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OFFICE OF GOVERNOR RONALD REAGAN  
Sacramento, California 95814  
Clyde Walthall, Press Secretary  
916-445-4571 5-8-74

RELEASE: THURSDAY P.Ms.  
MAY 9, 1974

PLEASE GUARD AGAINST PREMATURE  
RELEASE

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
California Association for the Retarded  
24th Annual Convention  
Los Angeles  
May 9, 1974

I am familiar with the fine work of your organization and therefore am especially delighted to be with you this year at your convention.

Over the years, I have had the pleasure of knowing some of your members and the important role you have played in focusing attention on the cause that brings us together.

As you know, my years in Sacramento are drawing to a close. There have been high spots during these past 7½ years, things I will remember and look back on with a measure of pride.

But nothing has given me greater satisfaction than the advances we have made and are making in the field of health, especially the new directions now being taken in the care and treatment of the developmentally disabled in California.

These past 7½ years have been a period of major change, an era of unprecedented progress in our entire health program.

Many of you are concerned parents, and some of you are well aware of the many steps that have been taken. I know too, others of you may not be fully acquainted with the scope of our progress and the many factors that have contributed to it.

To really grasp the advances we have made, you have to go back some years to a period in California, and the rest of the nation, when the path for the mentally afflicted led in only one direction: a prolonged stay, often for a lifetime, at a state hospital.

The network of state hospitals in California, which I believe are the finest in the nation, came into being because of our society's humanitarian concern for the mentally disordered and the retarded. And at one time, this represented the best and most advanced way of providing the care and treatment the individuals needed.

I realize that your major concern is in the area of developmental disabilities. And this, of course, is a far different problem that requires its own approach---one that we are now taking.

Yet to get a full picture of California's commitment to better health requires some mention of the dramatic changes in our programs for the mentally ill as well.

Mentally Ill

Over the past 10 to 15 years, our whole concept of treating and caring for the mentally ill has drastically changed, for the better. We have made great strides in developing new methods for treatment. Specialists in this field recognized that for many patients, a community mental health program, providing treatment where the patient could be close to home and family, offered a far greater potential for recovery than commitment to a state hospital.

Along with these scientific advances in treatment came other changes

There was a time when the commitment process was an almost automatic legal ritual for the mentally ill, particularly when it involved an elderly citizen often suffering no more than the infirmities of age.

Protection of the legal rights of the individual patient, I am afraid, too often was secondary to the urgency of providing immediate custodial care. Commitment to a state hospital when local programs did not exist may have been a convenient solution.

But the result in too many cases was an injustice which society should never again accept.

California has recognized the need for change. We have led the way in adapting modern methods of treatment and strong legal safeguards in our own approach to meeting the needs of the mentally ill. When our administration took over in 1967, California was in the first phase of this transition period. And we faced some difficult choices.

Coming into the decade of the 1960s, California had more than 37,500 mentally ill patients in its state hospital system. But as the concept of community mental health programs was introduced and the new methods of treatment began having an effect, there was a dramatic decline in patient population.

By 1967 there were 26,500 patients and by the end of the last fiscal year, the mentally ill patient population was down to less than 7,000.

While not always with the same dramatic results, similar advances were going on in the treatment, care and educational programs available for the retarded.

The number of developmentally disabled in our state hospitals has also shown a decline, although at a slower rate, from 13,000 to 10,000.

Quite simply, we faced the choice of maintaining and staffing large, but only partially used state hospital facilities at a tremendous cost or adjusting the number of hospitals to conform to the declining population and using the money saved for better treatment in the community centers with which you are familiar.



## Retarded Association

We did the latter and in so doing gave California the finest, most extensive system of care to be found anywhere. But this was not done at the expense of our state hospital system.

We increased their staffing ratios, both for the mentally ill and the developmentally disabled. The budget for community mental health programs went up to seven times what it was in 1967. Not only has there been a great increase in the number of local programs, but the state has increased its share of funding each program from 75 to 90 percent.

### Developmentally disabled

Our programs for the developmentally disabled have reflected the significant advances in this field. Legislation was passed and put into effect permitting similar improvements in the total program for the developmentally disabled.

The budget for the developmentally disabled programs under the Health Department is three times what it was in 1967.

While the retarded population in our state hospitals has declined by some 3,000 over these seven years, the staff has been increased by 1,300. In other words, while the patient population was dropping by 20 percent, the actual number of staff was increasing about 25 percent.

Compared to 1967, we now have working with a smaller patient population, more physicians; more psychologists, more people assigned to nursing services, more specialists involved in rehabilitation therapy, education and social services than ever before.

Fifty-eight programs for the developmentally disabled have been in operation at nine state hospitals since the 1972 reorganization of these programs, under the new Department of Health.

In the early 1960s, two pilot programs introducing Regional Centers were developed and in 1967 we chose to expand this program. Since then, the regional centers have expanded until at the present time we have 17 fully operational and others are beginning.

The strides we have made in California have brought a new era of hope in the treatment of the developmentally disabled.

Some patients may always require custodial care in state facilities. But, where there is a potential for training, for education to enable a handicapped youngster to lead a more normal life, we have an obligation to provide that training and the necessary programs of education.

The state is committed to provide those essential services, in state hospitals or within the individual's own community, if that is the best course.

Retarded Association

This whole area of developmental disability is now in a period of rapid change. We are discovering that some patients can respond to new treatments and can be helped to reach a greater degree of adjustment than anyone previously believed possible. And if we are to serve their needs properly, it is essential that we further develop the concept of community services.

In the past few months, I have signed legislation that concerns the development centers for the handicapped, operating under the Department of Education. This legislation allows a significant increase in the number of handicapped served by these centers. In 1967, there were about 528 youngsters in child development centers. By 1973, this had grown to 2,400. In the current year, 400 additional children will be added and there will be a further increase of between 600 and 650 in the next fiscal year.

Not only have services to the retarded been increased, but the law now includes other handicapped groups, including epilepsy, cerebral palsy and other neurologically handicapped individuals.

You know better than anyone the heartbreak and human tragedy involved in mental retardation. And while our advances in treatment may never fully overcome the disabilities of all patients, the research now going on in this field offers a bright new hope that possibly we can prevent mental retardation in the future.

We believe we have an obligation to these youngsters and to those who may be born later, to put our resources into programs that offer the best treatment and education as well as the greatest potential for prevention.

In the last fiscal year, we earmarked \$268 million in developmentally disabled programs. And in the coming year, that will be more than \$333 million in state and federal funds with the state providing more than 75 percent of the total.

Three new regional centers opened in the Los Angeles area in 1973 and three more are planned this year, two in Los Angeles and one at Stockton.

All this is part of the new and coordinated effort to provide the best possible care and service we can to the developmentally disabled.

The administration of these programs and the delivery of services has been improved by creating the office of Developmental Disabilities in the Health and Welfare Agency as well as area boards to deal with specific problems on the local and regional levels.

## Retarded Association

These boards, along with the state Developmental Disabilities Planning and Advisory Council, are assisting the state in planning and developing a statewide program. The reorganization of the new Health Department placed programs previously in three departments under a single administration.

We recently increased by 12½ percent the rates and fees for those facilities offering local care for the retarded.

But care and treatment are not enough. That is why early in our administration, we established a Mental Retardation Center on the UCLA campus to perform research in ways of prevention.

Last December, I called the first major conference held in the United States on this subject. There were more than 200 selected participants, including, I am sure, some of those who are with us today. As a result of the conference recommendations, additional funds were placed in the Department of Education budget.

A total of 91 specific recommendations were made, falling into eight main categories:

1. To provide education and information on the prevention of developmental disabilities to all Californians, especially to adolescents, prospective parents and practicing professionals in this field.

2. To coordinate and when necessary, to expand services to provide comprehensive coverage from preconception through early infancy, the time when developmental disabilities may possibly be averted or lessened through the things medical science is constantly learning.

3. To provide expectant mothers and newborn infants a full range of services.

4. To offer expanded family planning and prenatal services to prospective parents.

5. To review and assess the preventive services provided through our regional centers and to determine the capacity of these centers to undertake the preventive programs that may be necessary.

6. To survey the manpower needs in our existing services, so that we may find out how many professionals in what fields we need to properly offer comprehensive care from preconception through early childhood.

7. To require state supported preventive services to maintain individual client records so that we may measure the effectiveness of the various services offered.

8. And finally, to assure that related professional boards and societies and educational institutions develop standards that will assure high quality care and training for those involved in the education, treatment and prevention of developmental disabilities.

After these recommendations were presented to me, I directed that the full resources of the state Health and Welfare Agency be utilized to turn these recommendations into reality.

I wish more Californians were aware that our state's total mental health program has become a model for the rest of the nation, and that we have received national recognition for our programs for the mentally retarded.

For those who were not at the ceremony, I would like to pass on to you some news that demonstrates the effectiveness of our overall efforts in this field.

Last month, California was selected to receive and was presented the Award of Merit of the President's Committee on Mental Retardation.

It was given in recognition of our state's pioneering programs for preventing mental retardation. When it was presented, the director of the President's committee said: "the California program should be a model for the nation. When fully effective, it could cut in half the number of retarded children born in California, estimated now to be 10,000 a year."

I took great pride in accepting this award but I fully acknowledge that the honor belongs to the combined effort, the help and guidance given to us by groups such as yours.

Your concern is that we do everything possible to provide the finest, most comprehensive program of care for the developmentally disabled. You want to assure that we will be doing everything we can in the months and years ahead, not only to treat mental retardation, but to prevent it because it, after all, is the best treatment we can possibly develop.

Your concern is shared by this administration. Your goals are our goals. And I am fully convinced that by working together we can achieve those goals.

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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).



5/22



OFFICE OF GOVERNOR RONALD REAGAN  
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RELEASE: WENESDAY P.Ms.  
MAY 22, 1974

PLEASE GUARD AGAINST PREMATURE  
RELEASE:

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
California International Trade Conference  
Sacramento Inn  
Sacramento, California  
May 22, 1974

I want to extend a special welcome to our guests from other nations and to say how pleased I am to see so many representatives of California business and industry here today.

The purpose of your conference is an important one, especially in today's rapidly changing economic climate. International trade is a vital part of California's economic base today. And it is destined to play an even larger role in our prosperity in the years ahead.

We believe California has a great deal to offer our trading partners, just as there is a dynamic and expanding market for imports among our 21 million people.

During the past several decades, California has been America's leading state in terms of overall growth, by almost any standard of measurement. If we were a nation, we would have the world's seventh largest economy. Our state is rich in resources, trained people and technology, and the decade ahead promises to be a period of even greater growth and economic expansion.

Trade with other nations, in both exports and imports, is an important part of our economic potential. I am sure most of you are aware of the great strides we have made in recent years in making the world aware of what California has to offer.

We are a major agricultural exporter. We sell rice to Japan and olives to Spain and if they are running short of refrigerators in Alaska, we will be happy to trade a few to them for some of their oil.

Already our trade with other nations has a \$10 billion impact on our economy. It helps to provide hundreds of thousands of jobs for Californians and it has a beneficial impact on almost every one of our major industries.

To illustrate just how important it is, the rate of employment growth in industries involved in international trade is increasing at 1½ times the rate of growth in the rest of the economy.

We believe the potential is there for an even greater period of growth.

## Trade Conference

The purpose of your conference is to explore this subject in more detail and to see what we in California have to offer to our trading partners and what market potential we offer for their goods and services.

Because of our geographic location, California, from our earliest beginnings, has been heavily involved in world trade with the nations in the great Pacific Basin. Now we are reaching out to broaden our horizons with other great trade areas of the world.

We recently sent a representative from the Department of Commerce to West Germany to attend a series of trade seminars there.

In recognition of the growing impact of international trade in our state, we have recently created a division of International Trade in our Commerce Department. The purpose of this department is to encourage a two-way exchange of goods and services that can be beneficial to everyone.

The recent energy crisis demonstrated how interdependent are the economies of the various nations of the world.

There are things that we produce which other nations need and want and our 21 million people offer a giant market potential for the goods and services unique to other nations.

I believe this expanded commercial contact can do more to stimulate peace and prosperity than any other single development. It can generate greater understanding among the people of the world and it can provide a growing prosperity for everyone.

Although the United States has the world's largest economy, only a small fraction of our manufactured goods are exported. Yet as the other great nations of the world achieve a greater degree of prosperity, we know there will be a demand for the things California produces.

We need to broaden our contacts overseas, to bring to the attention of other nations the potential that California offers as a trading partner.

We are actively trying now to inform our own businessmen, in industries large and small, of the potential of international trade.

Many of the nations in the great Pacific Basin depend on imports to feed and clothe their people. The massive agricultural output of California can help meet that need, along with more specialized products that come from our diversified industry.

Our state Department of Food and Agriculture is doing its part to help our farmers and ranchers benefit from this expanded market potential by arranging tours of overseas buyers, to help acquaint them with the variety of things we have to offer.

