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RELEASE: THURSDAY P.Ms.
June 22, 1972

PLEASE GUARD AGAINST PREMATURE
RELEASE

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
AMERICAN LEGION CONVENTION
San Jose, California
June 22, 1972

It seems every time we get together I have some new reasons to thank you for your help. Today is no exception. But before I get to that, I have a few brief items to report which I think will be of interest to you.

To begin with, I have signed Assembly Bill 184 which exempts from property taxation the buildings and facilities, owned and operated by veterans organizations exclusively for charitable purposes. It extends to veterans organizations the same non-profit tax status that is provided to other charitable groups operating similar facilities and will enable you to continue and perhaps expand your very commendable activities which mean so much, particularly to our young people.

On June 6, Proposition 1, the \$250 million bond issue, passed by the greatest margin of any veterans bond issue in the past 20 years. This will allow the state to offer Cal-Vet loan privileges to thousands of returning Vietnam veterans. Such victories do not just happen. I believe this massive display of public support for the Cal-Vet program is a direct result of the hard work of many people associated with the American Legion and other veterans groups. And I would like to express my personal gratitude and the appreciation of all Californians for the help the American Legion gave to the campaign for Proposition 1.

While I cannot mention everyone, I do want to acknowledge the role of your past national and department commander---Al Chamie---who served as chairman of the Citizens Committee supporting the Cal-Vet bond issue. Laughlin Waters, your own commander---Cecil Bandy, and many others also played an important part and they all deserve our thanks for a job well done.

And let me thank you for your help in another area. With the phasing down of the war in Southeast Asia, hundreds of thousands of young men who served honorably during this conflict face the problem of finding a productive place in the economy. These returning young men deserve all the help we can give them in finding a job.

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A year ago at your convention, I announced the appointment of Gordon Elliott to be the chairman of California's Jobs for Veterans Task Force. Gordon is the Regional Director of the Veterans Administration in Southern California and is very much aware of the difficulty many of our veterans were having in finding work.

He and his committee have worked long hours to make this program a success.

Many communities have sponsored "Veterans Job Fairs" and newspapers, radio and television stations have devoted space and time to publicize this effort to generate job opportunities for servicemen returning to civilian life. Two giant food chains have advertised the program in window displays. We had a statewide "Jobs for Veterans" poster contest and an essay contest in the Los Angeles area high schools.

Our own Department of Human Resources Development launched special programs to aid and counsel veterans who were seeking work.

In this way finding jobs for returning veterans became a major priority in both the public and private sector.

At the time we started this program, the national unemployment rate for Vietnam veterans in the 20 to 29 age group was disappointingly high---around 12 percent. It has dropped to 8.1 percent.

California has found jobs for 54,692 veterans and is leading the major states in helping servicemen readjust to civilian life. Thousands more have found the door of opportunity opened wider because of this campaign. Our goal is to place in a job every veteran who is seeking work.

While I am on this subject let me say it is a disgusting commentary on the times that some who apparently sympathize with the enemy have worked overtime to malign the service of our Vietnam veterans, to falsely portray their mission in Southeast Asia and the manner in which they are carrying it out.

You have heard all the stories and exaggerated claims of widespread drug addiction in our armed services in Southeast Asia---claims that as many as 40 percent---two out of every five servicemen---were using narcotics or had become addicted to some form of drugs.

Obviously this has hurt some of our young veterans in their efforts to find work.

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We in state government were concerned about the problem of drug addiction among returning servicemen as well as other parts of the younger generation. A task force on Veterans Drug Abuse, headed by Charles Bowers, our Deputy Director of the Department of Veterans Affairs was appointed to find out the facts and to recommend solutions.

This task force discovered that only an estimated one percent of California's Vietnam veterans are addicted to hard drugs. And this is lower than the drug addiction in the non-veteran population.

The task force discovered that the overwhelming majority of Vietnam veterans had never used drugs of any kind and they are far more mature and responsible adults when they return to civilian life than they were when they entered military service.

They did not ask to be sent to Vietnam. But once they were there, they tried to do their duty honorably and courageously...just as another generation did in World War II and Korea. They are as fine a group of young Americans as we have every had.

And that brings me to the main topic I want to discuss with you today.

I realize that the American Legion is a non-partisan organization. You are concerned with those who have served their country and that includes Democrats, Republicans, and Independents. Unfortunately in this season of political campaigning it is necessary to point this out before bringing up a subject of vital concern to you and to every American. That subject is the defense of this nation...whether or not we have the determination, the courage and yes, the common sense, to make sure that America is prepared to defend its freedom from any aggressor.

The defense of America is a vital issue, not a partisan issue. It concerns every American regardless of political philosophy. President Kennedy said, "There can be only one possible defense policy for the U.S. It can be expressed in one word---the word is first; I do not mean first when, I don't mean first if;---I mean first period."

Armaments do not cause war. Armaments are built and used by aggressors whose intention from the beginning is war and the threat of war. Peace loving nations must match their weaponry whether they like it or not or fall victim to their aggressor.

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We ended World War II possessed of the greatest military fervor the world had ever seen. We did not attempt to use it for aggression nor did we even maintain its great strength. We dismantled our forces so fast that a Communist aggressor was encouraged to try to breach the defense perimeter of the free world in Korea, only five years after the close of World War II. History was repeating itself for only a year before the Korean war broke out, the main argument in our country was how few air wings we would have. We committed no war-like act---South Korea was attacked across the 38th parallel and in the fast moving world of technology our choice of weapons was "the bomb" or already obsolete World War II equipment. So in the early days of that war Americans flew prop-driven aircraft into battle against the threat of sophisticated Communist jets. Once again, young Americans were called upon to hold the line while we frantically rebuilt our defenses.

When peace finally came it seemed we had finally learned the folly of being unprepared. And in the 1950s, we maintained sufficient military strength to deter aggression. Despite the talk of a missile gap, when Dwight Eisenhower left the White House in the 1960s, America had a massive five-to-one missile superiority over the Soviet Union. But now after stumbling into war, unprepared for war, we hear the same old talk that dismantling America's defenses is the way to peace.

Some who seek the highest office in the land---an office that carries with it the responsibility of Commander-in-Chief of the Armed Forces---would slash defense spending by billions of dollars, as much as one-third to one-half of the present defense budget. To understand the significance of what that would mean, you have to consider just how they would achieve a defense cut of that magnitude.

--Despite the effectiveness of NATO in helping prevent aggression, this would mean withdrawing all but two American divisions from Europe.

--Suspension of funds for an anti-ballistic missile defense and elimination of funds for the program to put as many as 14 warheads on each American missile (This, incidentally, is our counter to the Soviet Union missiles which can hurl a 25-megaton nuclear warhead at American targets)

--Development of aircraft carriers, new tanks, bombers and supersonic fighter aircraft would be halted.

--The Soviet Union is expanding its naval forces, but America's navy would be reduced from roughly 700 ships to 341 and the army would be reduced by more than 600,000 men.

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One newspaper estimates these cuts would reduce some of our on-line defense forces to a level below what we had before Pearl Harbor. Yet, these peace through disarmament voices assure us we would have more than enough defense.

It is true that some who are contesting for the Presidency have declared that those kind of cuts would reduce America to a second class power in the world.

And yet even they support a research report that America might reduce its defense budget by \$10 to \$12 billion.

They do not add that that same study admitted a \$12 billion defense reduction would wipe out 900,000 jobs and throw that many people into the ranks of the unemployed.

We would have an army all right---an army of unemployed. But those who would create that kind of army are undismayed. They claim the saving in defense spending would provide a dole for these newly unemployed.

One Senator voted against the supersonic transport---but suggested money could be appropriated to help the displaced workers pay the mortgages on their homes. Somehow this seems to be a strange distortion of the American Dream. Now we are hearing the same "spend it on social reform" chorus raised against the space shuttle. Little do they care that the space shuttle means additional thousands of jobs in California, but more important, it may also determine whether America remains a first class entry in the space race or simply forfeits the contest to the Soviets by default.

Use of the word "radical" causes eyes to roll in horrified shock these days. But you and I know it is the proper word to describe cutbacks that could be disastrous to our national defense.

How long would Israel survive if there were no aircraft carriers with the Sixth Fleet? How long would Western Europe be able to resist Soviet pressures if we scrapped NATO? These are serious questions but there is an even more serious question confronting us today---a question having to do with the very soul of America.

Every generation has challenged the customs and values of its predecessors and there is nothing wrong with that. There is something wrong, however, with rejecting all the lessons of the past simply because they are old.

Like children hanging a sign "kick me" on the back of an unsuspecting playmate, an increasing number of Americans are playing that game in

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An economic system that has provided the highest standard of living in all man's history is assailed as an evil consortium of greedy profiteers, politicians and labor moguls even though our great material prosperity is distributed more widely among our people than in any society ever before known to man. In a single lifetime we have seen those living below the poverty line vastly reduced. We have wiped out scores of killing and crippling diseases, increased leisure and shortened the work week from 72 hours to 40 or less.

We are called imperialist and yet in our history we have committed military forces to action without realizing or attempting territorial gain. Most of the time, we have gone to aid those we believed were victims of injustice.

Many of our sons and daughters who have come to voting age only recently have lived the better part of their lives with the frustration of the seemingly endless war in Vietnam. They are sincerely idealists in their desire for peace, but unwilling to grant that we share their desire. At best, they charge us with apathy and at worst, a willing support of a military industrial complex they say is bent on imperialism and responsible for all the present day conflict in the world.

To them it all seems so simple: we can have peace simply by asking for it. Perhaps some of the fault is ours, but much of it is the result of a distorted picture they have been given of history. Apparently little effort has been made to breathe life into the flesh and blood leaders we knew who spread an evil darkness over the world. One wonders if it has been made clear to them that non-resistance and love of peace did not save German Jews from Dachau and Buchenwald. Or that the people of Estonia, Latvia and Lithuania were guilty of no imperialist ambitions against the Soviet Union.

Have we done enough to picture for this "now generation" the world they would be living in if another generation had not been willing to bleed its finest young men into the sands of Iwo Jima and the mud of Normandy? If we are the war mongers and imperialists why at the end of World War II did we dismantle that great military force when we and we alone had the ultimate weapon---the bomb?

Why were we not even tempted to set foot on the trail to empire? And can those who seemingly find so little to criticize or fear in the communist world honestly say, in face of the record since World War II, that the world would be free today if the Soviet Union and not the United

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We all share the love of peace, but our sons and daughters must learn two lessons men everywhere and in every time have had to learn: that the price of freedom is dear but not nearly so costly as the loss of freedom---and that the advance and continuation of civilization depends on those values for which men have always been willing to die.

Let those prevail who show their devotion to peace by refusing to stand when the flag goes by and we may one day find ourselves forced to kneel before the banner of a conqueror. National Defense is not a threat to peace; it is the guarantee of peace with freedom.

For 25 years, Cato ended every speech to the Roman Senate with the line, "Carthage must be destroyed." Eventually and inevitably Rome declared war on Carthage. But the people of Carthage, living in luxury and affluence, had followed cultural pursuits, developed the arts and entertainment and desired the comfort of peace above all else. Carthage was conquered, most of the people slaughtered, the city leveled to the earth which was then plowed and sown with salt so it couldnot even be planted.

Some of our young people find little to love or defend in this country. At one university, they have asked that the National Anthem no longer be played at athletic contests. In one of the recent graduation ceremonies, a number of the graduation class sat through the playing of the anthem, others raised their arms with the clenched fist communist salute. This is a gesture I have found to be appropriately symbolic of their philosophy---a clenched fist representing a closed mind.

I know these things I have mentioned are not typical of the great majority of our young people. Yet even among the well-behaved who do not participate in demonstrations, there is an increasing tendency to believe the system has failed.

One wonders if they ever listen to another view of America---possibly one more objective. A woman who fled from Poland seeking sanctuary in the U.S. wrote a letter to a national magazine. "Among some of our American born friends," she wrote, "it is not fashionable to enthuse about America. There is Vietnam, drugs, urban and racial conflict, poverty and pollution. Undoubtedly, this country faces urgent and serious problems. But we newcomers see not only the problems but also solutions being sought and applied. I love America because people accept me for what I am.

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"They don't question my ancestry, my faith, my political beliefs. When I want to move from one place to another I don't have to ask permission. When I need a needle I go to the nearest store and get one. I don't have to stand in line for hours to buy a piece of tough, fat meat or pay a whole day's earnings for a small chicken. I don't have to show an identity card to buy a pair of shoes. My mail isn't censored. My phone isn't tapped, my conversation with friends isn't reported to the secret police. I love America because America trusts me."

There are others who do not automatically associate the American military uniform with the historic symbols of war and oppression. Writing in the New York Times, a representative of a former enemy nation said of America: "I am prejudiced when writing about America. America saved my people from starvation not so very long ago. No German called that U.S. imperialism. Thousands of American soldiers are stationed in my country and because of this commitment and their loaded guns, we are still a free people."

"The American commitment to freedom and the price Americans are paying for that every day saves us from the fate of our neighbors, the Czechs who are the victims of imperialism."

Then he went on to say that 20 years ago Americans often got on their nerves because we were so sure of ourselves. "Now," he says, "we get nervous because Americans seem to be losing faith in their own destiny. When I mingled in the crowd in the airport in San Francisco, I wished I had a way to remind these people of what they are---that they have in their heritage the hope of the world. If America fails, the world fails and I hope I will not again meet an American who apologizes for the fact that he is American."

It is time for us to quit being apologetic, especially to our own children. Even more important, it is time to challenge some of their most cherished notions by presenting facts about their world as it really is---facts that will expose the sorry myth that ours is a sick, racist, materialistic society. Our generation has known war four times. Our love of peace has been born of sorrow---the sorrow of farewell to father, husband, son and brother and oh, so many friends. But even as we pray with all our hearts and pledge our help to the President's crusade for a generation of peace, we know that "war" as John Stewart Mill said of it,

"is an ugly thing. But not the ugliest of things. The decayed and degraded state of moral and patriotic feeling which thinks nothing is worth a war is worse. A man who has nothing which he cares about more than his personal safety is a miserable creature and has no chance of

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A few days ago a man who would be President offered to end the Vietnam war in 90 days with total withdrawal of all support to South Vietnam and return to the U.S. of all our military forces. Then, he said he would go personally to Hanoi and ask for the return of our prisoners.

I have no doubt we could end American participation in the war in 90 days, but I charge that referring to this as peace can only be done if we are willing to ignore the fate of 15 million South Vietnamese. These are 15 million human beings who asked our help under the terms of a treaty we signed in good faith. A million of them fled the slavery and the purges in North Vietnam because they wanted what we take for granted---life, liberty and the pursuit of happiness. To abandon them would one day be recorded in history as a monstrous betrayal.

Even if we could accept the guilt of such an act, what assurance do we have that an American President going to Hanoi hat-in-hand, having given away the last vestige of bargaining power, could effect the return of our young men?

The present Commander-in-Chief has pledged he will do whatever has to be done, but we will not leave those young men in enemy hands. He deserves the assurance that 200 million Americans will do whatever has to be done.

If there has been error in this tragic war, it is not because we fulfilled our legal obligation under the terms of a solemn treaty to which we were a signatory. Our error was one of morality---the immorality over the long years of asking our young men to fight and die for a cause the administration at that time lacked the will to win. This war we have been told could be ended in 90 days would have ended years and thousands of lives ago if the harbor at Haiphong had been mined and the enemy's potential for war-making destroyed as it is being destroyed now.

We pray for an end to war. But let us resolve that if ever war does come again to our nation, we will not ask young men to die unless this nation is prepared to put its full resources behind those men to win and end the war as quickly as possible.

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

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PLEASE GUARD AGAINST PREMATURE
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EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
STANISLAUS MEMORIAL HOSPITALS
APPRECIATION BANQUET
Modesto, California
June 27, 1972

For many years before I went to Sacramento, I spent a lot of time on the banquet circuit...usually expressing my firm belief in the ability of a free people to solve a great many of their problems without government help and very often in spite of government interference. These several years in Sacramento have not changed that belief, indeed they have confirmed it. And being here with you tonight is proof of the correctness of that belief. You are commemorating the successful solving of a community problem by concerned citizens who live in that community.

In many ways, this appreciation dinner, recognizing the campaign to develop your new Radiation Therapy Center and all the other hospital facilities you operate, is more typical of America than all the legislative committee meetings in Sacramento or Washington.

Our state and nation were founded on this philosophy of freedom by a group of citizens who got together, much as we are meeting here tonight. They formed a government to shape laws and political structures, but they knew that the real strength of America, the intangible power that makes it great, are its people and their willingness to help themselves and their fellow man.

The government they organized only gave them the freedom they needed to accomplish great things. It did not build America into the most prosperous, compassionate and generous society in the history of the world. The people did that.

Sometimes when I hear the almost automatic line "there ought to be a law" I wonder if we have forgotten that our forebears crossed the plains without the aid of a federal department of transportation; built schools in one-room log cabins long before anyone ever thought of having an Office of Education. And they provided for their own medical care through the kind of community participation you have exhibited here in Stanislaus County, without a Federal agency of Health, Education and Welfare. They cleared the land and planted crops without a rural economic development plan and when San Francisco was shattered by an earthquake and destroyed by fire it was rebuilt without help from Urban Renewal or the Model Cities Program.

You are more familiar than I am with the long history of your own projects and those who helped build the Memorial Hospitals of Stanislaus County. So I will not attempt to review this splendid record. But I do want to acknowledge the contribution made by someone who may not be with us tonight, but whose presence is certainly felt: Larry Robinson, Sr., the first president of the Memorial Hospital Association of Stanislaus County.

It was his pioneering vision and creative drive that helped start it all. Those traits must run in the family. I know, because our administration has called on his son, Larry Robinson, Jr., to be our Director of General Services---the department that has done such a great job reducing the cost of government by introducing modern, efficient purchasing techniques into state operations.

Nor will I try to single out everyone who helped build the Memorial Hospitals of Stanislaus County. The list would have to include almost this entire audience and thousands of others who worked so hard and contributed so much. In fact, I understand some of the biggest financial contributors would rather be anonymous. And this is typically American, too. I have a little bronze plaque on my desk and I hope I can live by the inscription it bears---"You can accomplish much if you don't care who gets the credit."

You have accomplished a great deal, with volunteer help, private contributions and the dedicated efforts of thousands of citizens who were determined to meet the medical needs of Stanislaus County and all its people.

The new \$5 million Memorial Hospital in northeast Modesto, the \$650,000 Radiation Therapy Center for treating cancer, the expanded Nuclear Medicine Section, the artificial kidney, all this has been completed without a dime's worth of help from government.

And if my information is correct, the cost of your hospital care here is still less than it is in many other parts of California and the west. To me, the most inspiring part is the work of your volunteer groups the community leaders who serve on the board of directors, the women's auxiliary, the junior volunteers, the Foundation Trustees.

Their efforts support the work of the physicians and the employees. And certainly there cannot be any finer demonstration of faith in a project than the fact that the employees of the hospital alone raised \$30,000 toward the cost of the new Radiation Treatment Center.

A few years ago I tried to find a phrase---a descriptive title for this type of citizen participation. I wanted to see it become once again a way of life in California. I wound up calling it the "Creative Society." It is a kind of self help approach that represents the most creative and humanitarian instincts of man. And it runs deep in the traditions of America and its people.

We need more of it in government. We need more people in government who recognize that there is a place for citizen involvement in solving our problems. And we need more recognition by government that when people are willing to take on a job---whether it is building a hospital, running their own local schools or developing a park, they can usually do a better job at less cost than anyone in Washington or Sacramento.

A few years ago, some farmers in the state of Washington wanted a new channel dug to stop a serious flooding and erosion problem caused by the nearby river. The Corps of Engineers estimated the project's cost at \$180,000. The farmers borrowed some bulldozers and did the job themselves for \$1,500.

Government cannot possibly do everything for everybody and certainly cannot do many things as well as they can be done by people helping themselves. Instead of taking more and more dollars out of a community in higher taxes, government should encourage self help at the local level because when you do something within the community, you are far more likely to get a dollar's worth of value for every dollar you spend.

Yet there is an increasing tendency in government to simply pre-empt the right of the people to solve their own problems. Of course, government will send the bill to the people.

Actually, there is more than just taxes and government extravagance to worry about. There seems to be a pattern by which government creates the problem and then rides over the hill like the cavalry to the rescue.

