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INAUGURAL ADDRESS OF GOVERNOR RONALD REAGAN

JANUARY 4, 1971



*Governor's Inaugural Committee*

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# PRESS RELEASE

PLEASE GUARD AGAINST PREMATURE PUBLICATION

January 4, 1971

For Release Monday p.m.s

Lieutenant Governor Reinecke, our fellow constitutional officers, leaders and members of the Senate and Assembly--my fellow Californians:

Remembering our last meeting here under these same circumstances and in spite of the general belief that pain cannot be re-lived in memory, I recalled the cold of that day 4 years ago and decided that cold's ability to shrink and contract should be applied to my remarks. We will soon be indoors and thawed out!

I do not know whether time has a faster pace in Sacramento than elsewhere but these four years have gone by more swiftly than they did when I marked a four-year term as the period from Freshman to Senior. And yet in this four-year span we have plumbed the ocean depths and reached out to the stars. We have lived for extended periods on the ocean's floor and have walked on the surface of the moon. In fact I have been up in the air a few times myself and once or twice have sought advice about living under water.

But it is almost a cliché' to remark that we live in a time of accelerating change. Events once measured against a lifetime are compressed into a decade or even a year. Space and time and distance have been both stretched and shrunk and yesterday is but a preview of tomorrow.

Yet with all the change, some things remain the same. Our goal, for example, of promoting the well being of our people within a more just and perfect union--you will note I said promote not provide.

On that day four years ago, I asked that we set foot on a path leading toward a Creative Society. We have travelled that road since and with all my heart I believe we should continue. It turns away from increasing reliance on government and leads toward renewed respect for--and greater reliance on--the collective genius and common sense of the people.

It is not always an easy path because, by design, it demands as much from those who elect, as it does from those who are elected. This is of course the very reason it is a good road to follow. When those who are governed do too little, those who govern can--and often will--do too much.

When we first set foot on that path I expressed a belief that the most meaningful words in our Constitution are three in number,

contained in the phrase, "We the people." Those of us who faced you from these historic steps then, and we today who have been elected to constitutional office or legislative position, are in that three word phrase. We are of the people, chosen by them to see that no permanent structure of state government ever encroaches upon freedom or assumes a power beyond that freely granted by the people."

We have just gone through the ritual of election. By mandate of the people the power to govern will be shared. Control of the Legislature rests with representatives of one party and most of the constitutional officers and executive branch are of the other. To conclude pessimistically--as some have--that little progress can come from such a situation is to deny the value of the two-party system which has served us so well. Those who mournfully predict there will be little constructive action during this session of the Legislature do an injustice.

Now I do not mean to suggest there will not be certain differences of opinion and even some spirited debate in the days ahead. But I have no doubt that together we can conduct the people's business in a constructive and effective way. In the first place, the people of California sent us here to do just that. And in the second place, our situation with regard to the division of power and authority is little different than it has been for

these past four years and together we have accomplished much in those years.

Unhindered by party lines, one of the great engineering feats of all time, the California Water Project, is nearing completion. We have continued to add to our network of modern high speed highways and freeways and with every added mile we have saved the lives of our citizens.

While traffic fatality rates climb in the rest of the nation, ours continues to decline.

Our state has shown the way in environmental protection. Much remains to be done of course, but we are meeting the challenge. Legislation needed in the fight against air and water pollution has been provided and we are united in our determination to preserve the magic beauty of California.

With the entire nation plagued by runaway crime rates and bulging prisons, our major California cities report a reduction in crimes of violence.

Our rehabilitation policies and improved parole system are attracting nationwide attention. Fewer parolees are being returned to prison than at any time in our history and our prison population is lower than at any time since 1963.

It is the same in mental health where the number of hospitalized mentally ill patients is half what it was four years ago.

Since the tax increase of 1967, more than 40 pieces of legislation have been passed easing the tax burden. More than 5 percent of the annual budget is money returned directly to the homeowner.

The Creative Society has demonstrated its ability to reduce the size of government. The cost of actually administering state government has increased less than the increase in inflation alone. At the start of the fiscal year, there were fewer full-time employees than there were four years ago, and the press reported the other day what may be a first in the history of government--a great reduction in the annual accumulation of paper to be filed and stored.

All of this has been accomplished neither because of, nor in spite of, partisanship which explains my optimism that progress will continue.

This brief re-cap was not intended to gloss over or minimize the very real problems confronting the people and government of California. Still unsolved is the absolute necessity of sizeably reducing the tax burden of home owners. . .



This is complicated by the state's fiscal situation. A subject which cries for more light and less heat. So far, too many explanations and interpretations have been couched in the rhetoric of campaign oratory. Confusion has led to uncertainty and fear. There is cause for neither.

One week from tomorrow I will appear before a joint meeting of the state legislature, the Senate and Assembly combined, to discuss in some detail and make public the full extent of our money problems. In the meantime some clarification here and now is appropriate.

The group of economists and business experts, who for 25 years have been forecasting revenues and expenditures upon which state budgets are based, revised their estimate of expected tax revenues downward last June as a result of the general slow-down in the economy. There have been two revisions since--in late November and mid-December--further reducing estimated revenues.

This slump in tax revenues, however, is not our greatest problem. It just aggravated a situation that has been growing worse year after year. Welfare costs have been increasing more than three times as fast as revenue and in this present year have escalated at an even faster rate. Californians do not have to worry about proving their generosity and compassion for their less fortunate neighbors. On a per capita basis, we spend more



than double the national average for welfare. In spite of this, we must face the fact that welfare has failed in its purpose. For the truly destitute among us it is a tragic failure. It has done little or nothing to eliminate the cause of dependency and it has spread itself so thin that in spite of its overwhelming extravagance, many whose need is the greatest are provided less than a minimum subsistence.

Under the aid to dependent children program, incentives are offered to encourage mothers to take employment. There can be no quarrel with this unless we look closely at how the incentive and complex regulations actually apply. A recent survey of 3 counties, representing 48% of the welfare caseload in California (Monterey, Los Angeles and San Diego Counties), showed the earnings or outside income of employed recipients averages \$346 a month and the average grant from welfare, added to those earnings, is \$186--for a total average of \$532 a month. However, the survey also disclosed mothers of dependent children who have no outside income receive average grants of \$207--only \$21 more than the grant given the others. Common sense and simple fairness suggest reducing grants to those with outside income in order to increase our ability to help the totally dependent.

Mandated by statute and federal regulation, welfare has proliferated and grown into a Leviathan of unsupportable dimensions. We have economized and even stripped essential public services to feed its appetite. Now the economic downturn has brought us to the moment of truth we have avoided for too long a time.

It has already been suggested that we meet this situation by simply adding to the taxpayers' heavy load. That of course is an easy out--for everyone but the taxpayer who already pays too much for government.

I'm inclined to believe you didn't send us here to find easy answers. A tax increase--even under the illusion that it would be a temporary expedient--will not resolve this problem. In the first place, temporary taxes have a way of outliving the problems that caused their birth. Government may protest that it never gets the money it needs, but it always manages to find a need for the money it gets.

Simply meeting this problem by finding additional funds, or passing it on to another level of government, is truly a temporary solution. Unless and until we face up to, and effect complete reform of welfare, we will face a tax increase next year, the year after, and the year after that---on into the future as far as we can see. There is no limit to the potential growth of the

present welfare structure, short of total redistribution of the earnings of all who earn and produce.

We are faced with a choice. We can be depressed by a seeming fiscal crisis, or we can recognize this as the opportunity it really is. Let those who will wring their hands and cry doom. They will not be typical of our people.

We have a chance to do what might otherwise never have been done. Over the years we've talked about welfare, studied welfare, applied alterations and streamlined it's administration where possible, but we've avoided facing up to it's lack of a goal. Seneca said, "He who knows no port to sail for, finds no winds favorable."

In the coming meeting with the legislature eight days from now, I shall propose restructuring welfare--to eliminate waste and the impropriety of subsidizing those whose greed is greater than their need. The present confusion must be replaced with a program designed to save, rather than destroy, California's greatest resource--its people--a program that will maximize human dignity and salvage the destitute.

Here in California nearly a million children are growing up in the stultifying atmosphere of programs that reward people for

not working, programs that separate families and doom these children to repeat the cycle in their own adulthood.

I believe we can change this. There is no greater challenge facing the state or nation. Why shouldn't California take this "giant stride for mankind?" If not us---who? If not now--when?

In recent months a few in our midst have raised the haunting spectre of panic and depression. It is time we inoculated ourselves against the contagion of fear they would spread.

The national government has embarked on a campaign to slow an inflation which has threatened our economy. There has been an understandable cooling off in the marketplace and a loss of earnings and employment. I do not minimize the anguish of the man or woman whose vocation or career has been interrupted. Everything possible must be done to alleviate their distress and shorten the period of economic dislocation.

But let us measure our strength. Let those who would play upon our fears til we develop "an over the hill to the poorhouse" psychosis look at this way of life we call California as it really is.

If this state were a nation, it would rank among the top half-dozen economic giants of the world.

Our gross product will top one hundred billion dollars this year. We will earn more and spend more than any people anywhere in the world.

Eighty-four percent of us live in cities of more than 25,000. Yet we lead the nation in agricultural wealth.

We are young, with a median age of 30--just inside that no-man's land between the generations.

Our educational level is higher. We have a higher percentage of professionals and skilled technicians, and more than double our share of scholars and scientists.

In the decade which we embark upon today, the average family income will go from a little over \$13,000 to more than \$18,000 per year.

If all 20 million of us wanted to live elsewhere, we would find 100 people willing to trade places with each one of us.

Those who whine of a sick society aren't talking about us. Our young people seek a cause in which they can invest their idealism, their youth and their strength. And we have such a cause. But we must prove to them our own faith and belief, that ours is the most innovative state in the union; that we have a history of accepting change--indeed of making change happen.

For, as Mark Twain once said: "The easy and slothful didn't come to California. They stayed home."

It is time to ignore those who are obsessed with what is wrong. Concentrate our attention on what is right--on how great is our power and potential, and how little we have to fear. .

As I told a group of your fellow citizens who visited this capitol last fall, if California's problems and California's people were put in a ring together, it would have to be declared a mis-match.

We owe our humble thanks to a God who has blessed us possibly more than we deserve. Let us, in our stewardship of all He has given us, at least try to match His bounty--try as men to match His mountains.

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



1/12

TEXT OF STATE OF THE STATE MESSAGE  
TO A  
JOINT SESSION OF THE CALIFORNIA STATE LEGISLATURE  
by  
GOVERNOR RONALD REAGAN  
January 12, 1971

We are all here as a result of the recent much discussed election. Many questions have been raised about campaign costs and how to curb them. May I suggest one step we could take that would not only reduce the high cost of campaigning but would certainly save a lot of wear and tear on candidates---and, I suspect, on the public, too? Move the primary from June to September and shorten the game by half.

Now that the Congress and the U.S. Supreme Court have given the 18-year olds the vote in federal elections, I certainly think we should take those steps necessary to let the citizens of California determine whether that shall be extended to state and local elections.

I am sure all of us hope this will be a year of real achievement for the people of California and it can be: 1971 can be the year we clear up some of the business we have been trying to get done for a long time past.

Speaker Bob Moretti was quoted the other day as saying that he believes the time for talk has passed and that "what will be necessary is we have the courage to take effective action" on our important problems. While I would not presume to speak for President pro Tem Mills and the Honorable members of this joint session, still I am sure the vast majority of us are here to engage in effective action.

It is in such a spirit of constructive cooperation that I offer some major goals which I believe are worthy of consideration and attainment. They relate to five of the basic areas of our state government, and are interrelated:

- Education
- Environment
- Public Safety
- Taxation and fiscal policies, and
- Public assistance, both welfare and Medi-Cal.

Obviously in our limited time together today I can only touch on them briefly. But in the coming weeks, I will send you more detailed messages on each of these matters.

## Education

In education, I look forward to working closely with Superintendent of Public Instruction Wilson Riles, to reform not only the methods used to finance our public schools, but also the way the schools are held accountable for quality and results. We must revamp the methods of raising and distributing funds and also eliminate counter-productive and wasteful procedures. For too long now, conscious of the growing gap between available revenues and program needs, we have tried to increase our support with no real knowledge on the part of any of us of how much money was actually needed. Before we blindly apportion more of the people's money, the time has come to see how much the school districts themselves can do to narrow the revenue gap through revision of business practices systems.

Various studies, made by the state and other agencies, clearly indicate serious managerial deficiencies in many school districts. The state can take an important part in providing guidance in upgrading management skills in education. It is our biggest single public investment and the public has the right to expect the highest cost-benefit return on the taxpayer's dollar. In addition, California annually receives nearly one quarter of a billion dollars for education by way of the federal government and a process must be established to insure that these federal funds are correctly spent to achieve our long-range state and local goals.

## Finances

Our Special Task Force on School Finance has pointed out what many of you already know: that the various formulas for school subventions have outlived their usefulness to school districts and must be simplified. Coupled with this there must be a comprehensive property tax reform to free the education system from such heavy reliance on what is a restrictive and outmoded source of revenue.

## Functional Illiterates

Over the past 18 months the Governor's Commission on Educational Reform which some of you have assisted has been studying the program changes necessary to restore some meaning to the elementary and secondary school programs. I can tell you of their dismay---over the functional illiteracy evidenced by so many of our high school graduates;

far too many of these young men and women have failed to acquire the ability to read, to write, to compute and to communicate. It is not enough to say they have failed; it is more pertinent to ask, "has the system failed?" and if so how can it be corrected?

#### Tenure ✓

The original and legitimate reasons for tenure no longer exist. Tenure has become a haven for the incompetent teacher. It should be altered to include a system of merit pay which provides real incentives for quality teaching. This should not be precipitous; a judicious, sensible phase-out would be a real service to all concerned---the student, the public and the teaching profession.

#### Voucher Plan ✓

There is always need for innovation in any system; education must be no exception. There are those who see the "voucher plan" as the answer to making schools more responsive. There are others who see it as a threat of unutterable evil. No one on either side seems to have facts upon which to base his often emotional stand. Why shouldn't we undertake some pilot tests in selected districts and thus introduce some facts into the debate?

#### Higher Education ✓

Past generations of Californians--both lay citizens and members of the academic community--have given us a heritage of quality education. That the foundations were firmly laid is indicated by the fact that, though the campuses have undergone six years of turmoil, the University still maintains very high stature in graduate Letters and Science education among the academic institutions of the nation; we have one of the finest state college systems in the United States; and our community college system has no equal.

But during these six years on our campuses, there were those who did stray from the highest academic traditions...using the classroom for the advancement of personal bias rather than to excite the curiosity of the student. The basic issue was whether the classroom was to stimulate curiosity and to provide information for the student so that he could make intelligent decisions or whether it was to insist that the student accept those conclusions that represented the instructor's personal beliefs and attitudes.



Today we find a few and welcome readiness on the part of many faculty members, students, and administrators to reaffirm high professional standards and ethics and to recognize responsibilities to the society which founded and has maintained our University and colleges.

We face some unresolved problems in higher education. For one thing, with the University charging tuition an imbalance exists so long as the state colleges do not. The Trustees have asked for permission to institute tuition and should be allowed to do so.

The quality of higher educational opportunities can be improved. Our undergraduates in the universities deserve, as President Hitch has said, a larger proportion of faculty time and a greater investment of faculty interest.

Non-resident fees for out-of-state and foreign students should be reviewed. It is hard to justify subsidizing these students when it grows increasingly difficult to provide an education for our own residents. This would also apply to "perpetual students" who for no apparently valid reason become permanent campus fixtures.

#### "Technical Education"

We should encourage those who seek a college education, and do our best to provide the opportunities and the facilities. But we must not neglect those who do not want a college degree. Almost half of our California young people do not go to college and fewer finish. They would prefer to move directly from high school into some of the technical jobs in our highly technological society. For them we must make sure that a technical education is an open road, not a deadend street. We should move to lift technical education to its proper status and help it fulfill its tremendously important role.

It would be well to review and update the Master Plan for Higher Education which was written more than ten years ago.

#### Environment

In the area of environment and ecology, it is and must be our continuing goal to refurbish and reclaim what has been debauched and to protect that which is still clean and fresh and open---and to do this in a sensible, responsible and balanced manner.

To attain these goals, I intend to deliver to you a message on environment which will propose a high level environmental protection body, and will also outline some further steps to improve the quality of our air and our water.

#### Solid Waste ✓

Californians account for slightly more than 20 pounds of solid waste per person per day. In an uncompacted condition, one year's accumulation of paper, bottles, cans, trash of all sorts could build a wall 100 feet wide and 30 feet high from Oregon to Mexico. I am not suggesting we do that.

I am suggesting one state agency should be given the authority to coordinate, encourage and assist local and regional entities to plan for and regulate solid waste disposal systems and sites. This would enable us to work closely with the federal government through the recently enacted National Resources Recovery Act.



Balanced Transportation

The desire for subsidized mass urban transit is seen most clearly and can be measured most responsibly at the local level. I continue to support an approach which protects local autonomy and provides a source of local revenue while insuring that the state highway system continue to receive its full share of gas tax revenues.

Coastal Zone Protection

The preservation and protection of California's coastal resources must surely rank among our highest environmental priorities. We cannot abide a piece-meal destruction of our magnificent coast.

Recreational Subdivisions

The State Subdivision Map Act should be amended to require that the design of recreational subdivisions include strong environmental as well as engineering considerations.

Public Safety and Court Reform

Our goal in the area of public safety should be to guarantee every citizen the right to be secure in his person and property and the right to an efficient, speedy and just court system.

Anyone who has had any business in any of our courts knows that our courts are overcrowded and the administration of the system is bogging down.

I have asked Chief Justice Donald Wright, Attorney General Evelle Younger, and the Judicial Council to work with us to resolve this crisis before public confidence is completely lost.

With regard to public safety, you have passed in the last two sessions, anti-crime bills which have done much to aid local law enforcement. I would like to suggest three more:

--the killing of a law enforcement officer, while on duty should be first degree murder;

--the amount of reward money the governor can offer for information leading to the arrest and conviction of persons killing or injuring police officers should be increased above the existing \$1,000 maximum, and

--it should be a felony to specifically advocate killing or injuring law enforcement officers.

Drug Abuse

Let me thank you for enacting last year the most comprehensive program in the nation for intra-state control of restricted drugs. But we must continue our efforts to communicate with our young people, and rehabilitate the victims. I am convinced the answer is not just shutting off the supply. We won't win this war until we find a way to convince our young people they just don't want to go down that road.

Fiscal Policy

All of the things I have mentioned so far are totally dependent on finding the solution to one problem. We must put our fiscal house in order. There has been much speculation about the inevitability of a tax increase. A tax increase is inevitable only if we refuse to accept readily available alternatives.