## Trade Conference

In meeting this demand, California is playing a vital role in helping assure an era of peaceful prosperity and stability in the world.

Right now, in America, our agricultural industry is moving back toward a totally free market system after an era of surplus and subsidies.

With the world's population growth, we find that there is an ever increasing demand for the food and fiber that California produces in abundance.

Constructive trade, the two-way exchange of goods and services, is the most efficient and logical way for each nation and each area of the world to build a stable prosperity, a prosperity based not on aid, but on mutually beneficial economic contacts.

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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.)





EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
California State Employees Association  
Institute on Government  
Sacramento  
May 30, 1974

As you know, for many employees, part of last year's state salary increase was held back by the Cost of Living Council. The council went out of business April 30, so we instituted this increase May 1.

Those of you who had part of your pay increase held up last year will be receiving the additional money (an average of about 4½ percent) with this month's paycheck.

At the same time, however, we were enjoined by a federal court from paying the retroactive portion of this salary increase. It had been our intention to pay this retroactive portion immediately in a lump sum.

I wish I could report that this matter has been resolved. But there has been no change in status.

So let me make the state's position clear: We put this money into the budget as part of a phased effort to upgrade state employee salaries up to a comparable level for similar work in other government and non-government occupations. We believe you should have had it last year. We believe you deserve the increase you are getting in the current year, and we will keep the retroactive pay in a separate fund in the budget so that we can pay it to you just as soon as we get the legal authority to do so. In the meantime, we are exploring to see if there is an alternative way of authorizing this retroactive pay, including some legislative attempts. Normally, I do not comment on pending legislation. But in this case, I feel free to make an exception and tell you that if a legally-sanctioned alternative way to pay this is found, we will look at it with considerable sympathy.

There also have been some developments on this year's salary proposals, the ones which will go into effect in the next fiscal year starting July 1. A few weeks ago, we requested a salary fund budget augmentation for 1974-75 totaling \$36.8 million, bringing the total salary fund to more than \$81.7 million.

This will permit a 5.3 percent average salary increase, the amount recommended by the State Personnel Board. In addition to the salary adjustment, we have budgeted another 3.1 percent (\$45 million) to greatly improve employee fringe benefits. -1-



The total salary and fringe benefit package amounts to an average of 8.4 percent for the coming fiscal year.

This budget augmentation recognizes the severe inflation our national and state economy has been experiencing since we drafted our original proposal.

Because the cost of living has been going up, we revised our salary proposal upward.

Along with acknowledging the impact of inflation, we also have tried...during these past years...to recognize the disparity that develops among different job categories in government service. That was the purpose of our phased program of salary inequity adjustments, which got under way just about the time the Cost of Living Council came into being.

That was the reason we commissioned a study of fringe benefits several years ago, to try to bring this form of compensation into a better balance and meet those needs which you yourselves regard as most important.

The \$45 million we have budgeted for fringe benefits this year is part of that program. While it is still going through the legislative process, our intent is to make substantial improvements in the overall state program of fringe benefits.

We want to increase the state's contribution to health insurance, both for the individual and for the family coverage. We want to make some further improvements in the area of retirement pay, both for active and retired state employees and we want to make some other adjustments in various areas of the total compensation program.

Fringe benefits have become an increasingly important part of the employee's total compensation, representing an additional 25 percent of payroll costs not only in government, but throughout the economy.

They are even more important in periods of inflation. Every dollar in a fringe benefit has a greater net value than a dollar given in straight salary because fringe benefit dollars are not taxable. You don't have to share them with the tax collector as you do an increase in salary.

The goal of this benefit package is to both substantially improve the state's array of fringe benefits and to increase the employee's net take-home pay, the amount that really counts in meeting the cost of living.

While salaries have gone up 50 percent since 1967, we also have increased the state's contribution for health insurance several times, enacted a program of unemployment insurance for state employees for the first time in history, sponsored time and one half for overtime and a night differential, also a first. And we adopted the so-called 1/50th retirement formula, a change that translates into a 20 percent increase in retirement benefits. That was the most significant retirement improvement in the past 20 years.

In brief, what we have tried to do in the salary and benefit area is to recognize your contributions as state employees. I have told you before and I repeat it today: I believe California has the finest state employees in the country. And I appreciate all that you have done during these past several years to help state government do a better job for the people of California.

In addition to being state employees, you are also citizens of California and this nation. And as such, have a vital interest in good government and any reforms that promise to assure good government.

The subject of campaign abuse is not a new one, either in California or the nation. But because of Watergate and other events, there is a much stronger public concern today, a demand for eliminating all areas of potential abuse. California already has responded with stronger conflict-of-interest and financial disclosure laws and there are other steps we must take to assure the integrity of the elective process.

Yet, in adopting constructive political reforms, we must be wary of so-called reforms that seem to offer a panacea for all that is wrong with the body politic.

Most of all, we must be sure that the reforms we adopt are aimed at the abuses and do not restrict the right of any individual or group to legitimately petition government for a redress of grievances.

Some in your own association have cautioned against an initiative that will be on next week's ballot (Prop. 9). This initiative is also opposed by many other groups, both in the public and private sector, by legislators and others who feel its impact is something akin to bulldozing the whole forest to clear the tree that is blocking the road.

I'm sure we are all agreed on the necessary for strong safeguards against conflict-of-interest, improving registration requirements for legislative advocates and with strict financial disclosure laws relating to campaign financing.

But I do not believe we must unduly infringe on the right of privacy of state employees, just because they happened to be employed by government.

We believe a constructive program of political reforms must be adopted this year. And we have proposed such a program, one which will augment the pioneering steps California already has taken in this area.

One of the things we have proposed is to reduce campaign costs by shortening the length of the campaign period, moving our state's primary election from June to September.

California also has recognized there are certain necessary governmental functions which should be conducted on a non-partisan basis. In the past few years, the duties of Secretary of State have been substantially broadened. The person holding this office is the chief elections official, the person who receives, certifies and monitors campaign financial reports and who supervises the preparation of the ballot pamphlet that explains every ballot measure.

It is not enough that the official holding this post conduct the duties in a non-partisan manner. The law itself must eliminate the potential for partisan or personal bias. And we can do this most effectively by adopting a Constitutional Amendment making the office of Secretary of State non-partisan, selected as we now choose the State Superintendent of Public Instruction.

Good government also requires the participation of the citizens. So we have proposed an advisory committee on Fair Campaign Practices which would have the duty of recommending any steps it deems necessary to correct abuses or otherwise improve our campaign laws.

Another part of our program is aimed at eliminating the confusion that complex ballot proposals hold for the average voter. Too often, we have had ballot measures where your "yes" vote really means "no" and vice versa.

If the initiative process is to work as it was intended, the issues must be presented to the people in clear and concise language. We propose that the legislative counsel be required to confer with qualified reading experts to guarantee that every ballot measure is explained in terms an average voter can understand.

Long ago, California became one of those states which took the spoils system out of state government. The Civil Service system in which you serve was adopted for that very purpose.

Now we must remove the potential of improper government activity in the political arena. So we have proposed that our laws be strengthened to specifically prohibit any employee or appointive office of the state, the legislature, any city or county or special district from participating in political activities of any kind during working hours.

This proposal will not mean any curtailment or abridgement of the public employee's right to participate in political affairs, to vote or to support or oppose the candidates or causes of his or her choice. That is a basic constitutional right which public employees enjoy, along with every other citizens.

But it will assure the public that public resources are not being improperly used to support or oppose political candidates or causes.

The last three parts of our reform program involve the most publicized area of campaign abuse: financing and political donations.

More than any other area of our public life, our judicial system must be free of any possible potential for political bias. We believe it is time to adopt legislation to prohibit judges from serving as an intermediary in political contributions or make political contributions to any campaign except those involving their own reelection or election.

The activities of legislative advocates already are regulated by state law. They are required to register, to report publicly their expenses and campaign donations and to list the clients or groups they represent. I strongly support these laws, just as I strongly support the right of groups to have advocates to present their case to the legislature for or against proposed for existing laws.

But there are some steps I believe essential to correct weaknesses in the existing laws. At the present time, lobbyists are required to register and report their expenses to the legislature itself.

We have proposed:

--That they register with the non-partisan Secretary of State, who would take over the administration of all regulations and laws covering their activities;

--That lobbyists file detailed financial reports of all entertainment and other expenses on a monthly basis.

And to deal with possibly the greatest criticism involving legislative advocates, the law we propose would prohibit lobbyists from directly or indirectly making political contributions.

The last part of this reform program deals with an area of campaign financing that holds the greatest potential for abuse: the large amounts contributed to political campaigns and causes by special interest groups.

Whether the funds come from business or business groups, labor unions or associations, there is a very serious potential for unfairly influencing the elective process when one group can, through its collective financial support, contribute hundreds of thousands of dollars to a single candidate or cause.

Therefore, we would restrict political campaign donations to those voluntarily contributed by individuals.

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(Note: There may be additions to, or changes in, the above text. However, the Governor will stand by the above quotes.)





OFFICE OF GOVERNOR RONALD REAGAN  
Sacramento, California 95814  
Clyde Walthall, Press Secretary  
916-445-4571 5-30-74

RELEASE: FRIDAY A.Ms.  
MAY 31, 1974

PLEASE GUARD AGAINST PREMATURE  
RELEASE

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
Regional Occupation Centers Completion Ceremonies  
Sacramento Memorial Auditorium  
May 30, 1974

Superintendent Palmiter, members of the Board of Education, distinguished guests, ladies and gentlemen, and, of course, all the students who are the reason for this completion ceremony:

Usually, when a speaker is invited to attend a ceremony such as what we are having this evening, he begins by saying how nice it is to be here.

That goes double for me and for this occasion because the program you are completing is an area of education that is close to my heart. I am proud to be part of your ceremony and you can be proud of your achievement in the occupational fields you have chosen.

I know it is something of a cliché to say that our world is changing. Things always change. But that phrase is really an understatement when you consider the sweeping developments in just a single generation.

We have put a man on the moon and opened a vast frontier of knowledge. The advent of computer technology has created whole new industries and this has meant new and better ways of doing things, providing new services, and new opportunities throughout our economic life.

Just by touching a few buttons, industry is now able to make calculations that it used to take an army of mathematicians and accountants to figure out. Just as the tractor revolutionized agriculture and freed man from back-breaking drudgery, the computer is taking over many sophisticated mental tasks that are used in everyday life---everything from bookkeeping to keeping a second-by-second watch on a patient's heartbeat in a hospital.

This technology, much of which was born in California, has been beneficial in an endless variety of ways. We have used it ourselves in state government, to establish a system so people who want to camp in a state park may make a reservation months in advance and be assured there will be place for them. That particular innovation proved so workable the national park service picked up the idea.

## Occupational Centers

All of this has meant a tremendous surge of economic opportunity. If that sounds as if I am sold on modern electronics and technology, you are right.

Your parents and I have, in our lifetimes, lived through an era of the most far reaching developments in almost every field of knowledge. And we have learned to appreciate the fact that almost everything man learns is useful in some way, often on a massive scale.

Most of all, we have learned that if we are to have the kind of society and country we want for ourselves and for you, we must take advantage of the opportunities that knowledge offers to us.

One of the first things we discovered when I arrived in Sacramento is that California and its state government had to adjust to these changes, particularly in education.

After a period of rapid growth, our population was stabilizing. It was still growing but at a slower pace. And this was going to have an impact in the enrollment of our schools.

There was a new public awareness and concern for the environment. People everywhere were seeking an improved quality of life. They wanted a prosperous economy and a rising standard of living, but they also wanted to make sure that we did not needlessly foul the environment with air or water pollution.

That is why California has been a world leader in the fight against pollution of all kinds; that is why we have developed the nation's strongest air and water pollution regulations.

In 1967, we were in the middle of the Vietnam War and California's economy was heavily affected by defense spending and programs. But we knew that this, too, would change, that someday the conflict would end and we would have to make economic adjustments to encourage new industry and business so that there would be jobs waiting for our young people when they left school and started their careers.

Nowhere was the challenge greater than in the field of education, not simply because we were going to have fewer youngsters in the lower grades. The whole concept of education has been undergoing a transformation in recent years.

We have been broadening educational opportunities for our young people, for students who never before have had an opportunity for advanced training.

## Occupational Centers

And at the same time, our whole society was taking a fresh look at some of the traditional concepts of education. Young people themselves were challenging an educational system that was heavily oriented toward academic degrees.

Those are still important, of course. But we also were discovering something that had always been true: the fact that unless our schools did more in the areas of technical and occupational training, we would not be meeting the need and desires of a great percentage of our young people.

Business and industry found that to keep up with the rapid changes in their own fields they needed better trained employees to fill the various career job opportunities that are constantly being made available.

So education began adapting to these changes. Your own program, the Regional Occupation Center concept, is the fastest growing area of career training and education.