In this election year, we have been subjected to a lot of demagogic talk about tax reform accompanied by glowing tales of government programs to build housing, care for the troubled and heal the sick and all of this will be paid for by someone else---some mysterious "they" who are not now paying their fair share.

There have always been those who pretended someone else could be made to bear the cost of government. A long time ago in England, someone decided there was money to be raised by taxing windows, and since the rich had bigger houses and more windows, they would pay the tax. But it was the poor who discovered they were the first to have to wall up their windows and live in darkness.

In France, the tax was levied on fireplaces---the rich had them in every room. Again it was the poor who suffered cold because they could no longer afford that one fireplace in their tiny homes.

Today's demagogues are talking about tax reform and they use the term to denote the closing of what they call loopholes. These loopholes they say are devices where the mysterious "they" can escape their fair share of taxes. If the loopholes are closed, the money gained will pay for all those other utopian gifts from government at no added cost to the citizens to whom the gifts will be given.

But let us take another look at what are called loopholes to see if in truth they are not the legitimate deductions without which the whole income tax structure would have proven unworkable a long time ago. To encourage home building, the citizen is allowed to deduct the interest on his mortgage and his property tax when he computes how much income tax he owes. Without this encouragement, a great many working men and women would not be able to afford a home. Yet this is one of the loopholes the tax reformers would close. They tell us it would net the government almost \$6 billion, but they do not tell us it would come from our own pockets or that we would then probably need that government built housing.

The same is true of another so-called loophole---the deductions for charitable contributions. This too, they would close. But then we could no longer afford to contribute to United Fund, or to Stanislaus County Memorial Hospitals. We would have to ask government to take over these chores. Last year 65 percent of all the deductions for charitable contributions were taken by citizens earning less than \$20,000 a year.

Another loophole they would close is the right to deduct medical expenses. Seventy-six percent of these deductions were taken by those below the \$20,000 mark. By removing this deduction, which was instituted to make it possible for people to guard their health, they would, of course, do more than increase government revenues. They would open the door to a take over of all medical care by government.

Our society has accepted the obligation to meet the health care needs of the poor, the disadvantaged and the elderly by way of Medi-Cal and Medicare. An estimated 89 percent of our people meet their basic medical needs through privately financed health insurance and, of course, the wealthy can take care of their own needs without insurance.

But, reflecting this philosophy of government doing all things for all people, a Senator in Sacramento has introduced a program that would simply eliminate the private health insurance business. He would finance this "free" government provided medicine with a payroll tax that could amount to \$100 a month for those with \$10,000 incomes---\$1,200 a year. His state plan would cost Californians \$7½ billion a year. In Washington, they are talking of one on a national scale that would carry a \$77 billion price tag.

There is also talk in Washington of building more child care centers. But they propose to take away a working mother's right to deduct from her income tax the money she now spends on child care.

With one hand, government helps aggravate a problem, and with the other, it proposes to solve it---with the money you could have used to solve it yourself.

If government eliminates the deduction for child care costs, a working mother would be almost forced to send her child to a government subsidized child care center. She would still be paying for it---with her tax money. But she would lose the freedom to decide who would be caring for her child during working hours, and where that care would be given.

I am not suggesting government has no legitimate functions. It does, but those functions serve the people best when they are aimed at helping the disabled and the disadvantaged become physically and financially self-sufficient so that they might help themselves.

California has moved forward in many types of programs to do just that. One of these is our rehabilitation program.

Since 1967, we have more than tripled the number of physically and mentally handicapped persons who have been rehabilitated each year. We rank first in the nation in the number of disabled welfare recipients restored to independence and first among the states in rehabilitating disabled persons who had been dependent on Social Security disability benefits. We have moved up from eleventh to third in the nation in overall rehabilitation services. Not only does this serve the humanitarian goal of restoring people to a productive place in society, it is good business.

The more than 14,000 people rehabilitated last year in California will:

--earn more than \$71 million in personal income this year,

Stanislaus Memorial Hospitals

--pay more than \$5.9 million in federal income taxes,

--pay more than half a million dollars in state income taxes and \$1 million in sales taxes.

Because they now enjoy the dignity of independence, there will be an estimated:

--savings of \$5.4 million in welfare, medical and institutional costs,

--and a savings of \$1.2 million in federal disability payments.

There is another area where I believe government can do something the people cannot do for themselves.

The newspapers carried a story a few weeks ago of a family holding garage sales to try to raise funds to help meet medical costs of \$37,000 incurred because of a succession of difficult medical problems suffered by one of the children in the family. This is the kind of catastrophic illness that strikes about 10,000 California families a year at an average cost to each family of \$25,000 a year.

Such an illness can turn a middle-income, wage-earning family into a family dependent upon welfare.

And this threat of a catastrophic illness hangs over every California family which does not have sufficient resources to pay the thousands of dollars yearly costs that such a tragedy can involve. Nor can private insurance be provided at a premium any of us can afford. For this reason and to eliminate this threat of financial disaster, we have proposed a California Health Security program, which will provide the means of paying for catastrophic illnesses at a cost of \$3 per month per working family, or \$36 a year.

This \$36 a year premium would protect the entire family from the point at which their present insurance coverage stops for as long as the expense goes on. It would not replace private health insurance, indeed we hope that private insurance would administer it.

We have submitted the plan to the legislature---it is up to the people to decide and inform their representatives if they want such a government plan.

What you have done here in Stanislaus County to meet the health needs of your community with your own resources is in keeping with our philosophy of having people do all that they can for themselves.

To those who say that it is wrong to encourage self-sufficiency, to make it possible for an individual to try to do for himself and help others, too, I would like to point to another story recently printed in the news media.

It was about a young man from Los Altos who wanted to be a doctor, but had difficulty getting any school to admit him because he was suffering from a kidney disorder that required him to be treated for eight hours on an artificial kidney machine, three times a week.

This young man graduated with honors from high school and finally found a medical school that would admit him despite his physical condition. A few weeks ago he graduated with highest honors as his fellow students and the faculty gave him a standing ovation.

After his internship, he plans to join a kidney transplant team at a famous hospital in Massachusetts where he will be able to use his education to help others suffering from kidney diseases.

During the long struggle to develop your medical centers here, I know many of you must have been discouraged at times and wondered whether it could be done or whether it was worth all the effort.

Some of us have had that same feeling in Sacramento now and then.

When you hear of the kind of human courage that young Californian displayed, when you consider the obstacles he had to overcome just to earn the right to try to help his fellow man, some of our own problems seem pretty insignificant.

The kidney machine you have recently installed might be part of just such a story some day. Your efforts may not only save one human life, it might also make it possible for the person whose life is saved to devote his career to helping others.

Yes, it most certainly is worth all the time and work and struggle.

And you can be eternally proud that you have been a part of such a magnificent contribution to the sick and disabled of this community.

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RELEASE

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS
NATIONAL CONVENTION
LOS ANGELES
September 5, 1972

You are concerned, and properly so, with jobs and prosperity for your members. I am concerned with jobs and a healthy industrial market because California's well being is closely linked to the products of the industries in which you work, particularly those having to do with aerospace and defense.

Several years ago, there was a readjustment in these industries that led to a reduction in the employment level. No one cried foul. Certain portions of the crash element in the space program that followed Sputnik had served their purpose, military requirements were less and even in commercial aircraft, we had leveled off somewhat.

Now however, the war weariness of our people has been used as an excuse by some in Congress to attack any and everything military. The virus has spread to include the space program and taint it with the onus of "boondoggle." They sanctify their head-in-the-sand foolishness with the spurious claim that cutting back on space and defense will give us more billions of dollars for welfare.

Indeed to dispute them is to lay one's self open to a charge of lacking compassion. Let us put that fairy tale to rest right now. There never has been a nation or a people more generous than ours. We will do whatever has to be done to take care of those who, through no fault of their own, are unable to provide for themselves. But it is not a kindness to help people become helpless.

The technical superiority of America's aerospace and defense industries has kept America strong and free in the years since World War II.

In fact, the very survival of America and the free world depends on maintaining the skilled scientific, engineering and production workforce which enabled us to be first to land a man on the moon.

Right now, a satellite circling the earth is helping us discover better ways of growing food, protect the environment by warning us of disease and fire threats to our forests, and locate mineral deposits and even new fishing grounds in the oceans. It helps us plan the use of our natural resources so that we can minimize man's destructive impact on the environment. Because we dared to explore space, we have vastly improved communications. We even find ourselves eating new and more convenient foods originally developed for the astronauts.

Medical advances that have evolved from the space program have increased our ability to improve the health care of the sick and disabled. Monitors detect irregular heart beats in intensive care units. Sensors alert a nurse when a baby stops breathing. An electric switch enables a paraplegic to turn the pages of a book by blinking his eyes. All are the result of experiments first conducted for the space program. To those who deplore the cost of the space program, perhaps we should ask if they are prepared to place a dollar value on something that saves a human life or allows a paralyzed patient to enjoy the pleasure of reading a book.

Then there is the entire myth of billions of dollars wasted on the moon.

Some of those in Congress who vote consistently against aerospace developments talk of adding \$150 billion in welfare and social spending ---as if that much is now being wasted in space instead of the \$3 billion ---approximately 1.3 percent of our national budget. That is the total cost of our space program. So while we are debunking fairy tales, let's have at that one. To hear them talk, you would think we were carting the money to the moon and leaving it there. Whatever the cost, the money is spent here on earth providing jobs for people who buy automobiles, refrigerators, TV sets, contribute to church and charity and pay taxes to support congressmen who vote to throw hundreds of thousands of people out of work and turn skilled middle-income Americans into candidates for welfare.

Turning our backs on the future won't cure poverty. It is the quickest path to national bankruptcy, not only for those of you who work in sophisticated industries, but for all Americans.

Since the issue that I am concerned about also concerns you, I hope you will pardon me for not trying to waltz around the fact that this is an election year, an election year different than any we have ever known. We are not going to decide just which party and which candidate provides national leadership for the next four years.

When you cut through all the rhetoric, the major economic issue in 1972 is whether a job is a better solution for poverty than a welfare check.

I believe jobs are the best cure for poverty, not welfare. Here in California we decided to put this belief to work and in little more than a year we have reduced our welfare rolls by almost a quarter of a million persons, reduced the annual projected cost of welfare almost three-fourths of a billion dollars a year and increased our support payments to those who really need our help by 30 percent.

During these past several years of excessive unemployment in the aerospace and defense industries, we have sponsored a number of programs to find new job opportunities for displaced engineers and skilled workers. Our State Department of Human Resources Development has placed 6,177 persons into new jobs. But unemployment in these fields is still too high.

And it won't be cured until America starts giving aerospace and defense programs the priority they deserve. The best cure for aerospace and defense unemployment is to carry forward the programs which America needs to protect its freedom. Jobs, not welfare, is the cure for aerospace unemployment. But those jobs won't exist if America listens to those who favor cutting defense to expand the dole.

At the moment, we're on the road back to a more productive use of our skilled space workers. Just a few weeks ago, a California company was awarded a \$2.6 billion contract for the space shuttle. That contract means at least 25,000 jobs in California and possible as many as 160,000 nationally when the program is in full effect.

Yet a candidate campaigns on a promise of providing a job for everyone at the same time he opposes such space projects.

He opposes development of the B-1 supersonic bomber, although it means 43,000 jobs. Of all the planes flying commercially in the world, 85 percent bear an American trademark and were made by American working men. We captured this market because we were out in front with every new development. When planes became bigger we built them first. When they became faster we were first with the fastest---until we reached the sound barrier. Then little men with little minds voted no on the SST. In reality, they were voting to give up America's supremacy in the sky.

They revealed their true stature when they proposed to help the men and women they had voted out of jobs by appropriating money to help them meet the mortgage payments on their homes.

From the beginning of time, man has deplored the need for weapons. A sword is not as productive as a plowshare. But over this same span of years, men have learned to their sorrow you have both sword and plowshare, or you must one day choose between slavery and death.

We cannot afford leaders who are opposed to the anti-ballistic missile defense program, the modernizing of our missile forces or our nuclear submarines, while the Soviet Union is expanding its nuclear fleet at a rate twice as fast as we are.

We cannot afford those who vote to weaken America and to reduce employment in the aerospace and defense industries.

We cannot afford to cut \$32 billion from the defense budget. Aside from the grave threat this cut would pose for our nation's security, the economists say that every \$1 billion spent on defense and aerospace generates about 60,000 jobs. So when you translate that \$32 billion into human terms, it means eliminating 1.9 million jobs.

That isn't just my opinion. It is an opinion strongly voiced by major figures in both political parties, by union leaders and management spokesmen.

Whatever our political philosophy, whatever side of the bargaining table we sit on, we are all Americans. And whatever threatens America's security and prosperity threatens us all.

And the plain truth is that the proposals that have been advanced to cut America's defenses would retard all the progress we have made toward assuring a peaceful world and a prosperous America.

The political philosophy that endorses such cuts represents a graver threat to America's security and prosperity than any sword rattling by any would be aggressor.

While we may disagree on other matters, on this crucial issue, every American should share this concern about those who believe we can slash billions of dollars from our defense budget and still protect our freedom and maintain a prosperous economy.

It is an issue that dwarfs all others.

We all want a peaceful America. And we hope that negotiations will speed the day of peace. Some of you who are older know that I was an officer of my union for 25 years and for almost 20 of those years I led our union's negotiations with management. I do not suggest this experience was on a level with the negotiations aimed at ending this war. But I do know that to negotiate fairly, you have to negotiate as equals. You can't settle a strike or end a war on equitable terms if one party to the negotiations goes to the table hat-in-hand, having given away the last vestige of bargaining power he has at his command. No one who has ever sat on one side of a negotiating table can seriously believe that America cannot retain a major voice in the world by cutting our military troop strength to a level below what we had before Pearl Harbor.

We cannot negotiate on equal terms with any would be aggressor if we adopt a calculated policy of weakness.

Disarming America won't bring peace---it will almost surely invite a threat to peace. And dismantling vast segments of the defense industry in favor of a national welfare program won't cure poverty. It will guarantee poverty for a lot of productive people who are employed in defense industries and who are not only supporting themselves, but who are making a vital contribution to peace and prosperity.

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9/8

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RELEASE: FRIDAY P.Ms.
September 8, 1972

PLEASE GUARD AGAINST PREMATURE
RELEASE.

ACTUAL TRANSCRIPT

~~EXCERPTS~~ OF REMARKS BY GOVERNOR RONALD REAGAN
SACRAMENTO HOST BREAKFAST
SACRAMENTO
September 8, 1972

From those first few years when I kept you posted on how much we were saving on typewriter ribbons, these meetings have come to be an opportunity for me to report on the state of the state.

It is a pleasure to do so, especially this year because our fiscal situation is considerably improved and so are a few other things.

For example, last year when we met, the legislature was still in session. This year, they are still in session, but they have gone home for a while. The script is like one of those long running soap operas on daytime TV.

"Will Laura give up Mickey for Bill?"

"Will Bill find happiness with Cynthia?"

Will there be action on tax reform and school finance?

Will they protect the environment without declaring the state off limits to people?

Will they ever start going home again on June 30?

Tune in next November.

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The budget was passed on time, for the first time in several years. It came down about one quarter of a billion dollars heavy, but responded to surgery and made the weight before it was signed. That makes the six year amputation total a little over a billion dollars.

We have the comprehensive solid wastes disposal program we need to deal with a problem that grows increasingly acute in our urban areas. Now we are waiting for action on our request for a combined pollution control board to put it under.

There was favorable action on some of the bills we need to further strengthen our air pollution control efforts.

A \$250 million bond issue was authorized for the 1974 ballot to enable us to carry on the development of our state's parks and recreational areas.

Host Breakfast

And we managed to agree on legislation providing temporary forest practice regulation....a bill we needed because a court ruling nullified the state's previous authority in this field.

We still must develop a long-term forest practices program that will permit us to carry forward our efforts in fire and erosion control and all the other steps we must take to safeguard the environmental resources of California's forest areas.

We will soon be taking the first steps toward phasing out San Quentin Prison.

And a few weeks ago I was privileged to sign legislation making the children of our P.O.Ws and missing servicemen eligible for free tuition in our institutions of higher learning. It is one positive way, at least, to show the concern we all feel for our fellow Californians who are prisoners of the communists in Southeast Asia.

This year's budget includes some \$28 million for scholarships and loans to enable deserving young Californians to attend our colleges and universities. Six years ago, it was less than \$5 million.

We also feel it is time for the state to acknowledge the needs of thousands of young Californians who will enter the work force immediately after high school; to develop an effective program to help finance technical and vocational training beyond high school.

Working on a bipartisan basis, a bill has been passed this year that will create a competitive occupational education and training grant program on a pilot basis to be administered by the State Scholarship and Loan Commission.

This does not mean any lessening of emphasis on higher educational opportunities for those young people who desire and can profit by further academic training. It does mean a broadening of our educational goals to include the technical and vocational training that will help our young people develop the skill they need to find and keep a permanent job.

The legislature also authorized, and I signed legislation to place a bond issue on the November ballot to finance additional medical science facilities at the University of California. The original measure called for \$300 million which we figured was not only excessive but could have adversely affected the whole program for our bond sales. With bipartisan legislative cooperation this figure was reduced to \$156 million. It is a bond issue we should all support. This is Proposition 2 on your November ballot.

The subject of transportation has come up once or twice this year. You would be surprised how much information there is on this subject--- including a lot of things you don't really want to know.

For example, somebody has proposed an experimental program for increasing the use of the public bus system in Washington, D.C., by offering free taxi rides to and from the bus stop. That should not surprise anyone. Do you remember about 10 years ago when Congress was talking about subsidizing transit riders?

A Senate committee set up a distinguished research team, headed by a prestigious professor, who discovered that if you cut bus fares in half, more people would ride the bus. They got so excited about their discovery, they pursued it and learned you can further increase patronage if you pay people a dime to ride the bus. And even more people will ride if you pay them 20 cents. But then they had to report failure. They discovered that even when you pay people you cannot get 100 percent public use of rapid transit. This is my kind of sneaky way of telling you that 60 million Americans still drive to work each day and we will be supporting new highways for some time to come. Eight and a half million use buses, trollies, subways, trains, and in San Francisco, boats.

Certainly, because of the smog problems and urban congestion, we have to be more selective in highway planning and encourage the growth of other types of mass transportation.

But the plain truth is that freeways and highways are still the major means our people use to get to and from work, to shopping areas, and to school. And our long range planning must encompass all the various transportation systems in a balanced program.

This year, one of our major proposals was to create a State Department of Transportation. The measure has cleared one committee, and we are hopeful that when the legislature returns in November we will get the authority we need to streamline our transportation planning by coordinating it within a single department.

For the first time, we would have the ability to use systems analysis techniques to determine the total transportation needs of the people of California---and the capacity to develop, in cooperation with every other level of government involved, some realistic objectives and some financial plans for meeting those needs.

The subject of no-fault automobile insurance remains on the "unfinished business" agenda.

Host Breakfast

I am personally disappointed that the legislature did not choose to respond to a major issue in the area of crime control that developed this year after the Supreme Court rulings on capital punishment.

The people will be deciding this one themselves in the November election. I believe capital punishment does deter crime and therefore it is my hope that the people deliver their decision on this issue loud and clear when they go into the voting booth.

Economically, there has been a tremendous improvement in California, both in government and the private sector, since we met at this time last year.

The simple facts are these: California employment stands at an all time high of more than 8.3 million---215,000 more Californians have jobs than a year ago and the unemployment rate is dropping twice as fast as it was at this time last year. The August rate was the lowest for that month in three years.

Your Chamber of Commerce can take a share of the credit for helping expand job opportunities in California through your business development programs.

I want to particularly note the work of the Chamber and its members on two projects---our manpower task force study and the space shuttle committee.

I know the many hours of work Tom Hamilton (Thomas M. Hamilton, chairman), Burnham Enersen, and the other members have devoted to the Task Force on Manpower Policy study. The Task Force has completed its work and I have asked Dr. Earl Brian, Secretary of Health and Welfare, to carefully review the findings and recommendations. We appreciate all your efforts and we expect to develop positive suggestions that will provide better coordination among the various manpower programs and more effective results in terms of expanded job opportunities.

You will be hearing more on this later.

Because it means job opportunities for thousands in the aerospace industry, I want to take just a moment to express my gratitude to the State Chamber of Commerce, to Ed Reinecke, and to all the others who worked so hard to bring the space shuttle project to California. As you know, a California company (North American Rockwell) recently received this \$2.6 billion contract. It was good news, indeed, for those of us concerned with California's economic future.