As I stated a week ago, our revenues are substantially below the estimates upon which this year's budget was planned. And expenditures for Medi-Cal and welfare are substantially higher than we had anticipated.

The first problem is the result of the economic slump which is nationwide. Since this is a temporary dislocation, I see no reason why government should not meet it with a temporary solution. If government curbs its normal appetite and curtails some less than vital activities; who knows---we might discover some of those activities are so "less than vital," they won't even be missed. Let us not be like the waiter who asked the boss for a raise because he was breaking more dishes than his paycheck could cover. I think we would find it difficult to explain to people who are doing some personal budget cutting themselves right now why we had to raise taxes to cover what we all know is a temporary shortage.

Public Assistance

The second part of the problem, of course, is not temporary but it can be if we are willing to make it so. The escalating increase in the cost of Medi-Cal and welfare is due to basic flaws in the framework of these programs.

Californians make up ten percent of the nation's population but have 16 percent of all who are on welfare. <sup>point seven</sup> Five/percent of Americans receive welfare. In California it is 9.4 percent. The state and local costs pro-rate out at \$57.55 for every man, woman, child and baby in the state---more than double the national average.

Together we can make reforms which will not only lighten this burden but make it possible for us to do more for the truly poor who have no one to turn to but us. We have this as an alternative to increasing taxes.

The public's general antagonism toward welfare does not stem from any lack of willingness to help the needy. The figures I have just cited make that plain. The public can see very well that complex and confusing regulations make welfare virtually unmanageable. We can all sympathize with regulations insuring confidentiality of the case histories of welfare recipients. But when a county welfare director has to fight in court to get information from his own employees, we have gone from the benign to the ridiculous.

Another regulation inhibits challenging an applicant's eligibility. The same government that requires a tax paying citizen to document every statement on his tax return decrees that questioning a welfare applicant demeans and humiliates him.

I am sure that welfare recipients are generally as honest as other citizens but like the rest of us they should not object to routine procedures to protect against those who might cheat. And it is possible to cheat on welfare. Just recently the press told of some indignant citizens in the Bay Area who proved this to their county supervisors. They were all employed and had no economic problems. But they travelled the circuit of welfare offices applying for and getting on welfare, usually without even furnishing identification. One managed to get on welfare four times under four different names in one day---at the same office.

Foreign nationals in uncounted numbers are on California welfare. California recipients leave the state and even the country and continue to receive their checks and there is no way to know whether they have applied for welfare in their new location. Nor can we prove the beneficiaries of the Supreme Court decision who come here from other states and get instant welfare are not also continuing to receive checks from their former homes. One woman eligible for welfare by reason of pregnancy was still eligible even though her pregnancy had reached fifteen months.

Then there are incentives to encourage recipients to take jobs. Again, no quarrel with the goal but when does incentive become unnecessary windfall? The incentives are so open ended there is virtually no limit to the earnings an individual can make and still retain welfare eligibility. Take for example a woman on aid to dependent children receiving a \$221 grant who gets a \$600 a month job. The federal formula begins to operate. Thirty dollars of the \$600 does not have to be counted nor does one-third of the balance, or any deductions for taxes, retirement, union dues, child care costs, special clothing, transportation (and this includes payments on a car) and \$25 for miscellaneous. It is entirely possible to reduce the \$600 down to zero and continue drawing the \$221. According to the press at least one individual earning \$16,800 a year continues to legally draw welfare. How do we close the gap between need and income for the totally destitute.

Our goal must be to reform and restructure the entire welfare system.

#### The Employables

While we assist the truly needy who have nowhere else to turn, we must also insist that able-bodied adult recipients work and meet their own responsibilities. And in all of this we must aim to strengthen family responsibility as the basic element in society.

One of our first steps will be a clear administrative and operational distinction between the employable and the unemployable. This will take a costly administrative burden off the backs of the counties. The aged and disabled are in truth pensioners---they should receive their checks through an automated process similar to Social Security.

This would leave us with the potentially employable who for whatever reason do not have a marketable job skill. They should be transferred to the jurisdiction of the Department of Human Resources Development. There under a coordinated operation of Human Resources Development's programs, the Department of Rehabilitation and the private sector they would participate in an expanded job-training, job development and job placement operation.

Now let it be clearly understood, we do not propose this in the vengeful spirit of "make them do something for their money." The vast number of them would far rather work at something useful.



F.D.R. in the dark depths of the depression in 1935 warned:

"The lessons of history show conclusively that continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fibre. To dole out relief is to administer a narcotic, a subtle destroyer of the human spirit."

This quote would also apply to work for the sake of working---digging holes and filling them up. This is not what we have in mind. We intend to catalogue all those things in the public area which are not now being done and which would possibly never be done because of lack of funds and manpower. This would include local, county and state governments. These public jobs would not displace present employees or interfere with existing patterns of employment and certainly not become a way of getting cheap labor. I think organized labor should be involved in finding these tasks.

Each agency and department of state government has already been told to examine its operations and to list those things not now being done, but which could be done by able bodied recipients. The field of environment alone should open new opportunities. I have to believe that you can see what a great step forward it would be to have thousands of our citizens receiving a paycheck instead of a handout, with at the same time the self pride of knowing they are helping to make California a better place. In other words, the billions now being spent on a dole would be financing improvements for our state and underwriting a public work force.

These revisions in welfare operations will call for a shift of emphasis, personnel and funds which will be detailed in a future message to you.

#### Eligibility Standards ✓

We must establish realistic eligibility standards so that only the needy can qualify for assistance. Without such reasonable restraints there can be no equitable distribution of welfare funds or fiscal accountability.

A revision of the welfare statutes is necessary to put a ceiling on the amount of earnings an individual can have and still remain on the welfare rolls.

#### Absent Fathers ✓

Nearly 80 percent of our welfare families involve an absent father. Separation of husband and wife, divorce or dispute, does not absolve the father from his moral and legal responsibilities to care for his children if he can. (There are, today, too many instances where the taxpayer is forced to subsidize some father's yen to travel.) We will propose incentives and procedures to help the counties locate absent fathers and enforce parental responsibilities.

#### Welfare Secrecy ✓

As for the hampering confidentiality statutes, the public has a right to know what it is paying for--where and how its dollar is being spent; welfare can be no exception. The use of public funds demands public information. The cloak of secrecy must be removed.



If these reforms are to work, the counties must follow through at their level. If they submit to pressure and protests and pick up what the state has eliminated or curtailed, they simply shift the costs from one level of government to another and the whole idea of reform is defeated. As a matter of fact, all levels of government--federal, state and local--must work together on this effort, changing attitudes, laws and regulations where necessary to permit a restructuring of the entire welfare program.

Medi-Cal ✓

Equally drastic reform is demanded in Medi-Cal. In its first year of operation, Medi-Cal began exceeding estimated costs when only a third of those eligible had discovered its magic basket of goodies. Five years ago one out of 15 Californians was on Medi-Cal--today one out of 3 is enjoying with few inhibitions on use, a program of unlimited coverage providing two to three times the services of health programs the working man can afford for himself and his family.

In 1968, this legislature passed a law which was very explicit in the steps it mandated if and when there was a threatened Medi-Cal deficit. The first step required by that law is to reduce the payments to provider of health care services by 10 percent. That step has been taken. The second step under the law is to postpone, not eliminate, but postpone certain non-essential elective services. This has been done and with no disruption or jeopardy to essential health services.

For several weeks now, as we have complied with the law, a number of people have been confused and have credited me with thinking up these steps in my own head. Honesty and simple fairness compel me to let you share in the glory.

Hastily enacted under a federal whip, five years of operation have made it plain that Medi-Cal cannot meet California's needs. During this session we will present for your consideration a plan to limit our health care services to the poor so they will be comparable with the health benefits provided by the various prepaid health insurance plans covering most of our citizens.

Co-Payment ✓

One of our goals will be to place some responsibility on each user of the plan. This should include a system of co-payment or deductibles with provision of course for emergency or catastrophic illness. This and other reforms we feel must be made in Medi-Cal will come to you in a subsequent report. You and I will have to work together and we must seek support in Washington for changes in attitude regulations and statutes.

Six weeks ago we announced the first of a series of cutbacks and freezes to bring expenditures into line with our reduced revenues. Those steps plus some less spectacular measures which will be announced in the budget message will come very close to correcting this year's deficit.

Tax Reform ✓

There will be a cash flow problem which will be covered by internal borrowing. California will face recurring problems which would not exist if withholding had been enacted last year. I hope that together we can enact tax reform that will finally alleviate the unjust burden borne by the property owner. Some have proposed changing the Constitution so that taxes on banks and corporations can be raised by simple majority. I called attention to the same inequity in last year's proposed tax reform but suggested a different solution; that we leave the bank and corporation tax as is and that all tax increases require a two-thirds vote. Our people might be gratified if we made it harder--not easier to increase all taxes.

1971-72 Budget ✓

Dire predictions have been made about the 1971-72 budget. Those who predict a gigantic deficit have apparently assumed that we would accept "business as usual" and send the bill to the taxpayer. That assumption is out of character with the economic policies we have advocated these past four years. We have made every effort to make California's government the most economical and efficient in the nation and we have had the help of many of you. I ask for that continued help and offer mine to you. For example, an Assemblyman not of my party has, in the last few days, approached us with an idea for auditing the priorities and programs of all the departments of state government. It is a much needed and creative idea. He can count on my enthusiastic support.

You and I have run out of time. We are at the point where this state can no longer sustain its operations on the revenue it now takes from the people. Therefore, we are confronted by a choice. We can reform government--reduce the cost of services, particularly in welfare and Medi-Cal, or we can increase taxes. To choose the latter without excising the cancer eating at our vitals is to face tax increases year in and year out for as long as we shall be here. I intend to travel another course.

I will submit a budget which can be balanced without an increase in taxes. In this year of unusual circumstances admittedly there will be items deferred, other areas in which we would like to spend more and projects will be curtailed which will bring cries of anguish from some. But their anguish is no more than the day in day out anguish of our citizens.

No one of us can any longer enjoy the luxury of going it alone. We must work together, Democrats and Republicans, legislators and executives. The people have made it evident they want a bi-partisan cooperative management of this state. If we refuse them this and fail it will not really matter which one of us brought disaster. If we succeed, it will not matter much who gets the credit. In fact, success can only come from a joint effort. Failure is inevitable without it. The people have made it clear that we in government will do this or they will terminate our right to govern.

The choice is ours---the people of California are waiting for our decision.

# # # # #

1/25

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
National Press Club, Washington, D.C.  
January 25, 1971.

May I acknowledge the presence of the ladies in the audience? And commend your male colleagues for having made your presence here legal.

As a political campaigner, I admire your margin of victory--- 80 per cent. In American politics 55 percent is considered a landslide. The whole mountain fell on you.

Having put to rest any thought that I am an advocate of male chauvinism, let me run the risk of appearing unappreciative of your hospitality and say with apologies to the Chamber of Commerce, Washington is a nice place to visit but I wouldn't want to live here.

There has been a lot of talk about "polarization" in our society and the need for temperate rhetoric to bring us together again.

Those of us in public life might begin by conceding that despite our differences over methods, our goals are the same. We could stipulate that there are men of good will on both sides of the various issues, all seeking fair and workable answers to the problems we face.

This does not mean that we cannot disagree over methods. But reasonable debate can be conducted within the framework of common courtesy.

My recent veto of a proposed \$1.8 million grant to the California Rural Legal Assistance Group (CRLA) is an unfortunate example of how misunderstanding can escalate. One of our California Senators fired off a volley of critical comment in opposition to the CRLA veto---without even a phone call to check as to the "why" of the veto.

If he had, he would have found that we have no basic quarrel about the desirability of providing legal services to the poor. We have approved and are recommending for funding this year other federally-financed programs for legal foundations and groups which provide similar services to the urban poor. The Senator would have learned also that the CRLA grant was vetoed because this group has violated the guidelines and conditions that were attached to its previous grants.

It was not motivated by any philosophical disagreement with the original purpose of the program. State officials of the Office of Economic Opportunity have submitted a 283-page report, backed by almost 9,000 pages of affidavits, statements and other documented material to support the basic point that CRLA is not concentrating on providing civil legal services for the poor. For example:



--The CRLA is specifically prohibited from representing criminals because its resources are supposed to be used to provide civil legal assistance. California already has an existing Public Defender system which many attorneys consider a model for the nation. But CRLA has repeatedly accepted and represented persons involved in criminal offenses

--CRLA is specifically prohibited, under the conditions attached to its grant, from accepting cases that are fee-generating in nature. In one of the cases cited in this report, two women seeking divorces were informed that the CRLA office would handle the cases for a fee of \$300 each.

--A district attorney described the activities of CRLA this way: "This agency (CRLA) has failed miserably to discharge its obligations to the indigent rural people, has wasted hundreds of thousands of dollars of our taxes..."

--CRLA attorneys were cited for having represented the promoters of a rock festival, an activity that in our opinion does not conform to its guidelines or stated purpose.

In summing up the thrust of CRLA's activities, the report notes that these incidents: (and here I'm quoting)...

"Reveals at best a blatant indifference to the needs of the poor at worst a disposition to use their (CRLA's) clients as ammunition in their efforts to wage ideological warfare... The dominant thrust of CRLA's activities is ideological... Time and again, when they (CRLA attorneys) have had opportunities to settle cases out of court or solve a problem at a lower level of controversy, they chose escalation. The result was always to stir dissension, fear and division in the communities they are supposed to be serving."

The State OEO Office and my office have received numerous allegations of misconduct and violations of professional ethics by CRLA. I was implored to veto the refunding of CRLA by county grand juries, local district attorneys, judges, county supervisors (commissioners), state legislators and many, many citizens who do not feel that any more tax money should be granted to an agency that consistently refuses to do the job it was established to perform.

To prove we do not mean to neglect the need of the poor to have free legal counsel, we have presented a plan to OEO which would answer this need. It has the offer of enthusiastic cooperation and support from county bar associations in California.

No subject brings out the polarization ---the good guy, bad guy syndrome---more than welfare. Any criticism or suggestion of change finds us automatically divided with the white hats on one side bubbling over with the milk of human kindness and fired up with righteous indignation. All who differ are Scrooges out to deny even bare subsistence to the needy.

Welfare, our greatest single outlay of public funds at three levels of government, is adrift without rudder or compass. Surely it is possible for men and women of good will to dissect this overgrown problem without being suspect as to motive.

Can anyone really challenge that welfare is so involved with the day to day business of providing food and shelter it is barging ahead year in, year out---indeed decade after decade---with no discernible purpose or goal?

First, we should separate out those who, through no fault of their own, must permanently depend on the rest of us. The aged, and disabled who are unemployable should become permanent pensioners provided a living income which to the best of our ability would include some of the luxuries which make life worth living. The others---the able-bodied potentially employables---should then be viewed as temporary dependents. Our goal should be to reduce the need for welfare by making them independent and self-supporting. Welfare should measure its success by how much it shrinks each year---not by how much it grows.

Americans are a generous and humane people. Our people are deeply conscious of man's obligation to help the aged, the disabled and those other unfortunate citizens who, through no fault of their own, must depend upon their fellow man.

From the earliest frontier days, we have always stood ready to assist a neighbor in time of distress---whether that neighbor lived across the street or across the sea. Yet even in the darkest days of the great depression, no one envisioned or advocated massive public welfare as a permanent and consistently growing burden on society. F.D.R.

(Franklin Delano Roosevelt) made that point. In a message to Congress 36 years ago this month, he said: "Continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fibre. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit."

The dependency syndrome that F.D.R. warned against is not just a theory. It is a fact.

In California, and in other states, too, there are third and fourth generation welfare families.

Whatever its original idealistic goal, the system that has evolved has failed. The price of that failure has been high indeed---in dollars and in the sacrifice of America's proud heritage of self-reliance for every individual capable of self-support.

There is a great and growing hostility to welfare abroad in the land. It stems not from a lack of concern for the truly needy. It stems from a concern that some of those classified as "poor" are not truly in need. Californians comprise about ten percent of the nation's population but we have 16 percent of all those on welfare. Five-point-seven percent of Americans receive welfare. In California it is 8.5 percent. State and local costs for welfare prorate out at more than double the national average.

This runaway growth in caseload and the excessive cost of welfare cannot continue. It has become the single most compelling domestic problem for states, for local governments and certainly for the federal government.

The reason is simple enough. As the insatiable appetite of welfare eats up more and more tax revenue, it becomes increasingly more difficult for government to adequately finance other vital programs as well as the level of support we should provide for the truly destitute who have no other source of funds but welfare.

Some of the inconsistencies in welfare result from well-intentioned court decisions. For example, the Supreme Court decision that states no longer have the authority to require a reasonable period of residency as a condition for receiving welfare. The court said to do so infringes on the recipients "right to travel."

This is not just some abstract legal concept to be debated in law journals. At our level of government, that ruling translates into a costly and---in my opinion--- most unfair burden. It also makes for some ridiculous situations.

The Supreme Court says states must start paying welfare instantly but Arizona is accused of being out of conformity with federal regulation because Arizona ends welfare payments to recipients after they have been absent from that state for three consecutive months. In the never-never land of welfare regulations residency is one thing when you are arriving and something else again after you have gone.

...to provide incentives to encourage welfare recipients to take jobs and presumably depart eventually from the welfare rolls, a formula was created to allow augmentation of earnings by at least partial welfare grants. No one quarrels with the good intention but here is how it works.

In an actual case in California, a woman with four children draws a welfare grant of \$339. Then she gets a job paying \$582 a month and her welfare grant is reduced by \$29. So she earns \$582, plus a welfare grant of \$310 for a total monthly income of \$892. But another woman with four children who does not work receives only \$329, and is expected to feed and clothe her children on that.

A kind of affluent, upper-crust class of recipients has been created. In computing her eligibility, the federal formula prescribes that \$30 of her earnings are not counted (incentive), nor is one-third of the remaining gross, deduction for tax, union dues and retirement, transportation costs which can include payments on a new car, special clothing allowance, child care costs and finally another \$25 miscellaneous incentive. In this case, she was rated as having an income of only \$42 a month---hence the \$310 grant.

Common sense and simple fairness would indicate that cutting down her grant would make it possible to increase the grant of someone who has no outside earnings. But when California tried to do that, an injunction was obtained by lawyers of an OEO neighborhood legal assistance group.

Now, if you are encouraging yourself by thinking this is an isolated case, Los Angeles County estimates 17,000 recipients of welfare are fully employed. Smaller Alameda County has 3,559 and says almost 400 have earnings in excess of \$600 a month. A survey involving almost one-half of California recipients reveals that the earnings or outside income of employed welfare recipients averages \$346 a month and the average grant, added to those earnings, is \$186---for a total of \$532 a month. Mothers of dependent children who have no outside income receive average grants of \$207---only \$21 more than the grant given to employed recipients.