Only a few years ago, the program you have completed was just a concept. Yet the idea of using a community's total resources in education has grown rapidly.

In the past three years, we have doubled the number of students being served in Regional Occupation Centers. More than 83,000 students are enrolled in 46 programs throughout the state and you are among more than 43,000 students who are graduating from these programs this year.

Two thousand high school seniors are enrolled in your own program, in four counties. The objective, as you well know, is to provide every graduating youngster with an entry level job skill.

A new dimension has been added to your regular high school program. You have been getting a practical insight into the world of work because part of your education program includes actual job experience. There is no way to place a dollar value on this. In effect, you have been getting a head start in learning about our free economic system and the way that each individual contributes to our overall prosperity.

I have often said, and I believe firmly, that progress and prosperity for California and America depends to a great extent on education and the preparation that our school systems provide for the world of work.

Occupational training is helping to prepare you for a meaningful place within society. And the vocational programs that we offer both in high school and in later life are crucially important, not only to you,



## Occupational Centers

We live in the world's most advanced economy. Our standard of living is the highest; our people earn more and spend more on a greater variety of goods and services than any other nation in the world.

But other countries are catching up in affluence. They are becoming competitors in many fields where America was once dominant. But this rising affluence in the rest of the world also offers a historic opportunity, an opportunity to achieve a more stable world and a lasting peace.

And we are determined to make the most of that opportunity by developing peaceful and beneficial trade with other countries which need the goods and services our people produce.

Right now, California is selling rice to Japan and olives to Spain. The income from this kind of trade helps create jobs and prosperity for our people at home.

In the past, our abundance was a problem. We had farm surpluses. Today it is an opportunity to help build prosperity at home and to help feed a hungry world.

The things you have been learning are part of this, just as every constructive activity is part of our total free enterprise system.

That system has done more to fight poverty, heal the sick, uplift the downtrodden and protect freedom than any other ever devised by man.

You may not think that your own work program, or the new jobs or careers you will be pursuing are all that important. But they are. In fact, you have been learning the most important lesson of all: how the individual fits into the world. By succeeding in your own tasks, you are a part of the whole. You help make the system work efficiently to meet the needs of everyone.

For many years, I have been sounding off on a theme that has concerned me and many other Americans: the fact that so many people believe so many false things about America and its political and economic systems.

One state recently took a survey of 25,000 high school seniors. They discovered that a heavy majority of high school youngsters had a totally distorted view of economics and this in turn lead to a hostile view of business and the free market system.

Seventy-three percent thought industry made as much as 25 percent profit on every dollar of sales. The truth is, the average profit margin is less than five cents.



## Occupational Centers

Nine out of 10 students who responded thought that corporations pay only 5 percent of their profits in taxes and they thought that they should pay 40 percent. In the year the survey was taken, the average taxes business paid was 44.7 percent.

The reason I mention this is that the young people who had taken part in a career program similar to your own had a much more accurate view than the others. They estimated profit to be 3 to 6 percent.

The world of work was not a theory to them. They were part of the Junior Achievement Program in which high school youngsters actually launch a business and go through all phases of operation to produce goods or offer a service.

They saw the market place in action and learned to appreciate the need for efficiency, for offering the best possible service at the least possible cost.

The training and experience you have achieved in the Regional Occupation Center program has given you the same opportunity to learn just how the individual fits into the world of work.

It is the kind of practical innovation in education that we must continue to encourage and expand if we are to meet the needs of all our youngsters.

We must never be hesitant to adjust our educational programs if there is a need for it. We cannot allow education or any other part of our society to do things the same old way just because that is what we have always done before.

We sure can't be like the fellow's wife who used to cut off both ends of the ham before she cooked it. When he asked her why she did that, she said because that's the way her mother always did it.

One day, he got a chance to ask his mother-in-law why she cut off both ends of the ham before she cooked it. And she said because that's the way her mother always did it.

Came the holidays and Grandma was visiting and he told her about it and asked if that was true---why did she cut off both ends of the ham before she cooked it? She said, "That's simple. I never had a pan big enough to get the whole ham in."

Just because somebody cooked hams one way does not make that the best way.

If education is to serve its true purpose, it must always be ready to develop programs that meet the changing needs of the students.

## Occupational Centers

That is what public education really is for, to provide an opportunity for every youngster to find a career field of his choice and to fulfill his own personal goals.

By completing this program, you have been a pioneering part of a new and significant part of our total educational program.

Education is not simply a matter of books or buildings. What really counts is how education is serving our people, helping them achieve a better life; how it helps to produce the skilled men and women we will need to build a better society and a better life.

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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.)

6/12

OFFICE OF GOVERNOR RONALD REAGAN  
Sacramento, California 95814  
Clyde Walthall, Press Secretary  
916-445-4571 6-12-74

RELEASE: WEDNESDAY P.Ms.  
JUNE 12, 1974

PLEASE GUARD AGAINST PREMATURE  
RELEASE

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
CALIFORNIA SHERIFF'S ASSOCIATION, PALO ALTO  
June 12, 1974

Right now I am sure you would like to know which way our society is going in the battle against crime. Do we want effective law enforcement? Or will we accept crime and violence as a constant and growing menace to the law-abiding, a part of our everyday life?

I am sure some will say I pose the question too bluntly, that I ignore the complexity of the problem.

Well, is the problem all that complex or is it that some find the obvious answer hard to swallow?

Every year, the poll takers do a survey on crime and the impact it has on the lives of our citizens. A year ago, a third of the people responding said they were actually afraid to walk on the streets at night. This year, the figure is 40 percent. But when you ask that question just in our nation's large urban areas, the figure goes up to 67 percent. More than two-thirds of our citizens are afraid to be on our city streets after dark.

We have made some progress in reducing property crimes in recent years, but the number of violent crimes continues to increase.

Drug addiction, something the average citizen knew almost nothing about as little as 15 years ago, has become dangerously widespread among our young people. It is responsible for a great part of the increase in other types of crime.

The dread term "O.D." for overdose, has become a tragic and familiar phrase in law enforcement and in our emergency hospitals, where the worst of the drug problem is so chillingly apparent.

You do not have to be told---too many of you know already something of the awesome dimensions of drug addiction in our society, youngsters hooked on drugs and turning to crime to support their habit.

Today, few families have escaped some sort of contact with the drug culture.

Yet we are still divided on what we should do to combat the drug threat, and this division extends to our approach to the entire problem of crime and violence.

In these 7½ years in Sacramento, one of our major priorities has been to strengthen law enforcement's ability to combat crime.

We have tried to give you the legal tools you must have to be effective.

Though it has been an uphill fight, we have had some success. We have enacted a comprehensive drug inventory program to block the illicit diversion of legitimate drugs into illicit channels. We have strengthened penalties for robbery, rape and burglary if the victim was physically harmed. We have expanded the Mutual Aid program to help local police agencies deal with riots and other major emergencies.

We put into operation the nation's first computer-to-computer crime information network and created the Crime Technological Research Foundation to encourage the development and use of scientific crime fighting methods.

We have adopted programs of education and treatment to try to steer youngsters away from drugs and to help them if they become addicted.

To some extent, we have allowed down the increase of crime in California, but we have not yet achieved the kind of success we must have. And if I had to single out the one major barrier to more effective law enforcement, it would be simply this: society has not yet totally mobilized in the fight against crime.

Some of our courts persist in viewing the problem of crime as a legal chess game. The rights of the victims are lost in the shuffle while every point of law is stretched to give the criminal the benefit of every technicality and loophole.

And I am afraid too many of the lawmakers view the problem as a sociological study, a delaying action while they discuss social reforms to eliminate all the causes of human misery.

Some regard drug abuse as a sort of temporary fad, possibly a little more serious than a juvenile curfew violation, but not much more.

We sponsored a law this year that would impose an automatic, mandatory minimum prison sentence for heroin pushers and for those who use a deadly weapon illegally. We feel if a criminal uses a gun in the commission of a crime, he should go to prison.

I asked for this law in the state of the state message this year. It was drafted, submitted to the legislature and put to a vote in an Assembly committee. It was defeated because a majority on that committee apparently refuses to recognize the enormity of the problem.

As most of you know, the California Peace Officers Association is sponsoring an initiative campaign to put this on the ballot for a vote of the people. Many of you may be personally involved in this effort. I hope so and I hope you will enlist the aid of your wives and those of your men. I know what they can accomplish---my wife, Nancy, has a petition in her hand when she goes to the market or any place else. We were invited to a concert a few weeks ago and she signed everybody up for three rows around us. So far, she has turned in more than 100 petitions.



The people will vote for a tougher sentencing standard just as they voted overwhelmingly to reinstate capital punishment two years ago, if they get the chance. But they just plain do not know about the petitions and many police and sheriff stations do not know about them. If we can get enough signatures by the end of this month, the measure can go on the November ballot. But if we fail, do not stop, because we can collect signatures until September 10 and have a special election.

I will admit we should not have to do this. It is the job of the legislature and the courts to protect society, to send the guilty to prison and to revise the law when circumstances require it for more effective law enforcement. They have not done this.

In every poll and every election, the people have declared the fight against crime to be a major priority of government and all its elements.

As law officers, you have a right to expect the full support of the legislature and the court system. But your job has been made more difficult by court rulings and by the failure of the legislature to take steps to make certain that the guilty are brought to justice.

Several years ago, the courts imposed a legal moratorium on capital punishment. During that long moratorium, crimes of violence increased 16 times as fast as the rate of population growth.

The legislature of California had an opportunity to restore capital punishment, but the effort to do so was blocked and it took a referendum of the people to force that issue to a positive vote.

The violence that plagued the campus and spread in our streets in the 1960s has subsided, probably because those who preach hatred and political subversion have switched to a new arena---our prisons. Their revolutionary rhetoric and twisted system of values has found a receptive audience inside the prison walls.

You have seen the headlines of prison violence, in our own state, in New York, Michigan, Ohio, all across the country. The same kind of militants who once seized campus buildings and incited riots among students are now at work among the outlaws of society.

In a shameful mockery of truth, they seek to portray convicted murderers and rapists not as common criminals, but as "political prisoners."

Now we have a court ruling that says prison authorities can no longer inspect mail sent to a prisoner if it is from an attorney, even if the letter might contain a detailed escape plan.

Shelton's Association

In at least one case, in our own state, an attorney is being sought for complicity in an escape plot that left four people dead, including a judge.

Our Constitution assures that those not yet tried must be presumed innocent. No one wants to cancel those rights, but now those rights are claimed for those who have been tried and found guilty.

In our system of justice, parole plays an essential part in rehabilitation.

A federal court has ruled that corrections authorities may no longer rescind a parole and return a violator to prison---without first going through a prolonged hearing process that almost amounts to a new trial.

In effect, the court declared that parole is no longer a "privilege" conferred for good behavior and under specified conditions designed to protect society. Instead, it becomes a "right" and officials must go through a time consuming procedure to return a parole violator to prison to serve out the sentence that was lawfully imposed when he had his original day in court.

Because of another federal court opinion, if a prison guard is assaulted, it may not even be possible to isolate or discipline the accused convict until after the criminal charge is brought to trial.

The language of the opinions are couched in familiar phrases, due process, civil rights, all of the noble words that describe the Constitutional safeguards built into our system of justice to protect the innocent.

When these safeguards are unreasonably stretched to shield the guilty, they make a mockery of justice.

A court ruling that forbids prison authorities from isolating a convict accused of assaulting another inmate or guard is not a victory for due process. It is a technical triumph for those who would misuse the law to subvert justice.

If we are ever to succeed in controlling crime, there must be a turn away from permissiveness and a more determined stand in favor of strong, effective law enforcement.

Those who rob and kill are not romantic revolutionaries engaged in expressing their political discontent. They are thieves and murderers. And if we are to have a lawful society, we must use every resource at our command to track them down and bring them to justice.

The freedom our Constitution guarantees includes more than the right to speak and write what we please, to worship in the church of our choice. It also includes the freedom to enjoy liberty and the pursuit of happiness, without fear of being mugged or robbed in the park.

- 4 -

Upholding the law is not a task for you alone. It is a job for every citizen, every parent, every elective official and each of society's institutions.

We have built the most affluent society ever known to man in America. We have made economic and educational opportunity a fact, not a dream. We have developed a society dedicated to equality, one that offers more individual freedom than any other society in all history.

And we are understandably bewildered when some of our young people show little respect for our tradition of law, and readily accept the most monstrous distortions of fact and history about our country and its institutions.

Perhaps we have not stressed enough of the other side of individual freedom, the side that spells individual responsibility. We can never have a lawful society unless and until a majority of our people are willing, not only to abide by the law themselves, but to demand that government and the law demand strict accountability of the individual for his misdeeds. Possible defects or shortcomings in our society cannot be used as an excuse for criminal acts by individuals.

We have a free country. But our freedom did not come cheap. It was not a gift. We earned it and to keep it we must be ready to defend it against every threat, whether it is from an armed enemy abroad or from the outlaw element that exists in every society.