Host Breakfast

It will mean at least 25,000 jobs in our state and possibly as many as 160,000 nationally. Some economists say this contract alone will generate a total increase of some \$4 billion in the California economy during the years ahead.

When last we met, the battle for welfare reform had just been concluded, but already the administrative reforms we had implemented earlier in the year were showing results. There are almost one quarter of a million fewer people on welfare today and the total cost to this year's budget for welfare and Medi-Cal is almost three quarters of a billion dollars less---and that's a lot of typewriter ribbons.

Let me prod your memory. Last year we were being told by any number of loud voices that a tax increase of three quarters of a billion dollars was an absolute must to balance the budget. Now some of those same loud voices are demanding to know what we intend to do with the ^(budget) surplus we had on June 30 and the one already projected for next June 30. And, of course, the loudest voices are those suggesting ways to spend it.

We have known for some time that our persistent penny-pinching, capped by the great success of welfare reform had finally brought us to the point of an on going surplus. In the tax reform that was shot down two months ago by a small willful band of Senators, we had committed this surplus to be returned to the people in the form of property tax relief. We still are not sure of the exact amount of the surplus, but should have a better idea before the month ends.

Let me just spend a minute on our four-year effort to provide property tax relief, principally for the homeowner. I think, by any and every standard, this is the most regressive tax we have in California and the most in need of adjustment.

Some of those who have obstructed this adjustment complain that we are only shifting the tax; that the burden actually remains unchanged for the taxpayer. He pays the same total with the decrease in property tax transferred to increases in other taxes. To a large extent, this is true, the only way to reduce the total tax load is to reduce the cost of government. And incidentally, most of those who have blocked our tax reform are the same ones who fight every attempt at economy. They are the last of the big spenders---with someone else's money.

Host Breakfast

But here is the real reason why a tax shift should take place. In the sales tax you have a certain amount of choice. Since it does not apply to food and shelter, you can do without some non-essential service and thus avoid the tax. Income tax only applies when you have an income. But the citizen who is laid off, unemployed or who comes to the end of his earning years, finds the rent he pays to government for the privilege of living in his own home goes on and on and on. The property tax is not based on ability to pay. So it makes sense in transferring this tax from this sort of thing to forms of taxation that are based on your willingness and ability to pay. While we are on this subject of taxes, let us expose a few more fairy tales. For example that favorite of every demagogue---"don't raise the sales tax, that is a consumer tax. Tax business instead." For a long time they have been getting away with that one. So long, in fact, there are now 116 taxes concealed in the price of a suit of clothes, 151 in a loaf of bread, and at last count, 100 in an egg. Now, the chicken did not put them there. Somehow they sneaked in between the hen and the breakfast table. At least with the sales tax, you know how much you are paying and can register a complaint when government gets too expensive.

Fairy tale number two: one of the "anti-tax reform" Senators is fond of saying that Californians are getting away with murder in the state income tax. From there he becomes a "Johnny one note" on the idea that somehow the higher income earners are getting a free ride. The California income tax nets something between 1½ and 2 billion dollars for the state. Of that amount, 8.4 percent is paid by 52.6 percent of our workers whose earnings are \$10,000 or less. That leaves 47.4 percent above \$10,000 paying 91.6 percent of the tax. But let us break that down: 38.3 percent earn between 10 and 20 thousand dollars a year, and they pay 35.8 percent of the tax. And that leaves 9.1 percent of the taxpayers earning \$20,000 a year or better paying more than half--- 55.8 percent of the total tax. I might as well button this up all the way in case the Senator claims he is only talking about those earning \$50,000 a year or better. Only .8 percent fall in that class, but that .8 percent pays 22.2 percent of the total state income tax.

I think these figures suggest that California's income tax is not only progressive, it also does not offer much possibility for additional revenue without seriously disrupting the state's economy.

Host Breakfast

And that brings me back to that surplus, and what we are going to do with it. I would still like to reduce the homeowners burden, and we shall continue our efforts to do this, using the available surplus. But I also assure you that if we continue to be obstructed in this effort then I shall ask the legislature to return this money in the form of reduced state taxes. My own preference will be an across the board cut in the income tax.

Perhaps it is time for you to ask yourselves as citizens and taxpayers whether you agree with those who would enlarge government simply because tax income now exceeds outgo; or whether you believe as I do that additional government services should be adopted only on the basis of their value to the public and the public should know exactly what the price will be in new taxes.

I suggest that you ask yourselves this question. May I also suggest you ask all the candidates for the State Assembly and Senate whether they would vote for increased spending or for a return of the surplus to its rightful owners---the taxpayers? Each one of them should be willing to answer this question before you cast your ballot.

I have been told that our attempts at tax reform are actually poor politics because they appear as an increase in the state budget. It is true that if our tax reform had passed, almost a billion dollars in savings to the homeowners would have appeared in our budget as an increase simply because we would have collected the money and given it back. Indeed, this accounts for much of the budget increase of these past six years. In the homeowners exemption, income tax rebates, and inventory tax relief, we have given back more than \$2 billion with virtually all of it appearing as cost increases in the budget.

It would be far better if we could find a way to make tax sources available at the local levels and thus place the responsibility for raising revenues on those who administer the spending of those revenues. And we continue to seek ways to do this---not because it might be better politically, but because in the last analysis, government spending will be checked only when an informed citizenry begins holding their elected officials accountable.

Host Breakfast

Our present system makes it almost impossible to have an informed citizenry. This year we tried to divide and present two budgets---one reflecting the actual cost of running state government and the other (more than twice as big) showing the monies collected by the state, but administered by other levels of government. Just to give you some idea of what we have managed to accomplish in state government these last few years, there are 102,000 fulltime civil service employees in California state government---the biggest in the Union. New York City has 423,000 employees. In spite of this, it sometimes seems that state government looms in most people's minds as the biggest cause of their tax woes. We have a high profile in Sacramento when the cussing starts.

In actuality California state government is the taxpayer's best bargain. It only takes about seven cents out of the tax dollar to run this state. The other 93 cents is divided roughly 70 cents federal and 23 cents for services and programs administered at county and community levels. The cost of those state functions we control administratively has increased only 1.9 percent in per capita constant dollars.

And yet at the same time, we have doubled our Highway Patrol to meet the increased needs of additional hundreds of miles of new highway. This has also make it possible for the California Highway Patrol to take over patrolling of the freeways in our larger urban areas, freeing local police for crime fighting. And we are adding 400 correctional employees in our penal institutions.

Still we have 1100 fewer state employees than we had six years ago when I took office.

In all fairness, I must point out that state government has a long history of imposing tasks on local government without always providing revenue or revenue sources to fund those tasks. We sought to correct this in our ill-fated tax reform proposal by requiring that new mandates be accompanied by necessary funding. That too was rejected by the Senators.

But even that would have fallen short of facing up to our real need. And may I say the so-called Watson Amendment---Proposition 13---is not the answer, but in truth will further confuse an already chaotic hodgepodge and imbed that chaos into the constitution, killing all hope of creating a system based on fiscal and governmental responsibility. And there is no way to salvage the welfare reforms I mentioned earlier if this program is adopted by the people.

Host Breakfast

California in these last few years has moved ahead on a score of fronts---most of them, I am sorry to say, better known beyond our borders than here at home. We have set a pattern for other states and have even had an influence on national policy. Some of what has been accomplished, such as the revolutionary reform of welfare, came about only because you, the people of California, made it absolutely clear this was what you wanted.

Now, do we have the will and the courage to look at our governmental structure; to evolve a practical plan whereby tasks and services performed by government will be assigned to those levels of government best qualified to handle them regardless of what has been the pattern of the past; to construct a revenue system to match with sufficient tax sources for the tasks assigned to each level of government? Are we willing to look at traditional boundaries and county lines to see if they meet the present day needs of California?

"I," too, "have a dream." A dream that perhaps California can set a standard of government reform that will make possible efficiency and economy in government at a level never before realized.

In my dream, I am standing before this particular audience at a Host Breakfast one day to tell you of a plan to put the governments of California---state, county, city and special districts, of which there are some 3000---into a kind of plastic geodome, a container where they are visible to all the citizenry like one of those see-through watches where you can see the ticking and the wheels going around.

Where the functions and services of each echelon, and the effectiveness, the cost of the services and the benefits are easily apparent.

Where the people can constantly appraise the services received and judge their value in comparison to cost.

Where we will no longer have government by mystery.

Where we no longer have the arrogance of officialdom of people who sit in the halls and say "Oh well, the public wouldn't understand so we'll just keep this to ourselves."

Where the people will know that if a new service is offered, they will be able to see instantly that it is not going to be another free gift or free government handout, but that it must either replace an existing program or have to be funded by a new or increased tax.

Host Breakfast

Where the voice of the demagogue will be stilled because the victims finally will be too well informed for him to get away with it.

We can have an informed citizenry that will understand the relationship between taxes and law and business climate and, indeed, the relationship between that business climate and the jobs and their own prosperity.

This wouldn't be something that the state would present and then impose on the people, because the state should not have that kind of power.

It is something that you, the people of California, would review. And, if you thought that plan was proper and workable then it would be up to you and every echelon of government to implement it.

I have called it a dream. But, it is not an impossible dream. Many of you in this room, in your various organizations, are engaged every day in trying to bring some phase or other of what I have suggested into being. We seemingly have become reconciled to a belief that "well, it has gone on so long in politics," and "well I guess that's politics and politicians," and "well, there isn't really anything I can do about it so maybe I'll even stay home on election day."

Not on your life!

There is not a single thing that I have proposed that cannot be done.

If there is a need to join city and county and merge services together to get the job done better and more economically, then it can be done if the people decide they want it done. If there are areas of our state where the county boundaries do not make sense any more and they should be brought together into a single county, that too can be done.

And we can have a governmental structure where every politician who offers you something or makes a proposal must tell you how many more pennies are coming out of your earnings in order to pay for that service so that you can make the choice just as you make the choice when you purchase any product. Is it worth the price tag that is assigned to it?

This is not an impossible dream and I happen to have the confidence that one day in the not too distant future I am going to have as my subject for a Host Breakfast the presentation of such a plan. And, then it will be yours to carry forward.

If California can do this, then California will once again have lived up to its promise to all the rest of the Nation. We once again will have started a prairie fire rolling, and we will be blessed by the people in our land.

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

9/14

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September 15, 1972

PLEASE GUARD AGAINST PREMATURE
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EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
NATIONAL GUARD ASSOCIATION OF THE UNITED STATES
ANNUAL CONFERENCE BANQUET
San Francisco
September 14, 1972

It is a pleasure to be with you this evening. And my pleasure is doubled because of the honor you are doing a great citizen and my friend Bob Hope. World War I may be remembered because of the patriotism of George M. Cohan, but show business is proud as I am sure all Americans are of this man who has been America's secret weapon in three wars.

American troops, no matter where they might be stationed, have in these three wars never been too far away for Bob to find them and remind them of folks back home who loved them and missed them. Today military jets are a lot more comfortable, but when Bob started it was different. Bob has ridden in so many bucket seats, he used to buy his pants by the gallon.

He is a great guy and a great American---the only place he has not been is Hanoi.

Teddy Roosevelt said America should walk softly and carry a big stick. I don't think he had in mind those characters who walk barefoot and carry a peace symbol on their way to throw rocks at a policeman.

We have seen some who would interpret the desire for peace as an excuse for downgrading the defense of the United States.

The matter of our country's security and our ability to defend ourselves against any aggressor has been an accepted fact to all Americans for most of our history. No matter which party controlled Congress or the White House, there has been strong support for a bi-partisan approach where matters of defense are involved. But today, born perhaps of war weariness, voices are raised urging a different and dangerous course. Thank heaven, there are leading figures of both parties expressing deep concern about some of the proposals we have been hearing on defense cutbacks.

Even if we believe that those who propose these massive cutbacks have a legitimate difference of opinion on what constitutes an adequate level of defense for the United States, we do not have to believe that what they propose is wise or prudent national policy, based on a realistic assessment of the international situation. And it would be folly of the worst sort to follow their leadership.

National Guard

When the barn catches fire, you do not send a fellow for water who does not know a pump handle from a bull's tail. To be specific, what would a cut of \$32 billion in the defense budget mean to the United States in terms of manpower, in terms of strategic weapons...ships?...planes?.. We don't have to guess at the answer to that one.

The Secretary of Defense has presented to Congress a detailed outline of the impact of a \$32 billion cutback in defense, along with an analysis of the other proposals to eliminate or cut back specific defense programs.

A cutback of that magnitude means:

--Canceling the program to modernize the Minuteman Missiles.

--Canceling the B-1 bomber development, a program essential to maintain the realistic deterrence that the President feels is necessary to enable America to negotiate for a generation of peace from a position of strength.

--Canceling the safeguard ABM anti-missile defense program entirely, limiting the Poseidon submarine force, at a time when Jane's Fighting Ship, says the Soviet Union, is embarked on a continuous deployment of nuclear vessels, including nuclear powered missile firing submarines.

It means:

--Canceling the F-14 and F-15 fighter aircraft programs, the development of modern helicopters.

--Reducing the number of our active duty military personnel to a level below what we had six months before Pearl Harbor.

--Closing some 500 bases and other military installations, cutting back on research and development and eliminating more than 2½ million jobs in defense and defense-related industries.

Never mind how much this would jeopardize America's current economic recovery, It would do even greater damage to the present effort to negotiate peaceful arms reductions. The proposed cut of 60 percent of America's military strength in Europe would be--in effect--a unilateral pullback without any comparable reductions from the other side.

It would be a reckless gamble with the safety and security of the American people. America would be staking its survival on an unrealistic overly optimistic assessment of the enemy's good intentions. Our only hole card in the great international poker game would be a wistful desire for peace. Our future negotiating would be from a calculated posture of military weakness that would guarantee a future policy of unconditional appeasement.

Every lesson of history tells us that appeasement does not lead to peace. It invites an aggressor to test the will of a nation unprepared to meet that test. And tragically, those who seemingly want peace the most, our young people, pay the heaviest price for our failure to maintain

National Guard

I take advantage of your invitation and say these things because in this room are men who have devoted their lives to being part of America's military reserve force.

It has been proposed that the National Guard be "reconstituted" and reduced in size. They can talk plainer than that. What they propose is the total elimination of the National Guard's federal combat reserve role in America's defense planning. In short, the National Guard would be a domestic militia.

True that is one of your present tasks, and one you perform well in times of natural disaster and civil disturbance.

As a governor, as someone who has firsthand knowledge of the vital necessity of maintaining a combat ready force, I am totally opposed to this kind of "reconstitution" of the National Guard. And I hope every one here tonight will alert those in your own states who should be equally concerned about the future of the National Guard under the proposed new policy.

Instead of helping provide realistic deterrence, the elimination of your military mission would be part of a grand design for minimum deterrence and this would not strengthen America nor would it increase our chances for a lasting peace.

Those who propose such a change and such massive defense reductions have a strange set of values.

They propose general amnesty for those who have turned their backs on America. But they would leave the fate of American prisoners of war to the hoped for good will of an enemy who has displayed as great a savagery as has ever been recorded in the annals of war. Unwilling to make the investment necessary to keep America first in defense and space, they are willing to finance welfare benefits for the people they would put out of work.

They tell us we should change our priorities, but where have these so-called experts been in the past 3½ years when we have been changing our priorities.

We have made an amazingly efficient transition from a war-inflated economy to a peaceful economy.

Ten years ago, defense took 48 percent of the federal budget--today 32 percent. For the first time in our history, the budget for the Department of Health, Education and Welfare is higher than the budget for the defense department.

But this apparently is not enough for them. Well, I suggest the priority they would have for national defense is not acceptable to Americans who have lived through previous times when our country found itself unprepared and stumbled into war without sufficient manpower or equipment. Our young men in wars past have died unnecessarily because of unwise economies and lack of preparedness.

Reducing America to the status of a second rate nation, unable to make its voice heard in the councils of the world will surely be the prelude to another generation of Americans dying needlessly because of our mistakes.

They say they want peace. We all want peace. The President wants peace and he is not just talking about it--he is doing something to bring it about.

All of us denounce war--all of us consider it man's greatest stupidity. And yet wars happen and they involve the most passionate lovers of peace because there are still barbarians in the world who set the price for peace at death or enslavement and the price is too high.

In an earlier day, a distinguished American said: "War is an ugly thing. But not the ugliest of things. The decayed and degraded state of moral and patriotic feeling which thinks nothing is worth a war is worse. A man who has nothing which he cares about more than his personal safety is a miserable creature and has no chance of being free, unless made and kept so by the exertions of better men than himself."

Let us resolve that no American President will ever have to beg--that in hand---for peace because we were unwilling to protect our freedom and the freedom of Americans as yet unborn.

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

9/27

PLEASE GUARD AGAINST PREMATURE
RELEASE

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN,
STATE BAR OF CALIFORNIA
ANNUAL MEETING, DEL MONTE HYATT HOUSE
MONTEREY, CALIFORNIA
September 27, 1972

Since justice is everybody's business, I would like to discuss some of your concerns today, how they relate to some of our other problems, what is being done, and even what needs to be done.

But before I sum up the reasons why the bench and bar must concern themselves with reforms that will help us realize the cherished ideal of a speedy trial and speedy justice, let me sort of sugar coat the castor oil by recognizing some of the constructive things that are going on.

The Select Committee on Trial Court Delay has completed its work and made a number of recommendations. They are aimed at making courts more efficient; streamlining legal procedures and speeding up the trial process to enable the legal system to handle its increased volume of work.

Many of their recommendations, of course, require legislation and like a number of other things, have yet to be achieved. Others involve reforms that can and have---in some very encouraging instances---already been implemented by administrative action within the judicial system.

Some judges have been able to reduce their backlog of cases by simply following the Biblical admonition, they "goeth forth unto their work...and labor until the evening...crown (them) with glory and honor," and bless their industrious souls.

In your client security funds, your approach to the concept of no-fault insurance and other reform efforts, the State Bar of California has displayed a commendable determination to make our legal system more effective and thus, better able to dispense justice to everyone.

Many of the court and legal reforms we have sought at the state level involve calendar management, record keeping, and all the technical matters that are necessarily required in our civil and criminal legal system. The California Council on Criminal Justice has a number of promising pilot programs under way that should provide some answers. Among the projects the council is funding this year are programs to explore the feasibility of using electronic recording devices in place of court reporters in criminal proceedings...(just imagine hearing yourselves on instant replay)...court information systems to expedite routine cases...a study designed to encourage the use of smaller juries in civil matters, and programs aimed at improving calendar management in both the criminal and civil fields. There are others that involve more critical problems.

Sweeping court rulings on criminal arrest procedures have placed a heavy new burden on our law enforcement officers. If we are to have vigorous and effective law enforcement---and not jeopardize potential convictions---there is a need for improved training of everyone who plays a major role in law enforcement. That is why we now have a Regional Criminal Justice Training Academy in Modesto and the reason funds have been earmarked this year for another such center to be located in Sacramento.

A few weeks ago, we also appointed a Governor's Select Committee on Law Enforcement Problems. That is the official title, but the purpose can be summed up a little less formally---what we want to know is what we at the state level can do to provide better protection for the public.

This committee, headed by an attorney, is charged with the task of identifying those law enforcement problems in California that can be most effectively remedied by state action.

We know there is a need to analyze existing crime control measures, to establish feasible action programs to meet the problems law enforcement officials have had and to pinpoint specific steps we can take to crack down on crime.

We know that in some areas, such as over-the-border narcotics control, there may be a need for more effective coordination and cooperation between federal, state, and local law enforcement agencies.

But the purpose of this study, indeed, the result we expect to come from the committee's findings, is a major legislative program that will point to the root causes of the difficulties presently encountered by our police and courts and propose specific means of dealing with those problems.

This is a major priority of our administration, and every available resource of the state will be made available to assist the committee in its work.

On Friday of this week, my legal affairs secretary, Herb Eilingwood, will be submitting to the Council on Criminal Justice a Master Plan for Judicial Process...the first such program in the nation. It is designed to carry forward the work that needs to be done to end trial court delays that make a mockery of the concept of speedy justice.

State Bar

This year, one of our major legislative proposals involves the greatest single social problem of our times. The continuing problem of drug abuse. Although there were slight declines in both categories, there still were 42,745 adult felony arrests involving narcotics in California last year, and 84,384 juvenile drug violations.