A woman was granted welfare by reason of pregnancy. When the passing months revealed her pregnancy, like the report of Mark Twain's death, was highly exaggerated she was taken off welfare. A judge ordered her reinstated. She is now in her 15th month of pregnancy and on welfare.

Complicating all these problems are regulations ordering confidentiality of case records---one California welfare director had to get a court order before his own employees would give him information on welfare recipients. It turned out a member of his reluctant employees was also the recipient he had been inquiring about.



Case workers under current interpretations of federal regulations are forbidden to challenge or question the eligibility of applicants. The same government that requires documentation and sworn affidavits of its citizens regarding tax matters says demanding proof of a welfare applicant demeans and humiliates him.

The same types of injustice exist in the area of welfare medical assistance. Nationally, this federally-directed program is called Medicaid. In California, it is known as Medi-Cal. In its first year of operation (the year before I took office), Medi-Cal was already exceeding its estimated cost. One out of 15 Californians was enrolled in the program. Today, one out of nine are on Medi-Cal. It offers welfare recipients an array of health care benefits, fully paid for by the taxpayers, several times greater and more comprehensive than the working citizen can afford for himself and his family.

Again the complex regulations cause problems. A teenage daughter of even the most affluent parents becomes eligible for welfare and Medi-Cal by reason of pregnancy. Medi-Cal then provides an abortion and under those confidentiality rules, we who are providing this operation are forbidden to tell the parents either that their daughter is pregnant or that we are providing an abortion.

A divorcee or widow with children remarries and regardless of the affluence of her husband, she and the children are eligible for aid to dependent children and thus remain on Medi-Cal. If she subsequently has children by her new husband, the costs are borne by the taxpayers.

The root cause of welfare is poverty. And the answer to much of poverty is employment---jobs, job development, job training and job placement. Obviously, however, it is futile and even deceitful to demand that able-bodied welfare recipients go to work if there are no jobs available. While there are some legitimate job opportunities which government can provide and even jogs on an interim basis in a public work force, in the last analysis the private sector is the real provider of jobs with a future.

Let us have an end to the demagoguery---particularly in campaign years---which uses business and industry as a convenient whipping boy and assails the motives of all who speak of encouraging business expansion.

The most important thing that can be done to solve the so-called welfare syndrome---and the best way to win the war on poverty---is for the nation and the states to embark on a period of economic expansion; not an ersatz expansion fueled by the flames of inflation, but a sound, honest drive to expand our economic capacities and expand the generative and derivative forces of our free competitive enterprise system.



One of the popular questions making the rounds today is "can we afford the future?" Can we pay the costs of all the things that must be done---and can we afford many of the things we would like to do?

There are those who contend we can afford the future if we will take more money from the citizen and his industry. In spite of past failures, they hold that public indulgence should preempt personal initiative.

We will not be able to afford the future---or do the things we must do, let alone the things we would like to do---unless we allow the people and their industry to retain more of what they earn. Only by rebuilding personal and corporate risk capital reserves, only by increasing personal savings and spending and investments will we be able to provide the necessary jobs, resources, and tax revenues, and build the future that others wonder if we can afford.

The basic reason for unemployment today is not that the private sector is unequal to the task; one of the main reasons for most of our economic problems today is that the private sector has been too often harnessed and hobbled, and ham-strung in its ability to grow and create new jobs and new job opportunities. If we are really going to win the war on poverty, we must unleash the full dynamism of the free enterprise system.

Now this is not a plea to turn the country over to big business and return to the days of "laissez faire." Free enterprise is not a hunting license and caveat emptor is totally unacceptable. But it is obvious on the record: a dynamic, expanding economy, is the best answer to the largest part of our unemployment and welfare problems.

Perhaps the single most important act President Nixon has taken to alleviate the welfare problem recently was his call for liberalized rules for tax deductions for depreciation of plant and equipment.

Those who challenge the President on this action would starve the goose while demanding she lay more and bigger eggs. I have little understanding of those in my own state who demand less spending on space and defense and then demand the government do something about the unemployment in the aerospace industry.

At government behest, following the advent of Sputnik, we built in California probably the greatest pool of technical and skilled workers in history.

We cannot share in the glory of the TFX but our people deserve a lot of the credit for Mercury and Gemini and Apollo, and the Polaris, not to mention the everyday marvels and benefits that spun-off from these programs. But now, with cut-backs in defense and space programs California has some 100,000 unemployed in these industries alone.

This, of course, is just one more example that government giveth and government taketh away. There is no question that California benefitted over the years by this federal spending. Many---both wage-earners and officeholders---lulled themselves into a euphoric dream of prolonged security.

It is like it is with narcotics---the pusher may be primarily responsible but the victim played a part also.

Still perhaps it is reasonable to suggest the federal government allocate a certain portion of the funds shaved from defense to finance readjustment programs. Research to find out how best we can put the brains and skills and hands of these unemployed technicians to work solving some of our contemporary and future problems---pollution, desalination, air traffic control, highway safety, health science, economics, new towns, and the many other imperatives of today and tomorrow. Certainly we should think of this great pool of technical skill and talent as a resource to be conserved.

To simply view these thousands upon thousands of unemployed men and women as casualties of war---whether it be space or Vietnam---is totally unacceptable.

There is somewhat of a parallel between this current period of adjustment and the admittedly more : severe adjustments which followed World War II.

At that time, as you may recall, Jesse Jones was called upon to guide the conversion from a war to a peace-time economy. When he took the job he learned that there were already some blueprints for conversion, blueprints which called for the building of bigger bureaucracies so that government would do everything and get into everything and perpetuate many of the emergency functions it had assumed during the war.

Working with and through American business and industry, Jesse Jones released the dynamic power of the free enterprise system. There was no depression, no gloom and doom---there was a spectacular readjustment that sent America to new heights.

Granted there ( not now the same pent-up ( \_mand for consumer goods that existed after World War II, but there is, nevertheless, a very real demand for jobs and progress and services which can best be met and funded through a dynamic economic enterprise.

This is a time for disciplined imagination and responsible dynamism, a time for governments, corporations, organized labor and individual citizens to recapture and reapply the power of America's free economic system. Then we will win the war on poverty, solve welfare and many of our other problems.

And our disenchanted sons and daughters will be better off if they see us setting an example of reasoned debate without name calling and angry vilification. Who knows---we might even bring back common courtesy.

# # # # #

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

1/27



EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
NATIONAL SAND AND GRAVEL ASSN. AND READY MIXED CONCRETE ASSN. CONVENTION  
San Francisco  
January 27, 1971

I just returned from a trip to Washington, D.C. and have to say it is a great place to visit but I wouldn't want to live there.

A freeway jam in California is better than drifting down the river---even the Potomac or anywhere else. Despite those freeway jokes, Californians are proud of this state's tremendous network of highways. Our modern transportation system has played an important part in making California the nation's number one state economically, and in almost every other way of measuring greatness.

This administration is keenly aware of your industry's contributions to both the highway system and to the state's economic progress. In these last four years, the state has added more than a thousand (1,041) miles of freeway and multilane expressway to California's highway system, including 672 miles of interstate roads. In that same period, 1,397 miles of highways have been resurfaced and we have completed 970 highway safety projects. And in so doing, we have saved the lives of our citizens.

While the traffic fatality rate continues to climb in the rest of the nation, the mileage death rate in California continues to go down each year. A great part of the credit is really yours. The skills, the manpower and the engineering ability of the construction industries has helped us save these lives by meeting the need for safe, modern high speed freeways and highways.

The same type of construction genius shortly will be completing one of the greatest engineering feats of all time, the California Water Project.

In both these massive endeavors, it must be noted that we are keeping faith with those who are concerned over environmental protection and we shall continue that as a top priority consideration. I am sure you are aware of the tremendous efforts the state has undertaken in recent years to protect the building of highways and other public projects.

We share a common concern about the future of our state and our nation. The prosperity of your industries and the economic well-being of our citizens is dependent upon maintaining a creative partnership between industry and government.



Two months ago, our newly-created construction industry (Labor-Management Task Force) began seeking ways to stimulate building activity and employment in a field that has been severely affected by the national economic slump and the long-term decline in federally-supported construction projects.

This 28-member committee, representing labor, the construction industry and state government, is exploring various means of achieving these four main goals:

1--Alleviating unemployment in the construction industry.

2--Examining possible ways to obtain increased federal financing for construction in California.

3--Developing ways to stimulate general heavy construction in this state; and

4--Improving communications among labor, management and government so that we might work together to find solutions to our mutual problems in the construction field.

The four-member steering group that evolved held its first meeting last month and spelled out two major tasks for the full committee.

First, the committee was to verify that no available governmental construction funds are idle in California. This has been done.

Second, the working committee is to define in detail the major areas of construction unemployment, by locale and by building trades. This is being done now.

The next step will be to examine ways of channeling our available construction capital into the areas and the building trades which are experiencing the most severe unemployment.

The steering committee of this project includes State Public Works Director James A. Moe, Deputy Director George Smith of the Department of Industrial Relations, Al Clem of Operating Engineers Local No. 3 and Dick Munn of the Associated General Contractors.

While there is no single solution, this group will be of great help in defining more clearly the major causes of the construction slowdown and suggesting realistic solutions.

The state already has taken a number of actions to stimulate the construction industry and there are some encouraging signs of a pickup of building activity, particularly in the housing industry.

We have worked with federal officials on programs to encourage home-ownership, including expanding the means of financing home purchases. And we have joined with private industry and the federal government in mustering the economic and technological resources that will be necessary to meet the national goal of 26 million new and rehabilitated housing units by the end of this decade.

The efforts of the State Department of Housing and Community Development have been instrumental in securing an Operation Breakthrough prototype site in Sacramento to demonstrate one form of innovative housing. This project is one of two west of the Mississippi and one of nine in the country.

During the next year, they will begin an evaluation and summary of the housing available to all economic segments in California. This has never been done before and will include developing housing production goals for 1972 in California and for five years in the future.

In Washington, I had an opportunity to reiterate California's grave concern about the U.S. Transportation Department's policy of withholding federal highway funds needed to complete the federal interstate system and related road projects.

We favor a stepped up effort to release these funds. During the height of the national effort to control inflation, when President Nixon called upon private industry and the states for voluntary reductions in construction to <sup>help</sup> fight inflation, California responded with immediate cooperation.

There is evidence indicating the worst of the inflationary cycle is over. Now the most compelling economic problem is the under-utilization of industry's productive capacity, especially in the construction industry which is so vitally affected by the slowdown in distributing highway trust funds.

During the final quarter of 1970, the California Division of Highways had a total of 421 construction contracts underway with a total value of \$994 million. While this represents a substantial amount of activity, it was the first time in almost two years that the value of contracts underway had slipped below the \$1 billion mark.

The balance in the National Highway Trust Fund is estimated at some \$2.8 billion of which our share is about \$250 million.

If this money is released in the orderly manner that Congress intended, it could provide employment for approximately 18,500 workers in California.

The basic reason for unemployment today is not any inherent weakness in the private sector or our national economy. The problem is not that the private sector of the economy is incapable of providing sufficient job opportunities. Nor is there a lack of legitimate needs to fill, things to build or services to expand to achieve the great dreams we all have for the future.

But I do not share the view of some in government that we can afford that future if government takes more of the people's resources in taxes and more from our industries.

We can only afford the future if government's share is steadily reduced to a more reasonable level. And this, ladies and gentlemen, cannot be done unless government comes to grips with the single, greatest problem confronting the state, the local governments and the federal government. That problem is the constantly escalating costs of welfare and Medi-Cal.

Welfare as it has evolved in our national, state and local public assistance programs has no goal. It offers no reasonable prospect for reducing a financial burden that has become intolerable and in that sense, it is a disaster. The case for reforming welfare does not require further debate--the time has come for action.

Let me emphasize that this does not mean turning away from our responsibility to the truly needy--the elderly who need assistance and the blind and the disabled--the people with legitimate claims for help who have no one to turn to but us. These are not the areas of welfare where the problems and the abuses exist.

Much is being said these days about the increase in welfare being due to the present economic slump. But we are deluding ourselves if we think the welfare problem will be solved or even eased with the return of good times.

During a year of virtually full employment (1968-69) when the unemployment rate in California was at its lowest rate in 15 years, the total number of Aid to Dependent Children recipients went up 25.2 per cent.

Five years ago, one of 15 Californians was receiving Medi-Cal; today it is one out of nine. And this program provides benefits far more generous than the working citizen can provide for himself or his family.

These two areas of welfare--the AFDC program and Medi-Cal--have caused the greatest increase in costs. And in these two areas, there is the greatest potential for reducing costs by totally restructuring the entire system and eliminating the abuses that now

One of our first goals is to clearly distinguish between the employable and the unemployable. The aged, and those whose disabilities are permanent, should be removed from the present welfare structure and put on an automated pension system.

Their monthly checks should be sent to them automatically and revised periodically to reflect cost-of-living increases. There is no need to maintain a costly welfare bureaucracy to administer this type of pension program. We don't need social workers dropping in on the elderly to see if they are still growing old.

#### STRENGTHEN FAMILY RESPONSIBILITY

This would leave only those adult recipients who are potentially employable, but who for whatever reason do not have a marketable job skill to take into the job market. We have proposed they be transferred to the jurisdiction of the Department of Human Resources Development. There, the full efforts of this Department's job training, job development and job placement programs should be coordinated with rehabilitation efforts to put every able-bodied adult welfare recipient into productive employment.

Hopefully, the bulk of these placements would be in the private sector. But in the interim, able-bodied recipients should be directed into programs where this unused manpower could be used constructively. We are asking all levels of government--state, county and local-- to catalogue all those things in the public area which we are not now doing---possibly because of lack of funds or manpower.

The whole field of environmental improvement and protection is just such an area.

No one objects when volunteer crews of concerned citizens or students form work details and do something to restore the beauty of the countryside.

Those of you who were in the service must remember those special details. If the services can require our soldiers and sailors to productively utilize their spare time to help clean up their environment, no one should object that it is too humiliating or demeaning to ask able-bodied welfare recipients to refurbish parks and trails and otherwise make a constructive contribution to society.



Now, such public type jobs should not displace any present employment patterns and certainly there should be safeguards to prevent such a program from becoming a way of obtaining cheap labor. That is why, as a former labor leader myself, I am confident that organized labor would be willing to help government pin-point those tasks that able-bodied welfare recipients could perform without interrupting the normal job market. Instead of the demeaning spiritual destruction of the dole, such a program of public work would give able-bodied welfare recipients the pride of knowing that they were doing something constructive to make California a better place.

I am under no illusion that undertaking this massive shift of direction in welfare will be easy.

It will require the support of our citizens and the cooperation of the federal government. Welfare spending and welfare abuses cannot be controlled unless states are given the flexibility to undertake pilot reform projects and the administrative authority to eliminate the loopholes that permit some of the ridiculous abuses that now occur.

I use the word "ridiculous" advisedly. No word better describes some of the absurd conflicts that tie the hands of states trying to control welfare abuses.

The court rulings that deal with narrow points of law and the federal welfare regulations that seem so logical and so reasonable to the bureaucracy in Washington look different from this side of the Sierras.

Right now, California and some other states have become embroiled in a running controversy with the federal government over what has become known as the "conformity" issue. The dictionary defines conformity as action "in accordance with some specified standards or authority."

By conformity, the federal government means that we must live up to an established standard of assistance. The question is: Does California live up to such a standard?

We rank No. 1 in average aid to the blind and our monthly payments are \$55 per month above the national average. We rank second among all states in average aid to the disabled and our payments are \$42 above the national average.

We rank third in average aid to the aged with payments \$38 above the monthly national average, more than any other major state. And we are 15th in aid to dependent children with monthly payments \$5 above the national average. We rank No. 1 among all the 50 states in the



Now I suppose we are "out of conformity" if we pay more than any other state in one welfare category, more than 4 states in another, more than 48 in a third, and more than 35 other states in the fourth major category of public assistance? But this isn't exactly the way the government has found us "out of conformity."

I am sure you recall the famous U.S. Supreme Court decision two years ago which declared that California and 39 other states no longer could require a reasonable period of residency in order to qualify for welfare benefits. The court said this would infringe on the welfare recipient's right to travel.

During the coming fiscal year about 59,600 people who would not have qualified for benefits under California's previous one-year residency law will be on the welfare rolls. By the end of 1971-72, the residency ruling will have added another \$160 million to the cost of welfare since the impact of that court ruling was first felt in California. Again the word "ridiculous" becomes appropriate.

Arizona also found itself accused of being "out of conformity" recently, not because it doesn't pay the "instant welfare" that the Supreme Court decision requires---it does that. Arizona is accused of being out of conformity because it stops paying 90 days after the welfare recipient becomes a non-resident!

In that strange and complex world of federal welfare regulation, residency is one thing when you are arriving and something else again after you have gone.

Other conflicts are just as absurd. Several years ago, a laudable effort was initiated to offer incentives to welfare recipients to encourage them to take jobs and hopefully to cease being public dependents. The intent was good, but the result of the federal formula that was devised to accomplish the goal has become a legal loophole that permits incredible abuses.

The effect of this loophole gives the working welfare recipient a better and generous schedule of allowable deductions than the working taxpayer receives. And it results in an unfair discrimination between welfare recipients who have other income and those who do not.

A recent survey involving almost one-half of California's welfare recipients showed that the earnings or outside income of those welfare recipients who work averages about \$346 per month. The average welfare grant, added to those earnings, is \$186 or a total of \$532 a month. Yet mothers of dependent children who have no outside income receive

average grants of \$21 ---only \$21 more than the amount of aid given to employed recipients. That is the practical result of this complex federal welfare regulation.

We think simple fairness suggests that the amount of the welfare aid given to recipients with outside income should be reduced to make it possible to increase the grant allowed to those who have no outside earnings. Yet when California tried to do just that, lawyers for an OEO neighborhood legal group obtained an injunction to prevent it.

#### MEDI-CAL

The federally-financed program of Medicaid (which we call Medi-Cal here in California) contains similar examples of glaring injustice to the truly needy citizen and to the taxpayers who finance the program.

The Medi-Cal system was adopted before I took office and it started going into the red that same year. We have had difficulty keeping up with its soaring costs every since because of a rising caseload and also because Medi-Cal offers a far more generous array of medical benefits than the average citizen can afford for his own family. In addition to the basic health care services (physician and hospital costs and so on) Medi-Cal also must pay for such benefits as occupational therapy, chiropractors, dental care, optometrists, home health agency services, psychologists---a list of more than 20 categories for which the recipient pays nothing. Most private health care plans---the types which cover you and your employees and most our citizens---offer one-half to two-thirds fewer benefits than Medi-Cal. And in many of these private plans, the person receiving the care must make at least a small copayment for the services rendered. Medi-Cal recipients pay nothing.