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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).

8/9



OFFICE OF GOVERNOR RONALD REAGAN  
Sacramento, California 95814  
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RELEASE: SUNDAY A.Ms.  
AUGUST 11, 1974

PLEASE GUARD AGAINST PREMATURE  
RELEASE

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
National Young Republicans  
South Lake Tahoe, Nevada -- August 10, 1974

You can have faith in the Republican philosophy of fiscal common sense, limited government and individual freedom. Let me offer the experience of the past 7½ years in California to support that assurance.

A Republican administration replaced the Democratic administration which had been in power the preceding eight years and found the state was virtually insolvent---spending a million dollars a day more than it was taking in.

We instituted a program of "cut, squeeze and trim" which was immediately denounced by the majority party in the legislature. It is significant that, in 6 of the preceding 8 years, inflation was higher in California than in the rest of the nation. In 6 of the last 7 years of this Republican cut, squeeze and trim our rate of inflation has been lower than in the rest of the nation.

Even so, we had not been able to halt the runaway growth in welfare. A task force was appointed to find an answer. After almost a year's work they came in with the most comprehensive program of reform ever proposed anywhere.

The reaction was immediate. I was turned down in my request to present the task force plan to a joint session of the legislature. They blasted the plan as unworkable, said it would result in a \$750 million deficit and increase property taxes at the local level. Other than that, they could not find much wrong with it. They became part of a Nationwide chorus crying that welfare should be turned over to the federal government entirely.

Now, 3 years and 5 months later, the case load is decreasing---not increasing---and the decrease has been going on virtually uninterrupted for those 3 years and 5 months.

## Young Republicans

There are more than 330,000 fewer people on welfare than when we started the reforms. At the same time the truly needy---those still dependent on public assistance---have received a 41 percent increase in benefits.

Still, we have saved the taxpayers between \$1 and \$2 billion. The burden, which our opponents said would be transferred to the counties, evaporated; property taxes have gone down in more than 40 of our 58 counties for two years in a row.

The government in Washington took several of our people who had been instrumental in developing the reforms and they have been working to help other states implement similar reforms.

Last year the number of people on welfare declined nationally. Almost half of that reduction (47 percent) occurred in California; most of the rest came in those states which have followed our example.

One of our reforms was an experiment we were permitted to undertake in 35 counties. It is, very simply, a community work project in which able-bodied recipients perform useful work in return for their welfare grants. Last year, through this program, we placed 57,000 of them in private sector jobs---this year it will be 85,000. But our opponents in the legislature are sponsoring legislation to kill the program.

They are tragically wrong, just as they were wrong when they said the reforms would fail and we would face a \$750 million deficit. We had an \$850 million surplus which we returned to the people in a one-time tax rebate.

We believe we have demonstrated that the cost of government can be brought under control.

But, we have also discovered that it is a never-ending battle. Welfare's excesses are like a double-jointed octopus with remarkable regenerative powers. When you wriggle free of one tentacle, another grows in its place and squeezes the public's purse strings a little tighter.

We intend to continue the battle, and tonight I am taking advantage of your hospitality to fire the first shot.

## Young Republicans

One of the fastest-growing spending programs at the federal level of government is the food stamp program, a part of welfare that is not even administered by the Department of Health, Education and Welfare.

Like most government programs, food stamps started small and were intended for a worthy purpose. A small pilot project during the Kennedy administration led to passage of the Federal Food Stamp Act of 1964.

We had a problem of agricultural overproduction and food stamps were viewed as a way of:

- (a) raising the nutritional levels of the truly needy poor
- (b) stimulating the nation's agricultural economy, and
- (c) making possible the distribution of farm food surpluses through normal retail food outlets.

No one can dispute those humanitarian and economic goals. But part of the reason for the program has ceased to exist---we no longer have an agricultural surplus. Indeed, the reverse is true. Still, as I have said before, a government program once launched is the nearest thing to eternal life we will ever see on this earth.

The noblest intentions in the world have a way of getting botched up when run through a governmental bureaucracy and this one is run through several.

Authority for its administration is so divided it is impossible to hold any one area of government accountable.

The Food Stamp Program has become a multi-billion dollar administrative nightmare, a staggering financial burden at the federal level, and the newest nesting place for welfare abuse and fraud.

At best, it is totally out of control and in need of a complete overhaul. At its worst, it is a massive ripoff of working taxpayers because it is their tax dollars which pay for food stamps.

When people who really should not be receiving this aid get food stamps because of legal loopholes and liberal eligibility standards, they are---in a moral sense---literally taking bread out of the mouths of the hungry.

Back in 1964, it was limited to about 367,000 recipients and the cost was \$26 million. By next year, the figures will be 16 million people and more than \$3 billion.

## Young Republicans

Congresswoman Martha W. Griffiths of Michigan has estimated that, by 1977, about 60 million---or more than 1 in 4 people in this country---can be eligible.

In California alone, taxpayers are contributing at least \$316 million toward the purchase of some \$630 million in food stamps this year. It cost almost \$100 million in California just for administrative costs. Food stamps are rolling off the printing presses at the rate of \$20 million a day.

When we instituted our welfare reforms in California in 1971, we did not include the food stamp program because it is totally a federal program.

But because food stamps have become the fastest-growing part of welfare costs, and because of repeated instances of abuse and loose administration, we have had a new task force take a sweeping new look at welfare, including food stamps.

At a time when inflation is hurting everyone, many taxpayers find it difficult to understand why a seemingly able-bodied and otherwise self-supporting individual can walk up to the grocery counter with a basket full of prime T-bone steaks and lay out free food stamps---while they are buying hamburger for their own dinner, with hard-earned cash which they have left after paying taxes to cover the cost of those food stamps.

Food stamps have become a massive subsidy for some of the exotic experiments in group living you have read about---what the sociologists call the underground culture.

Taxpayers have another name for them, particularly those who find fault with the so-called Establishment while they live off the tax dollars a compassionate society provides to feed the hungry and helpless who have nowhere else to turn for help.

If this sounds harsh, let me point out that it is possible, under federal eligibility rules, for a family of four not on welfare with an income of \$10,000 a year or more to qualify for food stamps.



## Young Republicans

One out of every four persons receiving food stamps in California is not on welfare and many could not qualify. The fact is that the administration is so loosely delegated and the standards of eligibility so liberal, the food stamp program is generating social problems of its own, encouraging irresponsible and what we used to call delinquent behavior among young people. Instead of solving problems, it is causing problems among families and in the society which it is supposed to be serving.

A 17-year-old high school student decided he no longer wanted to live with his parents. So he moved out and stayed with a group of friends. He receives \$46 a month in free food stamps and five other people in the same household are also drawing food stamps.

Many college students legally obtain food stamps because they live away from home. Under the rules, attending school half-time excuses them from work requirements imposed on the less fortunate whose main problem is unemployment, age, an inadequate pension or illness.

What do you say to an irate father in another state who phones to tell us he earns \$100,000 a year and is sending his son to college in California? He wants to know why we are giving his son food stamps. All we could tell him was that food stamps are a federal program and the rules are established in Washington.

Some publications, published in California and elsewhere, have printed detailed instructions to students on how to take advantage of the eligibility loopholes in order to qualify for food stamps.

Some of the same types of abuses we found in our original welfare reform investigation are turning up in the food stamp program.

One woman was declared ineligible for food stamps because she owned personal property worth more than \$1,500 in value. So she transferred the property to a relative and the helpless eligibility worker was forced to certify her as qualified for food stamps. She was legally eligible. Other cases involve outright fraud. Sometimes we can catch this, but it is not easy.

One couple obtained more than \$5,000 worth of food stamps over a 27-month period by failing to report more than \$20,000 in personal earnings and another \$20,000 income from a business they owned. In that case, the man was convicted of theft and is making restitution.

## Young Republicans

Strikers are exempt from the work requirements imposed on the truly needy and thus qualify for food stamps.

In fact, food stamps and other forms of welfare have become a major part of the resources available to striking workers and undoubtedly have prolonged labor disputes. This is a major public policy that demands attention at the federal level if government is to play its traditional neutral role in labor-management disputes.

Because of these abuses and others like them, California is drafting a report, along with a list of more than 50 specific, detailed recommendations for reform in both the food stamp program and in the federally mandated A.F.D.C. program.

We soon will be submitting this report, along with a strong recommendation for immediate action in Washington.

The abuses and the outright fraud in the food stamp program can be eliminated by tightening up the eligibility requirements, by establishing reasonable regulations that will make certain that food stamps are legally available only to those who really need them.

One thing we must do is to establish a minimum age for qualifying for food stamps. They should not be allowed to become a means by which runaway youngsters can leave home at taxpayer expense and in defiance of their own family.

At present, the Agriculture Department has the responsibility for administering this program; indeed it consumes two-thirds of that department's budget. Secretary of Agriculture Butz has publicly declared he would like to see the program transferred to the Department of Health, Education and Welfare. We agree. Food stamps are not only welfare, they have become the fastest-growing part of welfare.

We need tighter eligibility standards; closer supervision to prevent counterfeiting or theft of the stamps while they are in transit; and a top-to-bottom streamlining of the administration of this program to bring it under control and guarantee to the taxpayers that food stamps are going only to those who really deserve and need this form of assistance. We believe a closely coordinated and tighter administration could save \$31 million a year in California state costs alone. And that would be only a fraction of the overall savings.

## Young Republicans

The recommendations we are proposing require action at the federal level and in some cases, changes in state laws. Our report will deal with both these areas.

Government---alone---is the cause of inflation. We must, therefore, eliminate every area of waste and duplication.

No government is ever justified in spending a single dollar more than necessary for legitimate functions. And no government should ever tolerate abuses, legal or illegal, that not only defraud the people government is trying to help, but increase the taxes of those working citizens who finance our efforts to help the poor, the aged and the infirm.

Operating efficiently, at the least possible cost, is the only way to balance the budget and bring inflation under control. We believe that is what government is supposed to do. And we think we have demonstrated in California that it can be done.

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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).

REMARKS OF GOVERNOR REAGAN  
AT  
FUNDRAISER FOR DON PETERSON

Eureka, California

August 29, 1974

GOVERNOR REAGAN: Well, Don, I thank you very much for your generous words. Madam Chairman, Reverend Clergy, our very dear friend that we miss very much in Sacramento, Mrs. Bilotti, others here at the head table and, of course, the man who has brought us here, our candidate for the Assembly in this District, Don Peterson.

I apologize. Have you ever had one of those days? (Laughter.) We waited and-- I've been an after-luncheon speaker on many occasions. I am still an after-breakfast speaker at this particular moment. (Laughter.)

I remember they said the repair job would be four hours and then we found another plane and we got on that plane and we've been hedgehopping all the way here and I found myself remembering one of those classic old lines from some of the movies that I used to be in years ago. Do you know that line? "You're not going to send the kid up in a crate like that?" (Laughter.)

But I know how long you've been here and I'm not going to give you the whole load. (Laughter.)

But I would like to just say a few things. This is kind of nostalgic. We have been here a number of times and it's always very heartwarming to come here. When I tell you it's a pleasure to be here, I can tell you it's a pleasure just not to be in Sacramento. (Laughter.)

About a year ago -- and I don't remember whether I've told you this or not -- Nancy and I came to a moment in which with our son we decided that when the legislature left town for the summer that we'd have a change. We'd get away from it all. And for the first time in our lives, we did a pack trip into the high Sierras and then found it wasn't all that different. We were still on an uphill, rocky road with a bunch of mules. (Laughter.) (Applause.)

Government is said to be the second oldest profession and sometimes I find it very similar to the first. (Laughter.)

I have learned, also, about some of the customs of ancient Greece. I was fascinated with the study of Greece when I found out that there was an ancient city-state in Greece that had a custom whereby when anyone suggested a new program for government, he had to make his proposal standing with a noose around his neck tied to the limb of a tree -- (laughter) -- standing on a chair. And, if they liked his proposal, they removed the noose. If they didn't, they removed the chair. (Laughter.) And I developed a morbid fascination with the customs of ancient Greece. (Laughter.)

Have you ever stopped to think what kind of service we'd get from government if the Internal Revenue Service had to do business on a satisfaction or money back guarantee? (Laughter.)

Well, let me tell you, speaking in politics at this particular time, as you can imagine, is a little harrowing. It was just a few days ago that I had to go up to Seattle to speak to a Republican gathering there and it was at the end of that 48 hours when the transition of authority had taken place in Washington. And the speech that I had and that I thought would do me through the whole campaign -- it was pertinent to the affairs of the day -- I took another look at it and it was about as appropriate as the Captain of the Titanic saying, "Never mind all that ice. It's for the party Saturday night." (Laughter.)