The massive threat that narcotics addiction poses to our society was underscored recently by a report prepared for Congress by retired Marine General Lewis Walt.

The General pointed out that America's heroin addict population now is ten times bigger than it was in 1960. He said: "...if we fail to deal with this problem of drug addiction effectively over the measurable future, let us say over the next five years, or ten years at the outside, our society may be doomed.

"The estimated 600,000 addicts we have today are reportedly responsible for from 50-60 percent of our street crimes and petty burglary. More than any other single factor, it is the rise in (narcotics addiction that has converted our streets into dangerous jungles and our cities into places of fear. Each addict requires \$50 a day to support his habit."

To combat drug abuse on the federal level, General Walt recommended increased American support for international efforts to control narcotic smuggling (something the President has been actively trying to do). Thanks to his leadership, several European countries have vastly increased their efforts and the number of agents assigned to this task.

General Walt had one other recommendation which, in light of the current efforts to down-play the menace of certain drugs, should be brought to your attention. He proposed the death penalty for the heavy trafficker in heroin and other major drugs.

Now I know that anyone today who suggests tougher criminal penalties is apt to find himself accused of lacking compassion for the under-privileged or the disadvantaged. If you are tempted to make such a judgment of General Walt, consider first his reasoning.

The death penalty is justified for heavy drug pushers, he said, because the trafficking in narcotics..."at its upper limits...really represents a form of genocide on a massive scale...a crime so massive, a crime so heinous, a crime so damaging to so many people and so hurtful to society that it belongs in a category all by itself." Does the General exaggerate?

Some little while ago, I received a brief but poignant letter from one of you, a judge here in our state. He wrote, "one of several matters on my calendar this past hour was a subject who had freaked out following an LSD trip. I followed the only apparent alternative and buried him in a state hospital for the mentally ill. Because there is so little to talk about when they reach this point, such a funeral requires less than three minutes. But this one was expensive. He leaves a wife, child, University degree, and a judge who wishes he had the answer to the drug death."

I am sure you understand he was not speaking of a real funeral, that was his term for storing a living human being away for life in an institution for the mentally ill. Let me read you a few lines from the transcript.

"The subject is a poorly developed, poorly nourished, white, married male. He has long unkempt hair, he stinks. He is unable to communicate, he babbles, believes he is a Messiah sent down to clean up the jail... he is insane within the meaning of the penal code of California."

The legal age of maturity is now 18 years. Does anyone suggest that all 18-year-olds have the judgment to resist the dangerous lure of narcotics? If they are allowed to experiment freely with one drug, can anyone assure society they will not become enamored of other deadlier narcotics?

Does society have no obligation to protect its people against dabbling with a substance that can lead to tragedy and death?

I know of no moral or legal argument that supports such a conclusion. Yet at this moment, there is a campaign under way to legalize marijuana.

The illogical arguments advanced on behalf of this initiative so far remind me of an experience the Reverend Billy Graham had while conducting one of his rallies. He was being picketed by a noisy group of demonstrators who were demanding instead that marijuana be legalized. When the Reverend Graham asked one of the demonstrators why he so violently rejected religion, the demonstrator replied "man, I don't need that crutch."

Now, this does not mean society should have a harsh, unfeeling attitude toward young people whose only brush with the law involves drugs, especially marijuana. Judges in California already have the option of making marijuana possession a misdemeanor.

Justice must be tempered with compassion, and that is the purpose of the comprehensive drug abuse treatment program we submitted to the legislature this year.

We believe the best hope of saving other young people from drug addiction is through education. So the program includes better preparation of teachers along with stepped up efforts to expand other anti-drug educational programs at the community level.

For those persons already hooked on drugs, we propose the immediate development of additional community-based treatment programs. The state will pay most of the cost.

And from the legal standpoint, we propose to divert the casual first time user or possessor of drugs away from jails and prisons. Instead of being processed through the criminal system, they will be given the opportunity to participate in treatment programs designed to keep them from becoming addicts.

This program is moving forward in the legislature. We have good reason to expect that it will be adopted when the session resumes in November. I hope all of you, particularly those of you on the bench, will give it your strong support. The major leadership must come from within the legal profession and the judiciary itself.

I know the problems I have described sound all too familiar. It was ever thus. Aristotle was complaining about the judicial system 2,000 years ago. And if he were around today, I suspect he would probably be speaking at a bar meeting now and then.

The phrase "Crisis in the Courts" has become something of a cliché in recent years. Unfortunately, clichés are born of truth repeated over and over again.

There is a crisis, not only in the courts, but a crisis of faith in our entire system, a lack of confidence in what some of our young people refer to as "The Establishment."

A recent poll showed that 39 percent of the American people---almost two out of every five citizens---have little or no faith or confidence in government, and by government they mean all three branches; executive, legislative, and judiciary.

As attorneys and judges, you know that many of the procedures that are called cumbersome in our legal system are necessary safeguards to protect the rights of the accused, no matter what his crime. Whatever changes we make can never sacrifice those basic rights.

But the frustration of the people goes far beyond impatience with the legitimate legal safeguards involved in criminal justice. The victim of a crime cannot understand why it sometimes takes years for the courts to deal with an armed robber who only took two minutes to commit the crime.

Long delays between arrest and conviction, endless appeals of questionable merit, the resort to legal gimmicks involving technical rules...all of these things contribute to the lack of confidence in the legal system. To many of our people, it seems the prime goal of defense attorneys is not an early hearing on the merits of the case to win acquittal or a resolution of the case on the facts. Instead, delay becomes a tactic in itself, a way not to assure justice, but to thwart it.

The legal system itself must lead the effort for reforms, provide the effective means of dealing with disrespectful and contemptuous conduct toward the court, the regulations to prohibit the antics of defendants who see their day in court only as an opportunity to publicize and dramatize a social or political cause.

For more than 180 years, the advocacy system in our courts has been one of the legal system's major strengths in assuring justice. Today it seems, the advocacy system has become a means of exploiting the weaknesses of our system...using the legitimate safeguards built into our legal system to prevent it from functioning effectively.

This is not confined exclusively to the criminal courts. Many laymen also are frustrated by a legal system they feel is being misused to delay or prevent entirely the carrying out of legislative reforms enacted by a majority vote of the elected representatives of the people.

I am sure many of you are familiar with some of the legal challenges to elements of the welfare reform program adopted last year. Now, I do not suggest that there be no possibility of legal challenges to legislation. At times, it may even be desirable to clarify the intent and dimensions of a specific program.

But the court system should not allow itself to be used by proponents of a political cause. At last count, 13 challenges to the 1971 welfare reform program have been carried through to a judicial resolution. The state was upheld on 12 of those 13.

Yet, as a result of those delays, some of the reforms to crack down on welfare fraud and abuse were blocked for months. The major losers in this situation are the taxpayers and the truly needy. These delays cost millions of additional dollars in welfare costs...most of which went to people who...as the result of the appeals demonstrated...had no legal claim to it.

There is another cost in this kind of situation, too. The legal system itself loses a little more credibility.

The flurry of initiatives on the November ballot is an example of the impatience of the public. And their impatience is directed at all three branches of government. Some of the issues that will be decided in November have been before us for years.

There is tax reform, an issue debated for years but not yet resolved by the legislative and executive branches. This was given new impetus this year by a judicial decision. This will be on the ballot.

Capital Punishment: this issue involves such a major change of public policy that it can only be decided by the people, through their elected representatives or by the people themselves.

Until the past decade, we had laws against pornography and they apparently worked because we certainly did not have the tide of obscenity that has caused concern today.

Some of the obscenity freely available is so offensive, so far beyond the moral standards of the society, that laymen have no trouble recognizing it for what it is---simple, hardcore pornography, produced and sold for profit. And the public cannot understand why it is impossible for the legal system to develop an effective and workable definition of pornography, one that avoids censorship of legitimate works of art or literature, but which will provide some restraints against the worst obscenity and pornography. So on this issue, too, the people acted through the initiative, and they will make the decision themselves.

The people have clearly wanted a resolution of all these matters. But the system, whether through legislative inaction or judicial interpretation, failed to respond.

Whether rightly or wrongly, there is a feeling by the public that some court rulings are rendered without considering the consequences.

Prison authorities may no longer examine a prisoner's mail from his attorney on the grounds that this violates the privileged status of communications between an attorney and his client.

I do not argue here the merits of either side. But I would like to point out that we are not talking about a change in a sorority's dormitory hours. Under this ruling, an unscrupulous attorney presumably could pass on a detailed escape plan to a convict client.

Now I realize that only a few years ago, the mere implication that an attorney might involve himself in lawlessness possibly would shock some of you. After the recent tragedies in prisons and all the events and people involved, there exists some reason why authorities believe they must take every precaution against every potential challenge to prison discipline.

The violence of revolutionary activity in our prisons is real. It represents a daily threat to the lives of correctional officers and inmates. At what point does the attorney-client relationship end and where might a new relationship---that of accomplice---begin?

A new obligation has been imposed on you---the legal profession and the bar.

You must screen your membership carefully, and you must be prepared to take vigorous action; discipline and disbarment, if necessary, against those few who would violate the ethics of your profession. This responsibility cannot be delegated. The bar itself must be the first to enforce those standards.

In focusing on your problems, perhaps I have left the impression that it is all up to you, that we would be a long way toward a perfect society if the legal profession lived up to its responsibilities. That is not my intent. The responsibility for making our system work, for recapturing the vitality, the noble ideals inherent in America's form of government, is not yours alone. It is an obligation we all share. And it is a responsibility the people share, too.

We will not reduce crime by legalizing a lot of things that have always been against the law. All the rules and efficient court procedures will not assure justice unless our people, a massive majority of them, are willing to accept the rule of law as a necessary alternative to the rule of the mob.

Respect for the law...for the ideal of justice for all...for equality...these things must come from within society itself.

It has been said that you can have 10,000 regulations and still not have respect for the law. To have a lawful society involves the total structure of society...faith in ourselves...faith in our institutions...our political and economic system and yes, faith and confidence that the American dream of liberty and justice for all still burns fiercely within all our hearts. Judge Learned Hand said "Freedom lives in the hearts of men, when it dies there, no court, no law, no constitution can save it."

Justice Lewis Powell of the Supreme Court, in some recent remarks before a prayer breakfast of the American Bar Association, said "I was taught and still believe that a sense of honor is necessary to personal self-respect; that duty, recognizing an individual subordination to community welfare, is as important as rights; that loyalty, which is based on the trustworthiness of honorable men, is still a virtue; and that work and self discipline are as essential to individual happiness as they are to a viable society..."

"Indeed, I still believe in patriotism, not if it is limited to parades and flag waving, but because worthy national goals and aspirations can be realized only through love of country and a desire to be a responsible citizen."

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

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September 30, 1972

PLEASE GUARD AGAINST PREMATURE
RELEASE

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
REPUBLICAN STATE CENTRAL COMMITTEE
Anaheim, California
September 30, 1972

It was my firm intention to discuss Senator McGovern's welfare plans with you today. I use the plural advisedly. Not even the vaunted cotton tail proliferates as do the "something for nothing" proposals that come forth like goodies from a fractured Pinata.

Would I tell you of the Welfare Rights plan---the \$6500 a year guaranteed income whether people work or not---which he introduced in the Senate and which he told the black caucus he stood behind 1000percent? Or would we discuss his plan to give everyone \$1,000 each year? I mention those two frankly because I have not been able to keep up with the other more recent plans he has announced---all of which have in common the raising of government spending and increasing the tax burden on those who work in order to force the redistribution of their earnings to those who do not work.

A few weeks ago, Sargent Shriver was in Sacramento and stood before the press---with straight face---and denied that Senator McGovern ever seriously proposed that \$1,000 a year giveaway. He said that was a falsehood fastened on McGovern by his Democrat opponents in the primary. Was the seventh-choice-Vice-Presidential-candidate so new to the game that he did not know California was one of the places picked by his leader to announce the blossoming of the \$1,000 money tree? It was May 27 when the two hour press conference was held here in the Golden State. The brochures generously distributed bore the title "McGovern Minimum Income Plan." The text made it plain that 80 million workers were going to provide about 91 million people with \$1,000 each.

But Shriver now claims his presidential running mate did not really mean it. Maybe so. And then maybe communication with the compound at Annisport is plagued by static. So far, the McGovern campaign contribution list makes no mention of any financial aid whatsoever from the "in-laws."

Now it is possible they gave McGovern the "Sarge" in lieu of money and it is possible also that the only way they could get him to go along with the deal was to keep him in the dark about McGovern's real plans.

Ironically, the McGovern party campaign plan is to challenge the credibility of the President. And yet, today's credibility gap is the one consistency of McGovernism. He said he did not send Pierre Salinger to Paris to deal with the enemies of our country---but "Unlucky Pierre" was already holding a press conference announcing the results of his trip. So 24 hours later the man who would be President held a second press conference to explain he might not have been completely accurate the day before.

In Massachusetts, he was for busing. In Florida he did not like it. He has made the symbol of perfection---1000 per cent---a synonym for vacillation and bad faith. Willie Mays would take a called strike three before he would try for a 1000 percent batting average.

The Nixon administration in these 3½ years has a great record of progress to present to the people of the nation. And we have a great record to offer to the people of California.

The President has embarked on a plan for peace more far reaching than just ending the war he inherited in Vietnam. He seeks a lifetime of peace for our children. The heads of state I met in Europe told me his plan offers the best hope for peace we have seen in this century. And do you know he has not marched in a single picket line or waved a sign in a street demonstration. Only a strong America, prepared to meet the threat of any aggressor, can keep the peace and he is pledged to that.

We do not have to twist history or invent political myths about the Republican commitment to peace. We are the party of peace and the record proves it.

America has been involved in four major wars in my life time. None were started under a Republican President, but the Presidents who were in office when they started had all campaigned on a peace platform.

Two of those four wars took place in this last quarter of a century. In neither was there a plan for victory. In Korea and Vietnam, they just stumbled from one crisis to another. And in each of those wars, it took the courageous action of a Republican President to end America's involvement, to restore peace without betraying an ally. In Korea, it was Dwight Eisenhower. In Vietnam, it is Richard Nixon who is bringing our troops home.

It is the Republican party which has campaigned for peace and then delivered on that promise. It is the Republican party that has been the historic champion of the individual against big, impersonal government, against higher taxes and centralized bureaucracy. We look upon the people of America as individuals.

We must carry this truth to the people of California this year because our opponents, who left America a legacy of war, are now cynically posing as the champions of peace.

During the Democratic national convention (I almost said the happening at Miami last July), we saw an example of political mythmaking.

The former national chairman of the Democratic party said people in public life should "level" with the American people. He should find himself a presidential candidate who follows that advice.

It is not leveling with our citizens to say the federal government can increase spending anywhere from \$75 to \$150 billion a year to finance all kinds of welfare giveaway schemes, without increasing the tax burden of the working citizen.

It is not leveling with the people to suggest that America can defend Israel or meet our other defense commitments by scrapping most of our aircraft carriers and reducing our military manpower to a level below what we had before Pearl Harbor. It is not leveling with the people to say we can cut \$32 billion from the defense budget without closing hundreds of bases and defense plants and throwing several million people into the unemployment lines.

And it is not leveling with the people for our opponents to say they want to unify America when their whole political approach is based on a philosophy that divides Americans into voting blocks, setting ethnic group against ethnic group, class against class, and even encourages the young to set themselves against their parents.

They talk of the American Dream, but they would deliver a nightmare of unreality that could turn into a nightmare of crisis for America and its allies.

Words like honesty and integrity flow easily through their campaign rhetoric. I suppose they are a thousand percent behind their current campaign promises. But tune in tomorrow. They will be singing a different tune.

Let us take an honest look at what they say, what they have done and what they propose to do. No honest man who has lived in a world of reality these past 40 years can promise a world without evil, where there is no need for free men to be vigilant against a threat to their freedom. No man of integrity could tell the people of America that freedom comes cheap, that we can make the kind of massive defense reductions they have suggested.

The defense budget they propose would mean mass unemployment. It would turn middle income scientists, engineers, and skilled production workers into candidates for welfare. And it would do something worse to the America we love. It would turn our country into a second class power, helpless to defend its own freedom or that of its allies.

The McGovern policy calls for negotiation, not from a position of strength, but from a deliberate policy of military weakness that could only lead to appeasement and crises.

America cannot survive in the 1970s if our people have only a half-hearted commitment to freedom. Our opponents have a vision of a frightened, militarily weak America that does not resemble the description of our national anthem: "the land of the free and the home of the brave." They say America can keep the peace, not by speaking softly and carrying a big stick as Teddy Roosevelt advised, but by approaching the enemy hand-in-hand.

No American President and no generation of Americans has ever been willing to accept that kind of humiliation. And this November, that is one message the people of America will deliver at the ballot box.

Four years ago, Richard Nixon pledged that he would do everything possible to end America's participation in Vietnam, not by surrendering to the demands of Hanoi, but by stepping up the training of the South Vietnamese so they could defend themselves and allow our troops to come home.

And he is keeping that promise. More than 500,000 Americans have come home. By the end of the year, there will be only 27,000 Americans left in Vietnam and none at all on combat duty.

Combat deaths have declined 95 percent. In fact, we had one recent week in which not a single American lost his life in Southeast Asia. That is our goal.

GOP

The draft calls that were running at the rate of 50,000 a month when the President took office have been scaled down. The draft itself has been reformed so that young men can plan their lives, their education, and their careers. And we will have an all volunteer army by next July.

Our opponents offer amnesty to those who have turned their backs on America. But they would abandon the last bargaining power we have to secure the release of America's prisoners of war, the men who answered when they were called to duty. Apparently, they are willing to leave the fate of these gallant men to the whims of Communists who are holding them captive under conditions that violate the most basic tenets of international law.

The President is not willing to settle for that. He is not willing to settle for second best for America. He advocates a defense policy that offers a realistic deterrent.

He wants a prosperity that is built on peace, not war. And that is a massive change of direction that has occurred these past 3½ years. During the eight years of Camelot and the Great Society, the only time we had full employment was during a build-up for war in Southeast Asia.

The unemployment rate is lower now when we are getting out of Vietnam than it was in the early 1960s when our opponents were getting into that long and costly struggle.

On issue after issue, the things our opponents now condemn are failures of their own making. We have not controlled Congress for virtually 38 of the last 40 years. We are not the architects of the welfare programs that have made millions of Americans dependent on the dole.

We did not write the tax laws they say are riddled with loopholes designed to favor the affluent, and frankly, they know this is not true of the tax laws they wrote. The only major tax relief we have had in a decade was the 1969 Tax Reform under President Nixon. As a result of that reform, individuals are now paying \$22 billion less in federal taxes and corporations are paying \$5 billion more.

It was not during the 12 years a Republican occupied the White House but during the 28 years of Democratic rule that power became centralized in Washington, and the bureaucracy grew so unwieldy. When the New Deal took over, there was one federal employee for every 203 Americans. When the present Republican administration went to Washington, there was one federal worker for every 67 Americans.

We know a little about uncontrolled growth of government in California. In the last six years of the prior Democratic administration, the number of full-time state civil service employees grew by almost 25,000. But at the end of the past fiscal year, there were fewer full-time state employees than there were almost six years ago when a Republican administration went to Sacramento.

You know the story of the reforms we have tried to make, the economies, the efforts to streamline state government; to make government more responsive and less costly.

We did not limit our economies to paper clips. We took on the single greatest cause of California's fiscal problems---the runaway growth of welfare that threatened to bankrupt the state.

At last count, there were 217,000 fewer people on welfare in California than when we started. In 13 of the 16 months after we put this program into effect, the caseload declined.

You probably also remember all the screams of outrage, the charges that the state was shifting welfare cost to the counties. Well, it just did not happen.

In fact, this year the county of Los Angeles saved millions of dollars from what the experts said welfare would cost. And this year there was a 40-cent reduction in the county's basic property tax rate, thanks to welfare reform.

To fully appreciate the magnitude of that turnaround, you have to remember that in the previous six years, there was a property tax increase in Los Angeles County every year. In one year, the increase alone amounted to \$1.18 per hundred dollars on the basic tax rate.

After welfare reform, this year there was a 10-cent tax cut in Riverside County. Other counties report similar reductions in their basic tax rates.

Not all of their officials give credit to welfare reform. But just look at what the experts were projecting on the cost of welfare before. Without our reforms, there would have been no talk of property tax reduction at all; there would have been massive tax increases.