The result of that is predictable. In fiscal year 1970, the cost of Medi-Cal on a per capita basis was about \$517. During that same year, the per capita expenditure for health care in the United States as a whole amounted to about \$312 per citizen, or about \$205 less than what Medi-Cal costs.

One of our goals in California is to place the same type of user responsibility on those who benefit from Medi-Cal. This would include some sort of reasonable system of copayment or deductible, but including, of course, whatever realistic provisions necessary to allow for emergency or catastrophic illness.

To those who say that requiring a small token copayment is cruel or unreasonable, the question must be asked: Is it reasonable to ask the working citizen to finance a better and more comprehensive program of health care services for welfare recipients than he can afford for himself and his own family? We have copayment in other public health care programs such as Medicare.

Some type of modest copayment is necessary to eliminate over-utilization and to bring Medi-Cal costs under reasonable control. Even the British system of nationalized medicine found that it is necessary to impose a small token copayment to control over-utilization and to avoid bankruptcy.

We will need federal authority to implement this. We will also need federal authority to eliminate the loopholes that make the present welfare system so unjust and so unmanageable. Confusing and conflicting regulations must be changed or clarified, by administrative decision if possible---by congressional action or court challenge, if necessary.

We must establish realistic eligibility standards so that only the truly needy may qualify for assistance. We must establish a realistic ceiling on the amount of earnings or other assets a family may have and still qualify for welfare. In all of these reforms we must always aim to strengthen family responsibility as the basic element in society.

If we do not, we will be failing both the taxpayer and the truly needy. It is this last group---the blind, the needy elderly among us and the disabled--who are the real victims of our unworkable welfare system. Because our resources must be stretched so thin to accommodate more and more on the welfare rolls, we are not able to provide all that we would like to those who need help the most.

I have told the legislature in California that we have reached a time for choosing. We can meet the fiscal problems caused by welfare spending or we can stand firm and demonstrate the courage to cut the size and cost of government. We must fight for these realistic reforms because welfare is eroding this state's ability to finance all the other services that government is called upon to perform.

The constantly escalating price of welfare is sapping our ability to adequately meet the costs of education, recreation and park development, environmental protection, economic development and transportation.

Last year--for the first time--the state had to use some of the truck tax revenues to help balance the General Fund budget and meet the increased cost of welfare and school aid. Previously, this tax had been reserved for highway uses.

I have informed our legislature that I will submit a budget this year that can be balanced without a tax increase. Please note that I said can be balanced. To accomplish this will require some hard,

realistic decisions ( welfare, Medi-Cal and a t gh stand against unnecessary cost increases in those areas of government which have not been getting a maximum return for every tax dollar spent.

We will never be able to provide all that we would like to invest in the essential tasks of government until we bring welfare spending under control. Unless this burden is checked, we face the prospect of a tax increase this year, next year and every year. So does every other level of government.

The ever-increasing tax load necessary to support welfare's insatiable demand for public funds has become an intolerable drag on government and the economy. Permanent economic prosperity cannot be achieved until government reduces the share it takes from our citizens and lets those who produce keep more of what they earn.

It is the individual's earnings--invested in personal savings or expenditures of his choice--which fuel the private enterprise system. And it is that system which provides the permanent jobs that keep people permanently off the unemployed lists and the welfare rolls.

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



1/31



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JANUARY 31, 1971.

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
to Convention of RSCCC, Memorial Auditorium  
Sacramento  
January 31, 1971

As you can well imagine my mind has been turning back to that first time we met under these same circumstances four years ago. Then we were in the first month of a brand new administration. Now it is the first month of a second term and we are all a little older, a little wiser and still a few votes short in the legislature.

If I seem a little more subdued now than I was on that first occasion it has nothing to do with the passage of years. It is only that self confidence is what you have before you understand the situation. I have greater understanding now of how George Blanda feels when he laces on his kicking shoe.

But like George Blanda I have an abiding love for the game. Maybe at this moment I should be drawing a parallel with someone else---a freshman at Notre Dame in the days of Knute Rockne. The squad was so big on opening day of football practice that Rock decided to thin it out in a rather primitive manner. He lined them up in two lines facing each other and put a soccer ball down between them. Then he explained that they would loosen up by trying to kick the ball over each others goal line. And he made it clear that in the process a few shins might get kicked but football called for courage so that should not stop them. Then he looked down and the ball had disappeared. He said, "all right where is it---who took the soccer ball?" The pint-sized freshman said, "never mind the ball Rock---when do we start kicking?"

We need to remind ourselves that even though we are up to our belly in alligators we came here to drain the swamp.

Some of us here owe a great deal to the rest of you for the unselfish dedication and hard work which made it possible for us to be in the starting line-up. We have all been through a great deal together. We have known defeat---indeed lived with it when it seemed too much to bear. And we have known victory---not first on election day but in the triumph of the ideas we share.

With all the election post mortems there has been a strange silence about one facet of the 1970 race. Why is it that when they count and recount noses of winners and losers trying so hard to establish whether the trend was liberal or conservative they don't compare what it was the candidate said?

Our struggles of the last few years have produced more than we knew. With very few exceptions our opponents were running on our platform. And the exceptions in most instances were not elected.

To paraphrase a one-time Republican presidential candidate whose philosophy was more in evidence in 1970 than it was in 1964---in viewing our opponent's campaign utterances we could say "In our hearts we know they were right." Of course, it will be interesting to match performance with promise.

So everything did not turn out exactly the way we wanted. We are told one of our campaign stalwarts, Vice President Agnew, failed in his effort---I guess it is true---Albert Gore and Charlie Goodell told me it was. If we played out the script the political pundits have been writing since election day we would move for adjournment and spend the next four years saying "please."

When we entered the decade of the 60s. only one of the six constitutional offices was held by a Republican, 11 of the 40 seats in the state senate and 28 of the 80 assembly seats. Now we enter the decade of the 70s. with five of the six constitutional offices, 19 senators and 37 assemblymen. And a Republican occupies the White House.

No that is not the total we need to accomplish all the goals we have laid out for ourselves and which have evidently earned the approval of the people. But if we stand together we have a veto power which can make impossible a repeat of the disgraceful gerrymanders of the 60s.

Thousands of Californians are still being cheated of their correct proportional share of legislative and congressional representation as a result of a cynically and deliberately contrived imbalance. One only has to look at the near sweep in statewide offices and the entirely different result when votes are counted by districts to see what they accomplished. In this last election 48 percent of the vote cast in the senate races was for Republican candidates but we only won 37 percent of the races.

Nine of the districts with the largest population are represented by Republicans. Nine of the smallest by Democrats---and several of these campaigned the loudest in favor of "one man one vote." Of course they like to know in advance how that one man intends to cast his one vote. A Republican congressman is a "shoo in" in California's largest congressional district but a Democrat holds the seat in the smallest district which has less than half the population of the other.

Large communities of particular ethnic groups like our fine citizens of Mexican descent have been gerrymandered and cut up so they have no chance to choose either legislative or congressional voices representative of their particular problems. This time re-apportionment must correct that injustice.

As the number onestate we will increase our congressional delegation by five---the largest in the nation. Those five seats are not political plums to be awarded one party or the other. They are opportunities to provide representation for Californians who share geographic and community interests. They can have this only if we all stand together when the crunch comes. Let one of us peel off and try to go it alone and we will see the end of our chance to influence the course of California ever again in the lifetime of most of us. I have faith that will not happen.

In only one of the last four years did we have a majority in the legislature. Even then our lead was so narrow it disappeared if someone got held up in traffic. But let me give you just one revealing example of what it means to hold that lead. For four years I have sent budgets upstairs as the law requires. The only time I did not have to blue pencil tens of millions of dollars or even a single penny out of the budget sent back to me by the legislature was the one time that legislature was under Republican leadership. Last year the legislature returned a budget no bigger than the one I had submitted and it was signed

This week I will submit another budget. Seldom has one had so much advance billing. Predictions have been made that it will be out of balance by as much as \$750 million. And it would be if we accepted the premise of those who believe government has no need to curb its spending, that its wants as well as its needs must be funded and that welfare is sacrosanct in all its profligacy and its failure. Personally I reject that premise as false and totally unacceptable.

I will submit a budget balanced by virtue of a reduction in government not an increase in the tax burden borne by our people. There will be resistance and cries of anguish as I said in the State-of-the-State message. There will be some reductions and postponements we would rather not have made. But government, like the family, has moments when it must defer and cut down until times are better. The key to balancing the budget will be the legislature's willingness to join in reforming welfare and Medi-Cal. This is a task long overdue and one which should be undertaken even if there were no fiscal problems. It is a misuse of public funds to continue the immorality of these programs which victimize those who pay and those who are most in need.

One of our opponents in his criticism of this policy stated as clearly as anyone could the basic difference in philosophy separating many of us in these recent years. He said the governor believed government should take the revenues provided by the people and apportion them out among the various departments and agencies of government as far as they would go. And this he said was just backwards. In his view, we in government are supposed to decide what the people should have and then tax them for whatever the cost will be.

I am content to let the people decide which of us is doing things backwards. I doubt there is any partisanship among them in this matter. They have told the pollsters in recent months---Gallup, Harris and the others---they have come to the end of their patience, that the cost of government must come down.

Typical is this letter from a fellow Californian:

"Dear Sir:

"It is only a rare occasion that I complain to anyone about my lot in life, let alone to a public official. But you see as I review my troubles it becomes graphically clear to me that a very substantial part of them are caused by public officials.

"I am 42 years old, my wife 38. We have six children, and I make \$18,000 a year. We can't afford to send our kids to college and we have very little savings." That is easy to understand when you consider his direct taxes last year approached \$4,000. He goes on: "There are some complaints from one of the majority---a majority that I don't believe is going to remain silent much longer. I'm tired of paying taxes to education to enable the recipients, students and faculty, to tell me I'm stupid and can't understand their attitudes and aspirations.



"I'm tired of providing aid to dependent children when there are 170,000 nonpaying fathers in Los Angeles County alone. I'm tired of paying for welfare when nothing is done to get those people to work or off the dole. I'm tired of paying it to people who then appear on TV to tell me I'm a dirty slob for not giving them more." Possibly he referred to a representative of the National Welfare Rights organization who appeared before a committee of Congress and demanded:

"Everyone in this country has a right to share the wealth. The money has gone into the pockets of the middle class." She added that if she did not get her share they would disrupt this state, this country and this capitol. No one on the committee pointed out to her that every dollar going into those middle class pockets was earned by the middle class hands of middle class people without whom this whole system would grind to a halt and those middle class citizens are already in danger of becoming the new poor.

But back to the letter---incidentally the writer has never even collected unemployment insurance. He spent six years in the Navy and he has a university degree. He concludes: "I'm tired of my allowance of two six packs a week, tired of telling my wife of 22 years we can't afford an evening at a nice restaurant. I'm really tired---not because I don't want to pay my fair share. I'm not tired of working or of doing my part to make this nation a better place for all of us. It's just that millions of people like me have paid our dues---why is there no reward? We till the earth, why is there no harvest?"

I don't intend to answer his questions by increasing his taxes. Nor do I believe he is in the mood to hear profound theorizing. Not too long ago John Kenneth Galbraith spoke from his lofty tower about the horrendous problems of "Fun City," whose budget incidentally is a billion dollars bigger than the budget for the whole state of California. He said, "There are few of New York City's problems that would not be solved if you just doubled the city's budget." Well they tried that---five years ago the city budget was \$3.8 billion and now it is more than doubled---\$7.7 billion---and somehow all the problems remain. Of course, things are better for some---they're putting welfare recipients up at the Waldorf. Double the budget again and they could make it public housing.



We have talked of unity and we have achieved unity and we have election victories to prove it. But winning elections is only the beginning of the battle. Do we realize yet that we are engaged in a counter revolution? That we are trying to achieve a fundamental change in people's relationship with government? That more people are going to learn to stand on their own and like it? Some who have known government subsidy must instead begin to pay---commensurate with their ability so we can concentrate on those in real need. At the same time we must increase the share of the people's earnings they are allowed to dispose of as only they see fit. As the new Prime Minister of England said, "this is a task not just for the period of one government but for a generation."

You are needed now more than you have ever been needed. We go beyond unity in election campaigns. We must have your faith. When many snouts are threatened with forcible withdrawal from the public trough it makes waves. A whole cult of social scientists, sociologists and economists long in power are howling with rage and pain as we seek to reverse the course they have charted for this nation, indeed the world.

We must trust each other with the understanding that disagreements over tactics and strategy cast no shadow whatsoever on our mutual dedication to our revolutionary goals.

This will not be easy. Constant criticism can erode our confidence like water wearing away stone. Since the last election there has been the repeated refrain that Republican leaders were intemperate in their rhetoric and, therefore, are responsible for a polarization among our people. Try as we will to resist eventually a tiny doubt edges its way into our thinking. Never mind that we cannot actually recall an inflammatory statement for which we should feel apologetic---we feel apologetic.

But what of the callous, bad taste remark directed against the vice president by one of the former stalwarts of "Camelot"---"If the Vice President doesn't like our young people let that Greek go back to Greece." Or the distinguished president of an ivy league university who said "Agnew and Nixon are political hucksters. Their campaign speeches raised a stench that makes the traditional red herring smell like a rose.

The recent Nobel prize winner in economics, Professor Paul Samuelson, in his acknowledgement of the honor used the occasion to ungraciously attack President Nixon. He said, "The President should rejoin the human race and join the campaign to get the economy moving again."

Economics is an inexact science---which possibly explains Professor Samuelson winning an award. He authored a textbook called "Economics. An Introductory Analysis" in 1948 which is still used on our campuses. In the book in 1948 he wrote, "If price increases could be held down to less than 5 percent a year such a mild, steady, inflation need not cause too great a concern." In 1955 the third edition of his book came out with one minor change---that mild, steady 5 percent inflation had gone down to 3 percent. The fourth edition came out three years later and the figure was changed to 2 percent and by 1961 he was saying it shouldn't exceed 1½ percent.

As the editor of the Boston Herald said: "If Dr. Samuelson reserves the right to recalculate the danger of inflation every time he brings out a new edition of his textbook he ought to be charitable enough to not read the President out of the human race for his miscalculating the same danger."

Of course, there is no real evidence that the President has miscalculated in what is obviously a most delicate and dangerous task.

In 1966, 1967 and 1968 the previous administration chose to afford guns and butter and no tax increase to pay for this luxury as the Vietnam conflict was escalated into a major war. In those three years there was full employment---a situation which even Lord Keynes said should be used to bring on a balanced budget and a surplus. Instead Washington piled up more than a \$40 billion deficit and inflation doubled, tripled and almost quadrupled. That upward spiral has been slowed by this president's decision to take on inflation. It has not been halted or reversed because you just cannot do that without a cataclysmic crash. He must walk the line between depression or re-igniting the fire of inflation.

Those who were part of the government and the policy that caused the problem are now carping critics of the economic slump and the unemployment the price they did not have the courage to pay after they had touched off the inflationary flame in the first place.

No one looks lightly on the plight of a willing worker unemployed through no fault of his own. But sometimes it seems the problem of unemployment like wine has vintage years when it is of greater interest than at other times. It makes you a little nostalgic for those days of the Kennedy administration when unemployment averaged 5.7 percent and yet in two years of frequent presidential press conferences not one question was ever directed to the president about unemployment.

Let us ask those who complain of the temporary dislocation brought on by the effort to curb inflation and the additional readjustment as the war is wound down---what would our problem be if Richard Nixon had not had the courage to take both the anti-inflation action and the policy of Vietnamization?

I was in Washington last week. There is always a fringe benefit in visiting with the president---you don't feel quite so sorry for yourself after you see his problems. It was the time of the State-of-the-Union address. Since then all the voices of derision and disagreement have been raised. But look beyond their words to the real reason for their discomfort. He called for revolution in a consistent reiteration of the policies he espoused in the campaign of 1968.

He asked for reorganization of the top heavy governmental structure. A return of resources and power to local and state governments which in just this first step he has proposed would reduce the bureaucracy in Washington by an amount equal to the whole structure of California's state government. He has asked that the defenses of this nation neglected and weakened under McNamara be brought up equal to the need. He asked for environmental protection and new parks. And the consistent note in all the criticism of these perfectly logical goals is "we must not let him have them." As if he were asking for personal favors instead of things beneficial to all the people.

He is opposed by a majority in Congress and 54 presidential candidates in the Senate. Last week a few of them were here in Sacramento. They had a wet finger in the air testing the direction of the wind. Then uttered statements so silly you have to assume they did the testing with their mittens on.

Dare they look back two short years? Five hundred and fifty thousand young Americans were in Vietnam and hundreds of them were dying each week. The South Vietnamese were incapable of taking over their own defense nor did it seem likely they ever could. Today American forces have been reduced by half and casualties to a tenth. The South Vietnamese army is rapidly becoming one of the most formidable forces in Southeast Asia and by May American combat troops will be down to 60,000.

Two years ago American cities were under constant threat of riot and pillage and our campuses were focal points of disorder and disruption. Who will dare say there has not been a change?

Should there be mistrust of this administration or is it that mistrust in government was created in an earlier time and people just have not come to realize that a change has taken place.

Those things I have mentioned that we would like to do in Sacramento and those goals the president has announced for his administration in Washington can be accomplished in only one way. The people must raise their voices. They must make it plain their demand is for change and consolidation---decentralization and expanded freedom not partisan bickering or bureaucratic power hoarding. A native America has had it with new deals, fair deals or deals of any kind.

Several years ago a refugee from the Nazis who had become a great and beloved teacher in our land said of the great society "I don't want their great society. All I want is the American Republic where public matters are public and private matters are private, never the other way around."

In our meeting last week I told the president it was my intention to head a delegation of California Republicans at the National Convention representing every segment of our party and pledged to his renomination and re-election. I hope that meets with your approval.

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2/9



EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
GOVERNOR'S INDUSTRIAL SAFETY CONFERENCE  
Biltmore Hotel, Los Angeles  
February 19, 1971

Challenge never has stopped the people of California. Despite the cries of gloom and doom from the Chicken Littles of our time, California still is experiencing phenomenal growth in almost every aspect of its economy.

Vast changes continue to bring sweeping improvements and expansion to our manufacturing and service industries. This progress and these material blessings also bring problems for those whose responsibility it is to work for greater safety on the job, on the freeway and in the home.

Every industrial accident is a tragedy--to the victim, to his family, his co-workers and to society. In 1969, the most recent year for which we have complete statistics, there were 218,000 disabling industrial injuries in California and 759 industrial fatalities.

The loss from these accidents in human terms cannot be calculated. But the financial impact of the wage earner's loss of life and limb can be measured in dollars. The injuries and deaths from industrial accidents in California for 1969 will cost more than \$350 million in Workmen's Compensation Insurance benefits. And that is only the direct impact.

