled each other in time, giving us a sense of unity and hemispheric identity. Our ties are not only those of geography, but of common beliefs and shared values. Thus, we can share equally in Bolivar and Washington, San Martin and Jefferson, Juarez and Lincoln. They were, as it has been said, sons of a common heritage. In determining our policies, we must also be mindful of these special bonds between us.

If we are to maintain and strengthen those bonds, however, I believe it is imperative that we develop a more thoughtful, more rational strategy toward the Latin nations.

It is wholly irrational, for instance, for the United States to curry favor with the Marxist regimes of the hemisphere while needlessly antagonizing our own best friends. One of the first acts of the new Administration in Washington was to open an aggressive drive for normalizing relations with Fidel Castro. Why the administration has been so impatient in this quest is only one of the many question marks that still hang over Mr. Carter. Castro has made no secret of his allegiance to the Soviet Union and has shown his filial devotion by sending some 20,000 of his troops to foment revolution in Africa. There are Cuban troops in Angola, Guinea, Guinea-Bissau, the Congo, as well as Ethiopia; Mozambique may soon be added to the list.

It is entirely understandable why Castro might want to revive American trade. His economy is sagging badly, and the Soviets are propping him up at the rate of \$2-3 million a day. Relaxing that burden, of course, would give the Soviets more of a free hand for mischief making elsewhere. Moreover, if Castro is elevated to the status of an accepted member of the Hemispheric family, he will have scored a tremendous psychological victory over the "colossus of the north". All of this makes eminent sense from his point of view.

But, aren't we entitled to ask, "What's in it for us?" Without his Russian subsidy, how will he buy the American goods he admits he needs? I can think of one answer to that; we'll provide him with low interest soft loans. It seems to me normalized relations with Fidel Castro would be more normal if he pulled his troops out of Africa, his revolutionaries out of Latin America, released the thousands upon thousands of political prisoners and compensated us for stolen property. Having done all this it would seem to me we could sit down together and light up a couple of good Havanna cigars.

In the same fashion, I also question our budding friendship with the Marxist regime in Jamaica. If the Jamaican people wish to be ruled in that way, that is their right. But I see nothing but trouble coming from Ambassador Young's recent visit to that country when he promised to sharply increase our foreign aid to them.

The Panama Canal treaty, of course, raises many of these same issues as well as others. What, pray tell, is to be gained by the United States relinquishing one of the world's greatest waterways to a dictator who seized power at the point of a gun and who obviously finds himself more at home with totalitarians on the left. Is the world's security enhanced? Is there any reason to believe that the Canal is safer from terrorists when protected by the Panamanian National Guard than by American marines? Indeed, what guarantee do we have that Panama will even honor the treaty? After all, the Panamanians know as well as the rest of the world that it was under the guise of detente that we let the Soviet Union get away with the biggest military buildup in history, and it was under the guise of the Paris Peace Accords that we let the North Vietnamese get away with literal murder. Why, then, should a Panamanian regime feel any more bound by its promises to us? I ask those questions because it seems to me that in the absence of satisfactory answers, the United States neither can nor should ratify this treaty.

One facet of the present discussion that concerns me is the contention by the Executive branch that Congress -- particularly the House -- has no part to play in the treaty process. Not only does yesterday's media "spectacular" at the Pan American Union suggest an arrogant attitude by the White House toward Congress' responsibilities, it also runs the risk of falsely raising expectations by the Panamanians and perhaps others about U.S. intentions. It suggests that Mr. Carter

considers Congress' ratification role under the Constitution to be a mere anticlimax to his public relations program. Now, if Congress, after full study and debate, decides not to ratify these treaties or to pass implementing legislation, will not Mr. Carter, by his action have increased the likelihood of trouble in Panama?

Still another argument pressed by advocates of the treaty, one we have heard with some frequency this week, is that ratification is necessary in order to win friends in Latin America. Well, now I ask you: if their friendship is so important, why has it been so woefully neglected in the past few months when it comes to countries such as Argentina, Chile and Brazil?

Brazil is one of the true, emerging giants of the world. One third of all Latin Americans live there, and through dint of hard work, good management, natural abundance, and an infusion of outside capital, it has acquired a strong industrial base. The world's second largest exporter of agricultural goods and iron ore, the first largest producer of coffee, the third largest producer of manganese, the eighth largest producer of tin, Brazil is a country whose friendship we should treasure. Yet, earlier this year we tried to torpedo the nuclear reactors upon which they were depending so heavily; we engaged in long-distance recriminations over human rights; and exasperated, they eventually cancelled our military-assistance treaty with them. In seven months' time, our relationship with Brazil has plunged to its lowest point in 13 years. In all of the celebrations with Latin American leaders this week, let us not overlook the man who isn't here: the president of the largest land mass in South America and the second largest in the Western Hemisphere.

In pursuing friendships in Latin America, it is especially important, I believe, that our concern for human rights be pressed in

an even-handed, objective fashion. It is dumbfounding to me that the Administration has aimed its human rights criticisms at our friends such as Brazil and Argentina, and yet has showered favorable attention on countries such as Cuba and Panama, where gross violations of human rights have been alleged and -- in many cases -- well documented. Indeed, the Administration has seemingly chosen the worst of all worlds: a double standard whereby we punish our friends and reward our enemies. The United States will not long survive as a credible world power if we continue such incredible policies.

The final point that I wish to make with regard to Latin America is that we should not allow the question of the Canal treaties to obscure the more fundamental issue in our Hemispheric relations -- namely, what can be done to promote peaceful development in both North and South? Foreign aid has been an indispensable part of the formula, but as we all know, foreign assistance alone is insufficient to insure stable economic growth. In fact, it represents a diminishing share of the cash that now flows into lesser developed nations. Investment capital has now reached 45 percent of that flow and is still growing. To maximize our contribution to Hemispheric development, then, let us continue our economic assistance but let us also emphasize other fundamentals:

-- One fundamental is the free flow of private capital. Capital must be attracted, not forced, and for nations of both North and South America, a stable, welcoming environment for outside investors must be provided.

-- Another fundamental is free trade. The United States must resist rising protectionist sentiments within our own borders, just as we hope that Latin America will do the same for our products.

-- Third, we must encourage greater energy independence within our Hemisphere. The economies of nearly all our countries are suffering now because of our heavy reliance upon outside energy sources. To overcome that barrier, it is important that we conserve in the United States, but it is also vitally important that we accelerate production and that we help nations such as Mexico and others in expanding their production.

-- Fourth, when asked to, we should give whatever assistance we can to Latin America in curbing its population explosions. All told, their populations number 300 million now, but by the end of this century, they could number as many as 600 million -- a population as large as India today. It has been well said that in Latin America, the present is pregnant with the future.

-- Finally, it is of critical importance to Latin America, and to the rest of the world as well, that the United States pursue sound, balanced economic policies. When we allow excessive federal spending to drive up the inflation rate in the United States, those higher costs reverberate throughout our Hemisphere. And when our government's stop-and-go economic policies drive us into a recession, we close down valuable markets throughout the Hemisphere. It is imperative we recognize that the economic progress of Latin America and the United States are tied together: we can fall together or we can rise together. And, we will rise only if the United States government is sound and wise in its economic policies.

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FOR IMMEDIATE RELEASE
September 9, 1977

EXCERPTS FROM REMARKS BY THE
HONORABLE RONALD REAGAN
AT THE JACKSON COUNTY REPUBLICAN DINNER
CROWN CENTER HOTEL, KANSAS CITY, MISSOURI
September 9, 1977

I came here to Kansas City by way of Washington. I tried it the other way round last year and it didn't work. I was in Washington to testify before a Senate committee about the proposed Panama Canal treaties.

There are indications that the Administration intends to bypass the Congress on the matter of turning over to Panama U.S. property and even in the appropriation of taxpayers money in the proposed annual payments to Panama. The Constitution is very explicit in its provision that, "The Congress shall have the power to dispose of...the territory or other property belonging to the United States."

In addition to testifying about that point, I told the Senators of my concern that the treaties proceed from the false premise that we can somehow expect reliable, impartial, trouble-free, secure operations of the Canal in the future by relinquishing the rights of sovereignty we acquired in the 1903 treaty. We acquired those rights to the exclusion of the exercise of such rights by the Republic of Panama. It seems clear, from that treaty, that our government's intention was to acquire a firm, unshakable legal basis for building, operating and defending the Canal. The Canal Zone was -- and is -- a single-purpose enterprise, but it is important to remember that only one nation can exert sovereign rights over a given piece of land at one time. To this

day, it is those rights which undergird our ability to operate and defend the Canal. We cannot be kicked out summarily on the whim of some Panamanian government.

Once those rights are removed -- and they will be, immediately, if the new treaties become effective -- there is nothing to prevent a Panamanian regime from deciding to nationalize the Canal and demand we leave right away. And even while the elaborate signing ceremony was going on in Washington, the Panamanian press was quoting their chief negotiator to the effect that they intended to accelerate our departure from the Canal Zone.

For more than 60 years we have operated the Panama Canal efficiently, impartially and on a not-for-profit basis. The nations of the Western Hemisphere have come to rely on our stable presence there to make sure that their commerce would go through unhindered.

We are told by treaty advocates that there will be trouble if we don't accept these treaties. The same people then assure us we can march back in if there is trouble. Well, the Panamanians don't think we can, as their own statements show. And, once we have said, in effect, "We don't want trouble; we'll give up the Canal", haven't we also said, "If the government of Panama, encouraged by leftist extremists, plays fast and loose with the treaty, we'll decide -- since we're giving it up anyway -- "why bother?"

Already, the Panamanian government-sponsored student federation has declared that "the struggle will continue" so long as there is any American presence at the Canal.

So whether or not these treaties go into effect, we can expect trouble from leftist elements in Panama and perhaps elsewhere. But

that shouldn't frighten us. Panama's economy depends on the continued operation of the Canal, it is responsible for 25% of the G.N.P. of Panama. Obviously, the Panamanian military regime has a stake in seeing that Canal operations aren't interrupted. We also have to believe that those New York and international banks which are propping up Panama's nearly bankrupt economy with loans wouldn't do so if they expected to lose their collateral.

Frankly, I believe we can question not only the warnings about possible deterioration in our relations with Latin America if we don't ratify the treaty, but also the glowing promises of a new era if we do. The fact is, we do not now have a coherent policy toward our Western Hemisphere neighbors. And, we should because over the next few decades our continued prosperity -- possibly even our survival -- will be closely linked to that of our neighbors within this Hemisphere. These treaties are no substitute for such a policy. A United States negotiating from strength, not meekly yielding its legitimate rights and responsibilities to avoid unpleasantness, can be truly helpful to the people of Panama and to all the Hemisphere.

- The Panama Canal is vital to our security and that of the Hemisphere;
- The United States provides the one sure guarantee that the commerce of the world will have continued access to it;
- The rights of sovereignty we hold in the Canal Zone are the foundation of our ability to remain there to operate and defend the Canal;
- The proposed treaties relinquish the rights and do not provide adequate guarantees against future threats to the Canal;

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-- While alternatives to these treaties should be sought which recognize the aspirations of the Panamanian people.

I hope you will write to your elected representatives urging them to vote against ratifying these treaties.