Without welfare reform, there would have been no debate about how best to use the projected state surplus to relieve the tax burden of our people. There would have been tax increases at all levels of government.

(And here I would like to say something about the Watson amendment-- Proposition 14---that will be on the ballot November 7). Some of the things it proposes are things we are working to accomplish, too---things like the tax ceiling. But this amendment is not the way to achieve realistic tax relief. If Proposition 14 passes, there will not be any surplus. The net impact will be a massive tax increase.

The only way to achieve lasting tax relief is to reduce government costs. And this is where we Republicans are on a real collision course with our opponents.

They want to spend every nickel of revenue that comes in. Tax relief is not one of their priorities. I have had to veto more than \$1 billion of spending since I have been in Sacramento so we could have a balanced budget. The only time in which I didn't have to veto a single penny was the time we had a clear Republican legislative majority that was just as determined as we are to reduce the tax burden of our citizens.

Vetoing is not necessarily my favorite sport. That is why our main priority this year, aside from re-electing the President and Vice-President, is to send the spenders home.

We need more Republicans in Sacramento because we have not finished the job. We are not going to sit on our oars and give up fighting for economy in government these next two years. We are not going to abandon our effort to strengthen law enforcement, to make life harder on the criminals and a lot safer for the law-abiding citizens.

We are determined to move forward. And we need a Republican majority to help us. You know the registration odds we face. Well, my answer to that is: there is still a week before the (October 8) registration deadline. Every Republican who wants lower taxes, stronger law enforcement and a realistic school financing program should be out registering new Republicans. And I hope every member of this committee and every member of every Republican volunteer organization will give this their majority priority before we gear up for the election day victory squads.

I know some of you may be heartened by the polls that show the President leading. Well, I would like to remind you that he has not had a Republican Congress during his first term. The legislative and Congressional races will help determine which direction America and California will take these next few years.

Millions of Americans, Democrats, Republicans, and Independents are concerned about the prospect of having the McGovern philosophy dictating America's fiscal policy. Well, right now we have the McGovern philosophy in charge of the key fiscal committees in the California legislature.

They dominate the committee assignments; they set the rules; they schedule the bills; they bottle up legislation that is favored by an overwhelming majority of the people because they have a majority.

One example of their power to thwart the will of the people is the issue of capital punishment. Even after the court rulings this year, the legislature had an opportunity to clarify California law on this subject; to restore the death penalty as a deterrent. But the legislation was blocked because we did not have enough strength to ~~it through both houses of~~ /the legislature. So the people of California will decide on this issue themselves.

But passing this initiative is only half the job. We need more legislators who believe as we do that the job of law enforcement is to protect the people. We need legislators who will not ignore the continuing attacks on police and correctional officers. Almost two years ago we sponsored legislation to make the killing of a peace officer mandatory first degree murder, subject to the death penalty.

But the McGovern majority that dominates the legislature has refused to pass this law.

They have some strange ideas on law enforcement. Some of them want to boycott lettuce and legalize grass. While we are trying to strengthen law enforcement, they propose laws to weaken it. Their idea of a crime program is longer suspended sentences.

They not only want to legalize marijuana; they also want to legalize prostitution, relax probation restrictions.

They have been trying to get some of these things for years. That is why we need a Republican majority pledged to uphold the law.

Despite the polls, we have got a big job in California, not only to elect the President, but to regain a majority in the legislature. Overconfidence and apathy are our greatest enemies.

The only way we will deliver a Republican majority at the polls is to work as we have never worked before.

GOP

This year we will have the support of hundreds of thousands of Californians who believe in the historic principles of the Democratic party. They have been abandoned by their party; left without a candidate because they cannot accept the McGovern philosophy of defeatism and despair. Like most of us, they even have trouble keeping up with the New Politics.

Perhaps they have had trouble because the Senator from South Dakota keeps back-tracking on what he said before almost every time he makes a speech.

But Senator McGovern has made enough speeches on enough issues for most Americans to realize that whatever it is he stands for, it is not what most Americans want for their country.

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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.)

OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 10-4-72

RELEASE: *Friday*
A.Ms. ~~THURSDAY~~
October 6, 1972

PLEASE GUARD AGAINST PREMATURE
RELEASE

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
AMERICAN COLLEGE OF SURGEONS ANNUAL MEETING
FAIRMONT HOTEL, SAN FRANCISCO
October 5, 1972

In my previous occupation, we had a well known playwright, Moss Hart, who was given to requests for cocktail party diagnoses. One evening he was introduced to a Dr. Jones and immediately went into a description of a low back pain that was plaguing him. The friend who had introduced them was embarrassed and said "Moss---Dr. Jones is a Doctor of Economics." Moss was only stopped for a second. He said: "Doctor, I bought a stock the other....,"

Well, doctors, many Americans have a health problem, a feeling that they are being threatened with a loss of liberty, a growth of regimentation, and a restriction of their freedom of choice.

This is not some new, unknown ailment. It has spread all over the world and the reason I mention it here is because in a number of other countries the virus had its incubus in your profession. But this viral disorder cannot be localized. Once it settles on the doctors, it settles on the patients---all of us.

First symptom of the disease is an excess of rhetoric about the need to provide more and better health care for the poor. This spreads rapidly because virtually all of us are committed to the belief that no one, because of inability to pay, should be denied medical care. We have always felt that way and yet almost forgotten that in an earlier day the medical profession met that problem on an individual basis with very little talk from social planners about "health delivery systems."

Now, it is probably true that such a system has been outmoded by the increase of urbanization and the complexities of modern living and we do need a more orderly and comprehensive process. The real question is, who is best equipped to evolve such a process and to supervise its operation? Simple common sense would indicate a rather obvious answer. But, we would be overlooking the virus and what its effects have been on rational thinking. We are already in the advanced stages where we find ourselves going along with the idea that we are confronted with a "health care crisis," which will become an instant disaster unless there is immediate government intervention.

A Harvard Economics professor calls medicine in America a failure. Others have joined a young Senator in demanding \$77 billion worth of cradle-to-the-grave "Teddicare." Fortune magazine states that "whether poor or not, most Americans are badly served by the obsolete, overstrained medical system. The management of medical care has become too important to leave to doctors." One wonders what size print Fortune would use to rebut any doctor who suggested that publishing had become too important to leave to publishers, editors, and writers.

I am not going to belabor you with the voluminous facts and figures which you already know, about the shortcomings of government medicine wherever it is practiced in the world, as compared to medicine here in the last stronghold of private practice.

In recent years, the number of doctors in the United States has increased three times faster than the population has grown.

In 1960, there was one physician to every 712 citizens. Last year, it was one for every 632, and the ratio has improved since then.

We are one of the few countries in the world where the doctor-patient ratio has been improving. It is true they are not evenly distributed throughout the land, but this raises the question of whether there is any available standard for determining just how many doctors are enough.

The ratio in South Dakota is less than half the national average, but there is very little difference in the health of the people of South Dakota compared to other states.

New medical schools are in the process of planning and building. In three years, we will be turning out an additional thousand doctors a year.

Ninety-eight percent of all the babies born in America are born in hospitals. In most of those countries where medicine has been socialized, the trend is to allow hospitalization and even doctor attendance only if trouble is anticipated.

We live in a time and place where long time tradition, dogma and accepted methods are subjected to research and study and run through computers to see if their continued use can be justified. There is more factual evidence available today regarding the relative merits of government versus private medicine than on any major issue. Yet we ignore facts to engage in highly emotional debate. Does anyone suggest that government's record in its forays into farming, housing, and the solution to poverty recommend it as successor to the family doctor?

The plain truth is that medicine in the United States has reached a level unequaled any place in the world. In a single lifetime, we have literally wiped out scores of diseases that have plagued man for centuries past. Medicine in any country where it has been nationalized cannot begin to compare with medicine in our private system in quality or quantity.

The socialization of medicine has not only failed to solve health care problems where it has been tried, but it has been the first step in socializing the political and economic system of a country. You cannot socialize the doctor without eventually socializing the patients.

My plea to you is that you must not subscribe to the theory of inevitability. If you will not lead the resistance how can the rest of us hold out?

Why haven't you based your first line of defense on the simple and obvious question so easy to understand by every man, whatever his trade or profession? The question: By what right can government tell the men and women of one profession that in order to practice their art they must become government employees? I know how the artists and craftsmen in my previous work would react if government proposed this to them. Try it on the newscasters, the construction workers, the farmers.

If we do not believe that we should coerce physicians, or plumbers or economists to live and work where some bureau of government has decreed they must live and work; if we believe that our health care problems can best be met by targeting particular troubles rather than violently transferring the entire system; then let us agree that something is needed beyond just maintaining the status quo.

We have a pluralistic system at present. It is a logical outcrop of our American Dream. We have "fee for service" by individuals and groups in the tradition of free enterprise. We have clinics and pre-payment and government medicine, all existing in a comfortable competition.

We are probably unanimous in our agreement that freedom of choice is one of the most essential components in America's pluralistic medical system. We have proven over the years that the personal relationship between patient and doctor is best for the patient; that some of the ills that affect the system can best be treated by effective peer review.

College of Surgeons

Six years ago, checking the things our new administration had inherited, we found an infant on our doorstep---Medi-Cal. I have had reason to doubt its legitimacy more than once. It was only six months old but already a spoiled brat with a tendency toward obesity.

And being a government issue baby---it was an alimentary canal with an appetite at one end and no sense of responsibility at the other. We learned in less than three months that it was out of control with hundreds of millions of dollars already obligated in the pipe line. We asked for legislation to correct some of its more obvious defects, stating that unless corrected, it would soon top the \$2 billion mark in cost. Our request was denied, and our prediction scoffed at by the legislature which had sired it. In short, the plan provided an unlimited health care credit card, offering almost three times as many services as the host of insurance plans to all recipients of welfare plus non welfare recipients who were deemed to be medically indigent.

It went on increasing in cost; \$600 million the first year, \$100 million more the following year, then \$200 million more each year after that. We took no joy in the fact that our cost projection was proving correct. It had passed \$1.2 billion when we set out to do a drastic over-haul combined with a complete reform of the welfare system which was increasing in caseload 40,000 a month. Both attempts were met with a fierce vindictive resistance, but we had the overwhelming support of the people, and the reforms have been in operation for a little more than a year.

When the wind comes down off the Sierras in the night, you can still hear the anguished screams of a frustrated bureaucracy.

We have almost a quarter of a million fewer people on welfare than we had a little over a year ago, and the Medi-Cal budget is not up \$200 million---it is actually millions less than it was last year. The young man who had a great deal to do with engineering these reforms is Dr. Earl Brian, Secretary of Health and Welfare for California. He is the first physician ever to hold a cabinet post in California's state government. Dr. Brian has earned that important post. He is responsible for our health, manpower and prison programs involving 45,000 employees and a yearly budget of \$6.5 billion, larger than that of 46 states. No doctor in this room is more devoted to the traditional doctor-patient relationship.

No man in this room is more pledged to uphold all the prerogatives of the private practice of medicine---indeed, of private enterprise itself, than Dr. Brian. Yet, he has had the unhappy task of issuing and enforcing orders which many of you would feel interfered with your rights as a physician. These orders, mandated by statute and regulation, are part and parcel of government involvement in health care. Government's only tools are force and coercion. What we have now is only a hint of what you will have if the nationalized health proponents have their way. You will become medical paper pushers---as your British compatriots will tell you.

Dr. Brian has embarked on an effort to reduce the weight of government's hand as much as possible in the administration of our existing programs. His proposal is based on the idea that "pre-payment in the delivery of health care offers the best solution to the problem of cost control and quality of care." But he means for this pre-payment to bring about modern management and organization in the delivery of care with the physicians retaining "control of their fiscal and professional destinies."

Our goal is to create workable ways to eliminate financial barriers to medical care for all our people...through prepaid plans supervised by the medical profession. We want to create a situation where you can be free to practice medicine, according to your own judgment and that of your peers...without having government looking over your shoulder telling you how to do it.

Incentives have been established based on financial rewards for those operating pre-paid health plans and relief from controls. Pre-paid health plans may be (1) a medical society (or medical society health care foundation), or (2) a medical group practice, or (3) a private insurance company.

For example, prior authorization for hospitalization is not required. The Pre-paid Health Plans are free to be innovative in finding the most efficient and economic methods of service delivery.

A competitive environment is maintained in that no exclusive territory is granted a Pre-paid Health Plan. The patients have freedom of choice in selecting a Pre-paid Health Plan or of retaining their open fee-for-service Medi-Cal status.

Our intent is to use this massive health program as a change agent. This contracts with the exploration going on at the federal level focused on as yet a somewhat formless Health Maintenance Organization.

Our Pre-paid Health Plan efforts are not based on theory, but on several years of experience. Providers will find the plans financially advantageous, and free of controls that restrict the free practice of medicine. Finally the advantages are in lower cost of operation, more rapid payment, and the opportunity for the provider to control his rates by increasing productivity at the same time he provides quality care. The only restrictions on free practice are minimums---none of which control how often or when the physician treats the patient. Contracts for more than 250,000 Medi-Cal recipients are already signed.

One of our biggest plans was started July 1 by the Sacramento County Medical Society. Through their Medical Care Foundation, they have agreed to provide comprehensive health care to 56,000 Medi-Cal recipients in the Sacramento area. More than six hundred private practicing physicians collectively taken responsibility for their Pre-paid Health Plan. For their usual fees, they will provide services to their patients in their offices and in the area hospitals. If the plan shows a profit, it will be shared by all. If it runs a deficit, it will be shared by all.

Already the plan has enrolled 20,000 recipients and everyone has profited. The doctors practice medicine without government intervention and receive their usual compensation, the recipients are treated like other private patients, the taxpayers through the government will save about 10 percent of the usual cost.

We are particularly grateful for the tireless effort shown by Dr. Jim Schubert, a Sacramento Orthopedic Surgeon who is President of the Foundation. Without his efforts, the plan would not be a reality.

We view this as having the potential to test and create new vehicles for health care delivery which, on a volume basis, can be utilized as an alternative for all socio-economic groups. Providers, once organized in pre-paid plans whether for government subsidized patients, private patients, or both, will find savings in overhead and administration; bad debts are eliminated; income is predictable; cash flow controlled; claims simplified and intervention by a third party payer is avoided. The provider is free to practice medicine according to his own judgment and that of his peers.

We believe California has shown that government can tread the thin line between what has been and what can be.

It is time for the medical profession to reassert its right through the Pre-paid Health Plan to practice in that free market place and in so doing, help all of us remain free.

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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.)

OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 10-10-72

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10 AM

PLEASE GUARD AGAINST PREMATURE
RELEASE

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
CALIFORNIA REAL ESTATE ASSOCIATION
San Francisco, California
October 11, 1972

A few weeks ago in Sacramento, I spoke of a long-term goal of making government less costly and more efficient, not just in our state operations, but at every level of government. I called it a "not impossible dream" of restructuring government to make its operations more visible to the people...to assign responsibilities for various services to specific levels of government and if possible the revenue sources to finance those services.

Most editorial comment was extremely favorable, but some misunderstood and thought I was proposing an extra layer of government. What I was proposing was just the opposite. It was not to increase, but to reduce and simplify government by searching out ways to eliminate costly administrative structures, end duplication and streamline the entire structure of government. This is necessary if we ever are to make government at all levels accountable to the people---so that average citizens can see where their tax dollars are going and what they are getting in return. Can we, in short, put a visible price tag on government and government's promises?

I was delighted to learn that your organization has been exploring this same subject. And that you are well along in your studies. Welcome to the club.

This is not the first instance where you and I have shared a joint interest in working toward the same goals. And I am grateful for all you have done to help streamline state government.

I say this sincerely and with faith in our friendship, even though I intend to speak of a sensitive issue upon which we are probably divided

In Sacramento, we have been trying to agree on a realistic and workable tax reform program for four years, but we have still got hay in the field.

Just two years ago, I proposed a tax reform that would have cut property taxes between 27-40 percent for the average homeowner. That bill was supported by 93 of the 119 legislators, but on the fateful night one of the 93 was in the hospital and we failed by that single vote.

Last year we tried again across the negotiating table and again we were frustrated by the same little willful band of senators who have made it plain they want more money for government, not less. Finally we managed to agree on a mini-tax reform that reduced the property tax burden of our senior citizens, instituted withholding and contained a few of the other elements of the comprehensive tax reform we have been trying to achieve. It did not do what needs to be done to reduce the proper tax burden on the typical homeowner.

This year, we tried again. Since some of the opposition were telling the folks back home that they too wanted tax reform, we had hopes they might at last see the urgency of providing broad homeowner tax relief.

One additional factor should be mentioned. California historically has relied on property taxes for a major part of school financing. is therefore impossible to consider this subject without at the same time dealing with the problem of school finance.

We have known for years that property taxes are simply too high and must be cut. And we have known that California's school aid formula is an outmoded complexity of legislative mandates and regulations. Over the years, it has become more and more complicated and less and less fair...especially to the poorest school districts.

To meet these two problems responsibly, we must consider them as a package. We made it clear that we were prepared to work with the legislature to iron out our differences and come up with a consensus program that would achieve our goals. And again we worked out a comprehensive program that won the support of a majority of the legislature. It was supported by business groups...by school groups...by the State Superintendent of Public Instruction. The Speaker of the Assembly co-sponsored it, and a majority of the members of the lower house approved it. But it did not gain the two-thirds majority necessary to pass. It was blocked in the state Senate this time by four votes. The legislature recessed without resolving either the problem of property tax reform or school finance.

As a result of four successive years of failure, many of you have grown cynical about ever achieving tax reform in the legislature. Believe me, I can understand the frustration and the anger that many citizens feel over these shabby examples of some elected officials continuing to put partisanship ahead of responsibility.

They cannot justify or excuse their failure to provide homeowner property tax relief.

I cannot quarrel with the frustration that has prompted you and other groups to support Proposition 14 on the November 7 ballot. And after struggling for more than four years for homeowner tax relief, I can appreciate the goal of this amendment.

Unfortunately, I have a job and a Constitutional responsibility to weigh Proposition 14 against the needs of the state and the need of homeowners for property tax relief. However much^{as} I agree with your goal, or appreciate your frustration at the legislature's failure to enact tax reform, I find I cannot support and indeed must oppose Proposition 14 if I am to meet my responsibility to the people.

I think you will agree I have demonstrated my desire for a real tax reform, as a matter of fact, I kind of started the whole thing. I did not come quickly or easily to my present position on this ballot issue.

We have examined this proposal thoroughly. It includes some things like tax ceilings on local government, that we have incorporated into each of our own tax reform programs. But after the most careful analysis of the overall impact, we have come to the realization that it just does not do the job and it would create more problems than it would solve. I am sure most of this audience is familiar with the overall proposal but let me give you some particulars that led to our decision.

Proposition 14 would mean freezing into the state Constitution:

- a 40 percent increase in sales taxes
- a 100 percent increase in cigarette taxes
- a 25 percent increase in the tax on distilled spirits
- a 44 percent increase in the current bank and corporation tax
- a 7 percent severance tax on minerals.

These come to a massive \$1.8 billion increase in consumer and business taxes. But still there would be an unfunded state and local revenue gap of more than \$1.2 billion.

And since virtually all of the available revenue sources have been committed in Proposition 14, the only other principal tax source we have, the personal income tax would have to be increased at least 50 percent and possibly even doubled. Efforts we have made to improve the business climate in California would be nullified and yet we would have done nothing to help resolve our school financing problem.

Instead of increasing school support for our poor districts, we would have drastically reduced the amount of financial support most of our schools are now receiving. Instead of increasing the amount of school aid for every child, it would mean cutting back school support by \$770 million, an amount equaling an average \$170 per student.

But possibly the most damaging defect of all is the fact that while Proposition 14 is offered as a means of homeowner tax relief, the fact is that 70 percent of its benefit would go to non-homeowner property. About 70 percent of the burden of the higher taxes it would impose would fall on homeowners and on renters, who would pay \$371 million more in taxes and get no benefit to offset these higher taxes.

That is why those of us who are firmly committed to the goals you seek cannot support and instead must vigorously oppose Proposition 14.

The average citizen works almost five months of the year just to pay his taxes. That is longer than he has to work to provide food, shelter, and clothing for his entire family. To raise consumer taxes and business taxes---to shackle him with an unbearable fiscal burden is a solution I cannot accept.

And certainly it would not be responsible for any elected official to ignore the state's responsibility to solve the school financing problem.