Counting indirect costs for lost production time, damage to equipment and other such factors, our experts tell us that California's financial loss because of work injuries and deaths in 1969 probably exceeds one billion dollars or about \$50 for every man, woman and child in the state.

But all of this is only part of the story. The more agonizing cost is in human suffering, the grief and heartache, the homes disrupted because of a needless accident or death.

It may never be possible to completely eliminate the hazards of life. But we have made considerable progress in eliminating unnecessary risks and in learning to avoid or prevent those hazardous situations which can bring injury or death.

California has been a pioneer in developing effective safety codes and procedures and the results show up in the statistical tables. Our industrial injury rate has been lowered by more than 25 percent in the past 20 years. And I am proud that some of the most spectacular progress has occurred during the last four years. California's all-time low injury rate of less than 31 (30.8) injuries per thousand workers was established in 1967. This was followed in 1968 by the second best rate in the state's industrial history. There was a slight fractional rise in the injury rate in 1969. But preliminary figures indicate that a new all-time low will be established in 1970, possibly as low as 30.5. Injuries for the year 1970 will total about 5,000 less than for 1969.

These gains are important. Every accident that doesn't happen saves immeasurable human suffering. It also produces substantial dollar savings in our economy.

At meetings such as these we can all work constructively for a common objective. Both labor and management are interested in safe working conditions because each suffers when a preventable accident occurs. Government and the private sector have a common goal.

Laws and regulations, as necessary as they are, are only standards against which specific work situations and conditions can be compared and evaluated.

The official regulations are merely the framework upon which the rest of an effective safety program is built. They contain the letter of the law, but to implement the law in a constructive manner requires the cooperation of men and women like you who are here today. It is your daily task to carry out the spirit of the laws designed to protect you and your employees and co-workers. Our job in state government is only to help.

We in state government recognize that safety is not something that requires our attention only during working hours. Accidents are not limited to the job or to the age brackets of citizens who hold full-time jobs.

And the subject of safety cannot be discussed without mentioning the continuing mass slaughter on the highways. While we are proud of the continuing decline in the traffic fatality rate in California, no one can take comfort from statistical charts that still spell tragedy and heartbreak each year for thousands of our citizens.

We are making progress in developing new ways to prevent this violence on the highways. The introduction of seat belts, collapsible steering wheels and increased passenger compartment padding have contributed to this gain.

Automobile manufacturers, spurred by both government directives and an increased public demand, are working to provide a wide variety of safety features in the design and construction of vehicles.

This same safety factor is now an important part of highway design. The Interstate System offers impressive proof that our high-speed freeways can be made safer and carry a larger volume of traffic at the same time. We are improving other roadways through the elimination of obstacles along the right of way and by such innovations as the use of breakaway sign posts.

All these mechanical and engineering devices are helping reduce the traffic death toll in California. Still, we know that improving the machine or highway can only do so much to reduce accidents.

The driver represents the more difficult part of the equation. Even in an age of automation, effective traffic safety regulations require dealing with the driver's own careless or negligent attitudes.

We have given law enforcement important new legal tools to deal with the drunk driver, because alcohol is responsible for more than 1/3 of all traffic fatalities.

We have doubled the number of officers in the Highway Patrol and passed a pioneering law establishing presumptive limits for alcohol in the blood of the driver. We have strengthened the officer's arrest authority.

We already have new evidence that this coordinated approach is working. Tentative 1970 figures from the California Highway Patrol indicate that the state's death rate per hundred million vehicle miles will decline from 4.6 to about 4.3, more than a full percentage point below the national average.

Our freeways seem to be a favorite target for some bent on criticizing without attention to all the facts. The truth is every added mile of freeway saves lives. The fatality rate on the freeways is less than half the rate on our conventional streets and highways.

I also want to briefly acquaint you with two major developments involving occupational safety.

The new Federal Occupational and Safety Act of 1970 recognizes on the national level that more must be done to prevent the massive losses in manpower and money from the thousands of on-the-job injuries that occur each year in the United States.

The new federal act puts the adoption and enforcement of occupational safety and health regulations under the nation-wide control of the Secretary of Labor. But the law provides that the Secretary of Labor may approve equivalent state plans as a substitute and grant financial support for up to 50 percent of the cost of such safety programs.

Frankly, one of the major reasons the federal government moved into this field is because many states failed to provide modern industrial accident prevention guidelines and the leadership necessary to maintain a high-standard safety program.

We have no such problem in California. Our Department of Industrial Relations has long been recognized as a national leader in the field of occupational safety.

And while it is too early to predict the exact effect the new federal law will have on our program, I have designated the Department of Industrial Relations as the exclusive state agency to administer California's occupational safety and health plan. In this, the department will work with both its own Division of Industrial Safety and the State Department of Public Health which has a related role.

This will provide a single agency through which to examine and develop California's further participation in the federal act.

I believe the protection of our working men and women and the adoption and enforcement of necessary occupational safety standards can be done best in California by our own experts in this field.

Since our own state regulations are superior to federal laws in many other areas of public protection, I am confident that California's plan will more than satisfy the federal standards. But it is important that we receive your support.

The second major development is more in the nature of a preview---a little advance billing for the year-end report of the program to reduce occupational injuries among our state employees.



We inaugurated this program a year ago to reduce the number of disabling injuries to employees in state government. In 1969--the year before we adopted this program--3,722 state employees suffered job-related disability injuries and 22 died. The state lost 91,566 productive work days, but this was only incidental to the physical and mental anguish of our employees and their families---suffering that might have been prevented in many cases.

The full results of our new program will be disclosed in a few weeks. We did not achieve our first year objective of a 10 percent reduction in accident rates, but we did reverse the upward trend in a dramatic way. The statewide accident rate has been reduced from 18.0 disabling injuries per million employee hours of work in 1969 to 17.3 in 1970. The number of work days lost dropped 12,133 and most significant there were 126 fewer disabling injuries, and nine fewer deaths in 1970.

Many of the accidents which cause so much suffering and financial loss can be prevented. Death or injury is too great a price to pay for carelessness. The people of California join me in wishing you success in your crusade for safety. We are determined to achieve an equal degree of success in our own safety programs in state government.

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



SPEECH BY GOVERNOR RONALD REAGAN  
TOWN HALL, LOS ANGELES  
March 3, 1971

Mr. Chairman, Members of Town Hall, Ladies and Gentlemen:

First let me thank you of Town Hall for your thoughtful and timely invitation. I suspect that you were aware you were providing a forum through which the people of California could be reached. In doing so, you have been of great service because the people of California are confronted by a most serious problem.

In the last few days, I have been asked a number of times if the political honeymoon is over. I am not sure it ever started. On the wedding night someone said something about stepping into the next room to slip into something comfortable---and they never came back.

On January 4, in my inaugural remarks I said that unless we who had been elected to office were willing to completely reform our programs of social welfare, we would have to ask you for a tax increase this and every succeeding year as far as we could see into the future.

What we call California's welfare and health care system is in reality nothing more than a state implementation of federal mandates approaching \$3½ billion in cost and leading us into sure bankruptcy unless we have the courage to choose another course before it is too late.

If misery loves company the theme music for the National Governors Conference in Washington last week must have been "Hearts and Flowers." Those states which have breezed along without having to tap all the potential tax sources such as the sales or statewide income tax are now adopting one or the other, or both. In an unprecedented crisis Pennsylvania ran totally out of state funds four days ago.

There was no partisanship at this conference nor in the unanimous endorsement of federal revenue sharing. But the topic dominating all others was welfare and how long government at any level could keep pace with its ever increasing cost. I might add there was great interest in California because we were the only state readying a concrete proposal for welfare reform. Surprising was the general acceptance that added revenues were only temporary expedients and not a permanent answer to the problem.

Certainly this is true in California. The biggest of our welfare programs, Aid to Dependent Children, increased its case load 39 percent last year and its cost 42 percent. Medi-Cal is increasing more than twice as fast as our normal increase in revenues. One out of nine Californians is drawing some form of welfare now and by the end of the next fiscal year, if welfare goes on increasing at the present rate, it will be one out of seven.

Even cutting back legitimate government services and postponing important and needed projects, we face the fact that to continue the present welfare and Medi-Cal programs without change will require \$220 million more than we have. To save the state \$220 million in welfare means reducing the total costs more than \$600 million. We cannot reduce our share without reducing costs at the county and the federal level. Or put another way, if we have to ask the taxpayers for an additional \$220 million in state revenue, we force the counties to raise property taxes another hundred million and add roughly \$300 million to federal costs. And of course the same citizen pays it all--county, state and federal. Right now, Californians are paying \$32 billion in taxes of which more than \$20 billion goes to Uncle Sam. That is a tax burden that pro-rates out at \$4,152 for every average family of four in California. A choice has to be made. Either we tighten government's belt or we loosen your purse strings and extract even more money than we are now taking. I am unalterably opposed to that latter choice.

Last month I submitted to the legislature a budget which can be balanced without increased taxes if we undertake a total reform of welfare and Medi-Cal. About two hours ago a message outlining this reform was delivered to both chambers of the legislature. I had planned a more personalized delivery of this message but a funny thing happened to me on the way upstairs.

Perhaps it is just as well, for the message is probably the most comprehensive and detailed ever submitted by any governor of this state. It calls for a sweeping 70 point reform of the entire welfare system. Legislation by the Senate and Assembly will be required in some of the proposed changes. Others can be made administratively and we will need the cooperation of the federal government to complete the package. The Social Security Act says that states should be encouraged to experiment with demonstration projects. On this basis, we are requesting the necessary waivers.



If there were no fiscal crisis, we would still have to urge welfare reform on the grounds of common sense. Present regulations are so ambiguous that court decisions have added \$441 million to the cost of California welfare since 1967 and if we lose the cases still pending, another \$1.8 billion will be added. But an even more compelling reason for reform is one of moral responsibility.

We had a task force of volunteer citizens and our own appointees and staff working on this problem last summer. The counties were doing the same and some of our reform proposals, incidentally, reflect their findings.

Reform is needed not only because welfare is an administrative disaster leading us to bankruptcy, but because it is a tragic failure for those who are destitute and who have nowhere else to turn for the most basic requirements of living. Let me emphasize this latter point because any time changes are proposed in welfare there are those who will raise a cry that we are lacking in compassion for the poor. The very opposite is true. Welfare today is spread so thin it is incapable of properly caring for the truly needy and destitute. It is spread thin in attempting to provide for too many who are not needy but who through loopholes are legally eligible to claim welfare benefits, and too many who are receiving aid illegally because there is just no way to prevent their cheating and because there is a gigantic extravagant administrative overhead bound in endless miles of red tape and born of overlapping and duplicating agencies.

I have heard the repeated statements that welfare fraud is only one or two percent and not really an item of concern---or even something you can do much about. The truth is no one knows. No one in the United States knows how many people are receiving welfare. We all know how many checks are being mailed out but we have no way of knowing how many individuals are getting several checks under different names. We do not know because regulations keep us from checking on an applicant's declaration---we must accept his word as to his need.

Recently in the San Francisco bay area, a group of citizens set out to show how easy it is to get on welfare. Some of them managed to get on as many as four times in one day in a single office. In our neighbor state of Nevada, the governor (who described himself to me as a liberal Democrat), ordered a house to house canvas of welfare recipients. (They have a limited enough population to be able to do this.) This actual head count revealed 22 percent of their welfare recipients are receiving welfare dishonestly. Some time ago a welfare conducted investigation in the District of Columbia turned up less than two percent of fraud---a congressional investigation then found it was 57 percent. Even so, I have to question whether fraud costs as much as the legal kind of cheating we have created by our own well-intentioned effort to provide work incentives. This idea (spawned in Washington) has created a whole new class of affluent poor.

An answer was needed for the individual who sees no reason to work if the dollars for working only replace the dollars he or she can get from welfare. It was decided that a proper incentive would be to supplement earnings by continuing to pay at least a part of the welfare grant. By the time they had finished "thinking of everything", the intended incentive had become a windfall known in the welfare trade as the 30 and a third formula. It goes to work when the recipient gets a job. How much of the welfare grant he keeps is determined by not counting \$30 of his earnings as eligible income, nor do you count one-third of the remainder, nor deduction for income tax, union dues, or pension plan. Additional allowance is made for clothing, child care, transportation (and this includes car payments) and finally \$25 miscellaneous. There is virtually no ceiling on earnings above which you become ineligible for welfare although we have found it usually does not go much above \$1,200 a month. At least one man in California, however, managed to keep his welfare grant plus \$16,800 a year in salary. More typical is the case I described in the current issue of "U. S. News and World Report". I gave an example of a California recipient receiving a grant of \$339 a month who took a job paying \$582 a month. The formula reduced the \$582 to \$42 countable income and thus the \$339 grant was only cut by \$29. This individual now has an income of \$892 a month--a good portion of it tax free-- and is eligible for Medi-Cal and food stamps.

Our task force surveyed those counties which together carry 40 percent of the welfare case load. We learned that working welfare recipients have average earnings of \$346 a month. Their grants in aid not counting Medi-Cal (for which they remain eligible) averaged \$186. The grants for those with no outside earnings or income are only \$21 more or \$207 a month. Simple decency suggests reducing the supplemental grant and increasing the \$207 so as to provide a more decent living for the totally destitute. Our reform proposes doing this. We will first of all provide better for the truly needy. Admittedly our first requirement in these stringent times must be balancing the budget but even so we can also improve the lot of the poor and as we put our financial house in order do so even more substantially.

Some will accuse me of citing horror stories which they claim are only isolated cases. But they are wrong, Contra Costa County estimates it has 2500 people fully employed and on welfare; 148 of them earn more than \$600 a month. Alameda County puts its figure at almost 4000 with 198 earning more than \$600.

We can have realistic eligibility procedures to eliminate or at least curtail fraud, a ceiling on earnings above which no welfare payments will be made and a reduction in the grants to those who have outside income. Able-bodied and employable recipients will be required to work or take job training and we will go after those fathers who have deserted their families, contributing nothing to their support. In California they number 250,000. We intend to provide the counties with the financial incentive to solve this problem. Properly pursued it could be used to help the counties offset their welfare expenses.

Strengthening the role of the family is basic to our proposal. It is called: "Meeting the Challenge: a responsible plan for welfare and Medi-Cal reform." Obviously time will not permit the details of the 70 point proposal we have made, but let me summarize the more important changes. First, we think the unemployables who are in fact pensioners, the aged, the disabled and blind should be removed from the welfare structure. The state will assume all administrative and grant payments for these citizens numbering about 600,000. Their payments will be automated similar to the method used in paying Social Security. There is no need for a costly bureaucracy checking to see if the elderly are continuing to get older. With the administrative savings we should eventually be able to increase their pensions so as to give life a little more dignity, pleasure and meaning.

The state would be taking over about \$92 million in present county expenses but in another area---"Aid to Families with Dependent Children" the counties would assume an additional \$84 million of cost. So the net effect of these statistics is \$8 million in savings to the counties in 1971-72.

Let me say here and now to those who have charged we intend to balance state spending by dumping the load on the counties...they are, as usual, talking through their hats. One of the absolute musts in this reform program is that there be no net cost shift to the counties. As a matter of fact, let me repeat what I said earlier, if there is no reform, county costs will go up \$100 million. With reform this will, of course, be eliminated. The \$8 million projected savings next year will grow in future years and could be as much as \$47 million in savings to the counties during 1972-73.

With the change of the elderly and disabled to a pension status, welfare will then be dealing with the potentially employable. As of now welfare is as I have described it "at sea without rudder or compass." Just putting ever increasing numbers of people on a dole and providing food and shelter is not a worthwhile goal. These people are not a faceless mass---they are individuals with individual and unique reasons why many have been unable to get into the competitive labor market. Finding and treating with that unique and personal reason will give welfare a purpose and a goal. The goal must be to eliminate, if possible, the need for itself. We must begin to measure our success by how many people we have removed from the rolls each year, not how many we have added. We intend to place the employable welfare recipient under the jurisdiction of the Department of Human Resources Development. This department's total effort is devoted to job hunting and job training. Social workers assigned to this new jurisdiction will be judged not on the basis of how many people they place on welfare, but how many they place in jobs. This entire concept was born of recommendations made by the County Supervisors Association.

California has not been hesitant about job training programs, quite the contrary. The only major government funded program now dealing with welfare job training is "WIN"---the work incentive program. Almost a third of all those who have obtained jobs through "WIN" in the entire nation, have done so in California.



Now we propose going further. The able-bodied employables will be expected to work in a public work force if they are not engaged in a job training program. They will receive the same benefits they are getting now, but will in return work at public assistance jobs which will benefit the community and the state. These will not be boondoggles or meaningless tasks for some punitive reason of "work for the sake of working." Every department of the state has been told to list those things it would do if it had the manpower and the funds. In addition, local government will be asked to provide work which can range from supervising school playgrounds and helping in child care centers, to working in the field of environment. Los Angeles County has already proposed using recipients as school watchmen to prevent vandalism. The program will be permanent but the individuals will be as temporary as we can make them. Every effort will be made to move them from this public work force into jobs in the private sector.

If an individual refuses to take a job when it is available, participate in a job training program or in this interim public work force, he or she will be denied further welfare assistance.

This, very much briefed down, is the direction our welfare reform takes. There are, in addition, changes in eligibility standards, elimination of unnecessary red tape and paperwork, increased auditing of abuses, flat grant computations and prior month budgeting to determine the size of welfare grants.

The goals are simple and straight forward: to increase our assistance to the truly needy; to require those who are able to work to seek work, train for a job or serve their community if asked as a reasonable condition for receiving welfare; and to strengthen family responsibility as the basic element in our society.

Then we propose to reform our health care program, known as Medi-Cal. This program went into operation in the spring of 1966. By spring of 1967 it was in financial trouble and was bogged down administratively with providers of service waiting six months or more for payment. Some of the management snarls have been taken care of but not the problems created by its unlimited benefits plus the case load explosion in welfare

The working men and women in California who pay for this program are providing a level of health care for the others, that they can't possibly afford for themselves. Most health care plans or industrial and union programs offer no more than eight services with the individual paying part of the cost for each of those. Medi-Cal offers 20 totally free services with no restriction whatsoever on utilization.

In 1967 there were 97 claims of Medi-Cal for every one hundred participants---today there are 141 claims per 100 enrollees. The per capita health care cost per year for the average citizen is \$312. The average cost per Medi-Cal recipient was \$517 last year. We are proposing legislation to bring Medi-Cal benefits in line with those which the tax-paying citizens can afford.