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ISSUES AND ANSWERS



SUNDAY, SEPTEMBER 11, 1977

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GUEST:

RONALD REAGAN - Former Governor
of California

INTERVIEWED BY:

BOB CLARK - ISSUES AND ANSWERS
Chief Correspondent

FRANK REYNOLDS - ABC News
Senate Correspondent

RONALD REAGAN - Former Governor of California

MR. CLARK: Governor Reagan, welcome back to ISSUES AND ANSWERS.

You and former President Ford lined up this week on opposite sides of the Panama Canal Treaty, bringing back memories of the pitched battle you waged with the presidential nominations last year.

Are we going to see a replay of that epic struggle for control of the Republican party, for what some call the soul of the party, with support of the Panama Canal Treaty being on one side and the rallying cry of the conservatives being "Don't give back the Canal?"

MR. REAGAN: Well, I don't think so because I think this issue is far bigger than any party divisions. Certainly it crosses the party divisions. There is nothing new about us being on the opposite side of that because in his administration the then President Ford also had negotiators and indeed part of the same negotiating team working on this. I don't think it is going to polarize parties or I don't think either party really wants to take a position because there are people on both sides in each party.

For the Republicans, you could say it is official policy because it was a plank in the Republican platform adopted at Kansas City, that the Republicans opposed the giving up of the Canal.

MR. CLARK: But, Governor, a number of Republicans obviously look on the Panama Canal Treaty as a potentially very big political issue when it could become a rallying point for opposition to the Carter Administration and a whole range of foreign policy objectives.

Do you really believe that this is not going to be a political issue?

MR. REAGAN: Well, in that sense, yes, the Carter Administration has to stand where it is in favor of the Canal and from that standpoint, not saying Republican and Democrat, but saying the forces against the Carter Administration, yes, he is going to have to defend his position and it will be an issue where his administration is concerned.

MR. REYNOLDS: Why are you so adamantly opposed to this Canal Treaty?

MR. REAGAN: Well, Frank, you know there is a book by a very distinguished man, Lawrence Belensin, called "The Treaty Trap," and it has gone back over hundreds and hundreds of years with regard to treaties and you find in this very well documented book that no country has ever observed the terms of a treaty if it suited its national purpose to break that treaty.

Now here we have a treaty with a government that was never elected, so therefore is not representative of the people, seized power at the point of a gun. This government has a great stake in the Canal.

The terms of the Treaty are such that we are phased out over a period of time and what is to say that once we have declared we are willing to give up that Canal to this dictator and that once we begin to phase out, that he can't just cancel out the rest of the treaty, all the assurances that we are being told we have, that the treaty will protect us in the future, just as Nasser did when the British and the French gave up the Suez Canal, to be phased out over a period of time.

Two years later Nasser walked in and took it and the natural result, the British and the French said, "Well, we were going to give it away anyway, why make trouble" and isn't that exactly what the United States would do once we made that decision to give it up?

MR. REYNOLDS: What possible reason would there be for the Government of Panama to run that risk? I mean, if the Government of Panama has a greater share now, more reason to want this Canal to operate, wouldn't it be to their benefit to keep it going, to keep it open?

MR. REAGAN: Well — but, to keep it open themselves and who knows with what other allies? In the month of July there was a Russian delegation in Panama negotiating to buy 50,000 metric tons of sugar at twice the world price, at the same time making arrangements for the locating of Russian plants and bases and factories and so forth, and fishing rights off Panama with this present Panamanian Government.

Now, we also know that there are a number of — well, the only political party that is allowed legally to function in Panama today is the People's Party, which basically is a Communist party.

MR. REYNOLDS: Well, Governor, let me just follow up on that for a moment: Suppose we reject the treaty. Won't we then drive them even closer to the Russians if indeed they are moving in that direction? What reason would they have then to be friends with the United States if we reject the treaty?

MR. REAGAN: Well, they hardly sound friendly right now, because while our negotiators are promising us, Frank, that we have protection in the treaty, that the year 2000 — even after we are gone and it is totally theirs — we will have "expeditious passage" is the word for our warships in the event of hostilities. But Mr. Bethancourt, who is the chief negotiator for Panama, has been making speeches in Panama and has been telling the press in Panama that the word "expeditious" was only put in the treaty because our negotiators had to sell the treaty to the American people, and he said it doesn't mean a thing; that the United States wanted the privilege of being able to say that, in the event of trouble or hostilities, American warships would have priority in going through the Canal.

He has denied this to the Panamanians and he says there is no such thing. He says, "The Americans wanted it. We couldn't give it at all because then, he said, "It wouldn't be neutral at all." In other words, what he is saying is, in their view neutrality means if this country is at war the warships of our enemies will be guaranteed by Panama the right to use the Canal.

MR. CLARK: Governor, looking at this from more a diplomatic and international political standpoint, President Carter put on quite a dazzling show in Washington this week with the treaty signing ceremony attended by almost every head of state in Latin America.

Haven't you and other treaty opponents been upstaged by the President to the point that if the treaty was rejected now there would be such an uproar in Latin America it would outweigh any possible advantages to us in holding on to the treaty?

MR. REAGAN: Well, the President may have done this and certainly I think it was a mistake to do what he did because he also did something no other President has done with regard to Congress.

Now we are talking about two treaties. One is the treaty that we give up the Canal. The second is the fact that we give up some nine billion dollars worth of investment there in American property; also that we give of the American taxpayers' money millions of dollars a year, down through the years, to Panama.

Now, under the Constitution only the Congress of the United States can do that and at the very beginning of the negotiation of the original 1903 treaty, followed the Congress of the United States, passing the Spooner Act, which authorized the President to spend up to a certain amount of money.

In other words, the President should have, before these negotiations were agreed upon and before he signed any treaty, the President was really bound by law to have gone to the Congress and said, "This is what we want to offer. I want authorization by Congress to do this."

MR. CLARK: But he did not do that and I am just looking at what has now been done by the President. If the Senate should reverse the President, should override him and reject the treaty, wouldn't it almost certainly — we would be defying every government in Latin America — wouldn't that almost certainly escalate the danger of terrorism or other violence in the Canal Zone?

MR. REAGAN: Let me take the last point first. I don't think we would be defying every country in Latin America. I think the truth of the matter is, when you can speak privately to some of the Latin American leaders, you will find that they would much prefer, if there is any change at all, for the users of the Canal to have more of a voice in its operations, but not turning it over to this dictator because they are too dependent on it.

MR. CLARK: If I may just interrupt, what heads of government in Latin America are you talking about that might —

MR. REAGAN: Well, I think it was significant that the President of Brazil wasn't there. On the other hand, I would rather not name the country because he spoke to me privately, but the Ambassador of one of the Central American nations, while I was in Washington said to me, "Our government doesn't want you to give it up."

I can quote another one who said, "Why didn't your government in the beginning just say 'No'?" So they have their own agendas. Invited to such a ceremony, they came — not all of them; some sent representatives, some didn't come at all.

I believe there are alternatives and maybe this is a good point to say when I opposed this treaty I don't say that we shouldn't negotiate; I don't say we shouldn't have alternatives in which we can strengthen our bonds with Latin America. The trouble is, we have no coherent policy with our neighbors in Latin America and have not had for some time, and here we are letting this great continent of ours be divided.

This treaty is no substitute for that coherent policy. I think there are many things we can do for the Panamanian people. I think we should continue to negotiate. We should not give up control of this canal. We should not give up the right which enables us to run this canal as we have for sixty years, at no profit, never having gotten back the original investment, and for the benefit of the Panamanian people, because the canal represents 25 per cent of their gross national product.

Now, you spoke about the trouble. The situation is, they can't have it, the advocates of the treaty, both ways. They tell us we will have trouble if we don't sign the treaty, but then they turn around and tell us, "Don't worry, even after we have withdrawn we can intervene, we can go back."

Well, if our country is going to back away in the face of threats of trouble from the ownership of the Canal, what makes us think then that we would go back in and land the Marines and so forth in the event they violated the treaty? It would be Nasser all over again.

MR. REYNOLDS: You think that it is meaningless then, that nobody accepts that, that is just window dressing in the treaty, the idea that we would go back in if neutrality —

MR. REAGAN: I think in practicality that is exactly what it would amount to.

Let me say something else about trouble, Frank. Bethancourt and others, during this period since, in August, the announcement was made that we had reached agreement, they have been talking to their people, including the Federation of Students which is the radical group that has staged all the riots and the demonstrations and the radical group has been told not to disband. They have been told literally by their own government: Stay there, because this treaty — and the exact words of Bethancourt — he says, "This treaty has many ugly features" and he said, "We will not really be successful until we have driven the last gringo out of the Canal Zone."

Which means they are going to escalate our departure. They can immediately walk in and take over the policing power of the whole Canal Zone. We turn over the homes in which the American workers live to the Ministry of Housing of Panama.

(ANNOUNCEMENTS)

MR. REYNOLDS: Governor, you said just a moment ago that there are some people in Latin America who really are opposed to the new Panama Canal Treaties, but cannot say so publicly, apparently for political reasons. That is the argument really advanced by Strom Thurmond with respect to the Joint Chiefs of Staff. He suggests that they have to agree publicly with the President, and he implies that privately they feel otherwise. Do you think that is true?

MR. REAGAN: Well, he might possibly, being closer to the scene and personally acquainted and having been a major general himself, he might possibly have more personal contact with the Chiefs of Staff than I do, but I think what he was saying is a perfectly logical thing. We have respected, in this country, the tradition that the military is under civilian control, so the Joint Chiefs of Staff, appointed as such by the President of the United States — and he is the Commander-in-Chief. When he has determined policy, they only have one choice. They either go along with the policy or resign, if they feel they can't support it.

I think the significant thing is that past Chiefs of Staff, past commanders and past generals, such as Keegan of the Air Force, Admiral Moorer, Admiral Arleigh Burke, Admiral Reynolds, Admiral Carney, have all come out publicly — indeed, just recently Admiral Moorer, who was first Commander of the Pacific, Commander of the Atlantic, Chief of Naval Operations, Supreme Commander of the NATO Forces, and then a chairman of the Joint Chiefs of Staff, has testified before a Senate committee vehemently opposing this treaty and pointing out the great strategic significance.

Admiral McCane —

MR. CLARK: If I could interrupt there, at least two of those Admirals, Admiral Carney, Admiral Arleigh Burke, go back over 20 years, back to the early days of the Eisenhower Administration, where there was a completely different picture. Today, for instance, our big super carriers cannot pass through the Canal. Today we have a two-ocean Navy.

MR. REAGAN: But 97 percent of the shipping of the world can pass through the Canal today and only — well, I have heard a figure 13, but recently I have heard it as a couple of more ships, of the whole United States Navy cannot go through.

There is also the possibility in the years ahead, as, looking at the newly developing Russian Navy, the whole structure of the Navy may change to lighter, faster missile-carrying vessels.

But, Admiral Moorer, who is the most recent of those and who was of the Joint Chiefs of Staff at a time when we had a war going in the Pacific — Vietnam — but when we also had tension in the Mediterranean and in the Middle East, has expressed to a Senate committee the advantage then of being able to locate tonnage so that it could be swiftly directed whichever way the emergency might call for.