And yet, like you, I am totally committed to achieving a realistic program to reduce homeowner property taxes.

Last spring, when I proposed this year's tax reform program to the legislature, I said that if it were not enacted, I would consider other ways of reducing the tax burden of the people of California.

Well, the legislature did not act.

We had to wait to determine our next step until after the cabinet and our financial people could make a thorough review of our present fiscal situation, the budget outlook for next year and to consider other developments such as the surplus we anticipate and the impact of federal revenue sharing.

Yesterday, I announced that we have completed that review. And as a result, I am able to disclose a program that will reduce homeowner taxes without increasing income taxes, and that will meet the chronic crisis of school finance.

This is possible because of a number of factors, including the savings from our continuing tight state budget policy...by the welfare and Medi-Cal reforms we made last year...and by wisely using the state's share of federal revenue sharing.

Briefly, here is what I propose:

Next month, when the legislature reconvenes after the election recess, I will ask the members to put on the ballot a statewide constitutional amendment incorporating all the major goals we have sought in all our tax and school finance reform proposals.

Property Tax Relief ✓

To provide homeowner tax relief, we shall propose that the current (\$750) homeowner property tax exemption be at least doubled. Another \$200 million of property tax relief will be provided to homeowners by rolling back school property taxes with the state providing the replacement revenue.

We also plan to propose a tax ceiling on local governments to assure that this property tax cut will be a permanent benefit.

School Aid Formula ✓

To achieve the goal of assuring equal educational opportunity to all our children we will simplify the present outmoded school aid formula and provide additional state support to meet the special problems of low wealth school districts.

We propose a total overhaul of the current school aid formula---to provide flat grants of at least \$955 per student at the high school level and \$765 per student at the elementary school level.

The referendum will propose an increase of more than \$200 million of state school assistance to low-wealth school districts, a step that will go a long way toward meeting the inequities cited in the court rulings I have mentioned.

To help finance this increased state assistance and the school district property tax rollback, the plan calls for a one cent increase in the sales tax and a one percent increase in bank and corporation taxes. And these are the only tax increases in the entire proposal. Meantime, the adjustments will help us lift a major part of the school tax burden off the backs of homeowners and shift it to broader based taxes that are fairer and which grow approximately as fast as the need for additional school financing.

We intend to offset the impact of the sales tax adjustment by providing renter tax relief through an income tax credit for every renter in California. We propose to provide another increase in state support for the open space program in recognition of the heavy tax burden on agricultural property.

And we intend to make it harder for the legislature to raise taxes in the future. As you know, at the present time, bank and corporation taxes may be increased only by a two-thirds majority. Other tax increases require a simple majority, indicating a philosophy difference between some of us in Sacramento. The Democratic leadership has advocated eliminating that two-thirds requirement---I think we should go the other way. Therefore, we propose that all increases involving major tax sources in the future require a two-thirds majority vote of the legislature. This will be another safeguard to protect and make permanent the overall tax reductions possible in this program.

10 percent State Income Tax Cut ✓

I do not think you will be surprised if I say it has been the policy of this administration to hold spending down to as low a level as possible. California once had the nation's second largest public budget exceeded only by the federal budget. This year, we rank fourth behind the federal budget, New York state, and even New York City. We have made our economies work, and now we are determined to share with the people the benefit of these economies.

When the state's revenues have exceeded outgo, we have returned the resulting surplus to the people before someone could think of a way to spend it. In 1970, there was a 10 percent state income tax rebate. This year, as a result of the so-called withholding windfall, every taxpayer received a one-time tax cut equal to 20 percent of their state income tax obligation.

Now, the welfare and Medi-Cal economies we instituted last year and the improved economy of the state have enabled us to foresee another budget surplus, but this time an ongoing surplus. So as part of the plan, I am proposing that the referendum measure provide a 10 percent reduction in state income taxes---not a one-time rebate---but a permanent ongoing 10 percent cut in the state income tax.

Our plan is realistic and workable. It will not only cut property taxes, it will hold them down. It will meet the school problem and it will reduce state income taxes 10 percent, on a permanent, ongoing basis.

None of this, however, can be done if Proposition 13 passes. Then we will be faced not with a surplus but with the need for a tax increase.

But I am not unmindful of the times we have been frustrated by willful men in the legislature. That is why I am proposing this package as a referendum.

I shall ask the legislature to act on it no later than January 31 and return it to me for submission to the people.

If they fail to do this, then I shall personally lead an initiative campaign to gather sufficient signatures of California voters to place on the ballot property tax relief, a solution to the school problem and a permanent income tax cut.

And with the power vested in me by the Constitution, I will then call a special election immediately to guarantee the people of California the opportunity to make this decision at the ballot box.

We have proven that government and government spending can be brought under control. If you recall this time last year, there were screams of outrage about our reform efforts. It was said that the welfare reforms we proposed would saddle counties with higher costs. Others said it just could not be done.

Well, we did it. And this year, 42 of California's 58 counties managed to reduce their basic property tax rates. Thanks to welfare reform, Los Angeles County cut its basic property tax rate by 40 cents--reversing a six-year trend of higher and higher local property taxes.

At last count, there were almost 221,000 fewer people on welfare than there were when we started a year ago last spring. We had to struggle for seven months in the legislature to pass the program and we have had to battle in the courts to preserve the reforms we instituted to crack down on welfare fraud and abuse. Besides easing the taxpayer's burden, we had another goal in those reforms. And we accomplished that, too. We have been able to finance a 30 percent increase in benefits for the truly needy; the people who have no outside income and who are not on the rolls because of loopholes; they have no other place to turn for help. Along with this 30 percent increase in benefits for the truly needy, we were able to finance cost of living increases for senior citizens and the blind. And we have instituted a program that will require that all able-bodied citizens who are able to work, should work for their welfare benefits.

Californians are a generous and compassionate people. They are prepared to pay their share to assure that the needy among us are not deprived of the essentials of life.

But they are not prepared to support a permanent and growing welfare population made up of people who are just as capable of working as the people who pay taxes to support them.

We do not believe that is fair to either the truly needy or the working taxpayers who support the whole welfare system and every other government program.

That is why we fought so hard for welfare reform. And that is why we are going to continue every effort we can to make further economies in government. That is why we are now looking into the restructuring of all levels of government in California.

We must focus the spotlight of public attention on the need for governmental efficiency---in Sacramento, in the counties, in the cities, and in the smallest towns and unincorporated areas. Then we can have further actual tax reductions, not just tax shifts.

Only when the people are made aware of the fact that they can have tax relief will they demand the reforms necessary to achieve further cuts. The reforms we have made so far prove that it is possible to bring government under control.

Working together, the responsible citizens of this state can light a prairie fire of reform and efficiency that will spread through every level of government in California. We can leave a legacy of financial responsibility---a blueprint for a government that can live within its income without dipping deeper into the pockets of our citizens every year or so. We can convince elected officials once and for all that we want less government, not more.

That is what you want. That is what I want. That is what the people of California want. And that is what we can give them by working together. It is not an impossible dream.

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

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OFFICE OF GOVERNOR RONALD REAGAN
Sacramento, California 95814
Ed Gray, Press Secretary
916-445-4571 10-11-72

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October 12, 1972

PLEASE GUARD AGAINST PREMATURE
RELEASE

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
WORLD AFFAIRS COUNCIL
October 12, 1972
Los Angeles

As most of you know, and if you don't know, I have home movies to prove it, I have been abroad in recent months on an errand for the President. I do not pretend that having seen the monkey, I can now run the circus, but I could not make such a trip, meet the heads of state I was privileged to meet and carry the messages entrusted to me without realizing that America's role in world affairs, the decisions we make, the positions we take in international affairs, will largely determine whether our children live in peace and prosperity.

America's foreign and defense policies in the decade ahead are vital matters that concern every American.

In the past 30 years, we have fought three wars and helped rebuild the countries that were devastated by those wars. We have given more than \$150 billion of our national resources to help our friends---and even some of our former enemies---to become economically self-sufficient. We have opened our own markets to imports because we believe in the principle of free trade. We have generously shared our technology. We know that commercial contacts among nations not only help achieve prosperity for all; it also represents a contribution to peace, because political stability cannot be maintained without financial stability among the major nations of the world.

A few days ago, Denmark joined the European Common Market, the second nation to affiliate with that economic union in the past year. That event, along with Britain's addition to the Common Market earlier this year, is another signal to us that the future will be very different from what we have known in the past quarter century, an era in which America was largely dominant in the world's commercial affairs.

With Britain's vast trade included, the Common Market Nations now have a greater domestic market potential than our own. The population of the Common Market nations is larger than America's, and their combined exports are twice our total.

The nations we helped to recover following World War II have matured economically. They are making their own products and selling them not only in their home markets, but in America and elsewhere.

To meet these new conditions will require more than a one-step economic game plan. It should be apparent to any thinking person that the President has a plan that looks far beyond the war in Vietnam that has so bitterly divided our people for a decade. His actions in the past year---the initiatives he has taken diplomatically and economically, the phase-out of the war, and our long-range defense program, all are intertwined in a grand design to achieve a goal we have not known in our lifetimes, a generation of peace and a prosperity based on peace.

Our foreign trade, the world monetary system, and our still necessary defense alliances are part of this carefully charted path. Each of them is important to achieving the overall objective.

Whether we succeed or not will depend on how America responds to the challenges of the 1970s.

Demagogic talk by the "let's kick business" fraternity will not insure jobs for our skilled and semi-skilled workers. Right now, taxes on business in the United States are proportionately higher than those paid by our competitors in the common market and Japan.

One of the decisions we must make involves inflation, because inflation and lagging productivity have been major causes of our trade deficits.

During the build-up for the war in Southeast Asia, America's economic position became distorted. Our country drifted into that conflict without a definite plan for victory or for dealing with the inflation that inevitably accompanies war. And in the late 1960s, America paid the price for that short-sighted attitude. The rate of inflation doubled and tripled. The value of the dollar eroded and America found more and more of its products priced out of world markets.

America cannot accept a 6 percent rate of inflation year after year without ultimate economic chaos. Certainly the President knew this, for he acted decisively on a number of fronts. And we are now beginning to see the results.

From mid-1971 to mid-1972, the Consumer Price Index in the United States rose only 2.9 percent. But in a remarkable turnabout, the rate of inflation has been growing to 6 and 7 percent in Europe.

Because America's leaders had the courage to face up to the threat of inflation and do something about it, consumer confidence is being restored; business is expanding; the unemployment rate is dropping.

World Affairs Council

And after a decade in which our output per man hour dropped us to last among the 14 major industrial nations, our productivity rate is now moving ahead.

The President is engaged in negotiations to achieve monetary stability and to lower the high tariffs that discriminate against American goods. At long last America is insisting that other nations pay more than lip service to the principle of free trade. The blunt truth is that while we have given most favored nation status to most of our trading partners, they have often responded by making us the least favored nation in selling our goods in their markets.

But this is only a part of the challenge America faces in the decade ahead.

The most essential ingredient for America's future prosperity has less to do with productivity and our trade balance than it does with the larger issue of how America sees itself and its role in the world.

We did not seek the role of leadership that has been thrust upon us. But whether we like it or not, the events of our time demand America's participation.

We cannot hide our head in the sands while events swirl about us---events that can determine whether there shall be war or peace---prosperity or economic chaos.

Make no mistake about it. Despite the lessening of tensions and the hopeful signs of great power cooperation in the future, it is America's industrial and economic strength, translated into military potential, that represents the single greatest guarantee of peace for the world.

Now I realize that yours is a non-political organization. But the things that concern you as an organization and as individual citizens are political decisions. In this year of decision we will choose whether to continue fighting with every economic tool we have to reduce inflation or if we want to accept calculated, planned, and programmed inflation that is part of one candidate's economic game plan. We must decide whether America should base its economic prosperity on work, the skills and the productivity of its people; whether we should seek job opportunities for all in the productive private sector; or whether we should put almost half of America's population on a dole---or a make-work/public payroll---raising the taxes of those who work in order to redistribute the national income among those who do not.

World Affairs Council

Most important of all, we will decide whether America is willing to do whatever is necessary to maintain America's freedom against all threats.

We must ask ourselves if we are willing to risk all that we call the American way on the naive hope that our potential enemies have mellowed so much that they no longer have any aggressive designs.

Cutting \$30 billion from the defense budget, dismantling great parts of our navy and air force, scaling back the space program and ignoring technical developments, such as the super sonic transport, are real issues, not subjects for a senior thesis. They are political decisions to be made in the political arena, and they will determine America's fate and possibly the fate of mankind for years to come.

The President wants to end the cold war era of conflict and to substitute an era of negotiations, peaceful settlements of disputes before they flare into war.

I am sure every American shares that goal. But are we also aware that every nation in history which has sought peace and freedom solely through negotiation has been crushed by conquerors bent on conquest and aggression.

There was a time in the not too distant past when you could have taken all the non-aggression pacts and disarmament treaties with their beribboned seals and signatures and papered the walls of the League of Nations.

If that is too cynical a view, let me "make it perfectly clear" that along with a willingness to negotiate, America can best protect the peace by maintaining a realistic and credible ability to defend itself should the need occur.

On my Presidential errands over the past two years meeting with the heads of state of Asian and European nations, I was made aware of what has to be recognized as a great change in attitude toward the United States. It is my personal opinion that it reflects our departure from decades of trying to buy the world's affection and our new determination to have the world's respect.

I was in Japan during the time of the President's drastic currency and trade moves, meeting almost daily with the Prime Minister, the Ministers of Trade, Foreign Affairs, etc. The American press quoted many Americans who were fearful of deteriorating relations with our great trading partner. Their opinions were not shared by the Japanese leaders with whom I met. As one of them put it, "Your country and ours have been on a honeymoon during which there have been no disagreements. Now the honeymoon has ripened into a happy marriage, and as in any good marriage, there will be an occasional quarrel."

In Europe this summer, my errand had to do mainly with our NATO headquarters. I discovered that these men who must look at the face of a potential enemy, not across an ocean, but across a border, were convinced that this American President had a realistic understanding of the world situation. What is more, they were aware that he had a plan based on this understanding; that he was going forward with intelligence and calculation; and that his plan offered a real chance for peace based on the world situation as it is and not on some vague hope that the enemy will decide to become an overnight "goodie two-shoes."

What would be the attitude of the men I met if the United States chose to abandon one ally simply for our own convenience?

There is no way for America to turn inward and embrace isolationism in the world as it is today without jeopardizing all the progress we have made toward peace in this century. For those genuinely concerned with peace and willing to pay the price for it, there is only one path to choose. It is not the easiest; it is the wisest. If we carry the burden of responsibility destiny has placed on our shoulders, we do not become a drop-out in world affairs.

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10/29

PLEASE GUARD AGAINST PREMATURE
RELEASE

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
AMERICAN DENTAL ASSOCIATION
SAN FRANCISCO
October 29, 1972

In recent years, your organizations both at the state and national level have become more active in working for better government. And that is good.

Getting involved is the best guarantee that we will get the kind of government we need in every state and in Washington.

As one of the major health groups in America, I know that you have had to concern yourself with a lot of topics that are technically outside the scope of your profession. You have had to keep an eye on all developments involving health care, especially government's growing role in the health care field.

Some of the most critical problems affecting the health care industry in America are not problems relating to medicine or dentistry; they are financial and social problems.

Yet you cannot afford to ignore them because the way we choose to solve these problems can drastically affect the way you practice your profession.

When the people in Washington say open wide, they are usually talking about your pocketbook.

In the past decade, government has gone into the health care fields in a big way; first with Medicare for the elderly, then with Medicaid (we call it Medi-Cal in our state).

As with many other such large scale efforts by government, many of these programs (especially Medicaid) were launched with more speed than wisdom.

When government decides to solve something, we have learned to be wary. The cure may not always be worse than the disease, but it is usually bigger and it costs more.

Forty years ago, government decided to solve the problems of the farmers. Now forty years and scores of billions of dollars later, we only have a third as many farmers as when we started, but we have three times as many employees in the department of agriculture.

Not quite a decade ago we declared war on poverty---poverty won.

Dentists

And you know what happened when government decided there was a health crisis. No one could quarrel with the humanitarian goal of meeting the health needs of the poor and the elderly. But the impact on the health care industry was drastic. Overnight health costs for everyone else were inflated, especially for the middle income, working citizens who pay for their own health needs and also the taxes to finance the government health programs.

When we arrived in Sacramento almost six years ago, we found that Medi-Cal was an under-funded administrative nightmare only six months old, but growing in cost and complexity almost daily. As fast as we straightened out the worst of the administrative kinks, the growing numbers of people caused the cost to double. We knew the only way to avoid bankruptcy was a massive overhaul of both welfare and Medi-Cal. The caseload in California was increasing 40,000 a month.

Medi-Cal costs were increasing at the rate of \$100 to \$200 million each year, today it is millions of dollars less than it was last year. There are 221 thousand fewer people on welfare than when we started the reforms a little more than a year ago.

We did not reduce either the benefits to the truly needy or necessary health care benefits. We did root out the welfare fraud and the abuses that were eating up many of the dollars we had available for public assistance. We are removing from the rolls those people who are not eligible for public assistance.

And because of this pruning of the rolls, we have been able to provide a 30 percent increase to those who are really entitled to assistance plus cost of living increases for the blind and for our needy senior citizens.

None of this was accomplished as easily as it has been described. We had to fight for seven months in the legislature to pass the basic reforms. And we have had to contend with more than a dozen lawsuits brought by welfare rights organizations represented by lawyers for the most part provided at taxpayers' expense.

Those who see in welfare a way of redistributing the earnings of those who work denounced almost every action we took. One of these reforms held up by court action for months was a computerized cross check of earnings by recipients. They claimed we invaded the welfare recipients' privacy by checking his statement of outside earnings, routine, of course, for working citizens in checking their tax liability. Finally we won, and the first cross-matching of records has taken place covering 8,788 cases. In 3,709 of those, (about 41 percent) we discovered a significant discrepancy between what the welfare files said the recipients earned and what they were actually paid.

Our reforms have placed welfare and Medi-Cal on a sounder footing. Yet the question of whether all the people have access to quality and comprehensive health services is still hotly challenged in Washington and elsewhere. We are told that one of the serious social problems we face in America is elimination of financial barriers to comprehensive health care for all, not just the needy or the aged. Over and over again we are being told that such comprehensive care can only be achieved through more government intervention.

Ironically, the inflation that hastily-enacted government health programs aggravated in the health care industries is now being advanced as justification for a total government takeover of all the professional health fields, through some sort of nationalized health insurance program.

Before we go down that road, we should take a long look at the record of government in health care here and in those countries where it has been socialized---because socialization is what we are really talking about no matter how they fancy it up by calling it nationalized insurance. There are ways to modernize it, make it more efficient and available to all at a price we can afford without turning it all over to government to run and control. As I said before, government's record in solving problems not in its proper province is not exactly brilliant.

One of the national plans presently being proposed involves a cost of \$77 billion---more than the entire federal budget in the last year of Dwight Eisenhower's presidency.

One of our state Senators wants to abolish the private health insurance industry in California and let the state take over---at a cost that would more than double the amount we are spending for our entire state budget, for education, parks, recreation, highways, everything.

Yet, however massive the cost in money, that is only part of the price we would pay.

The greater price would be something far more precious---your freedom to practice your profession, and the right of your patients to select their own dentist.

This is as important as the effort to meet the health needs of our people at a price they can pay. In the business I used to be in, we had a saying that everyone had two businesses---their own and show business. It seems today almost everyone has added a third---health care.

Dentists

It is absolutely essential in developing our public and private health programs that the doctors and dentists, the health professionals in all fields, must have more to say about the directions we take, and a great deal more responsibility for making it work.

Those who build skyscrapers do not ask a bureaucrat to draw up the plans or tell them how much concrete to pour and where. They hire an architect and engineers, the skilled people who know something about the problems they are trying to solve. We believe that is what we must incorporate into health planning, too.

We have tried to do that in California. In fact, ours is probably the only state in the country with a health professional as a member of the governor's cabinet. For those of you not from our state, his name is Dr. Earl Brian. He is in charge of a great part of state government activities in a wide number of fields---including corrections, manpower policy, employment programs, in addition to health and welfare. The agencies under his jurisdiction have 45,000 employees, spend more than \$6 billion of our budget, and their combined activities make that agency bigger than 46 state governments.

Dental care is one of the basic elements in a comprehensive health care program. I recently signed legislation to include dental care in the definition of our state's basic Medi-Cal (Medicaid) program.