And then I found a story in a paper and this paper, this news story, was on the front page of the Sunday paper found in the airplane as I was riding up to Seattle. It had to do with a gentlemen named Richard Conlin who was a campaign strategist for the Democratic Party and the Democratic Party Study Committee in Washington consists of about 170 Senators and Congressman and high party functionaries. He, on that night of resignation, was leaving his office to go home and met a young couple who were celebrating the resignation. And, gleefully, they told him they had voted for McGovern. And Mr. Conlin, Democratic strategist, said, "Swell. And we lost that election and now we're going to lose the '74 and the '76 elections."

Now, he might have been exaggerating, but what he was speaking of was the fact that for a year and a half we've been bludgeoned with one thing called Watergate. We've lost special elections, five out of six for the Congress alone, simply on the emotionalism of that one issue. And our opponents were hopeful that they were going to be able to carry out the '74 election on that one issue. The candidates would be chosen by the the people who will have an effect on our lives and the lives of our children for years to come and they wouldn't be questioned on the issues or where they stood philosophically. They would be selected on that one issue alone.

Then someone shot Santa Claus and now they have to get out and stand up and be counted on the issues that really confront us. And one of the reasons they were sorry that this was going to have to happen because in '72 the issues were more clearcut than they have been in the lifetime of any one of us in a national election.

In 1972, it was not so much a selection between candidates as it was a choice of two widely divergent philosophies and the American people, Democrats -- and I hope there are many present -- and Independents -- and I hope they're present, also because I hope they aspire to a better life -- and fellow Republicans all crossed party lines to repudiate and reject the the confiscation and redistribution of the peoples' earnings, the final step into a welfare state, the running of our entire lives by government to an extent greater than we've known so far. This was the thing they didn't want to have to campaign on.

There has been no change in the philosophy of the leadership on the other side, the state or the national level. They still lack faith in our ability to govern ourselves. Arrogantly, they count on the peoples' lack of knowledge to help them continue in office. And I'm afraid they're justified in counting on that.

A recent poll revealed that only 46 percent of the people polled could name their United States Congressman. Even less could name their State Representatives. But of the people who could name their Congressmen, 86 percent of them could not tell you a single thing he stood for, not a single policy that he represented.

We've had too much of this and that's why for 40 years we've had social tinkering by social experimenters that have distorted the relationship between the levels of government and have badly distorted the relationship of the people to their government.

Small businessmen in America spend 130 million manhours a year filling out government paperwork. It adds \$50 billion a year to the cost of doing business which all turns up in the price of the products we buy and contributes to the thing we call inflation.

A druggist in my original state of Illinois says it takes him more time to fill out the government paperwork every time he fills out a prescription than it does to fill out the prescription.

And the State is no different. Last week I vetoed a bill. This was a bill passed by the majority in the legislature and a bill

that would have mandated by the State for every community in California exactly the type of sign and the size sign that a person could put on his lawn in front of his house if he wanted to sell his house. And my veto was based on one thing only. When the bill was presented to us at the cabinet meeting and I heard it for the first time I said, "What business is that of the State government?" And so we vetoed it.

But there are other things that are going on. There is a bill now within the last couple of days that came to my desk -- our opponents are frantic. The law of the State of California says that every political party will in the month of August before an election hold a platform convention so that the people of this State know what the party platform is they're voting on. The Republicans have held theirs. The Peace and Freedom Party has held its convention. They're supposed to register the date of that convention and their intention to hold it on July 1st. Our opponents made no such declaration on July 1st and the Secretary of State who would now be Governor has not upheld the law or enforced the law and here we are coming to the end of August and they have not held a convention and the other day he was asked by the press why he was not enforcing the law and he said, "Maybe we don't need one."

But the law is the law. So, hastily, a bill was passed by the majority in the legislature and laid on my desk with four days to go in August that would have excused their party from holding such a convention until after the election, come next January.

Last night, the Chairman of the Democratic Party called frantically and said, "What is the Governor going to do about that bill because, if he's not going to sign it, I'm going to have to hastily call some kind of a convention and, if I have to, we'll kick the Governor's brains out for making us do it." Well, they can go ahead and kick because I'm still studying that bill. (Laughter). (Applause.)

You know, some of the progress we've made has been mentioned. It has been mentioned the fact, also, that we've been in an uphill fight against a hostile legislature on most of it. I know that I've spoken to you about these things before. Let me just briefly refresh your memory what it was like eight years ago.

I know that our Republican philosophy works because I've seen it work for the last seven years and eight months. The cost of living in California was higher than it was in the rest of the nation. And it had been so for the previous six years.

The State was adding 5,500 new employees each year to the State payroll.

Welfare, which was runaway, was increasing at a rate of 40,000 new cases a month. That's what we were adding to the welfare rolls.

We instituted our program that they called, "Cut, Squeeze, and Trim" and we tried everything we could to get welfare under control. Finally, after a few years of trying, we turned to the people of this State for a task force and told them to find out and bring to us a plan by which we could control this runaway program.

You know, when you find people that are earning \$16,500 a year and were still considered legally eligible for welfare, you had to believe something was wrong with the regulations that were governing it.

And so, we came with our welfare reform, again, to that same legislature. And they denied me the permission to even present the reforms to them, to a joint session of the legislature.

But we took our case to the people, as we have so many times. And government by the people works if the people work at it. And each time public opinion was such that our opponents had to give in. Oh, we always had to compromise a little. We couldn't get all we wanted. We only got 70 percent of the welfare reforms.

Incidentally, on those welfare reforms they told us that, if we got them, they said they would raise the caseload, not lower it. They told us that it would dump the burden onto the counties, on general relief and the county property taxes would go up and they said the needy would starve in the streets and we would have a \$700 million deficit at the end of the year. Other than that, they didn't find much wrong with the whole program. (Laughter.)

So, we started in. Now, we're coming to the end of the eight years. We started enforcing our reforms just three years and five months ago. The welfare rolls are not increasing at 40,000 a month. We have almost 400,000 fewer people on welfare in California than we had just three years ago.

The property taxes in more than 40 of the 58 counties in California have gone down for two years in a row. The taxpayers have been saved almost two billion dollars on welfare alone.

Some of the men who were responsible for those reforms have been taken to the government in Washington by Cap Weinberger at HEW. Their job is to go around the country and persuade other states to implement the similar kind of reforms. And last year for the first time in the history of welfare, it went down at the national level. Forty-seven percent of the decline was in California and the rest was in those states that had implemented our type of reforms. It is still going up in the other states that have not yet been reached.

And, oh, yes -- the \$700 million deficit. That turned out to be an \$850 million surplus and, as you know, we gave it back to you in the form of a one-time tax rebate. And that was the third time we've done such a thing.

To my knowledge, no government has ever followed the practice of giving one-time rebates when it found itself with a surplus, save we've done it three times. This last time at \$850 million, when I proposed that, that was a little like getting between a hog and the bucket. (Laughter.) One Senator protested that giving the money back to the people was an unnecessary expenditure of public funds. (Laughter.)

When the eight years end in January, we will have returned to the people of California in rebates, in tax cuts and things such as the inventory tax being changed, even in the cutting of bridge tolls, \$5.7 billion.

The credit for our bonds, the credit rating by Moody's has been lifted to triple, triple A which is the highest rating you can get -- credit rating. The raise from AA to AAA alone averages saving one and a half percent interest on the interest you have to pay on your bonds and that means hundreds of millions of dollars of savings.

In the meantime, I have vetoed and our Republicans in the legislature have upheld the vetos on over \$15½ billion in additional spending proposed by our opponents. The budget today, without those vetos, would be over \$13 billion, instead of the present very extensive \$10 billion.

Let me tell you what it's like. I shouldn't do this because it might discourage Don and he might want to change his mind. (Laughter.) But I tell it to you because I want you to know how much a Don Peterson is needed in Sacramento.

Saturday, they'll recess and go home for the election. Between now and then, in 48 hours, there will be pandemonium such as you've never seen in what are supposed to be the two deliberative bodies of our legislature. The clock will be stopped on Friday night and they will go into the small hours of the morning and they will be considering and they will be passing judgment on more than 800 pieces of legislation, including bills that involve hundreds of millions of dollars in spending.

And about in the wee, small hours of the morning before Saturday and their anxiety to get home, there will be rivalry and mirth on the floor, there will be tricks played on other legislators, there will be amendments added to bills that won't even be read. I speak from experience because this is what has happened under their leadership ever since I have been in Sacramento.

Last year, one of our legislators had to leave the chamber in those small hours. When he came back, found he had voted on four bills while he was gone. When he stood up to protest, he was declared out of order.

Down to my desk the last year came 450 bills that were passed in 18 hours of almost continuous sitting there. They included \$250 million in additional spending. The same thing will take place in these next few days.

Yesterday, in a committee hearing, rushing its business through, having to do with appointments to the Parole Board and to the Youth Authority, the committee refused to hear members of those boards as witnesses, but did give all the time they wanted to representatives of the Prisoner's Union who wanted to complain about--register their complaints as to some of the appointments suggested for those particular boards. This is what takes place. This is why the people have got to know more about those who represent them in government and what they stand for.

This is why you have to ask -- incidentally, ask Barry Keene -- you might ask him how did he vote on the bill to exempt his party from telling the people of California what its platform was for the coming election. Ask him where he has stood on a number of the other things, where he stood on limitations.

Why should a legislator, for example, be able to introduce a program that would cost \$300 million additional in the first year and within four years would cost a billion dollars a year and pretend that there is no additional cost and make no effort whatsoever to propose a method for paying for it? And, yet, these things take place.

Today, a gathering like this in many circles is referred to as the gathering of the fat cats. That's what Republicans are all supposed to be. We've heard that for a year and a half. Look around you. You're a pretty good cross-section of America. I've never been able to figure why a rich Republican is a fat cat and a rich Democrat is a public-spirited philanthropist. (Laughter.)

We have a candidate running for the Controller's office on the other side, Assemblyman Court. He spends \$690,000 on the primary to win the nomination and \$600,000 of it came from two contributors. And we're supposed to be party with the fat cats.

No, our party has an opportunity to represent the one special interest group -- and we've heard a lot about special interest groups -- the one special interest group that hasn't had enough representation in government. That special interest group is made up of Democrats, Independents, Republicans, you name it. It's made up, crosses every ethnic and racial line, every religious line, geographic line, it's scattered across the whole United States and up and down this state. They're just Americans who ask for freedom nothing but freedom itself, who ask nothing of government except to be left alone to the extent possible. These are the Americans that get up in the morning and send their kids to school, and go to work, and pay their bills, and support their church and charity. These are the unsung heroes of America and they need representation in government. And I claim that the philosophy of our party, the mandate of 1972 that still exists, that philosophy is more akin to their hopes and dreams and aspirations than anything that our opponents can claim or that they represent.

Therefore, I beg of you, send Don Peterson to Sacramento. I know that the new governor, whoever he may be, in January will be the first governor in 22 years who will inherit a balanced budget and a surplus and will not have to face the necessity of a new tax program to pay for the previous year's spending.



But send him up there because we need to maintain that power. I don't say that we can get a majority in one election for the legislature. We're too far outnumbered. But we can prevent them from passing that two-thirds mark to where they could override the vetoes of a Republican governor and thus, be able to add their \$15½ billion in spending.

So, ring doorbells and knock on doors and contribute to the best of your ability and do everything you can to see that Don Peterson represents the Second District in the Assembly and you will be doing yourself a very great favor.

Thank you very much.

(Applause.)

END

9/6

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RELEASE: FRIDAY P.Ms.  
SEPTEMBER 6, 1974

PLEASE GUARD AGAINST PREMATURE  
RELEASE

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
Sacramento Host Breakfast  
September 6, 1974

This is the last time we shall break bread together under these same circumstances. It seems only yesterday, and yet it has been eight years since I first began telling you how much we had saved on paper clips. And I might add eight of the most exciting, challenging and personally satisfying years of my life.

I have learned many things. If you have an interest in genealogy, may I suggest a term in public office? It is the cheapest way you will ever find to get a thorough research of your family tree.

I have also learned that politics, which is often called the second oldest profession, has a great similarity to the first.

Over these eight years, as we have met at this Host Breakfast, I have tried to give you something of a State-of-the-State report, summing up where we are and where we hope we are going. Maybe it would be more appropriate today to do something akin to Washington's farewell address, but I won't.

Let me recap a bit. In our first meeting, I told you I did not know whether I had been elected governor or appointed receiver. It was the time of the Great Society and California had been caught up in the explosive growth of government's size and cost. New and glittering social reforms had been instituted on a buy now, pay later plan and "later" was already upon us. California was virtually insolvent, with outgo exceeding income by more than a million dollars a day.

The teachers' retirement system was an unfunded actuarial nightmare, a potential \$4 billion fiscal time bomb threatening every property owner in the state. The great Water Project was underfunded by several hundred million dollars simply because the original bond issue was based on what they thought the people would approve, not what the job would actually cost. Welfare costs and caseload had begun a space trip fueled by the prevalent Great Society philosophy.