Now, the other thing is, we have a plan — and this is one of the alternatives that I think could vastly benefit the people of Panama — the alternative we have had on the books for a long time is the third lock plan.

This calls for about a ten-year construction job, a couple of billion dollars, most of which would stimulate the economy of Panama, be used there to build a third set of locks which would make it possible for everything except a few of the giant super tankers —

MR. CLARK: But, Governor, the Chairman of the Joint Chiefs of Staff, as you know, General Brown, has told senators, with the present canal it could take 100,000 American troops to defend it. Would you be willing to make that sort of a military commitment and probably a larger one, if you built a larger canal?

MR. REAGAN: Well again, how many troops would it take to take it back, then, if it did become a canal under enemy influence and we were denied the promises that had been made in the treaty? Again I hark back to the fact that the men who negotiated the treaty for Panama have said that they are not going to rest until we are gone.

General Torrijos, the whole attitude is not the "men of good will hand shaking agreement" that our own people are telling us about. General Torrijos arrived in Washington last week for that circus and said, "We don't recognize this as a present from the United States, this is the result of a conquest."

MR. REYNOLDS: Well, I am not sure I know exactly what the General was talking about but that does raise the question of how we got the thing in the first place. You said the other day before the Senate that we have nothing to be ashamed of and much to be proud of. Well, there are quite a few people who hold quite a different view with the morality of our acquisition of the Canal. Are you entirely satisfied that we behaved like a good neighbor back in 1903 when we dug it?

MR. REAGAN: Yes, I am, and I think there has been a great rewriting and distortion of history. Theodore Roosevelt was President —

MR. REYNOLDS: And he said, "I took the Isthmus."

MR. REAGAN: But after he was no longer President, he said this with a remark about his own relationship with Congress. But at the time you will find his own words in which he ordered hands off.

Now the situation was that for 60 times, in 70 years, Panama tried, after freeing itself from Spain, as Colombia had freed itself from Spain, tried to free itself from Colombia, revolted. Always the revolts were put down. The United States Congress passed the Spooner Act and authorized the President of the United States to negotiate a treaty, either with Nicaragua or with Panama for a canal. The French had failed. The French were trying to sell their rights in whatever they had. Colombia did not want to and would not accept our treaty at the time because they knew we were going to pay the French \$40 million. The French contract ran out in two years. Colombia was simply stalling, hoping at the end of two years they would get the \$40 million because they would get everything back free from France. This time the Panamanians saw a chance and they separated again from Colombia and they immediately hired a Frenchman who represented the Canal Company, the French company, Bunau-Varilla, and made him minister plenipotentiary to negotiate immediately a treaty with the United States because they knew their only hope of becoming a separate state was with the economy of a canal being built there so this is what they did.

MR. CLARK: Governor, I don't want to interrupt a very interesting history lesson, but we have two or three questions we want to get onto.

There is considerable speculation in Washington as to how active a role you were going to take in this canal fight. There is, I believe, a fund left over from your presidential campaign last year that is currently something over a million dollars, and I believe is generally intended to help conservative candidates.

My question would be, will opposition to the Panama Canal be one of the tests that a candidate will have to meet in order to get any money from that fund?

MR. REAGAN: Well, Bob, you would have to take that up with the whole Board of Directors or Governors of that fund. The fund that was left over created what is called the Citizens for the Republic, with the idea of electing Republican candidates. We stay within the party. Republican candidates. But in so doing I have no more control over that than one vote on the Board of Directors and so far the policy has been that it will be used mainly in the support of national candidates. But I have the forums of my own radio commentary, my news column and the fact that I am out on the mashed potato circuit about six or eight times a month speaking, and as the debate goes forward I am quite sure that it would seem strange if on those forums I did not express my views —

MR. CLARK: And one other personal question. Is this battle over the Canal going to make it more or less likely that you will be a candidate for the Republican nomination in 1980?

MR. REAGAN: I don't think it has any bearing on it. I just don't know whether I am going to have a decision to make in 1980 and I don't think anyone could know at this time, and you will have to wait until closer to the day to know whether there even is a decision to be made, and I think that applies to everyone. It certainly applies to me.

MR. REYNOLDS: Would you like to try it again?

MR. REAGAN: Again, I will have to let you know much closer to the day.

MR. REYNOLDS: Governor, if by some miracle you suddenly found yourself advising the President, with nothing except his political well being at stake, what would you tell him to do about Bert Lance?

MR. REAGAN: Oh, Frank, that is his problem and it calls for a hypothetical answer.

MR. REYNOLDS: Well, do you think Lance should resign or be dismissed?

MR. REAGAN: Well, here again I am going to let them make a decision. At the moment I would think that Mr. Lance should be happy he is not a Republican.

MR. CLARK: And, Governor, another blatantly political question: Would President Ford, former President Ford's support of the Panama Canal Treaty make it more difficult for you to support him if he should by chance become the Republican presidential candidate again in 1980?

MR. REAGAN: Well, the answer to that is that in the last campaign I knew his administration was negotiating this give-away and when the decision was made at Kansas City I campaigned for him in 25 states; I did national commercials for him; I sent out a fund-raising letter; I did everything I could to help him get elected.

MR. CLARK: You have just indicated that his support of the Canal was one of the reasons you battled him down to the line to try to get the presidential nomination. Would you oppose him in any effort to get the nomination because of his support of the Canal?

MR. REAGAN: No, but I would do the same thing that I was doing before and that is, urge the people of this country to write their congressmen and their senators to urge that there not be ratification.

At the time we were debating this in the campaign, you will have to remember — and, incidentally, I didn't make that an issue, the people did. This thing has been negotiated in secret, really, and this again indicates something wrong in keeping the people from knowing.

In the campaign the people discovered the negotiation. Well, the only thing is, I know we don't have any time, but remember at that time there were 39 senators, enough to block it, who passed a pledge they would not ratify such a treaty and I accepted that as they way to be.

MR. CLARK: Governor, we are now out of time. Thank you very much for being with us on ISSUES AND ANSWERS.

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EMBARGOED TILL 7:00 P.M. CDT
Wednesday, September 21, 1977

EXCERPTS FROM REMARKS BY THE HONORABLE RONALD REAGAN
TO THE FAYETTE, COUNTY, IOWA REPUBLICAN DINNER
WEDNESDAY, SEPTEMBER 21, 1977

When it comes to human rights, you might expect the government of Panama to be on the Carter blacklist. Freedom House, an internationally respected monitor of human rights, rates Panama as one of 67 nations that is "not free". They rate political rights on a scale of One to Seven, with Seven being "least free". Panama scores Seven. Freedom House rates civil rights the same way and Panama gets a rating of Six.

For approximately two years before the treaty was announced, the demands of Panama's military dictator, General Torrijos, had been getting sharper. He regularly made thinly veiled threats of violence if the United States didn't get on with the business of handing over the Canal.

Those stepped up demands may turn out to have been a not-so-funny coincidence. Just last week allegations were revealed to the effect that our government had "bugged" the Panamanian negotiators' private discussions; that Torrijos had gotten transcripts and used them, in effect, to blackmail our negotiators.

The Senate Intelligence committee has been investigating the charges in closed-door sessions. Its members have avoided the press. No one is talking, but they should, and soon, for the American people deserve to know if there is any truth to these serious charges. Regardless of ones' position on the Canal, I'm sure we all hope and pray the charges will prove to be groundless.

But beyond the known threats by Torrijos and the possibility of undue pressure, I believe the treaties themselves are fatally flawed. They proceed from the false premise that we can somehow expect reliable, impartial, trouble-free, secure operations of the Canal in the future by relinquishing the rights of sovereignty we acquired in the 1903 treaty. We acquired those rights to the exclusion of the exercise of such rights by the Republic of Panama. It seems clear that our government's intention was to acquire a firm, unshakable legal basis for building, operating and defending the Canal. The Canal Zone was -- and is -- a single-purpose enterprise, but it is important to remember that only one nation can exert sovereign rights over a given piece of land at one time. To this day, it is those rights which undergird our ability to operate and defend the Canal. We cannot be kicked out summarily on the whim of some Panamanian government.

Once those rights are removed -- and they will be, immediately, if the new treaties become effective -- there is nothing to prevent a Panamanian regime from deciding to nationalize the Canal and demand we leave right away. And even while the elaborate signing ceremony was going on in Washington, the Panamanian press was quoting their chief negotiator to the effect that they intended to accelerate our departure from the Canal Zone.

For more than 60 years we have operated the Panama Canal efficiently, impartially and on a not-for-profit basis. The nations of the Western Hemisphere have come to rely on our stable presence there to make sure that their commerce would go through unhindered.

We are told by treaty advocates that there will be trouble if we don't accept these treaties. The same people then assure us we can march back in if there is trouble. Well, the Panamanians don't think we can, as their own statements show. And, once we have said, in effect,

"We don't want trouble; we'll give up the Canal", haven't we also said, if the government of Panama, encouraged by leftist extremists, plays fast and loose with the treaty, we'll decide -- since we're giving it up anyway -- "why bother?"

Already, the Panamanian government-sponsored student federation has declared that "this struggle will be continuous...until the last invading soldier leaves" -- and that means us.

So whether or not these treaties go into effect, we can expect trouble from leftist elements in Panama and perhaps elsewhere. But it would be designed primarily to frighten us and not to do maximum damage, for Panama's economy depends on the continued operation of the Canal. It is responsible for 25% of the G.N.P. of Panama. Obviously, the Panamanian military regime has a stake in seeing that Canal operations aren't interrupted. We also have to believe that those New York and international banks which are propping up Panama's nearly bankrupt economy with loans wouldn't do so if they expected to lose their collateral.

Frankly, I believe we can question not only the warnings about possible deterioration in our relations with Latin America if we don't ratify the treaty, but also the glowing promises of a new era if we do. The fact is, we do not now have a coherent policy toward our Western Hemisphere neighbors. And, we should because over the next few decades our continued prosperity -- possibly even our survival -- will be closely linked to that of our neighbors within this Hemisphere. These treaties are no substitute for such a policy. A United States negotiating from strength, not meekly yielding its legitimate rights and responsibilities to avoid unpleasantness, can be truly helpful to the people of Panama and to all the Hemisphere. I believe....

-- The Panama Canal is vital to our security and that of
the Hemisphere;

- The United States provides the one sure guarantee that the commerce of the world will have continued access to it;
- The rights of sovereignty we hold in the Canal Zone are the foundation of our ability to remain there to operate and defend the Canal;
- The proposed treaties relinquish the rights and do not provide adequate guarantees against future threats to the Canal;
- Alternatives to these treaties should be sought which recognize the aspirations of the Panamanian people.

I hope you will write to your elected representatives urging them to vote against ratifying the treaties as proposed.

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September 22, 1977

THE PANAMA CANAL TREATIES:
RATIFICATION, NO;
ALTERNATIVES, YES

By Ronald Reagan

(Special to the Baltimore SUN)

Should the Panama Canal treaties be ratified? No, for they are based on a false premise which could one day jeopardize the security of the Western Hemisphere. That premise is that we can expect impartial, trouble-free, secure operations of the Canal in the future by relinquishing the rights we acquired in the 1903 treaty.