Under Dr. Brian's direction, we are looking to all the health professions for assistance in meeting the needs of the people of California.

We believe that we must retain the pluralistic system that has given Americans the highest quality medical care in the world.

One of the developments we feel that shows the most promise of assuring quality health care is the prepaid plan. Through these prepaid health plans, there is a built-in incentive to find the most efficient and economic ways of providing comprehensive health care.

Such plans may be either through a group practice, a private insurance company or a local foundation, supervised by the health professionals who provide the health services.

One of the largest of this type of comprehensive health care plans started last July 1 and is operated through the Sacramento County Medical Society. More than six hundred private doctors in the Sacramento area provide services to 20,000 Medi-Cal patients in their offices and in area hospitals. And if the plan shows a profit, it is shared by all the participating providers. If there is a deficit, it too is shared by all.

Dentists

The advantages of such plans---supervised by the health professionals who deliver the services to the people---include a lower cost of operation (we expect to save at least 10 percent in operating costs). And just as important, it helps assure the health professionals will be practicing their particular field of health care instead of spending most of their time pushing papers and signing the endless forms that are so much a part of strictly government operated programs.

We view prepaid health plans as having a great potential for creating efficient and effective health care delivery systems that can serve our people on a volume basis, including private and government subsidized patients.

This kind of efficiency can be best achieved when health providers are free to practice their professions according to their own judgment and that of their peers.

As you might have imagined, our welfare and Medi-Cal reforms put us on a collision course with those who believe that government should just run everything and hang the cost.

Unfortunately, that kind of reasoning is prevalent throughout our society. And it represents a threat not only to your professional freedom, but to your freedom as individual citizens.

The reason is simple. Government's only major tools are coercion and force. And we have seen this in action too often not to know what it can mean.

In the private practice of a profession or operating a business, the penalty for inefficiency, for ignoring the needs and concerns of our customers or patients is the loss of those customers or patients to someone who is more concerned and more efficient. And that leads to bankruptcy. Government has no such restraints to assure a responsiveness to the people it is intended to serve. When government runs a deficit, it is the people who must pay the penalty through higher taxes.

That is why we, who are in government, must demand efficiency in all that we do.

The average citizen must work five months of the year to pay his total tax obligation. During the peak spending years of World War II, he only had to work a little over three months.

Dentists

Every time government gets bigger, the cost is passed on to the people. But there is no magic correlation between higher spending and solving problems. Too often, it seems that government comes up with a plan and then looks for a problem to fit it.

There is a growing mood of resentment against social tinkering, a feeling of frustration against the whole centralized, computerized philosophy of big, impersonal government.

Business and the professions must become more involved in public affairs. You must help lead the battle for better government, for the preservation of the free economic system we have known in America these past 200 years.

Now, I realize that you may be weary of hearing the same alarm signals sounded during every election year. You might think well, we have heard all this before, but somehow we have muddled through. That is like the window-washer who fell from the Empire State Building. When he passed the 20th floor, he said "So far, so good."

Getting involved is part of the price for living in a free society where "we, the people" can vote and work for what we want in our government.

Government is too important to be left to those who are not too busy---the professionals who think government has some sort of divine right to tell people what is good for them.

Your own self-interest demands your participation. In the final analysis, if you do not work and vote for the kind of government you want; if you do not do all that you can to guard against centralized government, that is what you will have. You will run government, or government will run you.

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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.)

PLEASE GUARD AGAINST PREMATURE
RELEASE

Excerpts of Remarks by Governor Ronald Reagan
California Highway Patrol Graduation
Sacramento
November 2, 1972

You are joining a select group of the most dedicated and best trained law enforcement officers in America. I make that statement not alone from observation, but from the unique personal relationship that is mine by virtue of this job.

In your training, I know that you have been imbued with the traditions and history of the California Highway Patrol. I am confident you appreciate the great responsibility you will be assuming when you report to your duty assignments.

You have done more than just choose a career. With your badge, you become part of society's shield. You are joining the ranks of those who devote their lives to protecting their fellow citizens against lawlessness and yes, against their own folly.

Recently, I had the privilege of appointing the first career officer ever to be named Commissioner of the California Highway Patrol. Walt Pudinski has only been on the job a few months, but he has already demonstrated the qualities of leadership we have come to expect from the officers and men of the CHP.

It is Walt's belief, and one that I share, that protecting the public is best accomplished through what he calls preventive law enforcement.

That is why he is stressing his campaign of on-the-road traffic patrol. The whole idea of traffic law enforcement is to prevent accidents and in this regard I believe California has become a model for the nation.

Although we have more cars and more drivers on the roads, our traffic fatality rate last year declined again---thanks in great measure to the fine work of the California Highway Patrol.

We know that for you to do your job effectively, you need the support not only of the public in general, but of those of us in Sacramento. And it has been a priority goal of our administration to give you the legal tools you need.

Just three years ago, after many years of trying to get such a law, we managed to secure passage of the so-called "presumptive limits" law---to combat drunk driving.

Between 1969, the year it went on the books, and 1971, the number of fatal accidents involving a drinking driver in areas of your jurisdiction declined by 32 percent. During that same period, your fellow officers increased their number of arrests for drunk driving by 41 percent.

We rely on statistics of this kind to measure our effectiveness in many ways, but numbers cannot begin to tell the human tragedy, the senseless waste of life, that this increased traffic enforcement has helped prevent.

Saving even one life would make the effort worth while. Saving many lives makes it an accomplishment in which we can all take pride--- particularly those of you who have the task of carrying out our traffic safety programs.

It is a curious irony of our time that during an era in which crime has become one of our major national concerns, there are those who not only lack appreciation or even, it often seems, a minimum of sympathy for the fight our law enforcement officers are waging against crime.

Let me assure you this is not the attitude of the great majority of our people or the viewpoint of most of us in Sacramento. We are determined to do all that we can to give you the legal tools to carry out your jobs and the protection that society owes those who defend it against the lawless. Unfortunately, there are those who seem more concerned with the criminals than the victims. Theirs is a strange distortion of values.

They would eliminate crime by legalizing things that are now against the law.

We have an example of this on the November ballot, the initiative that would legalize marijuana. I do not have to tell you of the tragedy, the great threat that drug abuse has become in our society.

Drug abuse is responsible for a great part of the crime in our society today. But one of the greatest crimes of all is that of the pusher---the callous and ruthless criminals who seek to profit from human misery and tragedy.

I am confident the people of California will have the good sense to deliver an emphatic "no" on this effort to legitimize something that has caused so much tragedy for our young people.

There is another measure on the ballot involving law enforcement that I hope will be passed---Proposition 17---which would restore the legislature's right to provide for capital punishment. Within the past few days, I have heard some of the leading opponents of this measure challenging with all the old arguments the right of society to take the life of the deliberate, cold-blooded killer. They say to do so will brutalize society. Well I think perhaps society was brutalized a little in these past five years when 17 CHP officers gave their lives in the line of duty.

Yet rarely have we witnessed any great expressions of protest directed against these brutal crimes. In the arguments raised against capital punishment, we have heard it said that restoring the death penalty will not help the victims of past crimes. Tragically, that is true, but it misses the essential point---capital punishment can help deter such crimes in the future.

We believe it is essential that the public provide this ultimate deterrence to help protect the law enforcement officers who risk their lives every day maintaining the public's safety.

There may come a day when evil will be banished from the hearts of men, and we can abolish some of the laws that help protect society against the violent acts of the law-breaker. We all hope that time will come. But while there is a threat of death to any citizen from those who would kill and rob and terrorize, society must have the right to protect itself.

No one knows this better than your colleagues in all law enforcement agencies. And yet, with your commitment to a law enforcement career, I know you also realize, as we do, that justice must always be tempered with compassion.

We must always be ready to rehabilitate the wayward and misguided first offender, the youngsters who can be saved. As I recently told a convention of the legal profession, that is one of the purposes of the drug abuse control program we have been trying to enact this year.

We hope to greatly expand our educational efforts against drug abuse, relying on the compassion and constructive programs that can best be carried out at the local level, through the concern and sympathy of one concerned human being for another. Our program includes such an effort.

It also allows our legal system to provide a way to rehabilitate the casual drug offenders before they become a hopeless social outcast--before drug addiction can lead them into greater crimes.

And along with this, we are constantly seeking ways to root out the pushers and those who supply the drugs that have become such a massive threat to our young people.

In carrying out your duties, I know there will probably be many times when you will wonder whether your sacrifice, your efforts are worth it. You will undoubtedly see many examples not only of man's potential for cruelty and callousness toward his fellow man, but you will also see symptoms of man's capacity to harm himself and others through his own negligence or lack of concern. And you will learn to say "it is just part of the job," but you will never be able to feel that way down deep inside.

In man's long struggle to create a society in which there is no evil, we have had setbacks and disappointments. Despite our yearning for peace, we have been plagued by war. Crime continues as a major problem no matter how great the affluence of society or how many social programs are enacted to combat it.

But through it all, we keep trying. And to me, that is one of the greatest tributes that can be paid to the profession you have chosen---whatever the problems or handicaps, our law enforcement people never shrink from their appointed duty.

It is their job to be concerned, and in carrying it out, they demonstrate every day of their lives that they are truly concerned.

Good luck and best wishes.

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EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
REVENUE SHARING SEMINAR
AIRPORT MARINA HOTEL, SAN FRANCISCO
November 3, 1972

Welcome to California. This has to be a unique experience for most of us. It is for me. This is one of the few times I have ever met with someone from Washington who wanted to give back some tax money without asking us to match it.

The principal speakers at our meeting today and the other distinguished representatives of the Treasury Department are giving us the details on revenue sharing. So I will not try to compete with the experts. Actually, I am here to learn more about the mechanics of the program, just as you are.

But I would like to use my few brief moments with you today to discuss the concept and the philosophy of revenue sharing. Cap Weinberger who used to be our finance director before he was lured away to become director of the office of management and budget, made a point about this a few days ago at a similar meeting in Denver. He said the administration does not believe Washington has all the answers, that only Washington has the wisdom to decide how to use the taxpayers' money wisely and effectively.

The philosophy behind revenue sharing is that government can be most responsive when it is closest to the people---that the states and the counties and cities have a far better grasp of their own problems than Washington.

Revenue Sharing is intended as a means of helping the states and local governments meet those problems.

Whatever level of government we represent, we have all had the problem in recent years of increased demands and rising costs for services. Not too many years ago and well within the lifetime of almost everyone in this room, the tax dollar was divided in such a way that local government received the biggest share; the states were second; and the federal government took the smallest part. And that is the period most of us refer to as "the good old days."

Revenue Sharing

I believe our experience in California may be somewhat similar to that of other states. We have known for sometime that the property tax has grown to an intolerable level. It has become too great a burden on the homeowner and yet, this is the tax that traditionally has financed a great part of most local services, including local schools.

The court opinion which declared that there has been too great a reliance on the property tax to finance schools was not a great revelation to us. We have been trying to reduce the homeowner's property tax for a number of years while at the same time providing increased state financial aid to our schools.

I am sure all of this is familiar to those of you in other states. But we in California have a situation that is not widespread. About 18 months ago we launched a massive effort to reform welfare and bring the costs of welfare and medicaid (Medi-Cal) under control. This went along with a pretty successful program to produce economy and efficiency in all state operations.

The combination of these welfare reforms, tight budgeting and the improved economy has produced a unique situation. We expect a budget surplus.

So along with our share of the revenue sharing funds, we have some additional resources with which to solve the two most chronic problems we have been facing---additional school aid and providing comprehensive homeowner property tax relief.

California will receive some \$230 million or so in revenue sharing money the first year and a little over \$200 million thereafter.

We are recommending that we use these funds---along with other revenues in a combined package---to provide greater assistance to low wealth school districts and to give homeowners a substantial property tax reduction.

It will be part of a major school finance and homeowner tax relief program we will be submitting to the legislature and later to the people in a statewide referendum. The whole thrust of the program is to provide more aid for public schools, to simplify our outmoded school aid formula and to provide major property tax relief for homeowners. We want to lift some of the burden of financing schools off the backs of the homeowner and shift a greater part of school financing to other sources. Revenue sharing is one of these.

Revenue Sharing

It has also been a philosophy of our administration to return to the people any tax revenue that is not needed. In 1970, we had a surplus and returned this in a 10 percent rebate for every state income taxpayer. This year, when we shifted to the withholding method of collecting state income taxes, there was a so-called "windfall" of one-time revenue and we returned this to the people as a one-time 20 percent tax credit or rebate on state income taxes.

As a result of our welfare reforms and the other economies and efficiencies, we have been able to produce a projected ongoing surplus. And we propose to give this back, too---through a permanent, 10 percent cut in our state income taxes.

I mentioned this to point out what I believe should be the guiding philosophy on how best to use the revenue sharing money you will be getting.

Revenue sharing should not become a relatively painless way to launch and finance more government programs. Nor should it be an excuse to avoid or delay the kind of ongoing efficiency and economy that we must have to hold down the cost of government at all levels.

Our goal could well be to eventually demonstrate to Congress that we can be trusted with the return of some of the sources of tax revenue. If we accept the return of a share of the federal tax without making an effort to take over some of the tasks now being performed by the federal government, taxes will go up, government will increase in size, and we will be worse off, not better. There is no way we can get back the full value of a dollar we first send to Washington. A certain charge for overhead and travel is deducted before it finds its way back.

This first venture into "no strings" sharing is our chance to prove our ability. Let us make it a two-way street. Let us use it wisely, and as time goes by, point out functions of government we are willing to take off their hands at less cost to the people.

Those tax dollars we are sharing have only one point of origin---the citizen's pocket---he would appreciate a lighter touch from all of us.

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11/15

PLEASE GUARD AGAINST PREMATURE
RELEASE

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
COUNTY SUPERVISORS ASSOCIATION OF CALIFORNIA 78TH ANNUAL MEETING
PALM SPRINGS, NOVEMBER 15

The first step in any reform is recognizing that it is needed. If that is true, we have every reason to be optimistic that we can streamline the government structure of California because most of us have already crossed the first hurdle.

The fact that you are devoting almost your entire meeting this year to the subject of updating county government is especially encouraging. We have been thinking along the same lines in Sacramento and I would like to congratulate you for moving forward with the new commission that will be looking into this subject.

Before I get to the main point of my remarks and how we might work together to achieve our joint objectives, I would like to briefly review why the idea of governmental reform is important. I realize that most of you are thoroughly familiar with this background. But when you are proposing a solution, there is no better place to start than to outline the problem.

The kind of local governmental structure we have in California is rooted deep in America's history. The basic framework began developing about the same time we first realized the dream of self-government.

The idea of having school districts to provide for the education of our young people was first sketched by Thomas Jefferson almost 200 years ago.

Local self-rule has been a basic principle in our philosophy of government ever since. Indeed, it set the pattern for the governmental structure we have today.

Americans have been an innovative people, in government as well as other fields. When there was a problem to be solved, we developed a unit of government to deal with it when it involved our joint interests.

In California and other states, the pattern of county governments developed along very logical lines. County boundaries were formed so that the seat of government was no more than a day's ride by horse from its outermost limits to the county seat, which usually turned out to be the nearest and most heavily populated settlement. Today we live in a time where no citizen of California is more than a day's journey by jet to almost any spot in the world.

It has been 65 years since Imperial County was formed out of a section of San Diego County. But that was the last major county boundary change in California. In those 3½ generations, our population has increased tenfold and our state has been transformed from a largely agricultural society to a society and an economy dominated by the world's most sophisticated technology.

Some of our counties are bigger in area than most states and even some countries. And in population, some are no bigger than a city block that includes a large apartment complex.

Yet the basic governmental structure of all our 58 counties is essentially the same. Los Angeles County, with more than seven million people, has the same number of elected supervisors (5) as Alpine County, which has fewer than 600 people.

Let me hasten to assure you that I am not suggesting at this point that there should be more or fewer supervisors for either Los Angeles or Alpine. But I do say it is not unreasonable for us to take a long look at county government and find out whether it might be desirable to make some constructive changes.

When California was admitted to statehood, we started out with 27 counties. But we later found it appropriate to expand that to 58.

In trying to meet the needs of our people, Californians have never been totally committed to rigid ideas on either numbers or organizational structures. We have been concerned primarily with getting the job done; solving the problems that needed to be solved.

When people settled in new areas and needed a steady and sanitary water supply, they organized special districts to provide this service. When they needed fire protection in a remote area, people got together and organized a unit of government to offer this service.

For many years, this pattern of developing government served us exceedingly well. It allowed the state to accommodate to a tremendous growth in population, to meet the needs of people for transportation, education, and all the other public services required in a community or a specific area.

Each layer of government added in California was established for a purpose. Yet in solving the special problems for which they were created the sheer proliferation of school districts, new towns, cities and special purpose districts created a maze of government that has become almost incomprehensible to the average citizen. In terms of accountability for its responsibilities, it is almost an invisible layer of government to all except those who must try to make the whole structure work efficiently.

Today, California has some 5800 units of government below the state level, including 58 counties, 407 incorporated cities, more than 1100 school districts and almost 4200 special districts performing one or more services for the people. In the San Francisco-Oakland Bay Area alone there are more than 800 separate taxing jurisdictions, each with a responsibility for a specific service and each authorized to levy taxes to support its operations. There are 9 counties, 91 cities, 447 special purpose districts, 208 school districts and 65 special taxing districts. Not counting federal and state spending in those areas, these units of government last year spent almost a billion dollars.

Reciting those numbers does not give you the slightest idea of what all these layers of government mean to the average citizen. But perhaps an illustration will. Someone who lives in Concord, for example, and commutes to San Francisco to get to work travels about 30 miles---just about the distance our grandfathers had to ride to get to the county seat. In that daily trip, this commuter passes through 121 governmental units which levy property taxes, including nine cities, five water districts, nine school districts, seven fire protection districts, along with scores of other governmental units involved in providing everything from hospitals and mosquito abatement to transit service, parks and recreational services, and even a cemetery district.

The average citizen who makes that journey probably is not even aware of all these different units of government. The only time he gets a first hand knowledge of their existence is when he has a complaint about service or more likely, when he receives his property tax bill.

When they are looking at that long list of governmental units their tax dollars support, many citizens must wonder whether they are getting their money's worth, and whether all these different levels of government are really necessary.

You have obviously had the same thoughts because your association is looking at your own level of government to see if there is not a better, perhaps a more efficient way.

As most of you know by now, streamlining local government is high on our list of priorities. For several months, Lieutenant Governor Ed Reinecke has headed a sort of informal group making preliminary plans for a major program of local government reform and modernization. On Monday, that informal study group became officially operational. It received a title and an awesome responsibility. It is called the Local Government Reform Project.

County Supervisors

The goal is to produce the most comprehensive examination of all levels of local government ever undertaken in California; to find out the strengths and weaknesses of our present structure of government and to make recommendations that will build on the strengths and eliminate the weaknesses.

Our objective is to streamline and modernize California's total structure of local government to make it:

- more responsive and effective in meeting the needs of the people
- more efficient in operations, and
- better equipped to provide the services our people need at the least possible cost.

Five major components are involved in the program.

1) Lieutenant Governor Reinecke is heading a steering committee that includes key members of the state administration. This committee will have the overall responsibility for supervising the activities of the Local Government Reform Project and coordinating the work of all the sub-groups associated with it.

2) There will be a full-time Task Force of six staff specialists to provide the necessary technical and administrative skills. These will include outstanding experts experienced in such fields as public administration, management and public finance. This task force will be the operational nucleus of the overall project.

2) So that we may have the benefit of the widest possible range of knowledge and experience in drafting a workable reform program, there also will be an advisory group. We have not yet decided on its exact size but the group will include representatives of all areas of local government, including county supervisors, city council representatives, members from special districts, along with members who will represent the private citizens of California.

4) Working directly with the task force will be a number of special task groups made up of both citizens and public officials. These groups will look into various areas that will be covered in analyzing the whole structure of local government. Their work will provide the information we need to make practical recommendations for organizational improvements and reforms.

5) Obviously, in an undertaking of this magnitude, we want to hear from the people of California, to get their ideas, their suggestions and their recommendations. And we also want to assure that each level of government has an opportunity to participate in developing the final program, in shaping the kind of local government structure that will best serve the people of California.

The responsibility for coordinating and developing this part of the project has been assigned to the Council on Intergovernmental Relations, which has already done some preliminary work in this area.