Instead of a no-limit credit card Medi-Cal will provide a card good for the same amount of health care services the average citizen uses each year. Provision will, of course, be made for the cases of catastrophic illness or accident or emergency. To control over-utilization we propose a partial or token payment by every Medi-Cal patient for the services he receives---a dollar for each visit to the doctor or for each drug prescription, etc. The provider would collect this and bill Medi-Cal for the balance.

In North Carolina a test was run on drug prescriptions alone and utilization was reduced by 25 per cent. In England socialized medical program token payment resulted in almost 10 percent reduction when tried.

I know that many will see our proposed welfare reform only as a device to balance the budget and this will lead to charges that we are placing dollars above human beings. To do so is at best the cheapest kind of demagogery and at worst selfish, irresponsible protection of self interest.

Of course, we seek to balance the budget; the Constitution and common sense require that we do so. What is the alternative? An increase in state taxes which must be accompanied by a corresponding increase in county taxes and further deficit spending at the federal level. And if all of that is done, it must be repeated again and again until the very system collapses.

In the meantime, welfare goes on failing those who need it most, destroying our most precious resource, our people. Finally faced with economic crisis, we will find ourselves no longer able to help those who turn to us because they have no other refuge. Our present fiscal plight is not the reason for welfare reform; it is the excuse. It prompts us to do at last that which has needed doing for a long, long time.

Thirty-six years ago, in the dark days of the Depression, a president of the United States who called on our people to be compassionate warned us at the same time to temper compassion with wisdom. Franklin D. Roosevelt said, "The lessons of history show conclusively that continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fiber. To dole out relief is to administer a narcotic, a subtle destroyer of the human spirit." Was he right? Is there a sickness of spirit spreading over our land?

Last week in Washington, D.C., the "National Welfare Rights Organization," ostensibly formed to protect the interests of the needy, picketed the governor of Nevada for daring to expose those who fraudulently posed as needy in order to rob their fellow citizens. In one of our cities a man with no dependents and earning \$800 a month sued to prevent a county from making him contribute \$20 a month to the support of his aged mother. In St. Louis an industrial firm ran block-buster ads in six papers offering the unskilled, jobs at \$100 to \$150 a week. One hundred forty-one applied, but most weren't seriously looking for work or they didn't like the money. Of the thirty-eight who finally went on the payroll, 27 didn't show up or if they did, quit in the first two days. The company is still advertising.

An unemployed young father in California, finally forced to accept welfare, is urged by the social worker to free himself of debts by declaring personal bankruptcy. His only assets, his household furnishings, are taken to pay his creditors a few cents on the dollar. But this, he is cheerfully told by the welfare worker, makes him eligible for a house full of brand new furniture courtesy of the taxpayers.

Perhaps you saw the Negro mother on the TV news telling of how she was forced into welfare. She had never been on welfare before. She worked from late afternoon until 11 or 12 at night to support her children. Each evening she left the children at home in charge of the oldest. She arrived home from work one night to find a social worker waiting for her. She was told her children were to be taken from her unless she stayed home to care for them. When she asked how she could support them if she didn't go to work, she was told to quit work and go on welfare. Wouldn't it make more sense to provide a baby sitter?

To those who say reform of welfare is impossible or unworkable, I can only say, "not to Californians." Last week we talked to Secretary Elliot Richardson of HEW and were assured of his very real interest and cooperation. We talked to the Finance Committee of the U.S. Senate and obtained their enthusiastic pledge of support in our efforts to make California welfare a pilot program. They asked how many governors would favor what we were trying to do. It was the last day of the conference and we could only contact 27. Twenty-four of them, Democrats and Republicans, signed a letter supporting our major proposals, three took the letter to consult with their congressional delegations, all of them asked for our detailed reform proposals. We are writing the other 23 and have every reason to expect most or all will sign the letter based on their views as expressed at the conference.

I asked for the opportunity to address the joint session of our legislature precisely because of the news coverage that would follow. It is absolutely imperative that the people of California understand what we are trying to accomplish.

Right now the propaganda fires are being stoked by special interest groups determined to resist and kill any effort to change welfare. In the days ahead the legislative committee hearings will be the target for demonstrations and pressure of every kind.



We have had great cooperation from some in the social welfare field who are true professionals and who want order brought out of the present mess. But others, feeling their bureaucratic empires threatened, will challenge every proposal and predict dire results if any part of our plan is adopted. Others will urge total federal takeover as the only solution. This would mean surrendering to those who caused the problem in the first place, and few in federal government want this.

Today we stand at a crossroad. We can continue to talk about welfare, complain about it and watch it grow unchecked while we raise taxes this year and every year thereafter to feed its cancerous growth. Or we can take the steps necessary to control it and reform it so that it will at last have the proud purpose of maximizing human dignity and salvaging the destitute.

This is not a jerrybuilt, hasty answer to a crisis. It is the result of months of work and study. It is perhaps our last chance. Neither Democratic or Republican, it is humanitarian---and it is ready to be tried.

I have addressed this message to the people of California because we need you.

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-11-

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

3/11

To the Members of the Legislature of California:

SMOG ✓

Cleaner air and water is a major priority of this administration. Each year I have been governor, we have proposed and the legislature has enacted comprehensive and increasingly effective programs to protect California against various forms of environmental pollution.

We have the nation's strongest air and water quality control laws. We have taken decisive steps to restore and reclaim many of those areas of the environment despoiled or debauched by pollution. Last year, by adopting the Clean Air Law of 1970, we took another major step toward a coordinated statewide pollution control program to combat all types of air pollution---whether caused by vehicle emissions or by industrial smog.

As a result of these efforts, California has become a model to the federal government and for other states.

But much more needs to be done. The battle for clean air demands an expanded effort if we are to achieve our goal of smog-free skies, and fresh, clean air to breathe.

Therefore, I ask your support today for a 1971 legislative program that will carry out our joint continuing commitment to strengthen California's nationally acclaimed air pollution control efforts. This program includes:

--Authority to require immediate installation of a device to control nitrogen oxide discharges in 1966-70 model cars when it becomes available.

--Realistic emission standards and pollution control device requirements for 1955-65 model used cars, the last major unregulated source of vehicle air pollution.

--Authority to advance the dates for implementing statewide air quality controls to fully implement California's program before the deadlines established by the Federal Clean Air Act Amendments of 1970.

These steps are necessary to enable California to carry forward effectively the fight against the two major causes of smog---the internal combustion engine and industrial pollutants.

Vehicle Emission Standards

California was the first state to take action to reduce automobile-caused smog, the single greatest source of air pollution. Today, we have the world's toughest motor vehicle emission standards and the Air Resources Board is embarked on a program of progressively tougher emission standards every year.

A measure of the tremendous progress we have made is the fact that every 1971 model automobile in California emits 85 per cent less hydrocarbons than vehicles used to discharge before our smog controls went into effect. Every 1971 car rolling off the assembly line and onto California's highways has the most sophisticated smog control systems ever developed---including controls on crankcase vapors, evaporative losses and exhaust emissions. This year, California put into effect the first new car controls ever imposed anywhere on exhaust oxides of nitrogen, the brownish-orange colored element that makes smog a visible irritant.

Used Car Standards 1966-70

If we are determined to make more rapid visible progress toward eliminating smog in California, we must take action to control and reduce exhaust emissions of oxides of nitrogen and enact some measure of smog control on pre-1965 model vehicles.

Current regulations require such controls for 1971 and future model vehicles. About 50 percent of the automobiles now on the highways are 1966-70 models. Those model vehicles are equipped with systems that reduce hydrocarbons and carbon monoxide emissions, but the steps taken to control those two pollutants in 1966-70 model vehicles resulted in an increased discharge of nitrogen oxides.

A device that could reduce these nitrogen oxide emissions by 25-30 per cent in 1966-70 model vehicles is available, although not yet certified for use, at a cost of about \$15 or less. But present law does not require these devices on 1966-70 model vehicles. Therefore, I am asking for legislation to require the nitrogen oxide controls on every 1966-70 model car upon change of registration, or after a year's experience, at any earlier date specified by the Air Resources Board.



Control Devices on 1955-65 Used Cars

About 46 percent of the automobiles on the highways today are 1955-65 models. Emissions from these vehicles, except for crank case devices, are virtually uncontrolled.

It is a much more difficult and complex task to reduce the air pollution caused by older model cars. Far more is required to bring the emissions from these vehicles down to an acceptable level.

Currently, two methods to control emissions in 1955-65 model automobiles are under consideration by the Air Resources Board. One is to require installation of the nitrogen oxide control device only, a step that could reduce by 25-30 percent emissions of the most visible component of smog in Los Angeles and other large urban areas. Another is to require a device that could control all three major pollutants---hydrocarbons, carbon monoxide and oxides of nitrogen. Work is now under way on several of these devices, but none has been approved for marketing by the Air Resources Board.

Under present law, the board is not empowered to certify a control device that reduces only one of the three pollutants. To be approved, a device must reduce two of the three. This has inhibited development of control that could significantly reduce the smog problem, particularly the visible irritants produced by nitrogen oxide emissions.

Therefore, I shall propose legislation to give the Air Resources Board more freedom to decide if the benefits to be gained by one-pollutant control device is sufficient to require installation on 1955-65 model vehicles. The proposal also will allow the board the discretionary authority on how to make any approved device available to the public.

Emission Standards for 1955-65 Used Cars

As you know, it is not sufficient merely to require a smog control device on 1955-65 model used cars when such devices become available at a reasonable cost. Maximum benefits cannot be achieved unless the smog control system and the engine are properly adjusted and maintained.

Therefore, we must take steps to guarantee that the device continues to operate effectively throughout the life of the automobile. Studies by the Air Resources Board and others have demonstrated that too many private vehicles on the road today are improperly adjusted for maximum emission control.

The California State Automobile Association recently reported that more than two-thirds of the cars it inspected had improper timing and almost two-thirds had improper idling adjustments. The organization estimated that inexpensive periodic tune-ups could decrease considerably the amount of pollution caused by older model vehicles.

The Air Resources Board and the California Highway Patrol currently are considering vehicle emission standards which can be utilized by the CHP in a random inspection program. The goal would be to identify cars with excessive emissions.

Last year, I signed into law a bill calling for a study to determine the feasibility, benefit and cost of requiring periodic inspection of emissions for all vehicles. This \$400,000 study is now being completed for the Air Resources Board and a report of the findings is expected in June. This will provide guidelines for developing methods to assure that smog control devices remain effective in all cars operating on California's highways.

#### Warranty and Fuel Composition

Federal law requires manufacturers to issue a warranty for five years or 50,000 miles on emissions control systems. But the warranty covers only federal standards. Since California has a waiver for its more rigid requirements, legislation is necessary to require manufacturers of new vehicles to guarantee that pollution control systems meet California standards. These systems must have a warranty assuring a minimum useful life of 50,000 miles.

As you recall, last year I urged legislative support for bills that would take the lead out of gasoline as a means of reducing the pollutants in the fuel burned by the internal combustion engine. Accordingly, I will again support legislation to regulate the lead content of gasoline.

We also plan to continue to explore other changes in fuel composition that hold promise for further reductions in the smog level produced by motor vehicles.

#### Statewide Air Pollution Control Enforcement

Last year, the legislature passed and I signed into law several important programs aimed at assisting and coordinating the attack on all sources of air pollution in California including:

--A bill by Assemblyman Peter Schabarum establishing a procedure for basinwide (or district) air pollution control plans.

--The personalized license plate program which enables our citizens to help protect the environment by buying and displaying their own personalized automobile license plates. This program has raised more than half a million dollars for environmental purposes so far.

--Legislation assigning responsibilities to the Air Resources Board to conduct \$9 million research program, to develop a more comprehensive air monitoring network and to adopt guidelines for control of agricultural burning.

Pollution control districts in California's most populated areas already are working to meet the standards set by the State Air Resources Board. The air basin approach is a key element in developing an effective way to monitor and control industrial and other stationary sources of pollution on a basinwide scale.

Under this program, each county is required to be in an air pollution control district. To assure control of the program at the level of government closest to the people, each district is required to have a coordinating council of elected local officials to prepare a basinwide plan.

#### Federal Clean Air Act Amendments

The Federal Clean Air Act Amendments of 1970, signed by President Nixon in December, went into effect several months after California established its own statewide air pollution control plan. These amendments require California to submit a statewide plan to meet federal standards by January 25, 1972.

Because the statewide plan must be based on programs developed in each air basin and approved by the Air Resources Board, it will be necessary to adjust the timetables by which the basinwide coordinating councils complete their pollution control plans.

To speed the enactment of these plans, the legislation containing these adjusted deadlines will contain an emergency clause.

We also must speed up the process by which the Air Resources Board reviews and oversees the work being done by the district coordinating councils and the county and regional districts.

Finally, we must require each air pollution control district to:

- (1) determine what pollutants are being emitted in its area of jurisdiction, from what sources, and if the emissions are excessive, to take steps to regulate them;
- (2) devise plans to regulate construction of all potential sources of air pollution and to prohibit such construction unless the project meets existing emission standards.

Air Pollution Emergencies and Prevention

Severe air pollution has become a major potential hazard of modern life. In addition to empowering the governor and local agencies to declare a state of emergency because of severe air pollution, we must assign to the Office of Emergency Services the responsibility for developing plans to prevent severe air pollution that could become dangerous to human health if left unchecked. This program will conform to the requirements of the Federal Clean Air Act.

Air Resources Board

The Air Resources Board is the state agency charged with the responsibility for conducting air pollution control activities in California. It was established in 1967 by the Mulford-Carrell Act and includes 14 distinguished members who donate their time to supervise the state's battle against smog and air pollution.

The people of California owe a debt of gratitude to the present able chairman, Dr. A. J. Haagen-Smit and to the other members of the board. They have done an admirable job in many difficult areas.

With the expanding programs and changing emphasis of the board's responsibilities, however, it now is appropriate to review the board's operations to see what steps should be taken to strengthen California's ability to meet the demands being made on our air pollution enforcement machinery.

My administration currently is exploring various reorganization proposals and when these studies are completed, I shall submit a detailed message outlining recommendations for the future management of California's environmental protection program.

Because we must plan for the next decade while struggling to meet today's air pollution problems, I urge the legislature to support these new efforts to keep California foremost in the battle against smog.

Air pollution controls must become an accepted part of modern life if we are to assure clean air and clear skies in California. By working together, I am confident we will achieve that goal.

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3/24

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RELEASE: WEDNESDAY P.Ms.  
MARCH 24, 1971

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
Los Angeles Trade-Technical College Breakfast  
Los Angeles, California  
March 24, 1971

I would like to point out some basic observations that are being made more and more about America's educational priorities and the rapidly changing employment market of our economy.

First: while our system of higher education is properly designed to allow the individual to expand his academic horizons to the maximum of his interest and ability, we must never forget that the primary goal for many students is a job...they want to equip themselves through advanced education for an immediate productive place in society.

Second: there is a growing national concern that during the years when our system of higher education grew so fast, a gross imbalance developed in our educational priorities.

Perhaps the nation placed too great a stress on the academic disciplines and paid too little attention to providing the technical training so many young people need to compete in the employment market today and in the decades ahead.

During a recent meeting of the Educational Commission of the States, one governor (Delaware's Russell W. Peterson) said the nation should be educating more technicians who are needed instead of turning out an oversupply of Ph.Ds. who can't find a job in overcrowded academic fields. Another educator at the same meeting warned that America has been pushing its youth toward desk jobs that may not exist when they graduate.

These observations were not intended as a criticism of America's efforts to offer higher education to all. There is no conflict between the traditional academic disciplines offered in our colleges and universities and technical instruction that leads directly to a job.

Both are important. And both are necessary if we are to provide our young people with the knowledge and skills they will need.

But there is a concern among educators, public officials and among the students themselves that our priorities are out of balance. In planning our educational expenditures and programs, we must strike a more equitable balance between meeting the educational needs of the 20 percent of students who start and finish 4-year college programs and providing occupational training for the 80 percent of our young people who will enter the job market without a 4-year degree.

Finding the proper balance between the financial demands of competing but essential public services is the most difficult and important task of any state administration.

We are trying to do just that in California. Almost 85 percent of our tax dollars are devoted to a direct investment in people---in education, welfare and health programs. Nearly half the General Fund budget goes to education.

Since a certain amount of confusion exists about budgets and education, particularly higher education, our state budget this year includes more than \$576 million for higher education. That is the largest appropriation for higher education in the state's fiscal history. Between 1967 and 1971, state support for the University of California increased from \$240 million to \$337 million. That is more than 40 percent increase. Enrollment went up 26 percent. During the same period, enrollment in the state colleges went up 46 percent but spending rose 75 percent.

The newest and fastest growing segment of higher education is California's network of community colleges, a nationally-acclaimed system of which Los Angeles Technical College is an outstanding example. This year's state budget provides \$180 million for state support for community colleges. That is a 140 percent increase over the \$75 million the state was providing when we first arrived in Sacramento.

And our budget for student scholarships and loans is now up to \$20 million a year, a 4-year increase of 270 percent.

I know quite well that there are those who say this is not enough. Parkinson's Law (the one about expenditures rising to meet income) works with a different twist on the campus. In higher education, requests for expenditures seem to rise twice as fast as income could ever increase.

But we are putting a heavy emphasis on education because we have a basic belief that education is the wisest investment we can make. It offers the key to solving society's other great contemporary dilemma---the problem of an unacceptably high percentage of our population on the welfare rolls.

I believe the citizens of California approve placing this high priority on education but we must not expect the taxpayers of this state to meet a constantly increasing demand for public funds without critical review. We have been attempting to make that kind of review. Inefficiency and poor management of available resources is as unacceptable in higher education and the public schools as it is in any other publicly-funded service.

Nor can we permit education to measure its progress solely by the amount of public funds invested in it.

We must, instead, begin measuring public education by new yardsticks, including the practical test of how well our educational system succeeds in providing the skills necessary for the individual to find and keep a job in the 1970s.

This offers a challenge not only to education, but to the private sector and to every segment of our society.

Educators who promote only academic programs for the college-bound youngster must give greater consideration to the educational goals of all our school population. There must be a closer coordination between our educational institutions and the businesses and industries which employ the graduates of those institutions. We must do more to assure that the skills that are learned in our schools can be effectively translated into productive employment.

It is in this vital area that California's business and industry can and must begin taking a far more active interest. Many companies already have recognized this obligation and are doing something about it---not only in keeping contact with technical institutions such as Los Angeles Trade Tech, but also with our high schools---the last level of formal learning for a sizeable percentage of our young people.

The private sector must do far more to promote a partnership between public education and private enterprise. We especially need more progress in developing sophisticated levels of technical training of the type offered at Los Angeles Tech.

The U.S. Office of Education estimates that half the jobs opening up in this decade will require technical training beyond high school, but less than a 4-year degree.

That is why your contribution is so important. Technical training fills a realistic demand in today's job market. Trained hands and minds are never idle for long.