In that treaty we acquired the rights of sovereignty over the Canal Zone, to the exclusion of the exercise of such rights by the Republic of Panama. To this day, it is those rights which undergird our ability to operate and defend the Canal. We cannot be kicked out summarily on the whim of some Panamanian government.

But, once those rights are removed -- and they would be immediately if the new treaties become effective -- there is nothing to prevent a Panamanian regime from deciding to nationalize the Canal and demand we leave at once. In that case we would face the very thing treaty advocates say we want to avoid: confrontation (or its alternative, unceremonious withdrawal in the face of an arbitrary demand).

For more than 60 years we have operated the Canal efficiently, impartially and on a not-for-profit basis. The nations of our Hemisphere have come to rely on our stable presence there to make sure their commerce would get through unhindered.

Ronald Reagan
(Special to the Baltimore SUN)

If these treaties go into effect can we be certain that key personnel now operating the Canal will not leave much sooner than predicted? They are concerned, as any American would be, about falling under the jurisdiction of a military dictator. Can we be certain that, as the American presence is withdrawn from the Canal Zone, new demands for accelerated withdrawal will not be made under threat of violence? The leader of the Panamanian Student Federation has warned, "This struggle will be continuous until the last...soldier leaves". General Torrijos' warm friendship for Fidel Castro is well known. He also entertained, this summer, a delegation of Soviet Union officials who were interested in plant sites, trade possibilities, even the establishment of a bank. Can we be certain that, once the foundation of the U.S. presence in the Canal Zone is removed, outside influences hostile to Hemispheric security, will not seek to take advantage of the situation?

Can we expect the wording of the neutrality treaty to mean anything when it says our ships will have "expeditious" passage under Panamanian jurisdiction? Romulo Escobar Bethancourt, the chief Panamanian negotiator, has already told audiences in his country that "expeditious" amounts to waiting in line and that the word was put in simply to help the U.S. government sell the treaty to the American people.

How important is this? We have been told the Canal is declining in military importance, yet all but a handful of our naval vessels can use it. Who can say what shape the Navy will take two or three decades from now? It may very well consist -- in this missile age -- of small, fast ships relying on quick accessibility to both oceans.

Ronald Reagan
(Special to the Baltimore SUN)

President Carter cites a statement by the Joint Chiefs of Staff that the treaties are satisfactory in terms of our defense needs. Yet, four former Chiefs of Naval Operations (Admirals Moorer, Burke, Carney and Anderson) no longer on active duty and thus free to speak, in a recent letter to the President, said, "The Panama Canal, under control of a potential adversary, would become an immediate crucial problem and prove a serious weakness in the overall U.S. defense capability, with enormous consequences for evil."

Our ongoing presence at the Canal inhibits potential international trouble makers. This is far better than the proposed neutrality treaty which does not guarantee us unilateral intervention, but says only that Panama and the United States "agree" that the Canal will be "permanently neutral". This means, of course, that in time of hostilities, ships of nations belligerent to us could use the Canal just as we.

Whether or not the treaties go into effect, we can expect some trouble from leftist elements in Panama; perhaps elsewhere. Its purpose, however, would be primarily to frighten us and not to do permanent damage, for Panama's economy depends on the Canal.

The Panama Canal is vital to our security and that of the Western Hemisphere. If we give up the basis for our right to operate and defend it -- as these treaties would do -- we increase our vulnerability and call into question our leadership role in the free world.

What should be done in place of these treaties? Within the framework of a reinvigorated United States policy toward all of Latin America, we should immediately seek alternatives to the treaties that are beneficial to all parties. One that merits serious discussion is

Ronald Reagan
(Special to the Baltimore SUN)

the Teminal Lake-Third Lock modernization plan. It would take \$1-2 billion and about 10 years to complete. We could make certain that Panamanian workers and contractors were engaged extensively in the project, thus directly benefiting the people and economy of Panama. The modernized Canal could expect stepped up traffic and revenues, for it would accommodate all but a few of the world's largest ships.

Another alternative would be to enlarge the scope of the Canal's government board by adding international directors. In addition to the permanent U.S. seats, it might have a group of Panamanian seats and a third groups of seats to be rotated, by term, among Canal-using nations.

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10/77 Congress Today!

Gov. Ronald Reagan on Carter, Politics, and the Panama Canal

by Paul S. Clark

Ronald Reagan served two terms as governor of California between 1966 and 1974. In 1976 he narrowly lost a primary contest with President Ford for the Republican Presidential nomination.

He is currently chairman of Citizens for the Republic, a California-based political action committee. He also has his own radio show on more than 300 radio stations five days a week, as well as writing a column that appears weekly in over 100 newspapers. Gov. Reagan was interviewed Aug. 15 in his office in Los Angeles.

Q. The Carter Administration has announced tentative treaties with Panama that would result in complete Panamanian control of the Canal by the year 2000. During your Presidential campaign last year, you made U.S. retention of the Canal a major issue. What are your views on the proposed treaties?

A. We have negotiated twice before with Panama and as a result have eased certain things and improved things we might be able to do for the Panamanian people. But in both of the other negotiations, our country made it plain that ownership and sovereignty were non-negotiable. I am disturbed by this wave of propaganda, this medicine show that we are now being treated to, to convince the

people, who in the polls are about 80 percent opposed to giving up the Canal, that somehow this is colonialism, imperialism on our part. We have been exploiting the poor people of Panama and, therefore, shouldn't we clear our conscience and isn't this the right thing to do. Nothing could be further from the truth.

If ever there was an example of a great power being totally honorable, it is the United States with regard to the Panama Canal. I heard Mr. Linowitz, for example, on television challenging that we have no real ownership rights there, that we didn't buy anything. But this country did something that to my knowledge no other country has ever done in a situation similar to this. Panama wouldn't even exist. Panama was a part of Columbia. They wanted to rebel. They wanted to be free. The treaty had been with Columbia originally, with the French, but where the Canal was to go was in what then became the state of Panama. We not only pay Panama, we paid Columbia.

But then the thing that was unique in all the world, we then went into what is now the Canal Zone and in what in realistic terms is called *fee simple*, we bought from the private owners every piece of property, even paying on homestead claims, so that not only do we have a treaty arrangement with Panama, we own the real estate. We have the deeds to the

pieces of private property in there. We have never amortized off the cost of the Canal. That still stands as a debt to the United States Treasury. We have never made a profit on the Canal. We have run it for the benefit of the entire world. We put more than \$200 million a year into the economy of Panama.

I have to say that it is an almost unreal situation. Here is a country that has a military dictator who obtained office by the point of a gun, was not elected. He threw out a president who had only been in that office 11 days. His is probably the longest regime that they have known in Panama because they have had over 50 governments in some 60 odd years. If Panama had come to us and said, "Are there any terms by which we can buy the Canal," that would be one thing. But to suddenly demand that this investment by the United States, this property that is ours, should be given to them and then we should pay them \$70 million a year for taking it off our hands, it is an unreal situation.

Q. Governor, if the Senate is given the treaties for ratification and refuse to ratify, what affect would this have on the citizens of Panama?

A. Well, if you mean would there be disturbance, unrest, and so forth, that is very possible. But on the other hand, at

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what point can a country like the United States, the leader of the free world, be coerced into giving up something if it is morally wrong to give it up. We have heard a great deal about all the Latin American countries, that this is a big issue. And I recognize that when they speak for publication, the Latin American leaders have said blood is thicker than water.

But I also happen to know that when they speak in private, a great many of those same leaders cannot understand what we are doing at all. They don't know why we should even be negotiating. I can quote one of them, I can't give his name, but I know one that said privately to one American, "What we don't understand is why doesn't your government just say to Panama, 'no.'"

If the Senate is to consider the possibility of unfriendly action or harassment on the part of the Panamanians, then let me ask you what the guarantees are worth. They say that if Panama ever does anything to violate the neutrality of the Canal or to change the terms and restrict us, we have the right to come in there and force them. Would we? If we are going to back away right now on this, wouldn't we back away on that?

Q. David Broder recently wrote that President Carter's effort on behalf of the treaties is a fight he cannot afford to lose. Should he fail to win the Senate ratification, what might this do to his ability to function in the international arena, for example, his ability to negotiate with Russia on arms control?

A. Well, what are we talking about? Are we then asking the Senate and the Congress to abdicate their responsibility to advise and consent to treaties? Are we going to go back to a Presidency in which then we will give Mr. Carter a free hand and say, well, in the eyes of the world we just have to turn him loose to do what he wants to do because we musn't repudiate him? If he is attempting to do something that is against the will of the people and the elected representatives, that is what the Constitution is all about.

Q. Governor, moving to the Middle East for a moment, Secretary of State Cy Vance has recently completed an 11-day tour of the Middle East, an effort aimed at, according to him, speeding up progress toward a Geneva Conference this fall. According to press accounts on his return, it now seems that chances for a Geneva Conference this year are virtually zero. Has the Carter Administration, on the whole, made a botch of it in the Middle East?

A. I don't think I could say one way or the other. We know that this is a most complicated problem and I think one of

the complications is that there is so much right on both sides. I don't have access to information that would let me know whether we had or not. I am glad that we are continuing to try and get a settlement there.

Q. President Carter seems to be using Ambassador Andrew Young as a point man in his battle for human rights. Would you comment on Carter's foreign policy in general, if he has one, and on Andrew Young in specific, especially with regard to Africa?

A. I think it is very easy to be critical of Andrew Young. He has angered many of our friends. He has shaken confidence in us with some of the outrageous statements that he has made. But, you can't pick on Andrew Young. He is evidently saying these things with the approval of the President, so the man responsible is the President of the United States. If there is criticism, it should be directed at him. With regard to the human rights issue, certainly there is no American that doesn't believe that it is ingrained within us. Human rights are the very principle and basis of our Constitution and our society.

My criticism of this Administration has not been because of their talking human rights, it is because of their inconsistency. The Administration is much

more conscious of what they think are violations of human rights on the part of nations friendly to us, nations which, on all other points, are sympathetic to us and represent no threat to their neighbors. Yet we almost act as if the violation of human rights by societies that are based on inhumanity, North Vietnam and others, are acceptable to us. We are apparently going to resume relations with Cuba. We are talking about normalization of relations — and we met in Paris with them — with the North Vietnamese. Good Lord, is there any place in the world where there is a greater violation of human rights? Let's be consistent in our human rights stance.

Q. Governor, do you think that President Carter, from what he has shown thus far, has the experience and even the ability to stand up to Russia, or might we expect the Russians in the future to openly test his mettle, much like they did with President Kennedy in Cuba?

A. The Russians have a way of doing some overt things to test almost any President. If you will remember, a short time after Nixon's inauguration, there was the incident of the North Koreans shooting down that reconnaissance plane over international waters with 31 Ameri-

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photos by Reed Saxon, Wide World

cans aboard. Just prior to that, there had been the incident of the *Pueblo*. This can happen.

My concern with President Carter is whether he has a realistic view of the threat from the Soviet Union. Or are we going back to an era like that which started after Yalta and Potsdam, when we had the mistaken notion that they weren't such bad guys; if we would only just lay down our arms and smile, they would smile back, almost as if the only cause for their aggressiveness is fear of us. And if we just show them that they don't have to be afraid of us... Well, right now, I am afraid of them.