It will hold a series of public hearings throughout the state to receive comments and proposals from local officials, citizens groups and from the public at large. The first of these meetings was held a month ago with the League of Cities^{/California}. The second will be held this afternoon as part of your own program.

This council, composed of representatives from every level of government in California, will insure that every level of government will be able to present its viewpoint and suggestions.

Aside from serving as an advisory group to the executive branch, it administers grants to local governments through contract with the federal government. And it serves now as a clearinghouse for information about grants and the relationships between different levels of government.

Because of this, it is uniquely equipped to provide a means of citizen participation in the decisions to be made---as well as assuring another effective voice for local government in the reforms that will be recommended.

The operational Task Force will concern itself with every aspect of local government in California. It may take up to a year to complete the entire project, but we hope part of the work can be done sooner than that.

We are starting with five major subject areas:

Analysis of current governmental structure

1) The first involves a thorough analysis of the current structure of local government, from the multi-county level to the smallest special districts. This will include taking a comprehensive look at what local government is now and what it should be; what problems the different levels of government now have in trying to meet their responsibilities, and what problems to expect in the different alternatives that might be proposed.

Assignment of public service responsibilities

2) The second major subject area will be to determine the proper assignment of public service responsibilities. What level of government is best equipped to provide fire protection, public safety and all the other essential public services.

Allocation of fiscal resources

3) A third, and critically important part of the project will be a task group survey and analysis of the fiscal operations of local government---how best to allocate all revenues. This will include an inventory of the main sources of revenue available to local government and whether alternate sources might better serve both the public and the financial needs of the districts providing the various services. Some special districts, for example, derive a large part of their operational income from fees---water service fees, garbage collection fees, and similar service charges. Other districts rely more heavily on financial support from the property tax. We want to look at the total revenue picture and find the fairest and most effective way of providing essential public services with a minimum of reliance on the already over-burdened homeowner and property taxpayer.

My own leaning has always been to apply a fee for service to as great a degree as possible.

Of course, we know this is not possible in all cases. Fire and police protection are services that cannot be pro-rated in the same way as garbage collection. But we must make an effort to identify those services that can be geared to financial self-sufficiency.

Right now we are trying at the state level to substantially reduce homeowner property taxes. But if we are to take part of the financial load off the homeowner's back, we must find new ways of keeping local government costs from constantly adding new financial burdens on the property tax and the homeowners who pay them.

This part of the project will involve assembling information on which levels of government collect what taxes; how these taxes are spent and for what---and most important, we hope it will determine whether the taxpayer is getting his money's worth, and if not, why not? Is there a possibility of reducing taxes by eliminating duplication and overlapping services and unnecessary administrative costs? If there is, we want to know how.

County geographic boundaries

4) The fourth major task group will have the responsibility of looking at the geographic boundaries of California's 58 counties to see if constructive changes might provide better government at less cost. We hope our specialists can work closely with your own commission in trying to come up with sensible and workable suggestions for reform. One of the things that should be considered is to determine at what point population or geographic area affects the quality and the cost of essential public services. Are some counties too big or too small? Is there an ideal population level that should become a basic size in developing new and more effective units of government?

Should we take a look at some of our counties that are larger geographically than most states and see whether a smaller county might not be more effective and responsive to the needs of the people?

State-local government relationship

5) The fifth major task group will look into the relationship between the state and all the local governments with which it must deal. Each year the legislature considers four to five thousand bills. Many of them involve local government. Frankly, I sign a hell of a lot of bills that do not improve the quality of life in California one iota, and no one would miss them if they got lost on the way to the printer. Is it a proper function of state government to tell a municipal court how many clerks or court reporters it should have and what their salaries should be? Right now the legislature has that responsibility.

Should the state be making simple administrative changes in procedure involving technical matters that concern only one local unit of government?

I think we might serve the public better if local government is given both the responsibility and the authority to make decisions that involve its own operations.

Finally, as part of this study into state and local government relations, we want to take a good, long look at a matter that I know is close to your hearts.

Whatever shape this reform takes, we want to guarantee that the state government does not mandate new or expanded programs and responsibilities on local government---without providing the money to pay for them.

County Supervisors

Because of the multi-layer of government that has developed in most social services, this matter of mandating costs from one level of government down is a chronic and a serious problem. I know many of you have felt that the state has done this far too many times in the past. We have more than a little experience with the federal government mandating welfare and other costs on the state and ultimately, on the counties. And we are determined to do something about it.

In our various tax reform proposals, a key provision has been that the state must pay for any new or expanded services that counties are required to administer. Ending mandated costs should improve state and local relations.

Right now, to many of our citizens, the relationship between the different levels of government often appears to be simply a competitive exercise in passing the buck. They have a vital stake in changing this, in making government accountable because the bucks that count come out of their pockets.

I hope I have been able to impress upon you the guiding philosophy behind the whole project. We are going into this with absolutely no pre-conceived ideas of what the final reform proposals will be. No solution, no suggestion is too drastic or too innovative to ignore. If anyone comes up with a creative idea, we want to consider it, whether it fits into the way we have always done things or not. Only one thing we know for sure, we do not intend to add more layers of government.

This will not be a reform that will be dreamed up by anonymous consultants, thrown into the legislative hopper and imposed from the state level. We want to involve everyone who can help produce a workable blueprint for the governmental structure we will have for the rest of this century and beyond. We may want to implement any major changes in well-planned phases.

Quite likely, some constitutional amendments may be required. We do not view that as an obstacle. Our people should have not only a voice, but a vote in determining the kind of government they want.

Our main concern is results. California is a big state---the largest in the nation. You have often heard me say that if we were a separate nation, we would have the seventh largest economy in the world. Well, that also applies to some of our local areas, too.

County Supervisors

The Los Angeles Basin has more people than Sweden or Austria. Almost as many people live in our five southern counties as on the entire continent of Australia.

Californians live in a tremendous variety of urban clusters, sparsely-populated mountain areas and large agricultural areas dotted with smaller towns and farms.

Our economy is one of the most diversified in the world. It ranges from family farms to rocketry; from fishing operations similar to what our ancestors knew to vast satellite communications facilities; from one-man workshops sharpening garden tools to massive scientific complexes designed to ferry man into outer space and back again.

A state with so much of America's advanced technical resources and such a diversified way of life should not be saddled with a horse-and-buggy system of local government that just might be costing more than it should.

Our reforms should not be limited to what might be politically expedient. Our goal should be to build a structure of local government that meets the needs of our people at a cost they can afford.

A couple of weeks ago, at a seminar on revenue sharing, I reminded the various state and local officials attending that there was a time---and not too long ago either---when local government received the largest share of tax revenue. The states got less and the federal government had the smallest portion of all. You and I know that ratio has long since been reversed.

Local government received the largest share of the tax revenue because that level of government provided services directly to the people. And the people held government accountable because they knew who was spending their tax money and for what. When they had a complaint, they went to the courthouse or city hall.

The services people receive from government have not changed---only the level of government that collects the money has changed drastically. With every additional dollar that goes to Washington, government becomes more remote and less and less responsive to the people.

People do not live at the federal level. They live, work, attend school, and play at the local level; in cities, towns, rural areas. This is where they should have their most frequent contact with government.

County Supervisors

To be responsive, local government must have sufficient financial resources to provide the services people demand and need. That is why, with every responsibility we assign to a particular level of government, we must also provide a means of financing to provide that particular service.

That way, if something is not being done properly or at all, people will use their votes and their protests to make government accountable for its action or lack of action.

But if they do not even know the different layers of government and what each is supposed to be doing, they cannot protest or vote intelligently. Maybe some politicians like it that way, but most do not--not if we are worth our salt.

When I first mentioned this idea of reforming government, I called it a dream, a model of governmental efficiency and economy that would give every citizen an opportunity to know just what government does for him and just how much he must pay to get those benefits. Some may say this is unrealistic, a goal impossible to achieve.

Well, standing on the moon was once an impossible dream. But it has been done, not once, but many times, and many of the people who helped us realize that dream live and work in our state.

I believe Californians can develop a modern, efficient government---a government that is visible, responsive, and efficient in meeting the changing needs of our people.

That is the purpose of our Local Government Reform Project. With your help, that dream can come true.

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

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PLEASE GUARD AGAINST PREMATURE
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EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN
AMERICAN FARM BUREAU FEDERATION
Los Angeles
December 11, 1972

We are meeting here today at a time when our country and your industry are entering an era of great opportunity, a time when sweeping changes on the international scene are creating a vast new market potential for the food and fiber America produces.

In California, we are determined to make the most of that opportunity. Almost one out of every four jobs in California is in agriculture or a related industry. The combined output of all the various elements of Agri-Business represents 16 billion dollars a year, almost 12 percent of our total gross product.

We may not be the bread basket of the nation but we supply about 40 percent of America's fresh fruit and nuts and table vegetables.

I have just returned from speaking to a meeting of industrialists about the increasing tendency of government to get into things not really its business. You have had government as a partner for quite a while now. And while government has many functions which are its proper province, you know all too well that when government uses its coercive power to intervene in the free market place, agriculture can discover it has something worse to contend with than the corn bore or the boll weevil.

Those who believe government has an ordained duty to be a senior partner in every economic enterprise labor under the false belief that the only good government is big government; that only through direction and control from Washington can we realize prosperity and economic stability. They have no faith in our competitive market system---despite the undeniable fact that it is this very freedom that has given our people the highest standard of living in the world.

You deserve a great share of the credit for this higher standard of living. You have consistently produced a stable food supply that includes a greater variety of foods at lower cost than any other society in the world. You have performed something of a technological miracle. No industry in the world can match your increase in man hour productivity.

We hear a lot about inflation and the higher cost of food. But those who try to cast you as the villains are pointing a finger in the wrong direction.

Instead of being a cause of inflation, the farmer is the biggest victim of inflation, caught in the worst cost-price squeeze of any industry in America.

Twenty years ago, the average American family spent about 23 percent of its income for food and farmers received almost half of the consumer food dollar. Today, the average family spends only 16 percent of its income for food and the farmer's share of that food dollar has dropped to 38 percent.

Sure, there has been an increase in food prices. But agriculture is holding the line against inflation far more effectively than almost any other segment of the economy. In the last 20 years, food prices have gone up 44 percent, but housing costs are up 60 percent, transportation - 64 percent, and medical care more than 100 percent. And your customers' wages have gone up 136 percent.

Those people who cry doom and demand that government do something should look at how our free agricultural system benefits the consumer, and then look at what things are like in those other countries where rigid controls and market coercion plague agriculture.

While the average American family spends only 16 percent of its income for food, the average family in Britain spends 26 percent. It is 28 percent in West Germany, 40 percent in Japan, and in the Soviet Union, the average family spends a full 50 percent of its income in food.

Government itself has been the biggest single cause of inflation, through deficit spending, and because government, year in and year out has been consuming a bigger and bigger share of the national income through higher and higher taxes. The typical citizen must work longer to pay his family's taxes than he does to pay for their food, shelter, and clothing combined. We work from January until sometime in May just to pay our taxes.

The President has asked for a limit on federal spending and Congress acts as if he wants to blow up the Statue of Liberty. Well, you and I had better make Congress understand that we want that limit, too, and like yesterday. It is later than we think.

When the recent wheat trade with Russia was being reported in the news media, I read an article which mentioned that America's climate gives us an advantage over the Soviet Union in producing food. Well, we do have better growing conditions. But the greatest advantage the American farmer has over his Soviet counterpart is not the weather; it is the climate of freedom in this country. Despite all of government's intervention into agriculture, ours is still a basically free economic system and this freedom has enabled our country to out-produce the world in almost every area of economic endeavor, even though we have only 6 percent of the world's population and 7 percent of the land area.

In fact, operating within a competitive enterprise system, America is one of the very few countries in the world producing more food than it needs.

During World War II and the years just after that, America's productive capacity in agriculture became the wonder of the world. Our farmers grew enough food for our own people and a surplus that helped win a war and feed a hungry world while it was recovering from that war. This abundance was made possible by your hard work and productive genius.

You were able to grow food with less manpower, at lower cost faster than government experts could dream up ways to discourage you.

During the post war years when the rest of the world recovered economically and became vigorous competitors in many industrial products, our food surpluses suddenly became an embarrassment of riches. But today, we are approaching an era when our food surpluses will not be a problem. They are becoming one of our most important national assets in helping America put its economic house in order following the inflationary years of the Vietnam War.

In the past decade, America's balance of trade deficits have become a matter of critical national concern. Last year was the worse such trade deficit since 1893. Yet even in those countries which can and do compete vigorously in manufactured goods and industrial products, there is a growing demand for food which they cannot produce in sufficient quantity.

While our share of the world's export markets in manufactured goods has been declining, our agricultural exports are growing tremendously.

One out of every four harvested acres in the United States produces food for export. More than \$7.6 billion of our \$17 billion farm output went to the export market last year and it represented 18 percent of America's total exports. This year, California's exports will total about \$592 million, a 15 percent increase in a single year.

And the greatest growth is in those areas of agriculture which are totally free of government controls and subsidies. Like farmers throughout America, California farm producers have helped generate overseas markets through their own privately financed promotions.

The almond industry is a good example of creative enterprise at work to build new markets for agriculture. Ten years ago, the cooperative that markets 70 percent of California's almond crop exported less than one-sixth of its total production. This year, it is half. Those who like to say California is a good place to be if you are an orange will be delighted, I'm sure, to know that now we have more acres in almonds (254,000) than we do in oranges (224,000).

Whatever happens in other areas of competition, agricultural exports offer America a tremendous opportunity to reverse the trade deficits of recent years. Japan, South Korea and the other major nations of the Pacific Basin are unlikely in our lifetime to become totally self-sufficient in food. And we have an opportunity to capture an even greater share of the agricultural market in certain products in Western Europe, without even considering the possibilities of increased commercial contact with countries outside the Free World.

This can mean greater opportunity for all our citizens. Every additional \$100 million dollars worth of grain exported this year, for example, means between 3,000 and 5,000 jobs in agriculture and in other industries which are affected by agricultural exports.

That is why we in California and farmers from every state have a vital stake in the President's current efforts to lower tariff barriers in world commerce. The productive interchange of goods and products can mean prosperity for everyone. In the past, America has been a generous benefactor and an indulgent trading partner. We have opened our markets to the goods and products of other nations, but too many of the nations we trade with discriminated against our products. Now we are asking that they pay more than lip-service to the principle of free trade. And I think we must be ready to demand equal treatment in world trade, especially for those American agricultural products that can be priced out of the marketplace by unreasonable and excessive tariff barriers.

If these artificial financial barriers are removed, we need have no worry about our ability to compete in world markets. No country in the world can match the variety, the quality and the sheer productive capacity of America's agricultural industry.

Farm Bureau

But it will take more than an expansion of export markets. There is the matter of economic stability. And right now that is a problem for agriculture.

Farmers and ranchers throughout America are confronted by new threats to their industry, their ability to compete economically, and yes, even their survival.

Agriculture is uniquely vulnerable to a strike or the secondary boycott. A farm is not like a factory. A strike at harvest time or a secondary boycott (which by the way is illegal) does not just shut down operations for a few days or even weeks. It can wipe out a whole year's crop and put the farmer permanently out of business.

When that happens, everybody loses.

The farm workers lose their jobs permanently. And the innocent bystander---the American consumer---is hurt by artificial shortages that can mean higher and higher food prices.

First of all, there is a great immorality in allowing crops to rot in the fields in this hungry world.

The well-publicized "lettuce boycott" you have heard about is the kind of situation that emphasizes the need for effective farm labor relations legislation. It is not a question of labor's right to organize. More than 80 percent of California's lettuce crop already is produced by union workers. About 70 percent of them are affiliated with the Teamsters Union, with pay and working conditions equal or better than almost any other workers in agriculture. And it is significant that the Teamsters are not participating in the lettuce boycott.

The other union, the United Farm Workers, representing only about 10 percent of the lettuce workers, demands the right to represent farm workers, but is unwilling to put its case before the workers in an election where they are free to make their own choice by secret ballot.

The only way to assure the rights of all parties is to enact a fair and workable farm labor relations law. We intend to continue seeking such law in California.

But because this also is a problem faced by every other state, I believe it is a situation that ultimately must be resolved through federal legislation that is fair to the farmer, fair to the farm workers and which recognizes agriculture's unique place in America's economy; its vital role in producing the food and fiber our people need. For one state alone to do this, there is a problem of making that state's farmers non-competitive.

Agriculture, along with every other area of economic activity, is vitally affected by government action or lack of action in many other areas.

Property taxes, for example, are not merely an intolerable burden for our homeowners. High property taxes are literally driving farmers off the land.

In California, we are trying to change this, to ease the property tax burden of both homeowners and farmers by rolling back local property taxes through a comprehensive program that will provide permanent relief.

We are going to use our revenue sharing funds for this purpose in an overall reform program that will shift part of the cost of supporting schools to broader-based taxes.

While this is an immediate and urgent goal, we know that the only way to permanently get government off the backs of the property owners is to reduce government spending, to seek economy and efficiency at every level of government. The President has urged such a course on Congress and again the response was an override of nine vetoes.

When you are trying to reform an obviously intolerable situation, it sometimes takes more time than you would like. But it can be done. We found this out here in California. You have probably heard rumors about some changes we made in California's welfare program. It was growing in cost three times as fast as our revenues, and was riddled with abuses that permitted people who did not really qualify to receive welfare. Our attempts to reform were not well received by either the professional welfarists or the legislators. But then the opposing legislators heard the voice of the people. They did not exactly see the light, but they sure felt the heat.

A year and a half ago, welfare in California was growing by 40,000 people a month. Today, there are about 254,000 fewer people on welfare than when we started a year ago last March. The cost of welfare in our state is \$708 million less in federal, state and local taxes than it would have been without the reforms. We were told it could not be done, that instead of curbing welfare abuses, we should raise taxes to help pay that \$708 million.

With the help of a massive grassroots effort that included the very valuable assistance of agriculture, we did what they said could not be done.

This year, 42 of California's 58 counties managed to reduce their basic property tax rate. In some counties, it was the first such reduction in years.

Everybody benefited. We were able to increase welfare grants to the truly needy by 30 percent, and finance cost of living increases for the disabled, the blind, and our senior citizens.

Right now, we have a pilot work program that requires every able-bodied adult welfare recipient to either work for his grant, register for employment and accept a job when one is available, or be duly enrolled in a work training project designed to make them self-sufficient. Those who refuse are dropped from the rolls.

Government costs can be brought under control. But there is no magic formula. It requires a constant effort to resist demands for new and possibly wasteful spending---it takes efficient management that insists on a dollar's worth of value for every tax dollar spent. And you sort of have to stand up to the spenders without blinking---even when the stone throwing begins.

Too often, government forgets that its primary responsibility is to represent the interests of all our people; the people who pay the taxes as well as those who receive tax-financed benefits. That system seems to have gotten out of kilter in recent years.

Government does not produce a single dollar. It consumes dollars earned by the people through the fruit of their labor. It can only create jobs by redistributing earnings.

When government raises taxes to solve one problem, it often creates another. In fact, government does not solve problems; it subsidizes them.

Government must always guard against excessive regulations and controls, high taxes and all the other restrictions that can inhibit the growth and expansion of the private sector. It is the private sector that provides most of the jobs for our people and all of the revenue to support all of government's activities.

There can be no prosperity or even freedom for our people if we ever abandon the competitive economic system that transformed this country into the strongest nation in the world.

In these past several years, I have been privileged to visit many other countries in the world on diplomatic missions for the President and on behalf of California industry. And every time I return home, I marvel at the fantastic difference that freedom means in terms of prosperity, individual dignity and opportunity.

It is not an accident. And I recommend a trip abroad to any who doubt the value of America, this way of life of ours.

It will make you see, possibly for the first time, what Thomas Jefferson meant in the words he wrote to a friend in 1787. He urged his friend to travel to other countries so that he might better appreciate what our pioneer Americans were carving out of the wilderness in the new world. "It will make you adore your own country," Jefferson said..."its climate, its equality, liberty, laws, people and manners. My God! How little do my countrymen know what precious blessings they are in possession of and which no other people on earth enjoy."

We have known the blessings of liberty for almost 200 years. We have survived every crisis and gone on to even greater equality and prosperity for all our people.

We have built the fairest, most productive society the world has ever known because most Americans have never been willing to trade their freedom for a little temporary privilege. They know what Americans have always known: freedom makes it all possible. If we preserve our freedom, we preserve America and all the values we cherish.

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