The crime rate was soaring, but every effort to pass effective crime laws was stopped in a legislative committee imbued with the same philosophy and dominated by permissiveness.

Host Breakfast

State government needed a fresh, objective and analytical look at where we were, where we were going and how we expected to get there; an inventory as it were, of problems, programs and possible pitfalls. Many of you here participated in that objective analysis through the businessman's task force, the first of many such efforts to utilize the most creative brains and talent in our state to solve California's problems.

Our goal then was to meet government's legitimate functions  
--without allowing new programs to proliferate;  
--to cut out all waste and duplication;  
--to streamline government in every way we could so that the taxpayers would get a dollar's worth of service for every dollar spent. And if there were any dollars left over, to make sure they were returned to the people. This last, I might add, flies right in the face of a governmental mentality that regards a good tax dollar as one you spent yesterday. The first time we fought our way clear of red ink the then Director of Finance, Cap Weinberger, informed me we would have a \$100 million surplus. He was sure there would be more than \$100 million worth of spending proposals once the news got out. I said "Let's give it back to the people." He said: "It's never been done before." Well, an actor had never been governor before, so we did it in the form of a 10 percent rebate on your income tax.

That became the first of three such rebates---one for \$250 million and last year's \$850 million surplus, which was returned by way of rebates in the sales and income tax.

We enacted the first comprehensive property tax relief program in our state's history; we have adopted special property tax relief programs for senior citizens; tax credits and deductions to help renters; cut the inventory tax in half and rolled back school tax rates this year in 55 percent of our state's school districts. This year, for the first time in 23 years, the average property tax rate in California declined.

I know the impact of this tax relief has been somewhat obscured and overshadowed by inflation. But we have made progress. A few years ago, California was fifth among the western states in average tax rates. We have now dropped back to seventh, even though many other states do not have all the different kinds of taxes we do.



Host Breakfast

At the end of the current fiscal year, the total tax relief enacted and put into effect during these past eight years will amount to more than \$5.7 billion.

And next January, the incoming governor of California will, for the first time in 22 years, inherit a balanced budget with a surplus instead of a budget deficit.

I would not want you to think I have forgotten about the paper clips and typewriter ribbons entirely.

One of the things I am proudest of is the fact that for the first time in memory we were able to actually reduce the amount of government records stored away. It was only 3 percent last year but that meant:

--we didn't have to buy 4,500 new filing cabinets, and

--we didn't have to find 24,000 square feet of building space to store those unneeded filing cabinets.

#### Crime

We have tried to approach the crime problem from many directions. We put into operation the country's first computer to computer crime information network; created the Crime Technological Research Foundation to encourage development of modern crime fighting methods and expanded the mutual aid program to give local police the help they need in controlling riots and other major emergencies. And, during one brief period when we had a temporary change in one or two legislative committees, we put new laws on the books providing for stronger penalties against rape, robbery, burglary and drunk driving. We passed a sweeping drug inventory control program to combat drug abuse.

And when the people, by a 2 to 1 vote, reversed the state Supreme Court ruling against capital punishment, we were able to get legislation putting it back in the statutes.

All this has slowed down the increase in crime. But it has not accomplished all that we know must be done to protect the people. However, we are leaving to those who come after us a blueprint to follow in such areas as court reform, streamlining the criminal justice system and new laws to make sure the heroin pushers and criminals who use a deadly weapon will go to prison when they are convicted.

Host Breakfast

Now this comes as a great surprise to some, but education was one of our top priorities. In these eight years, we have more than doubled the amount of state aid going to public schools and our university and college system; the budget for community colleges has more than tripled and state funding of student scholarships and loans is nine times what it was eight years ago.

The Teachers' Retirement fund is no longer an unfunded \$4 billion liability. It is now on a sound financial basis. The water plan is nearing completion, without any new bond issues and our credit rating by Moody's has gone to triple A.

Our hospitals for the mentally ill have dropped in patient population from 26,000 to 7,000 and we have developed a program of local mental health care clinics that has become a model for the country.

Finally, as you all know, we did something no other state was willing to try. We took on the welfare program and proved that welfare can be reformed at the state level with great savings to the taxpayers and better provision for the deserving needy.

Just 3½ years ago, early in 1971, the welfare rolls in our state were growing by 40,000 a month. For almost 3½ years this has not been so. They are going down, not up. The savings to the taxpayers approaches \$2 billion and the truly needy have had their grants increased to meet the rise in cost of living.

We have also expanded the Medi-Cal program to relieve counties of this burden. Washington has taken a number of our experts back to the Potomac to help spread these reforms into every state in the Union.

Last year the welfare rolls were reduced nationally and almost half of the decline occurred in California. The rest came in states which have followed our example.

We also reintroduced something that had been missing from public assistance for a long time: the work ethic. Our various work incentive programs in California put more than 75,000 recipients into regular jobs in the past year, including 47,000 who entered the job market because of the Community Work program we instituted as part of our reform in 35 California counties. This is an experiment HEW allowed us to try in which able-bodied welfare recipients perform useful community work for their welfare grants.

Host Breakfast

But we have learned that reforming any part of government--- and expecting it to stay reformed---is like going over Niagara Falls in a barrel the hard way---upstream. We have had to fight a continual battle against those who call our community work program slavery in spite of its success.

Some months ago, we put together another task force to take a fresh look at welfare, to see if there were additional steps we could take to tie down any loose ends that may have developed because of court rulings or federally mandated laws.

This included a sweeping review of one area of welfare that is not even part of the national welfare program: food stamps.

We did not include them in our first welfare reform because they were entirely a federal program, run and directed from Washington, although some parts of the eligibility process are delegated to local governments.

Our task force found a nightmare of fraud and abuse in the food stamp area.

Today, I am submitting to the California legislature and to California's congressional delegation a comprehensive report outlining the areas of abuse that exist in these programs, along with specific recommendations for reforms.

Launched in 1961 as a small pilot project involving 367,000 people and costing only \$26 million it has become a loosely run operation that by the middle of next year will be offering a welfare subsidy to 16 million people at a cost exceeding \$4 billion. Some members of Congress say unless the growth curve is reversed, 60 million people will be eligible in the next few years and the costs can be expected to skyrocket even faster if past experience is any guide.

Riddled with abuses, the whole program is a multi-billion dollar administrative nightmare, taking up two-thirds of the Agriculture Department's budget. From what we have discovered in our review, the amount of fraud and abuse is probably enormous.

Like many other government efforts to solve a problem, the program itself has become the biggest problem.

The eligibility rules are ridiculous. One applicant in California claimed to be a full time gold prospector. That was his way of meeting the work requirement and become eligible immediately for food stamps.

## Host Breakfast

Another case involved an exconvict who used forged credentials to obtain a \$16,500 a year job as a hospital administrator. Then he falsely claimed his monthly salary was only \$300 and obtained \$1,400 in bonus food stamps. At least, in this case, he has been convicted of a variety of criminal charges.

One enterprising young lady managed to get herself exempt from the work requirement because she was enrolled more than half time at one of our universities---studying witchcraft. The county welfare department called to see if this was an approved course of study, eligible for the work exemption, they were informed it was and she got her food stamps.

Americans are a generous and compassionate people, they do not deserve this kind of abuse and fraud. Businessmen have been angered---with justification---because food stamps and the welfare system are being used to finance prolonged strikes. This makes government a partner on one side of labor disputes rather than a referee.

Other citizens, standing in the check-out line at the market, simply cannot understand why the able-bodied fellow in the same line is buying T-bone steaks with food stamps their taxes paid for and they have trouble affording hamburger.

At a time when food stamps are rolling off the presses at the rate of \$20 million a day, there is an unbelievably casual attitude toward safeguarding food stamps in transit and making sure they get to officials responsible for their distribution.

In one case in California, \$90,000 in food stamps was stolen in a post office burglary. In another case, \$455,000 in food stamps were delivered after hours to a county welfare department. When the janitor on duty refused to accept or sign for them, they were turned over to the sheriff's department.

Food stamps are easily counterfeited. In one case we discovered three people were arrested and federal agents confiscated \$1.3 million in phony food stamps, along with the equipment used to produce them.

The report we are submitting to our own legislature and to Washington contains detailed and specific recommendations for reforms.

One immediate need is to transfer the entire food stamp program from the Agriculture Department to the Department of Health, Education and Welfare. Secretary Butz has publicly urged that this be done. Policing welfare is a difficult enough task without complicating it by trying to run it through a maze of different agencies, each drafting its own regulations and procedures.



Host Breakfast

There must also be a general tightening up of the whole food stamp program, including new federal rules to:

- Require the federal government to assume complete responsibility for assistance to aliens.

- Require able-bodied students to be subject to the same work requirement as any other food stamp applicant.

- Allow welfare departments to refer food stamp recipients to union-related jobs, and impose more realistic requirements for self-employed recipients.

There should be a minimum age for receiving food stamps and the federal regulations must be changed to permit welfare departments to notify parents when their minor or student children apply for food stamps. The taxpayers should not be financing runaway teenagers nor should food stamps be available to students who are being fully supported by their parents.

We also would like to see an Earnings Clearance System similar to the one we established in our welfare reform. This would allow a check on actual earnings of food stamp recipients against the amount they report in their applications. This is not done at present and the chance for widespread abuse is obvious.

Finally, our report also contains specific recommendations designed to minimize the potential for loss, theft or counterfeiting for food stamps, by making government more accountable for safeguarding food stamps from the printing plant to eventual redemption.

Food stamps are as negotiable as money, and they should be protected as public monies are when transferred from one place to another.

I am urging our Congressional delegation to immediately make these reforms a top priority. And I urge the new state legislature, which starts in December this year, to give equal priority treatment to the other welfare reforms we have found to be necessary.

We must never tolerate cheating and abuse in a program intended to aid the poor. But in this time of runaway inflation, there is additional reason to curb unnecessary spending. Inflation is caused by one thing only---government spending more than it takes in.

Host Breakfast

This, of course, refers to the federal government. But in the numerous welfare programs and categorical aids, efficient administration at the state level can have a sizeable effect on national spending. We cannot save a state dollar without saving a federal dollar at the same time in many of those programs. Call it coincidence if you will, but from 1960 through 1966 the cost of living rate was higher in California than in the rest of the country.

For six of the last seven years of "cut, squeeze, and trim," it has been lower in California. I don't think it is a coincidence.

We have a two-party system. The adversary system is a built-in part of our political process. But our real adversaries are the problems we face, not each other.

There is only one lasting way to assure that the needs of the people will be the major consideration of their government: make every level of government more visible, more accountable. A legislative committee killed our proposal which would have required anyone introducing a spending bill to submit a tax bill to pay for it. That did no service to the people of California. The people should know what areas of government spending are out of control and what has to be done to bring spending back into line.

That was the whole purpose of Proposition 1, to slow down the growth of government spending so that it would not grow faster than the income of the people. We often hear the phrase "uncontrollable spending" when the federal or state budget is being discussed. What that really means is spending mandated by some previous statute which government accepts as unchangeable. There is no government program which should be exempt from constant review and cancellation if common sense indicates it is not worth its cost to the taxpayer.

We did not succeed in doing all the things we tried to do or wanted to do, but I believe we demonstrated that government can be controlled; it can be efficient; it can meet the legitimate needs of the people without bankrupting them with higher and higher taxes.

Host Breakfast

We have heard a great deal lately about special interest groups. As I look at so many familiar faces, so many of you who served whenever called upon, lending your talents to help solve some problem affecting our state, may I say you are a special interest group and your interest has been the welfare of California. I shall never forget you or cease to be grateful.

Government by the people works when the people work at it and in these almost eight years you have worked at it.

Please don't stop! I have learned something else in these eight years---there are other special interest groups whose interest is more personalized and limited in scope than the welfare of California. They never rest. Match them in dedication, in effort, and in vigilance. If you do any less, they will make that bear on our flag a cow to be milked.

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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).

10/15



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October 16, 1974

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
American Trucking Association Board of Directors  
San Francisco  
October 16, 1974

In the past year or two, we have been going through a prolonged period of uncertainty in America and the world. If you glance at any newspaper, you quickly see an array of problems that would tax the wisdom of Solomon.

There is the energy problem--something you are rather familiar with--declining productivity, strikes, high taxes, crime. All these have an impact on business. The threat of war still hangs over the world scene.

But the fundamental challenge facing America today is simply the restoration of America's financial stability in a world economy dangerously out of kilter because of inflation.

Putting our economic house in order is America's greatest imperative and it must take precedence over everything else.

Unless we bring inflation under control, we can never expect to deal with any of the other problems we face as a nation or as individuals.

The President has declared this to be a priority national goal and I doubt that anyone would disagree. The program he outlined to Congress includes a number of constructive steps: financial incentives to encourage capital investment for economic expansion, jobs and prosperity; increased food production; and efforts to conserve energy and reduce America's reliance on foreign oil.