The whole thing from the B-1 on reminds me of what one American diplomat said some years ago. It has always been an enigmatic but intriguing statement. He said the second most stupid thing a man can say is that he knows how to get along with the Russians. I wonder what the first most stupid thing is?

Q. The Carter Administration recently has supported legislation to guarantee American flag tankers a larger share of the oil import trade. Because Carter received well over \$100,000 in campaign contributions from the maritime industry, Republican leaders in Congress are charging Carter with a political pay-off. Despite Carter's clean image, is it politics as usual in the Carter White House?

A. I have to say that I have seen evidences that I think it is politics as usual. I think this is shown in his approach to the energy problem, any number of things. In this one, here again we have a complex situation. A nation like ours, faced with the possibility of hostility in the world, cannot be a nation without a merchant marine. And yet we cannot compete economy-wise with the merchant marines of other countries. Now, perhaps we solve this by a flat recognition that here is an industry that simply must have ships, and

trained crews, and so the federal government must subsidize it with the idea of future emergencies. But to ship fuels, for example, in American bottoms and thus have an area like the Northeast, a great manufacturing area, find its energy costs higher than they need because of this rule, doesn't seem to me a practical or fair kind of subsidy.

If we are to have a subsidy in the interest of national defense, it should be paid by all of us through general taxation. I wish I could say that I had a pat solution to this, I don't. But there is our problem. We must maintain the potential for an emergency, having merchant ships and trained crews.

At the same time though, how can we penalize certain industries in the United States and certain sectors of our economy by yielding to the demands of those who, in a sense, are responsible for the imbalance in cost compared to other countries? Now I know you can't ask men who sail those ships to have a whole different scale of living than the rest of Americans have for the work they are doing. We have got to find a better answer than we have found so far.

Q. Former Texas Governor John Connally said recently that the Korean scandals on the Hill "could be the biggest cover-up in the history of this country." Do you agree with that?

A. Well, I think it is a possibility. I don't think John has exaggerated on that. There has been a lot of sound and fury so far, but they don't seem to be coming up with any specifics. More and more it begins to look as if one party has more or less a monopoly on what was done.

Q. House Speaker Tip O'Neill recently appointed Leon Jarworski as a Special Counsel to the House Ethics Committee on the Korean matter. Do you think that was a good choice?

A. I don't think I can comment on that. I don't know enough to comment

on that. But, you mentioned Tip O'Neill. Here is an indication. We talk of open government; everyone was so self-righteous about the Watergate situation of a few years ago.

One of the first things this Congress did when it came back into session after the inauguration was to change a little procedure — just very quietly, there was no attention paid to it. We have had a system whereby if there is any question about the financial dealings of a Congressman and inquiries are made, law enforcement agencies ask for the financial records of a Congressman, and that request is put in the *Congressional Record*, which immediately notifies the press that such an examination is being made.

This Congress, with its overwhelming Democratic majority, very quietly changed the rules. Now, if there is such an inquiry, only two people know it. The Congressman who is being investigated and Tip O'Neill. And, of course, if Tip O'Neill should be the one who is being investigated, only Tip O'Neill knows it. It will no longer be printed in the *Record*. It does seem a little in contrast with their self-righteousness of a short time ago.

Q. President Carter recently announced his new welfare reform plan, which could cost up to \$7.5 billion more than the federal government now spends on welfare. It would rely on income supplements, work incentives, and public service jobs. Would you comment on the President's proposals?

A. Yes, I find it very similar to the Family Assistance Plan of the previous Administrations. Here in California, while I was Governor, and at the time that we were reforming welfare here, the Family Assistance Plan came along. We ran it through our computers to see what it would do to California and we came to the conclusion, transposing those figures to the nation as a whole, that it would

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add 12 million more people to the public dole.

The so-called work requirements just aren't practical when you come down to implementing them, particularly when the people implementing them will be professional welfarists who really don't want welfare to shrink. They refer to these people as clients.

We reformed welfare in such a way that, to begin with, we were able to increase the grants to the truly needy by 43 percent, but we reduced the rolls over a three-year period by almost 400,000 people. Over and above this increase in grants, we saved the taxpayers \$2 billion in this state. Now, you multiply that out with what the savings would be if the plan were put into effect nationwide. The plan was the result of a very fine task force and it recognized some practical, common sense things.

Welfare basically should be a program of temporary aid to people who are temporarily unable to get back into the mainstream and work out in the economy. Now this, of course, is separating that kind of welfare from our obligations to support those people who, through no fault of their own — age, disability, whatsoever — cannot provide for themselves. I think we have always believed in this. We are a generous people, and have done it. But we are not doing any favor to the able-bodied to simply make them lifelong clients of the welfare system.

What we really learned is that the direction for welfare is not more federal government, not federalizing it. The federal government is what is wrong with it. You can't run that kind of a program from 3,000 miles away. We need welfare turned back to the states and the local communities, but also turned back with it the sources of revenue to pay for it. I mean the actual tax sources themselves.

This ridiculous thing of the federal government taking the money and then, after subtracting a carrying charge in Washington, giving part of it back to us as a federal grant doesn't make nearly as much sense as giving the responsibility for taxation to the states and local communities. This would provide sources that the federal government has pre-empted and is now utilizing for itself and would also give us the responsibility for the program.

It seems to me that I remember Mr. Carter's whole campaign was that, being an outsider to Washington, he would come in and sweep clean with a new broom and reduce that great federal octopus, but every solution he has proposed from the energy program to welfare is more federal government.

Q. Would you comment on his energy policy?

A. Yes, it is a disaster. I think that his energy policy has to be viewed as the first giant step toward a nationalized energy industry, with the federal government taking over. First of all, he campaigned on a promise of deregulation and it doesn't ring true now, in view of his public statements, for him to stand up and say that an aide sent that supportive letter to the natural gas people without his knowledge. Correspondents who followed the campaign heard the President promise deregulation. Now he has invaded the states' province, a great blow to states' rights, when he comes in and supports controlling and setting prices on gas that does not cross state lines. This is an assumption of power within the states that is contrary to our system.

There is nothing in his program that is going to produce more energy. It is a program of scarcity, of, "lower your ex-



pectations and lower your standards of living." The energy sources are out there if they will trust in the marketplace and the incentives of the market to make it attractive to someone to produce them.

Q. A great many Americans, including a sizable number of political professionals, don't know what to make of your successor, Governor Jerry Brown. I am sure you have given Governor Brown as much thought as anyone, with the possible exception of President Carter. What do you make of Governor Brown?

A. Well, his rhetoric doesn't match his performance. The business climate of California has deteriorated. He has an undeserved reputation for — it has even been called out-Reaganning Reagan — austerity in government spending. That's not really true. If anyone will look closely at his budgets, in three years they increased a total of 48 percent. That is 16 percent a year, and that is far greater than revenues normally will increase. But, he

has gotten away with it and claims a great surplus and does have a great surplus which he should have given back to the people.

The reason for the surplus is that with the inflation we have had — remember that we have a steeply graduated state income tax and we have a sales tax — the government is getting undeserved profit by way of inflation because the people of California have moved up through several tax brackets simply by way of cost-of-living pay raises. They don't have any increased purchasing power. But they are now paying a higher rate of tax by going up in the surtax brackets. And, if you will remember, every time my Administration had a surplus, we gave it back to the people in the form of a one-time tax rebate. The last one we gave back was \$850 million. We had a Democratic majority in the California legislature, and when you say to a Democratic legislature you are going to give back to the taxpayers \$850 million, that's like getting between the hog and the bucket. You get buffeted about. But he should have done this long since. He had no justification for taking that money. So, fiscal responsibility as an attribute of his Administration is just not true.

Q. Next year, Governor Brown comes up for reelection. Would you rate Republican chances as favorable?

A. Well, I think all of us are concerned. Several fine men have announced their intentions of running on our side. But so far, there doesn't seem to have been any great excitement generated by it. Now, maybe when an actual primary gets going between those men, it will be generated. But right now, you have to worry about a kind of defeatism or an apathy on the part of our people.

Q. Marquis Childs, in a recent column, said that you had promised San Diego Mayor Pete Wilson that you would remain neutral in the Republican primary. Did you make that promise?

A. I made that promise to all of them. They have all come to see me, and they all understand. You know, traditionally the outgoing executive, unless he is succeeded by a member of his own party, is considered the titular head of the party in his state. And, therefore, I think that it is incumbent on a person like myself to remain neutral. It is not avoiding any battle. I think it is just expected of you. You are then in a position, as I have told all of them, that when the decision is made by the rank and file Party members, then you do your best to rally the forces to support the choice of the Party.

Q. If Governor Brown did win next year, would you expect him to use that as a stepping stone to running against Carter

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in 1980, or would you expect him to serve out his term and plan on 1984?

A. Well, no one can get into another man's mind. But, let me just say I would be the least surprised man in the world if he took on Carter in the primary.

Q. Governor, if I might turn for a moment to the Republican Party, is the GOP as bad off as the press and even many Republicans would have us think?

A. No, I don't think so, because for the first time really, small as we are in registered numbers — and no question we've got false images that we must come out from underneath that have been affixed to us that we don't deserve — the overwhelming majority of people in this country, Democrat and Independent, are closer in philosophy and their views on solutions to the problems, to the Republican philosophy than they have ever been. It is just a case that we've got to communicate and make them understand that what the people out there believe and what they want is what we represent. We haven't done that yet.

You know, people, even Republicans, still think of the Republican Party as the Party of big business. That hasn't been true for a great many years. The Democratic Party outnumbers us far and wide in executive offices and gets the bulk of their campaign money from fat cats, while the Republican Party for years now has gotten the bulk of its contributions from the small contributors, a \$100 or less. Now this has been true for about 25 years. But we have to rid ourselves of that image, we have to make the people out there realize that whether it is on law and order, whether it is on tax policies, the economy, inflation, employment, all of these things, we are saying the things as a Party, it is there in our platform.

That platform in Kansas City was a pretty sensational thing. Let's be honest, both major parties over the years have had platforms that were written to be forgotten. They didn't want to embarrass any possible candidate. But, there was a grass-roots revolution in Kansas City. The rank and file delegates wrote a platform that, really for the first time, had a party specifically stating what it stood for. What it would do. And, if we can bring the planks of that platform to the attention of the people, then I think we've got a chance of rallying them around us.

Q. We usually think about big national issues when we talk about Republican image problems. But do we need more work on the local level too?

A. Sure. One of the things the Republican Party has failed to do in recent years is to recognize that political strength begins at the offices nearest you, local offices. Here in California, for example,

we have non-partisan elections in our cities and counties. The Party is not supposed to participate and the Republicans, in their usual fashion say, well, okay, non-partisan. The Democrats don't say that in California. They may not officially take a stand as a Party, but the Party rallies behind and makes sure that they elect the county commissioners and the city councilmen in California. Thus, they have got a stock of potential candidates for higher office. It is time for Republicans to recognize that we should do the same.