There is another reason for greater private sector participation in this type of program. I mentioned it earlier---the problem of welfare in California and the rest of the nation.

Because it has such a direct connection with education for jobs, I would like to just briefly mention one of the goals of the welfare reform program we have introduced in the state legislature.



California has almost 2.4 million people receiving some sort of welfare assistance---almost one out of every nine citizens. A majority of this number---more than 1.6 million persons---are in the Aid to Families with Dependent Children category. Unless the upward growth of welfare is checked, California's welfare rolls will swell by another 600,000 persons in the next 18 months---to a total of three million people by mid-1972. That is almost one out of every seven citizens.

That also is a figure that is totally unacceptable. I realize that many people have their own ideas of welfare reform. Quite frankly, I do not think any program that does not stress work will ever make any realistic reduction in the welfare rolls.

That is why we are stressing work in our welfare reform plan. We are seeking to break the welfare cycle by changing the basic approach.

It is now simply a financial dole on which some families have been dependent for several generations. We propose to break this cycle with a variety of steps.

First, we propose to separate the elderly, the blind and disabled from our present welfare structure. Instead of a welfare check, these groups would be regarded as pensioners and their monthly checks would be distributed to them on an automated basis similar to the way Social Security works.

Every other adult still left on the welfare rolls would then be regarded as "temporarily unemployed" rather than as a permanent welfare dependent. They would be transferred out of the jurisdiction of the social welfare bureaucracy and into the state agency which handles employment services and job training.

The first priority would be to place able-bodied recipients into existing private or public sector jobs. If no job could be found, the recipient would be directed into the Work Incentive Program or other existing job training projects. If immediate employment or placement in a work training project is not possible, the able-bodied recipients will be expected to participate in what we call a Public Assistance Work Force.

This would not be a boondoggle. Instead, these able-bodied welfare recipients will be taking part in projects to improve their communities or the state---projects that otherwise might never be accomplished because of a lack of manpower or funds.

We have asked the various departments of state government to catalog all those things they would do if they had the money and manpower. A similar request has been sent to every local government in the state.

Some have suggested using the Public Work Force to provide school ground monitors to prevent violence or vandalism. They could also help in such things as earthquake, flood, forest fire or oil spill clean-up activities. They could help provide child care for the children of other recipients who are working or engaged in job training. Bill Mott, our director of Parks and Recreation, said he could use 3000 right now in our state parks.

The program itself would be permanent, but the individual's part in the Public Work Force would be as temporary as we could make it. It would only be a way station en route to a permanent job.

But it would shift the entire emphasis of today's welfare program away from permanent dependency and toward the dignity and the discipline of work and a permanent job.

We realize that it will take a massive effort to implement this kind of program in California. The same kind of determination must be exhibited in broadening the areas of technical training available to our young people.

There is a close connection between the need for welfare and the lack of adequate occupational training in our schools in the past. Almost 30 percent of the welfare mothers on AFDC and more than 20 percent of the unemployed fathers in the program have completed high school--- the generally accepted minimal educational requirement for many nonprofessional jobs.

They should be prime candidates for further training to qualify them for permanent employment.

The fact that government at all levels now must spend so much money and effort on remedial welfare and training is a tragic reminder of the inadequate attention the educational system has given to occupational training in the past.

Both government and the private sector must re-examine some of the unrealistic educational requirements that have arbitrarily limited job opportunities for otherwise qualified people.

A few years ago, a Bay Area newspaper surveyed the educational requirements of various civil service jobs in local governments. One county required custodians to be high school graduates.

The duties of a Custodian included---among other things---changing light bulbs. That arbitrary requirement for a high school diploma meant that Thomas A. Edison could not have qualified for a job changing light bulbs. He only had a few months of formal schooling.

Neither could Henry Ford. America's greatest industrial genius became a machinist's apprentice at the age of 16.

These examples are not cited to suggest that higher education is not important. Of course it is important, so is encouraging all our youngsters to develop their skills to a maximum.

We must reawaken in America a respect for work---work of all kinds. In the home, in our schools, in our churches and particularly in our institutions of higher learning, we must encourage respect for the dignity of work at any level. We must frankly concede something that is obvious to many of our young people: individual success and productive employment in the American economy is a prize available to all. It is not limited to an academic elite.

Many of our young people on and off campus are forcing a critical examination of obsolete social values based on the false premise that the only good education is one capped by four years of college.

They are challenging and rejecting as unrealistic and snobbish the social pressures which imply that the highly skilled electronics technician or mechanic is somehow less important or less of a valued member of society than the accountant or junior executive.

There is living proof that there is always room at the top for the talented and the productive---for those willing to work. And it doesn't matter whether you start your journey in an apprentice program or on a college campus. According to a national survey, about 43 percent of America's top business leaders today achieved their positions without a college degree.

There is no generation gap in this renewed respect for the dignity of labor. The older generation grew up with work and sweat and toil and they honor all who have achieved craftsmanship in any endeavor.

Students today are demanding more of what they call "relevant education." By that some of them mean schools that are in reality more pleasant babysitting facilities. But a great many of them mean courses of study which lead directly to a job---in skilled fields that interest them and which are so necessary to our modern economy.

We must do more to assure that this opportunity for technical training is available to all who seek it. By doing so, we will be demonstrating our society's respect for all types of education.

Man's entire store of knowledge is found in books that could not have transmitted wisdom from one generation to another without the skills of the printer and the master bookbinder. Without these craftsmen, our most famous philosophers and writers would have remained mere story-tellers.

The combination of the philosopher and the craftsman created our civilization. To maintain that civilization, we need the skills of both.

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EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
WISCONSIN REPUBLICAN DINNER  
March 25, 1971

It is a pleasure to be with you here this evening to bring you greetings from California. Our two states have many things in common.

The people of Wisconsin and California share the same basic commitment to a free society that provides a maximum opportunity for all with a minimum of governmental interference.

Trying to decide on a topic for this prestigious audience was a difficult task. Which of the many problems confronting our country would be most appropriate to discuss?

What single concern do you have in Milwaukee that poses an equal worry for the people of Los Angeles?

Is it welfare? Unemployment? The war in Southeast Asia? All of those things are important and deserving of our attention. But I would like to speak with you this evening on a theme that is part and parcel of all the dialogue today on all those issues.

It is part of the debate on welfare, the economy and war and peace. And it is the single most distressing element in the running war of words about whether today's young people constitute a lost generation...a generation lost because of a communications gap with their elders over what America is and what it is not.

Is America a sick society? Is private enterprise engaged in some sort of mass consortium with government to perpetuate war, poverty, injustice and prejudice?

Is everyone over 30 a materialistic tool of the establishment... greedily consuming the shiny products of a society that has no regard for the human values involved in such issues as war and peace, racism and tolerance...poverty and prosperity?

That is what the street-corner militants say. That is what some muddle-headed doom-criers on the political scene are saying.

But that is not what our people are saying because they know that the people who shout loudest to tell it like it is have been telling it like it isn't.

The greatest tribute one can make to the American political system is that it places so much trust and faith in the common sense of the people. And people with common sense recognize the revolutionary rhetoric of the doomsday people as just so much bunk. They are getting tired of listening to the radicals who find everything wrong about America. The people are starting to remind the fault-finders what is right about America.

Now, it is true we have not completely eliminated war or the threat of war. But the older generation need make no apology to anyone for the depth of its devotion to the cause of freedom or peace. No one ever fought harder or paid a higher price to preserve not only their own freedom, but the freedom of oppressed people all over the world.

The leaders of today's so-called establishment did not have to listen to a classroom lecture or make a field trip to the ghetto to learn about poverty. We lived it in the depths of a great depression.

The horrors of war are not just a subject for a term paper to a generation that sent its finest young men to fight at Omaha Beach, across the bloody battlefields of Europe and on a hundred coral atolls in the vast Pacific.

What would the world be like today if Americans had not been willing to fight and die for the freedom of people who lived in places whose names they could not pronounce?

No society ever worked harder to eliminate the blight of racial prejudice or taxed itself more to give the disadvantaged and the poor a second chance in life.

No, we have not wiped out the threat of war, eliminated poverty or erased prejudice completely from the hearts of men. But this generation of free men did more than any other in history to make this a better world.

The fantastic scientific advances and material blessings that America enjoys today is called materialism. We are told that it would be far better to live in a worker's paradise where dissent is rewarded by a trip to Siberia.

What would that mean to America? If we were to adopt this other life-style, we would have to tear down 60 percent of the homes in America...we would have to get rid of 90 percent of our telephones...scrap 65 percent of our railroads. Our working men and women would have to work six times as long as they do now to put meat on the table, and 15 times as long to buy a dress or a new suit.



Despite these undeniable accomplishments, the men and women who run up today's establishment are the first to concede that the job is not complete. And they are ready to listen to the idealistic yearnings of majority of our young people who long for the chance to help to finish the task.

Those who try to peddle some form of Marxist Utopia in America do not have the answer. Even among ourselves, we have different ideas of how best to solve the problem of poverty in the middle of plenty.

But the problem of welfare in America today is not the same that that nation faced in the 1930s...when skilled men and women were out of work and there were no jobs.

The most persistent unemployment today is that partly caused by the senators and congressmen who vote time after time to downgrade America's aerospace and defense industry and then shed pious tears of concern about the unemployment this creates.

But if common sense wins, this will be only a temporary thing.

Welfare is another story. We now have third and fourth generations of families on welfare...people who know no other way of life. And the complex system of public assistance that has evolved over the past 30 years is a costly and tragic failure. It has become hopelessly bogged down in bureaucracy, bound by unrealistic and unnecessary red tape and corrupted by legal loopholes that not only allow, but even invite, abuses which erode public confidence.

I am sure you have read about the welfare family housed in New York's Waldorf-Astoria. Nevada's governor was picketed by the National Welfare Rights organization after he dropped 3,000 people from the welfare rolls. He ordered this step after a house-to-house canvass discovered that about 20 percent of his state's welfare recipients were drawing benefits illegally.

Other states find themselves forced by court order to finance welfare benefits for illegal aliens.

The question is not should welfare be reformed? The only question is how? We think we have the answer for our state and we think it could work in other states, too.

And I know we must be on the right track because we have been denounced as heartless penny-pinchers by most of those who look upon being poor and on welfare as an acceptable lifelong career in America.

Time prevents a lengthy description, but I would like to mention some highlights of our proposal.



First, we want to remove from the welfare structure the elderly, the blind and the permanently disabled. There are about 600,000 persons in this category in California. We hope to turn their monthly checks into pensions, and distribute these through an automated system similar to social security. There is no reason for a social worker dropping by to see if a senior citizen is still getting older. With the savings administrative costs, we could provide an even higher monthly pension for our truly needy elderly and disabled.

After this is done, we would then completely restructure the remaining welfare system. Every adult recipient still on the rolls would cease being regarded as a welfare "case" to be periodically diagnosed and reported in a social worker's casebook.

Instead, all able-bodied recipients will be regarded as temporarily unemployed. Instead of being shifted from social worker to social worker, the adult recipient would be assigned to California's state agency for employment services and job training programs.

If the employable recipient has a marketable job skill, he will be assisted in his search for employment. And he will be expected to meet strong self-help job-seeking requirements.

If no private or regular public sector job is available, the next step will be to direct the welfare recipient into an appropriate training program. If immediate job placement or a training program is not possible, the able-bodied welfare recipient will be expected to participate in what we call a Public Assistance Work Force.

In this program the welfare recipient would be expected to work to help improve the society which supports him. Now I know some regard the idea of work for welfare assistance as a radical suggestion.

That illustrates how far off the track we have gone in public assistance, especially in the Aid to Families with Children category---the largest segment of the welfare system.

This program now is simply a financial dole on which some families have been dependent for several generations. In California, we have 1.6 million people on AFDC. The program we propose would shift the emphasis away from welfare and toward employment. We want to turn AFDC aid into a temporary way-station instead of a permanent and demeaning way of life.

The jobs we propose in the public assistance work force would not be boondoggles. No one regards it as demeaning for college students to volunteer to pick up litter or engage in other projects to improve the environment. Why should it be demeaning for a welfare recipient to do something constructive for the society which supports him?

We have asked our state agencies to list all those things they would do if they had more manpower and funds. And we have asked local governments to do the same.

We could have used some of the Public Assistance Work Force in cleaning up after our recent Southern California earthquake. Crews of welfare recipients could be put to productive work cleaning up after floods, forest fires...they could maintain park and recreational facilities that now go unattended...take part in recycling waste products.

Women recipients could provide child care for others on welfare so that they might then work and train for a job that would end the family's dependence on the welfare system.

Los Angeles has suggested using such a welfare work force to provide school monitors to guard against violence or vandalism. Every urban school district in America could benefit from this kind of a constructive contribution.

These would not be full-time or permanent jobs. But the public assistance work force would be a way of introducing the discipline and dignity of work into a welfare system that now guarantees demeaning dependency.

Those who refuse to work, to train for eventual employment or take part in community work projects will be denied further assistance.

Our welfare reform includes more than 70 specific points...we want to develop more effective ways of tracing the quarter-million fathers in California who have abandoned their families to welfare. If we could collect \$75 per month from only 50 percent of the absent AFDC parents in California, we could reduce welfare costs by \$100 million.

We want to close the legal loopholes that allow high-income recipients to remain eligible for welfare or medical assistance and we want to make our state's Medicaid program fairer to the person who really needs help and to the taxpayer who now pays for benefits that exceed what he can afford for himself and his own family.

We have no illusions that enacting this kind of welfare reform will be easy.

But we are going to try because to do otherwise would be to compound the failures of the present welfare system. We must begin measuring the success of welfare not by how many people are added each year, but by how many we remove from the rolls.

Unless we succeed with welfare reform, the whole system is doomed to ultimate collapse because of the financial burden it places on the taxpayer and every level of government.

We think welfare can be reformed. We know it must be reformed.

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EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
Minnesota State Central Committee Fundraising Dinner  
St. Paul, Minnesota, March 26, 1971

Back in 1962, the last time I visited here, I discussed freedom and the slow erosion of individual rights that always occurs in a society that permits centralized government to grab more and more control.

In those days, the advocates of bigger and bigger government were back in control after eight years of enlightened leadership under President Eisenhower. They went back to Washington to "get the country moving again."

Well, they certainly did that. They moved the country into a war and the worst inflation in more than one hundred years.

Some of today's college students are too young to remember the Eisenhower era. And many of them have been given a distorted view by professors who preach peace and yet sneer at the administration of the President who did more to secure the peace than any other American statesman in this century.

Perhaps it would be in order to recall those years briefly. During those eight years, America ended an unpopular stalemated war with honor. And we kept the peace. America started the Atoms-for-Peace program, the people-to-people program and we passed the first civil rights legislation in 82 years.

But possibly an even greater achievement of the Eisenhower-Nixon years is only now being recognized. In those years, America turned away from the iron grip of bureaucratic control. Because he knew so well the dangers of centralized government, President Eisenhower worked for eight years to strengthen states and local government.

And even though Hubert's back in Washington again, things are different than in 1962. This time we have a national administration that also is interested in reversing the flow of power and dollars to Washington.

Your own Governor LeVander has been a major leader in this effort to strengthen state and local governments. He has been in the forefront of the effort to develop the concept of federal revenue sharing.

While we may have some differences over the formulas and details, I can assure you of one thing: the proposal to let the states have some of their own tax money back to solve some of their own problems is an idea endorsed by virtually every governor.

Actually, it isn't a new idea. States have been doing the same thing for years---sharing tax revenue with local governments to finance the services that our people need.

Minnesota shares more than 50 percent of its revenue with local government by returning part of your state income tax and sales tax revenues to local governments. We have been doing the same thing in California for many years.

This year, our state budget includes \$665 million in revenue collected by the state and returned to finance local governments. We return about half our state gasoline tax to local government and three cents of the state tax on cigarettes.

We also have an ongoing program of direct tax relief for homeowners---to relieve the property taxpayer of some of his burden. This year, about \$344 million is earmarked for this kind of tax relief in our state.

In this respect, Minnesota and California are very much alike. Our states have been doing their best to keep up with the staggering increases in government costs during the past decade...but we have just about reached the limit of our available tax sources.

California sends more than \$20 billion to Washington every year. We are one of those states which gets back less than we send.

About 65 percent of all our tax dollars go to Washington. The other 35 percent is divided about half and half between the state and local governments. But we at the state level share far more of our revenues with local governments than the federal government shares with the states.

That is why the concept of federal revenue sharing has won almost unanimous backing from the nation's governors.

The idea that states and local governments can solve local problems more effectively has grown in popularity since President Eisenhower proposed it back in the 1950s. Even our opponents have hopped on the bandwagon. They now concede that the answer to every problem is not necessarily found along the banks of the Potomac River.

Yet there still are those who refuse to surrender any of the power or control they would lose by giving the people back some of their own money.

They have no faith in the peoples' capacity to govern themselves. Instead, the planners and the programmers would continue to centralize, computerize and organize us into a nation of sheep and shepherds...with the shepherds based in Washington.

This idea of a master plan of government run by bureaucratic remote control poses the single greatest threat to our freedom. And that is what disturbs us most---because freedom, once lost, is seldom if ever regained.

In our lifetime, we have heard the cries of those who have lost their freedom. Invariably, they ask: "How did this happen. On what day was freedom lost."

There was no certain day for many. For every time freedom has fallen to the sword of the conqueror, it has been lost 100 times... slowly, silently by erosion...when people stood by and permitted centralized government to seize more and more control over their lives and fortunes.

This kind of erosion happens every time a higher level of government dictates a solution to a local or state problem and sends the bill to us.

Emergency federal solutions tend to become permanent problems on a wider scale. Temporary controls turn into lasting shackles.

And nothing in our changing era is so permanent as a temporary tax. In 1917, the automobile excise tax went on the books as a temporary war-time revenue measure. Now it is older than most Americans.

The excise tax on telephone service--another temporary levy--has become part of the establishment. It is just over 30 years old.

Nine years ago on my last visit, many of you were shocked that inflation had whittled the purchasing power of the dollar down to 50 cents. That half dollar now looks pretty good from this distance. The Great Society's inflationary policies have eroded the value of a prewar dollar down to 36 cents today. More government in Washington means less dollars to solve local problems in St. Paul.

An English humorist wasn't really joking when he surveyed modern bureaucracy and warned that expansion means complexity and complexity means decay.

Parkinson's second law (the one about expense rising to meet income) had a different twist to the Great Society. Their idea of government was to finance a new program first and find the problem later.

Well, there is no shortage of problems. But we won't solve the plight of the states or the cities in 1971 by applying the solutions of the 1930s.

That is what the battle for revenue sharing is all about. That is why the President and Ted Agnew have been working to curb inflation and wind down the war in Vietnam so that we can get on with the task of building a peaceful and more prosperous America.