All are necessary steps along the long road toward economic stability.

In all honesty, however, I must voice opposition to the proposed income tax surcharge, however temporary that tax may be.

To combat inflation, we should be reducing excessive government spending, especially at the federal level and I submit it is counter productive to increase government's revenues.

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In his economic address to Congress, the President mentioned the fact that the federal government operated at a deficit in 19 of the 25 years he served in Congress. By doing so, he touched on the primary cause of our current economic troubles. The truth is: there is one reason for inflation in America and that is simply that government for too long has been spending too much money.

Two generations ago, in the middle of the Great Depression, America first began moving away from this country's historic commitment to balanced budgets and a free economy. It was then that the Keynesian philosophy of planned inflation became official government policy.

Fostered first by the economic dislocation of the Depression and later by the pressures of World War II, our country went into a decade-long period in which government vastly increased its spending, its size and its power.

Our economic values were turned around. Instead of a model of thrift and solvency, government became a gross example of spend-thrift waste and excess.

The experts who claimed they knew best told us that a little inflation is good for us. So we had a little inflation and then a little bit more. It was like giving a drunk another drink to sober him up.

Some of our nation's most able leaders, Dwight Eisenhower, Everett Dirksen and others, spoke out time and again against chronic federal deficits, and a government that keeps on taking a bigger and bigger share of the national income.

But Congress was listening to the kind of people who told us we don't need to worry about the national debt because "we owe it to ourselves."

For a while inflation is like a warm bath---we sit back and relax. Everything seems easy and pleasant. In the euphoria of inflation's early days, we failed to notice that output per man-hour had slipped. By the 1960s we were lowest among the 14 major industrial nations in the free world. The country that introduced mass production, showed the world how to build things better and sell them cheaper, suddenly found everyone but us had what we used to call "American know how."

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Many products we used to sell so easily in foreign markets suddenly became noncompetitive. And the world's greatest trading nation found itself for the first time in this century with a balance of payments deficit.

It is necessary to recall these historic trends if we are to understand what has happened to our economy. If you want to know which way to go in the future, you have to know which path you took in the past and where you stepped in a gopher hole along the way.

The tragedy is that our inflation problems are not the fault of the free market system. We stumbled into inflation because we strayed too far away from the free market concept. Too many of us, and that includes business, turned to government for answers that seemed easier than the hard competition of the market place.

For too many years, government has been growing in size and power, with no regard for the economic consequences. And government loved it.

But it is time for us to realize we have had too much government, too much red tape, too many taxes and too many regulations. Private business and industry is the most over-regulated, overtaxed and under-appreciated part of America's society. The simple truth is that free enterprise in America is no longer free.

If we are ever to bring inflation under control, we have got to start rooting the causes of inflation out of our system.

And the greatest single cause of inflation is government itself.

Unnecessary restrictions, red tape and regulations are robbing our people of the prosperity that is rightfully theirs.

In trying to perfect one of his inventions, Thomas Edison once tried 28,000 experiments and all were failures.

When he was asked if he was not discouraged, he said, "No. Now I know 28,000 things that won't work."

Those who advocate more and more government regulation have been experimenting for 40 years, trying to create an economic system in which everyone can somehow be made more prosperous by the toil of someone else. It is time they recognized how many things don't work.

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Instead, they have cast industry and business in the role of archvillain, accusing you of monopoly powers, excess profits and of defrauding the consumer.

But the real danger today is government's monopoly power over industry and business. No one is regulating the regulators.

In Washington, the United States Senate resorted to a filibuster to halt a so-called consumer protection bill that would have vastly increased government's power to control every facet of production and merchandizing in America. They will try again. That bill will come back and eventually be passed unless we make up our minds to turn government around and tell them "enough already."

Right now, there is a lot of talk about government action in the rapid transit field. Everyone is looking greedily at gasoline taxes to pay not only for streets and highways, but for rapid transit, air pollution controls and even for planning---which is a term they use to cover anything else they may think of.

Government's track record in solving problems does not exactly inspire confidence. Let us look at one of your competitor industries that was in business long before trucks were invented.

A hundred years ago, the railroads were thriving. We have accepted a rewrite of history that would have us believe government had to regulate the railroads because of the excesses of early industrial barons who built and ran the railroads. The truth is government was involved in railroading from the start and the railroads are a classic example of what government can do to ruin business.

The President has called for a review of all our regulatory agencies. I support that.

It is time to start eliminating agencies which hurt more than help the consumer, the taxpayers and the businesses they regulate.

The Interstate Commerce Commission is a good place to start. I challenge anyone to prove there is a need to continue the ICC or that it serves any useful purpose.

If it had been in business during the pioneer days, the 49ers would still be trying to find out what the rules are for crossing the Mississippi River.



Trucking Assoc.

This combination of red tape and high taxes is strangling industry's ability to compete, to meet the demands of customers, to pay the wages of employees and to fulfill a necessary public service at the least possible cost.

For half a century the railroads begged for relief from excessive government regulations and claimed they could resolve most, if not all their problems, if they were free to operate as a private enterprise. Their pleas fell on deaf ears and now we no longer have any private passenger rail service in this country.

So government took over the passenger trains and the first thing it did was exempt itself from the rules and restrictions that made it impossible to run a profitable private railroad industry.

The consumer does not gain when government takes over. He loses.

Anyone who doubts that should take a look at the plight of the airlines. The Civil Aeronautics Board has decided it will no longer allow lower youth fares or discounts on international flights.

So what happened? Our international air carriers lost about \$8 million in revenue. And the passengers found themselves paying higher fares.

Government regulations and red tape have perpetuated higher rates and higher costs, not just in transportation, but in almost every industry regulated by government. And these days, almost every industry is regulated by government, coming, going and in between.

Government regulations encrusted with bureaucratic barnacles are actually stifling the competition they were designed to encourage.

Small businessmen in America must spend 130 million man hours a year filling out government forms. This adds \$30 to \$50 billion to the cost of doing business. And that means higher prices for the consumer. But the citizen taxpayer gets hit with a double whammy. Government has to spend between \$15 and \$20 billion a year to find places to stack all the forms it requires business to fill out.

Government is the only business in the world which can continue to exist while ignoring every sensible rule of economics.

American Trucking Assoc.

When a business or an individual spends more than it makes, it goes bankrupt. When government does it, it sends you the bill. And when government does it for 40 years the bill comes in two ways--- higher taxes and inflation. Make no mistake about it: inflation is a tax and not by accident. Lenin once said, "Through inflation government can quietly and unobservedly confiscate the prosperity of its citizens."

Someone once said our government taxes everything except its imagination. But the encrusted bureaucracy, the ones with a vested self-interest in bigger government, go that one step further.

They have got an answer for everything except one that will work.

Remember the great fuel shortage? You had better because it has not gone away for long. Almost two decades ago, the oil and energy industries were warning us that America was heading toward an energy crunch. When it finally happened government was the first to cry, "Why weren't we warned?" And the next line was, "We in government must do something." Something, of course, was massive governmental intervention, rationing, and even a demand that the government go into the oil business.

Fortunately, the worst of the fuel crisis has eased. But does anyone believe it would have if we had instituted gasoline rationing? They would still be trying to get the ration books distributed. May I warn you---don't relax. Right now there are proposals in Congress to have government name two members to the board of each oil company. If they do---whose business is next?

The time has come to resist the Utopian schemers who pay only lip service to free enterprise.

It is time to ask ourselves: do we really believe in the free market? Or have we grown so soft we no longer relish its rugged competitiveness? Do we believe in closed cartels, a controlled economy where government sets the price the producer will get for his product, and the price the consumer must pay? And if there is any slippage on either end of the transaction, government puts up the difference in the form of a subsidy paid for by the consumers and the taxpayers.

I know you have heard this kind of talk before. I know your own industry spokesmen have criticized over-regulation and high taxes. And some of you have heard me sound off on this subject because it is something I have been preaching for years.

Trucking Assoc.

But the time for just sounding the alarm is over. We have to start doing something to bring government under control.

There is only a very little time to make the right decisions, to free the productive capacity of America, to loosen government's stranglehold on our economy and on our pocketbooks.

You do not have to have deficit government if you raise enough hell so that those who run government are more concerned about what the taxpayers think than the demands of special interest groups and their bureaucratic counterparts in government.

I know government can be controlled if the people will work at making "government by the people" more than just a slogan.

Government can be brought under control if enough people are willing to stand the gaff and take the heat, and fight for common sense solutions.

The reason there is a cynical lack of confidence in government is because too many politicians are elected to office but never try to carry out their campaign promises.

Campaigning becomes their occupation instead of working for the changes our society must have if it is to survive.

There is only one way to make government bite the bullet on inflation, on high taxes, on all those things that should be a matter of concern. And that is to hold all elected officials accountable. Match their performance with their promises, and if you find some who don't measure up, vote them out of office.

Either you will control your government, or government will control 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).

11/14



OFFICE OF GOVERNOR RONALD REAGAN  
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916-445-4871 11-14-74

RELEASE: R.Ms., THURSDAY  
November 14, 1974

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
United States League of Savings Associations  
San Francisco  
November 14, 1974

It does not take a Ph.D. to know the basic problem facing America. It is inflation, and all the economic dislocations that have suddenly spilled out of the closet as a result of almost 40 years of deficit spending. Suddenly, America is forced to face up to something that every businessman and every housewife has always known: you can not go on forever spending more than you have without sooner or later facing a day of reckoning.

For more than four decades, our people have been burdened with the cost of massive social experiments, programs we were told would solve all the problems of human misery.

It was all done with the best of intentions. We were told that it was for our own good. But the price was steep, and we have been paying it not merely in money, but in something far more precious: a steady, unrelenting expansion of governmental control over almost every facet of our lives.

Somehow, no matter how many new programs we launched, the failures always outnumber the successes. And every failure is followed by a bigger and costlier failure.

But let's face it, business itself in America has contributed to its own problems by turning more and more to government every time a problem pops up. Government is always ready to oblige---with a little more control and a tax increase. Business must recognize that government help leads to partnership, with government the senior partner every time.

We have turned our backs on our own great traditions. We built this country on the twin pillars of faith and freedom. Neither freedom nor faith can survive without the other. We have turned to government only when it was necessary to accomplish something that could not be better achieved in the private sector. And our national goal, until these past several decades, was always to reduce the need for government to the minimum consistent with an orderly society, thus insuring maximum individual liberty.

We have strayed from that course in the last several decades. And the problems we face are part of the result.

The recent oil shortage is an example. During the height of the shortage, there was a persistent clamor for more government controls, for rationing. Government talked punitive taxes when it should have been talking incentives.

The advocates of government controls went on a witch hunt---for scapegoats when they should have been looking for oil.

Fortunately, we did not heed their cries of panic. And there no longer are lines at the gas stations.

Yes, we still have a long range energy problem that must be solved, but the answer is not what they proposed: putting government in the oil business. But then who knows? They might have been as successful as they have been with the Post Office.

The tragic, inescapable truth is: government does not have all the answers. In too many instances, government does not solve problems. It subsidizes them.

Government does not produce revenue. It consumes it. The cost of ill advised governmental tinkering, excessive regulation and wasteful spending has our private enterprise economy staggering under an intolerable burden of taxation, regulation and inflation.

It has affected every citizen and every industry, including your own. It is time we realized that profit, property and freedom are inseparable. You can not have any one of them without the others.

For forty years, we have been told that deliberately planned inflation each year is necessary to maintain prosperity. We were told this was the New Economics.

Those who still subscribed to classic economic theory knew that inflation is like radioactivity. It is cumulative. It piles up until one day you find it is out of control---as it is now.

Inflation today is the single greatest threat to our national well being, to the prosperity of our people, threatening our very survival as a free society.

There is no mystery about inflation. It stems from one cause and one cause alone---excessive government spending.

## League of Savings Associations

The only answer to inflation is a balanced budget: a systematic program to reduce government's debts and a wholesale effort to get rid of all the economic barriers that government has put in the path of a prosperous economy.

The United States right now owes a total of almost \$500 billion, half a trillion dollars. I know when you talk in sums like that it is difficult to picture how much of a burden that is. Perhaps a few illustrations will help.

Our national debt is equal to:

- more than  $2\frac{1}{2}$  times the amount of outstanding consumer debt; and
- five times what business and industry spend on new plant and equipment in a year.

The interest alone on the national debt has become a staggering burden of almost \$30 billion a year.

It is the third largest item in the budget.

Without that burden, the average family could have about \$550 each year to spend as it liked. Or if they wanted government to have it for some worthwhile programs, we could spend nine times what we spend on the entire space program.

--or five times what we spend on agriculture, in an era when hunger stalks the world.

--or 20 times what we spend for pollution control; and

--three times what Washington earmarks for education and manpower programs.

You are more aware than most of the real cost of deficit spending. It is causing critical dislocations in our private capital markets, with government competing for the savings that fuel the free enterprise system.