But let me, speaking of image, point out one case. We just had a special election for a state assembly seat here in California. Due to one of Carter's appointments, this created a vacancy after the election. There were two candidates. One was a young black who had lived 18 years in the district, who had worked his way through school and gotten an education himself, worked his way up to where he is a fairly successful man. The other candidate comes from a rather wealthy background. It is my understanding that his father put up more than \$50,000 for his primary race; he moved into the district only in order to run for public office, did not live in that district and so forth. Which one would you normally think by image was the Republican and which was the Democrat. Well, the young black was the Republican. And, what is most interesting, to get away from any charges of tokenism or anything, this young man ran in a contested primary against white candidates, Republican candidates. And, Republican rank and file in a contested primary chose him as our Party's nominee.

He was defeated in this race because much of the business community, particularly the big business community in his city and in his district, were so sure it was a Democratic district and wanted to be on the side of the winner that they gave their support to the Democrat.

Q. How do you think the Party will do in the 1978 gubernatorial and Congressional elections and what can the Republican Party do to enhance their prospects?

A. As I say, we have got to engage in a program of education. We have got to make the people out there see what we stand for. We must do in a general election, like 1978, what we are able to do in special elections. I just gave an example of a special election we lost, but there have been, I think, 30 state legislative races in the country, special elections. We won 18 of those since the inauguration. And, 15 of the 18 unseated Democratic incumbents. There have been four special Congressional races, and we have won



three of the four. In other words, where we can concentrate in a single district on two candidates with nothing to fuzz up the issues, we have proven that Republicans running on Republican principles can get the support of the people. The Congressional race in Seattle, Washington, took place in a Democratic blue collar district, but the Republican won and won sizably. All the press was against him, claimed he didn't have a chance right down to election day. If we can do this in 1978, if we can bring the records to the attention of the people and make them realize that the Congressmen we want to replace are the Congressmen who are responsible for the social tinkering and the social reforms that have brought about inflation and increased unemployment, then we can win.

Q. As you know, the Republican Congressional Committee is in business to help elect Republicans to Congress. Do you plan in 1978 to work on behalf of Republican Congressional candidates, either on the stump or through fund raising.

A. Both. I am going to do everything I can. And the organization that we have founded at the Citizens for the Republic, the committee that we founded with the surplus that I had left over from the campaign, not because we didn't want to spend it, but because during that hold-up of matching funds I had to sit here and couldn't campaign in several states because they were holding the money. They gave it to us after the campaign was over. That group is organized for the purpose of helping Congressional candidates.

And we are staying within the Party. It is not a philosophical thing in which we are going to support candidates of a certain philosophy regardless of Party. We are going to support Republican candidates. □

10/77 Congress Today!

Gov. Ronald Reagan on Carter, Politics, and the Panama Canal

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EMBARGOED TILL 8:00 p.m. PDT

SATURDAY, October 1, 1977

EXCERPTS OF REMARKS BY THE HON. RONALD REAGAN
TO THE CALIFORNIA STATE CENTRAL COMMITTEE
San Diego, California, October 1, 1977

A few months ago our party seemed shattered. Oh, there were still pockets of Republican resistance here and there, but the political writers were already writing solemn obituaries. And, we must confess, the figures bore them out.

.... Only 12 Republican governors.

.... Only 5 Republican state legislatures.

.... Less than one third of the Congress.

And the Presidency, resplendant in cardigans and dungarees, was in the hands of our opponents.

Those were not the best of times. Some of the obituaries even said we would go out, not with a bang, but a whimper. One journalist even recalled the words of Alice Roosevelt Longworth when learning of the death of Silent Cal Coolidge said, "But how can they tell?"

Well, I prefer to think of us as more like the gutsy fighter, early in this century, who lay on the operating table with a 45 slug in his chest. The doctor was pessimistic about his chances but his manager said, "Start counting and he'll get up." I've addressed meetings like this over the past several weeks in a half-dozen states, and in every one there was a turn-away crowd filled with enthusiasm and determination to return our party to a place of responsibility and honor in American politics.

Are you aware that since the '76 election people have gone to the polls in special elections four times to fill vacancies in

the United States Congress. In those four congressional elections, Republican candidates have won three. In all three -- Minnesota, Washington State and Louisiana -- the districts were solid blue-collar Democrat districts, but Republicans replaced Democrats incumbents. Our candidates went to the people -- to the housewife, to the blue-collar worker, to the man in the street, as well as the man-in-the suite -- and welded together strong, durable coalitions that carried them to victory. They campaigned on the issues; talked jobs, inflation and taxes, not as abstract theories, but in language the people could understand.

Elections to state legislatures have confirmed the trend. Twenty nine times people have gone to the polls this year to vote in special state legislative elections, and 18 times -- almost two out of three -- Republicans have won, replacing Democrat incumbents in 15 of those races.

Across the country, not just the personalities but the issues are cutting in our favor.

In New Jersey, Democrat Governor Brendan Byrne has stirred the wrath of his citizens for imposing onerous tax increases, and they are preparing to replace him this fall with Republican Ray Bateman.

In Virginia, the Democrats have chosen the plumed knight of red-hot liberalism as their gubernatorial choice, and Republican candidate John Dalton has him worried enough that the President crisscrossed the state two weeks ago in support of the Democrat candidate.

In North Carolina and South Carolina, two stalwart Republican Senators, Jesse Helms and Strom Thurmond, targeted as

3--3--3
candidates for extinction by the Democrats' allies in the hierarchy of organized labor, are, apparently, turning back the challenge by their strong opposition to the Panama Canal Treaties.

Income security, job security, international security -- all of these are our issues as Republicans and they are issues we can build upon for the future.

There is something else at work in American politics today, something else that is far more important. I have sensed it here on the West Coast and, recently, in the East as well. So far, public opinion polls have only registered a few jiggles, but we may be seeing the first hints of public disillusionment with the politics of piety and spiritualism now in vogue among Democrats from Sacramento to Washington, D.C. People are beginning to discover that some of the prophets, who proclaimed themselves above crass politics, have feet of clay. People have had a chance to look behind the shimmering rhetoric and found intellectual confusion and a tendency toward politics as usual. The new prophets seem to know a great deal about very little. Our ships of State and nation are drifting -- slowly, but unmistakably, toward a calamitous end. There is no one at the helm trying to guide us to safety. Our leaders are down talking philosophy to the crew. Our nation cries out for strong leadership. And we, of the Republican Party, must answer that call.

The two symbols of the new politics offered by our opponents -- the present administration in Sacramento and the new administration in Washington, D.C. -- seem obsessed with style rather than substance. At times they resemble a ventriloquist act, but we can't tell which one is Edgar and which one, Charlie -- or are they both

4--4--4
Mortimer Snerd?

There are, of course, major substantive differences between the two administrations, just as there are major differences in responsibilities, but the parallels are much more striking -- and much more dangerous.

At least you have to give the administration in Sacramento this much credit: they started it. The new politics is almost entirely their own patent. It was in Sacramento, after all, that the script was first written -- the mattresses on the floor, the Zen mantras, economic theories as taught by Buddha, etcetera.

By the time the script had been edited down in Georgia, the actors had new lines -- they had to tote their own bags and spend a lot of time down emptying the pond -- but still, the idea was the same.

As one of Mr. Carter's chief advisers explained to him in a now famous memorandum, "The old cliché about mistaking style for substance usually works in the reverse in politics. Too many good people have been defeated because they tried to substitute substance for style; they forgot to give the public the kind of visible signals that it needs to understand what is happening." The author of that marvelous bit of Machiavellianism was pollster Patrick Caddell. He is Jimmy Carter's Tom Quinn. After all, is there a difference between selling off the Cadillacs at the White House and parking an old Plymouth outside the Governor's office?

I do not mean to be overly critical about this matter of style. Every political figure acquires a personal image, whether he wants it or not. I've heard, "win one for the Gipper" so often. I

think I should be inducted into the Football Hall of Fame.

Yet there is something deeply distressing when style is elevated so far above substance that style seems to be the only thing that counts. The new administration in Washington can claim mastery of style -- they rode that horse all the way to the inauguration. It is when they come to the tough, hard policy choices; the actual job of governing that the lack of substance is apparent. One could point to their handling of the Lance affair, but that was minor compared to the waffling and indecision on the issues of human rights, arms negotiations, farm policies, the energy package and economic policies.

In Washington, what we see are elected political leaders who have surrounded themselves with appointees who have had almost no preparation for public life, and even less regard for the traditional rights and values of their constituencies. And here the similarity with our own state capitol is most pronounced.

There are exceptions in California, of course, and some of those exceptions are our friends. But there are others in this administration who have given it a distinctively cultist flavor on matters such as the environment and industrial growth. I have tried to lean over backwards to avoid criticizing the current administration in Sacramento, but none of us -- none of us -- can tolerate men and women in places of appointed responsibility trying to destroy the economic hopes and dreams of this great state. Before our Governor asks the people for another term in office, let us ask him first: how much excess baggage are you bringing this time?

The zealots of the New Look in Washington haven't had time yet to put their stamp on government, but they'll be on hand for the first meeting of the Ralph Nader alumni association. In fact, there

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have been some rumblings already. The new head of the Federal Trade Commission said the other day, for instance, that -- QUOTE -- "business has every reason to fear us" -- UNQUOTE -- while the new head of OSHA has already promised to harrass the pesticide industry. And they must be well entrenched at the State Department. How else can one explain the fact that the administration continually berates our close friends for human rights violations, but then welcomes to its bosom such noble specimens as Fidel Castro of Cuba and Omar Torrijos of Panama?

In Washington and in Sacramento, the men in charge are considered great public mysteries, not easily categorized as liberal or conservative, moderate or hardline. If their actions seem incomprehensible, inconsistent and incoherent -- and often they do -- is it because their guiding philosophy of government is incomprehensible, inconsistent and incoherent? Are they, in truth, engaged only in day-to-day tactical maneuvers designed to keep the candidate in office? In Sacramento, for example, some of the same people who used to talk about lowered expectations and limits to growth, are now sporting buttons saying, "California Means Business". It's the greatest transformation since Renee Richards went back to the tennis courts.

I appreciate the fact that as people gain more experience in government, they also learn a few lessons. And, certainly, there have been many lessons to learn these past few years in California. When a survey of 200 companies finds that as many as 30 percent may move out of California, surely there is a lesson there about the State's staggering business and inventory taxes. When a company such as Dow Chemical cancels a \$500 million project involving 2,000 jobs because

7--7--7
it can't jump over all the environmental hurdles, there is also a lesson about the price we are paying for environmental extremism. And when our state unemployment rate continually hovers a full percentage point over the national average, you cannot ignore the fact that somewhere, somehow, something is amiss.

So, if the folks in Sacramento say they've learned a few lessons, I can certainly understand -- and I think we can give them a little credit for intellectual progress. But, if they want to be convincing, then they must also learn the lesson of consistency. They could start with small things. It made no sense, for example, to participate in "Whale Day" demonstrations aimed at Japanese industry and then, only a short time later in search of new industry here, to call upon Japanese leaders. Yet that is a minor point. Where consistency is more desperately needed is on the big issues -- the pocketbook issues that affect every working man and woman in the state.