The much-maligned silent majority is beginning to speak out in favor of this positive approach to government.

They know that it takes only revolutionary rhetoric to tear down. But it takes work to build a nation or a political philosophy.

We have got our own Parkinson's Law in California. I am sure you've heard of it. This 11th Commandment to "speak no ill of a fellow Republican" has served us well.

It started us working together again to build our state and our party. It can work in any state.

There is still a place for common courtesy in America...even in politics. After all, the things that unite us are far more numerous than the things that divide us. We all seek the same goals. We can reach those goals if we work together to build a positive program for our states and our country.

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4/14

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RELEASE: WEDNESDAY P.Ms.  
April 14, 1971

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
CSEA Institute on Government, Sacramento  
April 14, 1971

Just as there should be no secrets between friends, there should be no sensitive issues between those of us who try to work harmoniously together to make state government work. That is why I would like to begin my visit with you today by discussing a subject I know is on your minds. It is certainly on my mind as I look out at this audience of career state employees.

Although we have provided general and special pay adjustments averaging more than 5 percent for four consecutive years---more than 21 percent in all---we were not able to include a general cost-of-living salary increase in the 1971-72 budget.

This is the first time in my administration and the first time since the previous administration skipped a year in 1963 that the state government has been forced to ask its employees to forego a general salary increase.

You are as familiar as I am with the national economic slump, the ever-rising welfare load and the subsequent unemployment that began affecting our revenues and costs last year. This economic downturn has had a severe impact on anticipated state revenues, not only in California but across the nation. At the same time, costs for welfare and other state services have gone up due to inflation.

The combined financial squeeze forced us to impose the utmost budgetary restraints this year.

No one realizes more than I do that this works a hardship on career state employees. And certainly my request does not mean that I think our hard-working civil servants are undeserving of a raise. The fact that the average general salary increase in these past four years was higher than the amount granted during the previous four-year period I think indicates that what I have proposed for the next year's budget is something of an emergency action.

Many of our fellow citizens are undergoing the tragic experience of unemployment, of jobs lost through no fault of their own. Others are facing reduction of income plus the bite of inflation. This is why I have felt government too must tighten its belt when to do otherwise would require a tax increase.

Hopefully, the worst of the economic slump is over and we can look forward to gradually improving economic conditions and more stable tax revenues which will enable us to make this salary increase freeze something that will not occur again.

Because this is an unusual year, I hope that we will have---in your joyous acclaim---at least your reluctant acceptance of a difficult situation and understanding of the hard fiscal realities that forced us to ask this sacrifice of you.

I appreciate the dedication to duty that California's career state workers have shown in the past. I have always had a pride in your performance---a belief that our employees are the best.

This belief is reinforced time and again. A few weeks ago, it was my honor to present California's highest decoration---the State Medal of Valor---to 11 state employees. They earned this award for acts of heroism that extended "above and beyond the call of duty."

California has an exceptionally high caliber of public employees within its state service. The competence, dedication and sense of responsibility that you and your fellow state employees have shown over the years is recognized far beyond the borders of our own state. At governors' conferences my fellow governors very often speak (with some envy) of the calibre of California's public servants.

For many---the highway patrolmen, prison guards, fire fighters---a day's work may well include risking life and limb to protect or serve the citizens of California. Danger is accepted as part of their daily job and many of them have given their lives carrying out their oath to protect you and me.

Yet the phrase "above and beyond the call of duty" is not necessarily limited to those who serve in dangerous assignments. Most of our state employees bring the same dedication to their daily tasks. They work quietly and efficiently to provide the variety of services that state government is obligated to maintain for the 20 million people of California.

One major reason for this high level of performance by state employees has been the traditional cooperative relationship that has existed between management and the employees and their organizations.

In discussing working conditions, pay and other matters, there have been differences and disagreements. But we have always maintained an atmosphere of cooperation rather than conflict. I want to do everything I can to encourage this kind of cooperation because it serves the best interests of everyone concerned.

Those two areas---satisfactory working conditions, grievance procedures and salary levels---really constitute the main ingredients of successful employer-employee relations. I would like to discuss briefly each of these areas with you today.

When we met a year ago, I remember pledging to keep the lines of communications open between the individual state employee and the management structure of state government.

Since that time, we have put this into a more formal policy statement---an Executive Order outlining the responsibility of every department manager to help create a grievance procedure that will assure fair and prompt consideration of legitimate employee complaints.

In my own background there are 25 years of representing employees to management. During those 25 years I learned that most problems can be solved if there is an opportunity for fair and open discussion and an honest, give-and-take grievance procedure.

The Executive Order I mentioned is an attempt to provide this type of two-way communication on employee complaints.

Every department of state government should have a well-administered grievance procedure. And every supervisor should be aware of his responsibility to help resolve legitimate employee complaints at the lowest possible level.

We will need your help to make this new policy accomplish the goal for which it is intended: better relations between management and employees and a continuation of the cooperation we have had in the past.

Making it work will require a follow-through on the part of supervisors to assure that legitimate complaints are answered as promptly as possible. The fact that management is willing to listen, to meet and confer in good faith, is an important part of maintaining mutual trust and respect.

But grievances and complaints need not be the only contribution of this improved method of communication. It is my hope that we can make this a two-way avenue to serve both management and the employees.



It can also serve as a way of offering positive ways of improving state government. This administration is interested in hearing every suggestion for a better way of doing things. Many of the efficiencies we have introduced into state government in recent years have been the suggestions of career state employees.

Those of you who are in the field and on the front line of state operations often are the first to recognize cost-saving possibilities. We would like to hear them. Let me assure you, we welcome innovation and ingenuity.

State employees have a vital dollars-and-cents stake in efficient and cost-conscious government. When there is extravagance and duplication resources are spread thin and good employees must share with those who are not pulling their weight. But efficient government is not just a matter of using space and manpower wisely and productively.

Efficient government also includes getting on with such long overdue steps as tax and welfare reforms---reforms that will restore fairness to our tax structure and bring the soaring cost of public welfare under reasonable control.

A day before the April 15 tax deadline is an appropriate time to point out how much of a dollars and cents stake you have in tax reform, a subject that has been discussed for years in the legislature.

If the program we proposed last year had been adopted, every one who pays state income taxes would have paid 35 percent less this April 15 because of the one-time withholding "forgiveness" that was part of the program.

A married homeowner with a \$20,000 home who owed \$200 in state income taxes would be paying only \$130 instead of \$200 tomorrow. And he also would have had a reduction of \$112 in his property taxes. That is a total of \$182 in tax relief. That is how much the inaction on tax reform is costing the citizen in that tax bracket.

A single renter who owes \$100 in state income taxes this year would be paying only \$15 if tax reform had been put into effect as we wanted last year. In addition, to to the one-time 35 percent income tax "forgiveness," renters would have received a \$50 tax credit, making the combined tax relief \$85. Even using new math, fifteen dollars is a less painful bite than \$100.

That is why tax reform is important. The failure to take action in this field has cost you money.

But it is the responsibility of elected state officials in the executive and legislative branches to propose and enact into law these necessary reforms.

You and your co-workers have been doing a tremendous job in helping hold down the cost of government through better administration. You have done your part. Now it is time for those in elected office to do their part.

Earlier, I mentioned working conditions and effective grievance procedures as a necessary part of good employer-employee relations. Our new Executive Order is an effort to recognize this need in a constructive way---by improving communications within the limits of current law and the state's organizations structure.

The second factor involves salary levels, and the state's effort to provide fair and equitable compensation and fringe benefits.

This year, there are some long-sought improvements in state employee fringe benefits.

You have already heard the bad news about the state's inability to provide a general cost-of-living increase. But with bad news there should always be at least some good news and I hope these things we can do will be of some help.

For the first time, unemployment insurance is being extended to state employees as well as time and one-half for overtime and money to finance night differential payments for those employees who must work regularly in the evening hours.

The state is funding the usual merit increase program that provides 5 percent salary-step pay increases this year to about 40 percent of state employees who have not yet reached the top of their classifications. We are including an additional \$2 per month per employee for health insurance, bringing the state's contribution up to \$12 per month per employee.

In addition to these improvements, which were announced in the budget message, we have been seeking other ways of recognizing the acknowledged need to upgrade the overall fringebenefit structure for state employees.

These are benefits which the major state employee groups have been seeking for a number of years. We hope they will be accepted as we intend them---as at least a partial recognition of the state's appreciation for the dedication our employees have shown.

As citizen-taxpayers who also happen to be state employees, you are well aware of the reforms we have been trying to achieve in state government. Our goal is not punitive nor is it change for change's sake.

We need these fundamental reforms in state government because our working citizens---and that includes every one here today---simply cannot afford the type of unrestrained growth in government costs we have had in the past.

Nowhere is reform needed more desperately than in the area of public welfare. Because we must stretch our resources to accommodate so many, welfare is cheating those it is designed to serve---our needy and disadvantaged citizens. It is being rejected by the general public as a failure because of the abuses and the virtually unrestrained cost in taxes and it is penalizing you twice over because state employees pay a double price for every year welfare reform is delayed.

As citizen-taxpayers, the excessive cost of welfare eats into your take-home pay in taxes and minimizes the prospect of additional tax relief. And you are penalized a second time because welfare's insatiable appetite for tax dollars is eroding the state's ability to finance the salary increases you deserve.

You are probably familiar with the many court decisions on welfare which have been directed against California and other states in recent years. These are not abstract points of law that provide provocative topics for legal journals. The price of almost every one of these decisions can be counted in the millions of dollars....money that is desperately needed to finance other vital areas of government.

This year, for example, it would cost about \$62 million to provide a fifth consecutive 5 percent across the board salary increase for all state employees whose salaries are financed through General Fund revenues. Curiously enough that is almost the exact amount the state is forced to pay in additional welfare costs as a result of the U.S. Supreme Court ruling which wiped out our one-year residency requirement for welfare.

The welfare reform we sponsored last year could have saved an estimated \$100 million. That much money could finance a general salary increase of 5 percent for all state employees, including those in higher education and special fund agencies.

The program we are sponsoring this year would cut welfare costs by more than twice that amount. It would bring the cost of welfare within the state's ability to finance without depriving other vital areas of government a proper share of fiscal support as our revenues begin normal growth again.

These statistics are not offered as an excuse...merely fact... painful and costly fact.

Most state employees provide services that are totally unconnected with the welfare program. You have no direct link to welfare and no reason to excuse its abuses and inefficiencies. On the contrary, you have twice as much reason as other taxpayers to be shocked and upset about the growth of welfare.

With reform, we can restore welfare to its proper and legitimate place in government. And I pledge to you when we have this financial monster under control I will do everything in my power to put salary adjustments at the top of the state's priority list. The state should be paying for performance rather than wasteful welfare abuses.

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RELEASE: SATURDAY A.Ms.  
April 24, 1971

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
Young Americans for Freedom Convention  
"Salute to George Murphy" Dinner  
Anaheim, California  
April 23, 1971

Webster defines the word "honorable" as "deserving of honor...of great renown...characterized by integrity...."

No other word than "honorable" is sufficient to describe George Murphy and his long service to his state and country. It sums up the kind of dedication to America that seems to be out of fashion with the New Left.

But it is not out of fashion with you or a majority of our people, young and old. And neither is your kind of dedication to American principles.

It is a privilege for me to be asked to participate in your "Salute to George Murphy." We are old friends and we have fought on the same side, in our profession and in our public careers. He never flinched from a tough decision or backed away from a fight.

We first became friends as fellow board members of the Screen Actors Guild in Hollywood in spite of the fact that he was a Republican and I was an enthusiastic New Deal Democrat. But we were united in a cause that should find all of us united today. At that time it was the Communist attempt to take over the picture business. You literally had to lay your career on the line to oppose them in that contest. I saw George Murphy stand up as one of the first men in motion pictures to do battle against them.

He is still engaged in that particular battle and so are you and I. It is one of the reasons we are together here tonight.

At a time when the Soviet Union was developing the SS9 rocket---25 times more powerful than our Minuteman---George Murphy supported efforts to build up America's defenses. He stood up to be counted in favor of an ABM defense system for America. He did not have to test a wind gauge or take a poll to decide his stand on the SST. Because George Murphy believes it is essential that America maintain its leadership in aerospace technology, he has fought against every effort to dismantle or downgrade the tremendous aerospace technical team that made sure the first man on the moon was an American.

## "Salute to George Murphy" Dinner

Unlike his successor, when it came to the crucial issues that may determine whether this nation survives, he would rather fight than switch.

Holding fast to principle sometimes carries a high price and George is a big spender---in that one field he will pay the price for standing on principle.

He and I and your parents lived through a nightmare era in which America had to struggle for its very life. We learned to sift the myths from the realities. And the reality is that we dare not let America drift into the isolationism that almost cost the world its freedom a generation ago. We cannot afford to believe the myth that there are no enemies at large. There are and they are combat lean and hungry for all we possess---ready to strike the instant they detect a softness on our part or an unwillingness to sacrifice the easy life in the defense of our freedoms.

Now I know that this hard reality is not popular with everyone on campus these days. Last year, a young lady from one of our universities made it chillingly clear why there is a generation gap. She was bright and very courteous, but she informed me that our generation is not capable of making rational decision on the world scene because we subscribe to the myth that the Soviet Union somehow constitutes a threat to the safety of the United States.

Her authority for that viewpoint is the history she apparently learned from a number of distinguished historians. According to them, it is the United States that has aggressive ambitions which cause the Soviets to arm defensively for protection.

Logic obviously is not part of the approved course for at least some history teachers. I have a question for her and for them. If indeed America does have aggressive designs on the world, then how do we explain those days after World War II when the United States had the greatest military strength in history and a monopoly on the nuclear bomb---why didn't America impose its will on the world? There is a second question: if conditions had been reversed---if the Soviet Union had possessed all that strength and we had been the war-shattered nation---would the world still be even half free? Anyone who doubts the answer to that question should ask someone from Latvia, Estonia, Poland or Czechoslovakia.

## "Salute to George Murphy" Dinner

We dare not allow America to become weak and defenseless because if we do, the day could come when we would not be divided into hawks or doves---just pigeons.

Yet a strong defense against external aggression is only part of our struggle. Young people need to arm themselves with the truth about America's heritage if we are to preserve the freedoms we inherited.

Some young Americans who pride themselves on telling it like it is have been hearing it like it is not in one thousand social science classes. Striking a blow for liberty does not mean beating up the dean. Truth is the best weapon against these false prophets of the New Left. Whether they are wearing sheep's clothing or blue jeans and love beads, they preach a philosophy of hate and violence that is alien to America's traditions.

It was alien to the first American revolutionists and so was the excessive taxation and governmental repression that inspired the founding of the United States.

Two hundred years ago, Edmund Burke mourned that the age of chivalry had passed. He predicted it would be replaced by an era of "sophisters, economists and calculators."

He was so right. The Age of Aquarius is also the age of the planner and the programmer...government of the bureaucracy, by the bureaucracy and for the bureaucracy. Restoring the role of the people in government is what our struggle is all about. That is what George Murphy has been working for...that is what Bill Brock fought for in Tennessee...that is what caused Bob Dole to run for the Senate in Kansas and that is what inspired Jim Buckley in New York.

Seven years ago, the philosophy that you and I share was dismissed as a temporary fad of the sixties. After 1964, it was pronounced dead and buried.

That premature obituary was wrong. The philosophy that unites all Americans who believe in the things that made America great is alive and doing well. Whether it is called conservatism, traditionalist or Republican, Jim Buckley is one of its disciples and he is a new and forceful advocate for freedom in Washington.

Despite some disappointments, the Buckley victory was not the only sign of conservative political momentum. Bill Brock went to the Senate in Tennessee and Albert Gore went home.



## "Salute to George Murphy" Dinner

Indeed, with all the election post mortems, there was a strange silence about the most significant facet of the 1970 campaigns. When the political experts counted and recounted the winners and losers trying to establish whether the trend was liberal or conservative, they often did not compare what it was the candidates were saying.

With some notable exceptions, our opponents were running on our platform. Suddenly, the liberal apologists ran out of sociological excuses for violent behavior. Everyone was for law and order.

After 30 years of building up the bureaucratic empires in Washington, big government is now bad and decentralized government is good.

Some of the opposition even started conceding the unfair tax burden that has been put on the middle-income citizens by spend thrift government...but you would never tell that from their ideas of tax reform in Sacramento this year. Campaign promise does not always become post election performance.

After 30 years of ignoring the plight of the working, productive citizens of our country, the opposition started acknowledging the protest of the "silent majority."

Reviewing their campaign oratory, we might say, "In their hearts, they have learned we were right."

Yes, we have come a long way. And it is understandable that some of us sometimes pause to reflect on this progress and perhaps even smile a bit. After all, it is not every day you see Hubert Humphrey wearing a hard hat.

But winning elections is only part of the battle. We are trying to achieve a fundamental change of direction for government in its relationship with the people of our country.

Because it means so much to our own freedoms, we know America must vigorously exercise its leadership of the free world.

Government has been called a "contrivance of human wisdom." And we have been asking if that is so, why has wisdom been at such a low ebb so long?

We want to reassert the principle that government exists to serve the people, not vice versa. We want people to learn to stand on their own and not be dependent upon government...because a government that is big enough to give you all you ask for is big enough to take away all that you have.

## "Salute to Goerge Murphy" Dinner

We want less government interference in all phases of life. We want the working citizen to be free to keep more of his earnings to dispose of as he wishes, according to his priorities...not those set by some faceless bureaucrat who is not accountable to the people.

We want America to reassert and revitalize a way of life that used to be called "The American Dream"---a dream of equality of opportunity and freedom for everyone to rise as high and travel as far as his own talents and energies can take him.

These are not tasks for a single term in office. It is a task for a generation.

We cannot expect election victories without struggle. We cannot expect to persuade others that there is a better way than collectivist control---unless we fight for our cause in every forum open to us---on campus, in the media and in political life.

A whole cult of political scientists, sociologists and economists long entrenched in positions of power are determined to maintain the bureaucratic establishment.

They have the future charted and programmed. And they are allied with the power-hungry practitioners of old-style politics who are desperately trying to regain or retain authority over the lives of our people.

This coalition makes a powerful combination. It is unrealistic to underestimate it.

They have no faith in the capacity of the people to govern themselves and they are unwilling to surrender any of the power they have hoarded in Washington for many years.

Our basic difference with this philosophy of centralization is a humanist difference. We believe in the dignity of the individual.

Man is not an animal to be numbered, tagged or punched into a computer tape. Men cannot be free in a government run by remote control.

In five short years, America will begin its third century under a political system that has been called history's greatest experiment in equality and self-government.

Those who founded our nation staked their lives, their fortunes and their sacred honor in the struggle to give us this Republic. Can we offer less to preserve it?

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