They claim, as one of their proudest accomplishments, that they never raised taxes on the people of California. If that's true, we must all have holes in our pockets because the money is getting away somehow. In just three years time, they have increased government spending in this state by almost 50 percent, and murdered the state with taxes that are surpassed only in New York, where industry is leaving in droves. Tax revenues have increased 75 percent in the first three years of this Administration. With inflation it isn't necessary to raise the rates when you have a progressive income tax that sees people paying higher surtax rates because of cost of living pay raises. And, of course, the property tax increases reflected inflationary increases in assessed valuation. When they proposed

property tax relief it was only a thinly disguised form of income redistribution. There are better answers; answers which treat people fairly and squarely. Californians warmly welcomed the direct rebates and other forms of tax relief in our Republican administration. I believe they would welcome, with equal fervor, our Republican plan to index California taxes. Inflation is a direct product of irresponsible government, it comes when government spends more than government takes in -- it will go away when government stops doing that. The state can take the lead by making its own system of taxation inflation-proof, and we should hope the Federal government would follow suit. It is outrageous that the same politicians who create inflation reap the rewards of their sins by letting government profit from that inflation.

If the current administration in Sacramento cannot understand that -- and I see no evidence that they can -- then the first order of business in 1978 is to replace them with new faces, new blood and new ideas all the way from the court house to the state house.

By the way, Sacramento's ambitions still seem to stretch to Washington. The other day, an aide of the State's Chief Executive told a reporter, in commenting on the forthcoming visit of Prince Charles, "What you'll have here that day is a man who has been trained and educated all his life to become ruler of Britain some day, talking with a guy who'd like to be ruler of the U.S. some day."

Before we put the Sacramento crowd in the dock, however, let us plainly recognize that their brand of politics is by no means unique. No, the "unsafe and unsound" political practices that we find here stretch the length and breadth of the Democrat party and nowhere, as I have said before, are they more prevalent than in Washington, D.C.

While those in Sacramento dream of "ruling", let me speak about Washington and I do not speak lightly when I tell you that in Washington today, we have an administration that, in only eight months has practically set a new national record for misjudgments, misstatements and mismanagement.

I am not sure anyone in this audience could intelligently describe our national policy today toward human rights, toward the Middle East, toward energy, or toward balanced budgets because every one of these areas is bogged down in massive confusion and contradiction.

Ask the people of Oklahoma and Texas how they feel today about consistency in the new administration. A year ago, Candidate Carter wrote their governors a letter promising that if elected, he would ask for the deregulation of new natural gas. But now, today, the President not only opposes deregulation, he would extend it for the first time to intrastate gas and vows to veto a deregulation bill if it reaches his desk. His press secretary -- when he's not spreading rumors about Republican senators -- attacks deregulation as a "massive rip-off".

As for the rest of Mr. Carter's so-called energy plan, he told us that it would be the "moral equivalent of war" -- and so we are reminded, once again, that Sherman was right. This isn't an energy program it is a tax program; tax on gasoline, a tax on domestic crude oil, a tax on the industrial use of oil and natural gas, and a tax on big automobiles -- more than \$50 billion in new taxes in all, with the money going, not into the discovery of new energy supplies but, into new bureaucracies. It is no small wonder that Mr. Carter's ^{energy} plan faces a demolition squad in the Senate Finance committee, which we can hope will see its duty and do it.

The President has ignored the need, not just for conservation, but for new supplies of energy. The only way we're going to break the OPEC hammerlock on our foreign policy is to begin exploring and developing new sources of oil. Simply burning less fuel and turning our problem over to an energy czar in Washington will leave us as dependent as we are now. No bureaucrat has ever produced a barrel of oil. The best answer -- the only answer -- ^{for our energy shortage} is to recover our faith in the productive genius of the American people and the vitality of the free market. Then we will work our way out of this crisis with the same fighting spirit that brought this country to the pinnacle of man's hopes and dreams.

The pattern of contradictions and inconsistencies in the new administration runs, I'm afraid, far beyond questions of energy.

The President talks about the need for morality and honesty in government, but while we can admire him for standing by a friend, we could admire him more if he had stood by his principles.

We have his promise to balance the budget, but in the past few weeks his proposed welfare reform, public employment program, farm supports, cargo preference make it plain the budget will certainly not be balanced by lowering the cost of government.

He talks about the need for greater capital investment by business in the years ahead, but once again his words are not followed by action. Huge new taxes on the energy industry, substantial new Social Security taxes on employers, elimination of any favored treatment for capital gains shows scant regard for the true needs of American industry. In the last few days, across Ohio, steel plants have shut down and laid-off workers have joined the ranks of the unemployed. I very much fear this is only a foretaste of what's to come unless we

strengthen incentives for new investment in this country.

The list goes on and on. Mr. Carter told us he would produce a welfare plan that would not cost a penny more than today's monstrosity. He has come up with a program that will raise costs by \$15 billion or more.

He has told us that his administration would bring a sharp reduction in governmental regulations. In the first six months of this administration, new regulations were running at an all-time high.

We were told that he is committed to free trade. But when the first concrete protectionist issues hit his desk, new quota schemes were promptly worked out with other nations.

Candidate Carter told us he didn't believe in wage and price controls. But, already we have them in the hospital field, and his HEW secretary has hinted that controls over doctors may be just over the horizon.

Serious observers in Washington suggested the Carter administration had a hidden agenda that would gradually unfold. The impression grows that if there is a plan they are making it up as they go along -- waiting each day for pollster Patrick Caddell to tell them which way the people are going, so they can hurry and lead them. It was Mr. Caddell who told the President-elect, before his first inaugural, that style, not substance, was the way to insure there would be a second inaugural. Maybe that will work for a while, with our tradition of granting new Presidents a honeymoon, but this haphazard public relations approach has friends and allies abroad confused and disturbed.

There was the human rights' campaign and a groundswell of support for the basic idea. Indeed, most of us strongly endorse the concept. But, here again, there is inconsistency -- a selective pattern with regard to where we find human rights being violated. We condemn countries in Latin America and in Asia, long-time friends, but we embrace North Vietnam, Cuba and Panama.

Speaking of Panama, we now have before the Senate a pair of treaties that, if ratified, could create an inviting power vacuum that Castro and his patron, the Soviet Union, might well be tempted to fill. The Administration is trying to sell its treaty package like bars of soap. I think the Senate should wash its hands of these treaties and start over, working on constructive alternatives that protect our security and that of the Hemisphere.

Over at the U.N. our freewheeling ambassador to that body prides himself on attacking discrimination in South Africa, where a small number of political prisoners are incarcerated. So far, that's kept him too busy to find out about what's going on in Cambodia. Of course, there aren't many political prisoners in Cambodia. They've all been murdered in one of the greatest human slaughters man has ever known. Still, someone should weep for the victims -- a gentle people who are suffering a most inhumane genocide. At least let us be consistent and even-handed; and above all, stop condemning our friends and coddling our enemies. In Washington today the administration seems unaware of the difference between a diplomat and a doormat.

The President tells the world that he will engage in hard bargaining with the Soviets over arms limitations, but then unilaterally gives away one of our biggest negotiating chips -- the B-1 bomber.

He tells the world that we will be strong in protecting our allies, but in Asia he leads one of the biggest military retreats in our history.

We hear a pledge that we will stand firmly by our NATO allies, but then the press reports on an internal document saying, that in the event of the Soviet attack, we would concede a third of West Germany before putting up a struggle.

It's true this has been denied, but our NATO allies are disturbed. One day we tell the Israelis they can expect, "defensible borders"; the next day we say no. One day we tell the Palestinians they can expect their own "homeland"; the next day we say no, it will only be -- QUOTE -- "entity" -- UNQUOTE -- whatever that may mean. We have to wonder if the administration has really abandoned its hasty desire to dump the Republic of China on Taiwan. The people on Taiwan today have little confidence in the firmness of American purpose.

As we survey the political scene today, from the prophets who have come to Washington to those who now dwell in Sacramento, there are great opportunities and new hope for our Grand Old Party. And I am not suggesting we shall inherit new power only because of our opponent's failure. We have something affirmative to offer.

We can win the allegiance of millions of Americans who are, at last, aware that an omnipotent government, capable of solving all the problems of human misery, is an impossibility. We must raise high a banner which makes, unmistakably, clear the principles for which we stand; that we do not stand for continuation of the status quo; the same aimless drift and economic tinkering carried on by different people. In the place of massive confusion, let us offer clear vision.

Some say that we have become such a tiny minority that we will never recover. Dwight Eisenhower once said, -- QUOTE -- "It's not the size of the dog in the fight that counts; it's the size of the fight in the dog." -- UNQUOTE.

A political party is an organization created to further a cause. It is the cause, not the organization, that attracts and holds the members together. There is a new majority out there waiting for a cause around which to rally. We have such a cause.

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EMBARGOED TILL 8:00 p.m. PDT

SATURDAY, October 1, 1977

EXCERPTS OF REMARKS BY THE HON. RONALD REAGAN
TO THE CALIFORNIA STATE CENTRAL COMMITTEE
San Diego, California, October 1, 1977

A few months ago our party seemed shattered. Oh, there were still pockets of Republican resistance here and there, but the political writers were already writing solemn obituaries. And, we

Crossfiled Under:

Republicans 1-3
Energy - Supplies 9-10
U.S. Foreign Policy 11-13

OFFICE OF RONALD REAGAN
10960 Wilshire Boulevard
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October 7, 1977

(Approximately 900 words)

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THE PANAMA CANAL TREATIES:
RATIFICATION, NO; ALTERNATIVES, YES

By Ronald Reagan
(Special to the Los Angeles TIMES)

Ambiguity can be a useful diplomatic tool in international negotiations, but clarity is essential when a treaty is finally drafted. The idea is to leave as little room as possible for differing interpretations -- and misunderstandings -- later.

When they briefed me on the proposed Panama Canal treaties, Ambassadors Sol Linowitz and Ellsworth Bunker, chief U.S. negotiators, confidently assured me that the neutrality treaty (which would continue indefinitely after the year 2000) would give us the right to intervene unilaterally in case of neutrality violations. They also said U.S. ships would be given special treatment.

In his Senate testimony recently, Linowitz said, "U.S. ships go to the head of the line even if other ships are waiting to get into the Canal." But, his Panamanian counterpart, Romulo Escobar Bethancourt, had a much different view. He said, in a speech in his own country, "If, after examining the provision, the gringos with their warship say, 'I want to go through first', then that is their problem with the other ships waiting there."

Already, such sharply differing interpretations cast doubt on the meaning and value of the treaties.

Their ambiguity is one of several reasons I believe the treaties should be rejected by the Congress and replaced by new negotiations leading to constructive alternatives.

Unfortunately, the treaties are based on a false premise which amounts to a fatal flaw. That is, that we can expect trouble-free, secure operations of the Canal in the future by relinquishing the rights we acquired in the 1903 treaty.

In that treaty, still in force, we acquired the rights of sovereignty over the Canal Zone, to the exclusion of the exercise of such rights by the Republic of Panama. Those rights undergird our ability to operate and defend the Canal. We cannot be kicked out summarily on the whim of some Panamanian government.

Remove those rights -- and ratification of the new treaties would do so on the date they become effective -- and there is nothing to prevent a Panamanian regime from nationalizing the Canal and demanding we leave at once. What then, confrontation, or, its alternative, unceremonious withdrawal in the face of an arbitrary demand?

The government-sponsored Panamanian Student federation and other more radical groups have already used high voltage rhetoric to claim that they won't rest till the last American soldier leaves. Once the basis for our being there has been removed, General Torrijos, the dictator, may be tempted to take the course of "instant nationalization" and get the credit, rather than wait 23 years for the first of the new treaties to run its course.

For nearly 60 years we have operated the Canal efficiently, on a not-for-profit basis. Western Hemisphere nations and other major users have come to rely on our stable presence there to insure that their commerce would go through without trouble. The new treaties seem to take it on faith that stability and efficient, fair operations would prevail after Panama takes over. But, given the erratic nature of the left-leaning government of that country, can we afford to be anything but skeptical?

If these treaties are ratified can we be certain that key American personnel now operating the Canal will not leave much sooner than predicted?

It is no secret that Fidel Castro and his patron, the Soviet Union, both covet greater influence in the Isthmus. As the American presence is withdrawn, can we be certain that a tempting power vacuum will not be created?

Just how important is the Canal? We have been told it is declining in military importance, yet all but a handful of our naval vessels can use it. And, who can say what shape the Navy will take two or three decades from now? In this missile age, it may consist of small, fast ships relying on quick accessibility to two oceans.

President Carter has cited a statement by the Joint Chiefs of Staff that the treaties are satisfactory in terms of our defense needs. Yet, four former Chiefs of Naval Operations (Admirals Moorer, Burke, Carney and Anderson) no longer on active duty and thus free to speak, in a letter to the President, said, "The Panama Canal, under control of a potential adversary, would become an immediate crucial problem and prove a serious weakness in the overall U.S. defense capability, with enormous consequences for evil."

Our ongoing presence at the Canal inhibits potential international troublemakers. During times of war it has been vital to us and its use has been denied to enemies. The new neutrality treaty says that the Canal will be "permanently neutral", meaning that in time of hostilities, ships of nations belligerent to us could use the Canal just as we do.

Would our failure to ratify the treaties bring trouble in Panama? Probably some. So would ratification. We can expect trouble from leftist elements in either event. Its primary purpose, however, would be to frighten us and not to do permanent damage, for Panama's economy

depends on the Canal and the Torrijos' regime has it within its power to control such trouble.

The Panama Canal is vital to our security and that of the Hemisphere. If we give up the basis for our right to operate and defend it -- as these treaties would do -- we increase our vulnerability and call into question our leadership role in the free world.

What about alternatives to the treaties? We should seek them as part of a reinvigorated U.S. policy toward all Latin America. One would be the Terminal Lake-Third Lock modernization plan. It would take about 10 years and \$1-2 billion to complete. Panamanian workers and contractors could be engaged extensively in the project, thus directly benefiting the Panamanian people and economy. Modernized, the Canal would accommodate all but a few of the world's largest ships and could expect increased traffic and revenues.

Another alternative would be an enlarged governing board for the Canal. In addition to the permanent U.S. seats, it might have a group of Panamanian seats and a third group of seats to be rotated among Canal-using nations.

Still other alternatives worth study: 1) arrangements to turn over to Panamanian court jurisdiction Panamanian citizens who violate laws in the Canal Zone; 2) construction of one or more new bridges across the Canal to improve access by Panamanians to both halves of their nation.

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EMBARGOED TILL

8:00 P.M. CDT
Thursday, October 20, 1977

EXCERPTS FROM REMARKS BY THE HON. RONALD REAGAN
SALUTE TO THE REPUBLIC DINNER
Citizens for the Republic
and
Harris County Republicans
Houston, Texas

A funny thing happened to the Panama Canal treaties on the way to the Senate. They become subject to 180-degree differences in interpretation by U.S. and Panamanian officials.

After their White House meeting last Friday, President Carter and the Panamanian dictator, General Torrijos, said they had cleared it all up. True, the statement they issued interpreting the Neutrality Treaty does say that we have the right to act unilaterally in the future in case the Canal's neutrality is violated, and our naval ships do have the right of priority passage in case of need. But, they forgot one thing. Saying so doesn't make it so. For the statement to be worth anything it needs to be formalized as a protocol, signed by both parties as part of the total treaty package. Short of that, the problems remain.

And, even with such a protocol, the basic treaty, designed to run to the end of the century, still has a fundamental flaw. That is, the assumption that we can expect smooth, trouble-free operation of the Canal by giving up the rights of sovereignty we now have. The 1903 treaty, now in force, says that we will exercise these rights to the exclusion of their exercise in the Canal Zone by Panama. The

United Nations Charter condones expropriation of foreign property. Without the rights of sovereignty anything we retain there is "foreign property" and there is nothing to prevent a Panamanian government from suddenly nationalizing the Canal and telling us to get out -- long before the year 2000.

Who would want that to happen, other than some leftist elements in Panama, Fidel Castro and the Soviet Union?

If the treaties are ratified and the Panamanians decide to make things difficult for us, we don't even have the alternative of building another Canal elsewhere without their permission.

I believe the best course of action has two elements. One is to discuss, consider and negotiate constructive alternatives. Alternatives such as the large-scale Canal modernization program which has been proposed. Also, possible international participation on the Canal's governing board by Panamanian representatives and those of user nations. Also, a possible agreement to turn over to Panamanian courts any Panamanians who violate the law in the Canal Zone. And, also the possibility of building additional bridges across the Canal to improve Panamanian access to either side.

The other element in our course of action should be for the United States Senate to vote not to ratify these ambiguous, incomplete and flawed treaties.

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EMBARGOED TILL

9:00 P.M. CDT
Friday, October 21, 1977

EXCERPTS FROM REMARKS BY THE HON. RONALD REAGAN

OKLAHOMA G.O.P. RALLY
Oklahoma City, Oklahoma

A funny thing happened to the Panama Canal treaties on the way to the Senate. They become subject to 180-degree differences in interpretation by U.S. and Panamanian officials.

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EMBARGOED TILL

8:00 P.M. PDT
Friday, October 28, 1977

EXCERPTS FROM REMARKS BY THE HON. RONALD REAGAN

WESTERN STATES REPUBLICAN CONFERENCE
Salt Lake City
Friday, October 28, 1977

It is hard to know how accurate that Panamanian plebiscite was in favor of the Canal treaties since the dictator, General Torrijos, wasn't elected himself and hasn't allowed an election till now in the nine years he and his regime have held power.

In any case, it should not affect the debate in the U.S. Senate. I believe the Senate should reject these treaties because they have serious flaws. Instead, negotiations should be reopened to work out constructive alternatives.

The so-called Neutrality Treaty suffers from ambiguous language regarding priority passage of our ships and our right to act unilaterally in case the Canal's neutrality is violated. Make no mistake, the statement issued by President Carter and General Torrijos that supposedly "clarified" this treaty the other day has no legal status at all. It wasn't signed. It isn't a formal part of the treaty and unless it becomes part of it it will be no more than an expression of opinion in the history books.

But, even if it were incorporated into the Neutrality Treaty, the other treaty -- the one that is designed to run till the end of this century -- has a basic flaw. It assumes that we can expect smooth, trouble-free operation of the Canal by giving up the rights of sovereignty we now have there. The 1903 treaty, now in force, says

that we will exercise these rights to the exclusion of their exercise by the Republic of Panama. If we relinquish those rights of sovereignty any property we retain there becomes "foreign property", and the U.N. Charter condones expropriation of foreign property. In other words, there would be nothing to stop a Panamanian regime from suddenly nationalizing the Canal and telling us to get out -- long before the year 2000.

Who would want that to happen, other than some leftist elements in Panama, Fidel Castro and the Soviet Union?

As for finding constructive alternatives to those treaties, there are several that should be discussed. One is the large-scale modernization program called the Terminal Lake-Third Lock plan. It would take \$1-2 billion and about 10 years to complete. When finished, the Canal could handle all but a few of the world's very largest ships.

Another alternative would be to add international representatives to the Canal's governing board, some from Panama and some from user nations.

Also, we can discuss a possible agreement to turn over to Panamanian courts any Panamanians who violate the law in the Canal Zone. There is also the possibility of building additional bridges across the Canal to improve Panamanian access to either side.

These alternatives -- and possibly others -- would address themselves to Panama's economic needs and to its national pride -- all without jeopardizing our control of this vital link in the security of the Western Hemisphere.

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EMBARGOED TILL

4:20 P.M. CDT
Saturday, October 29, 1977

EXCERPTS FROM REMARKS BY THE HON. RONALD REAGAN

REAGAN DAY RALLY
New Orleans
Saturday, October 29, 1977

It is hard to know how accurate that Panamanian plebiscite was in favor of the Canal treaties since the dictator, General Torrijos, wasn't elected himself and hasn't allowed an election till now in the nine years he and his regime have held power.

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EMBARGOED TILL
8:30 P.M. (EST)
Thursday, November 17, 1977

EXCERPTS FROM REMARKS BY THE HON. RONALD REAGAN
Southern States Chairmen's Leadership Conference
Orlando, Florida
Thursday, November 17, 1977

I spoke of the need to communicate. Never has there been a greater opportunity to make clear to the working men and women of America the fundamental difference in philosophy between the two major parties.

The energy program presented to Congress is in reality the biggest single tax increase in the history of our nation. In their usual fashion the Democratic leadership has described most of the tax as being imposed on the oil producing companies, but every penny of it will be paid by the consumer in the final retail price of gasoline, heating oil and natural gas. The budget for the gigantic new energy agency alone amounts to 10 cents a gallon for every gallon of gas we will buy in the coming year.

The second gigantic tax increase is in the Carter Administration's answer to the Social Security mess. The average worker will find his of her payroll deduction tripled over the next ten years. It is already double or more what the worker can expect to get back in benefits. The employer's share will be tripled in the next two years. Here again we're told it is business who pays. But that tax must be passed on to the customer in the price of the product. So, we'll all pay that one too. All of this is a temporary expedience not an answer to the real problem of Social Security.

In last year's campaign I spoke of estimates that Social Security was actuarially out of balance by more than two trillion dollars. For saying this I was charged with being an alarmist and ridiculed for what was called extreme campaign rhetoric. I get no happiness from saying I told you so, but the 1977 report by the Board of Trustees of Social Security puts the imbalance at 17 trillion dollars.

Step number three in the Administration's tax proposals has to do with reform of the income tax, which we are told will be revealed next year. Well, next year is only several weeks away and news of the coming plan leaks the word that reform may include sharp restrictions on the amount of home mortgage interest you will be able to deduct from your income tax.

Are the people aware that the Democratic congress in this session alone has five times voted down a Republican proposal to cut the income tax for every American?

Congressman Jack Kemp of New York has authored a bill to increase productivity and create jobs by way of an across-the-board cut in the income tax averaging about one-third for every taxpayer over a three-year period.

The base tax would drop to eight percent and the ceiling would be 50 percent. Corporate taxes would be cut from 48 to 45 percent and small business would have its exemption doubled. Tax cuts of this kind were made in the early Twenties and in the Sixties and each time the incentive for economic growth was so great that at the lower rates even the government got more money.

An economic study of the Kemp plan has projected that the gross national product would be increased by \$300 billion and seven-and-a-half million jobs would be created over the next three years. This is the story we must tell to the working people of America who presently are having almost half their earnings confiscated by government.

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