For too many years, government policy has ignored the vital role that saving plays in our economy. It has encouraged spending and discouraged saving.

Continual deficit financing, year in and year out, is not the path to prosperity. It is the road to national bankruptcy. It is like a self-fulfilling prophecy because the more the government goes into debt, the more it must borrow. And the more taxes it must take from the productive private sector of our economy.

Your own industry was built on the thrift of our people and you have played a leading role in helping millions of Americans realize the dream of owning their own homes.

## League of Savings Associations

The confidence and trust you have earned among savers across the land has enabled you to lend tens of billions of dollars to construct and purchase homes. America has more individual homeowners than any other country in the world. And the fact that every family has the opportunity to own its own residence has been possibly the most significant boost to our high standard of living.

The savings of more than 50 million Americans---entrusted to your care---have become the life blood of this country's housing industry. Without a steady flow of savings into institutions such as yours, it will be impossible to keep up with the continuing demand for housing.

Yet instead of following policies that will stabilize our country's financial structure and the construction industry, government is pursuing programs that aggravate the problem.

Probably the greatest problem stems from government's growing involvement in the money market and the home financing field. It is the same pattern we have witnessed before when government sets out to solve a problem by going into competition with the private sector. The same government that sets the maximum interest rates you can pay throws the rule book away when government seeks funds to finance its own activities. When the Treasury Department offers \$1000 notes at 9 percent interest while you are limited by law to a lower interest rate, it means a massive outflow of funds from savings and loan associations.

If a private company had the power to fix prices, to manipulate the money market to its own advantage and did so, the roof on the Justice Department would still be spinning.

If a private company could set rates for its competitors and did it in a way that caused those competitors to lose business it would be called unfair competition.

If a private company were guilty of rigging the market so that it was getting more and more of the business and its competitors were getting less and less, they would call it a dangerous monopoly. And the anti-trust division would be working overtime.

But that is what government has been doing, all with the best intentions, of course. When they drafted the anti-trust laws and adopted the regulations that guard against monopolies, no one anticipated a day when government itself would become the monopoly.



## League of Savings Associations

Unless the increasing trend toward more and more government borrowing is reversed, the time is not far off when government will dominate the home financing industry and savings and loan associations may become little more than a memory.

That would be a tragedy for the nation.

Over the years, your industry and others in the private financial field have demonstrated that you can do a far better job of financing the nation's housing needs than any level of government---and at far lower cost to the consumers, the home buyers.

The whole history of government's direct involvement in housing, particularly in financing, is a history of failure---not once, or twice, but time after time. The only really successful government housing programs have been those in which government is an indirect participant, when it acts only as an insurer such as in the FHA and veterans' home loan programs.

In those programs, the financing is provided through private institutions.

Yet more and more federal housing programs are excluding the private financial institutions and going into this field directly.

This can only mean higher cost to the homeowners, along with the inevitable red tape and foul-ups that we have come to expect when government moves into areas where it has no experience and no legitimate business.

There are things government can do not only to meet the housing needs of America, but to bring inflation under control.

It can balance the federal budget and start paying off the national debt so that it will not have to disrupt the private capital market.

Then, it can take a long hard look at the excessive regulations it imposes on every industry and business in America.

Some of those regulations are so obviously extreme they would be laughable if they were not causing higher prices for all types of goods and services.

## League of Savings Associations

Small businessmen in America spend 130 million man hours a year just filling out government forms. That blizzard of paperwork adds \$30 to \$50 billion a year to the cost of doing business and it means higher prices on the products you buy.

But the cost does not end with the businessman's own expense. Government also spends between \$15 and \$20 billion a year just to find places to stack all those forms and to finance an army of paper-shufflers.

It is time we call a halt to that kind of nonsense and to revitalize the construction industry, the private financial institutions and help fight inflation, too.

It can do all this without any great new government programs or the spending and high taxes that produce inflation.

Congress is now considering legislation that would, if passed, have the effect of greatly expanding the amount of private investment money available for new, long-term mortgages. It would mean a flow of \$16 billion in savings into your institutions alone---and much more than that through banks, credit unions and other types of financial institutions.

The bill, which I know is familiar to all of you, would provide a real incentive for our people to save---by giving every family a \$1,000 federal income tax exemption on interest earned from deposits in savings and loan associations, banks, credit unions---wherever our people invest their savings.

This kind of positive incentive would generate the capital necessary to meet our construction needs.

It would help the saver, by reducing his taxes instead of raising them. The \$16 billion in savings and loans alone would be enough to provide mortgage loans for 500,000 residential units, including 200,000 new homes. This, in turn, would stimulate 350,000 jobs in the construction and related industries and this would generate prosperity in other areas.

Treasury is opposing this on the grounds that it would mean a loss of \$1.8 billion of tax revenue for the federal government. I do not argue with the figure.

## League of Savings Associations

But it is a short-sighted attitude, ignoring the fact that billions of dollars in new tax revenue would be generated by curing the problems of a slumping housing industry through private savings---instead of trying to dream up another government program.

It also ignores the fact that a continued slump in construction and housing will mean billions of dollars in government costs for unemployment and welfare benefits.

I am told the average account in your institutions is about \$4,000. What in the world is wrong with letting 100 million small savers earn a little more effective interest on their savings, when at the same time it will mean so much to the construction and housing industry?

What is wrong with giving small taxpayers the same kind of tax break and higher interest return that is available to large foreign investors who can purchase high yield U.S. securities?

If the federal government really wants to fight inflation, it will start adopting this kind of incentive to save and keep these funds in our own domestic economy. Right now, government's policies discourage thrift. If a small investor earns \$100 interest in a savings institution and is a typical taxpayer in the 22 percent bracket, he gets to keep only \$78 because income taxes take the rest. And because he has earned \$100 gross through his savings, he might even find himself in a higher tax bracket, which means that much more going to government instead of being retained where it helps the saver and the economy, too.

If you want to fight inflation, if you really want to bring the cost of living under control and maintain America's prosperity, you have to start encouraging the savings necessary to finance America's private industries. It is as simple as that.

I believe we can control inflation. We can have a prosperous economy, efficient government and lower taxes---if we demand that government take the steps necessary to make sure we do.

Over these past eight years, I have had many enjoyable experiences in government. I have had the privilege of working with some of the finest people I have ever known---people drawn from all walks of private life. Most of them are not career government employees. But in their short span of service in Sacramento, I believe they have demonstrated that government of the people and by the people can work---if enough sincere people work at it.

## League of Savings Associations

When I went to Sacramento eight years ago, I had a belief that government could be operated efficiently, using the same sound business practices you find throughout our private economy. Everything I have learned these past years has reaffirmed that belief.

We took over a state government that was spending \$1 million a day more than it was taking in; and we were the welfare capital of the world.

We had no miracle formulas. What we did was to apply a little common sense to government.

We put a task force to work on reform at a time when our welfare rolls were growing by 40,000 new people every month. And after seven months of work, they came up with the most comprehensive reform program ever attempted in this country.

During almost a year-long fight, the advocates of bigger and bigger government kept telling us the reforms would not work. They said the caseload would increase instead of going down; we would dump a burden on the counties; property taxes would go up; the needy would starve in the streets and we would have a \$700 million deficit. That was about 3½ years ago.

We are no longer adding 40,000 new people a month to the welfare rolls, there are almost 400,000 fewer people on welfare than when we started.

Average property taxes have gone down for 2 years in a row in more than 40 of our 58 counties and 3 years in a row for 30 of them.

The taxpayers saved between \$1 and \$2 billion and we have been able to increase welfare benefits for the truly needy by 40 percent.

The \$700 million deficit was an \$850 million surplus which we gave back to the people in the form of a 20 to 35 percent state income tax rebate for most taxpayers and a 100 percent rebate for every family earning \$8,000 a year or less. Perhaps the most satisfying result has been the fact that our reforms have become a model for the nation. Even some Democratic governors are borrowing our ideas for welfare reform because they, too, have learned that the welfare monster must be controlled or it will bankrupt the taxpayers.

There have been other efficiencies and beneficial results from our experiment with citizen participation in government. We have cut the time needed to process a driver's license, largely by introducing computer age management techniques.



## League of Savings Associations

There have been a total of three income tax rebates; we have provided a \$1,750 property tax exemption for every homeowner, special programs for property tax relief for senior citizens and renters, cut the inventory tax in half and reduced the tolls on state run bridges a total of 11 times.

There has been no reduction of support for essential services. We have doubled the amount of state support for public schools---at a time when enrollment was growing only 6 percent. We have more than doubled the amount we put into higher education, too and our state program of scholarships for deserving students has been given a 900 percent increase in funding.

For the first time in more than 20 years, the incoming governor in California next January will inherit a balanced budget instead of a massive deficit. In fact, we expect he will have a surplus in the neighborhood of \$400 million.

We do not have to accept chronic economic crisis---if we have the courage to demand common sense in government.

The key to progress is not a federal subsidy or another government program. The true secret of America's greatness is freedom, the dynamic working together of millions of individuals, each seeking an individual goal in a society that assures them the freedom to climb as high as their own drive, ambition and talent can take them.

I think we still have that same sense of national purpose. Our people are capable of achieving whatever may be necessary to protect the system that makes it possible.

They know their own worth and instinctively, I believe a majority of our people know what we must do. All that is necessary is a leadership that has the wisdom and the courage to point the way.

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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).

12/4

EXCERPTS OF REMARKS BY GOVERNOR RONALD REAGAN  
Governor's Conference on Criminal Justice  
Sacramento Convention Center, Sacramento  
December 4, 1974

The single most fundamental responsibility of government at any level is to protect us from each other. You are here because that responsibility in the main means protecting the citizenry against the criminal element that exists in any society.

This is what makes your job in law enforcement and this conference on criminal justice planning so important. When we say we want to solve the crime problem, what we really mean is that we want government to be able to guarantee every citizen that most basic of all freedoms: freedom from fear.

--Freedom from the threat of muggers

--Freedom to be able to walk the streets

--To take a holiday without worrying that your possessions may be stolen while you are away or your house burned down

--The individual freedom to enjoy all the other rights and privileges of a society which has always cherished the individual.

Man has yet to perfect a system to fully protect the majority at all times and assure the rights of every individual---but that is our ultimate goal. And this conference is part of our effort, to streamline our criminal justice system and make it more efficient in protecting the law-abiding people of our state.

During these past eight years, our primary goal at the state level has been to give law enforcement all the legal tools necessary to make our streets safer. I believe we have undertaken some of the most sweeping innovations ever adopted to fight crime.

--We established the California Council on Criminal Justice to improve detection techniques and provide additional funding for state and local criminal justice agencies.

--The state put into effect the nation's first computer-to-computer crime information network.

--We created the California Crime Technological Research Foundation to encourage and develop scientific ways of fighting crime.

## Crime Conference

--We adopted stronger laws to cope with a rising tide of violent criminal activity; we sought through law to control illicit drugs and through education to make our people aware of the dangers of drug addiction.

During the decade of the 1960s, a new and ugly spectacle erupted in America: violence on our campuses and riots in the streets. We responded to this, by expanding and improving the Law Enforcement Mutual Aid program to assist local police agencies in riots, natural disasters and other major emergencies.

There have been many changes in many areas of governmental concern these past eight years.

But one of the achievements that has not received all the attention it deserves is that California has developed America's most effective system of dealing with major civil disturbances and emergencies. Better communications, improved training, and the Mutual Aid program make for what is probably the most detailed program of planning to cope with emergencies ever devised.

As you well know, a confused and ill-coordinated response by law enforcement can turn even a small scale emergency into a major potential disaster. Our goal was to make sure there would be no confusion and no hesitation at any time to use the full strength of law enforcement to protect the people of California.

Comprehensive planning in advance---every detail from logistics to communication---is the only way to achieve the kind of coordination you must have to deal with major emergencies.

We now have an ability to respond quickly to emergencies whenever and wherever they may occur---thanks to a program personally supervised over the years by Ed Meese, in which many of you here today took part.

This conference and your recommendations can have the same kind of impact on the entire criminal justice system. Ongoing programs such as yours are necessary because the problems associated with the fight against crime are constantly changing. Court rulings create new difficulties for law enforcement on what seems to be an almost clockwork basis.

The findings of our Select Committee on Law Enforcement Problems, issued more than a year ago, provide a blueprint of the action we must take to make sure that the guilty are brought to justice.



## Crime Conference

I believe the experience of the past eight years has demonstrated that there is a cause and effect relationship in the crime rate. When we passed a tougher law on drunk driving, the number of arrests went up, and the number of traffic deaths caused by drunk driving went down.

When California toughened the penalties for rowdyism on campus and provided specific legal tools, the campus violence subsided.

When we strengthened laws against armed robbery a few years ago, the rate of increase in this crime flattened out.

If any of you wonder whether the technical advances you have heard about are worth it, let me assure you that technology does play a critical part in the fight against crime. If we hope to keep crime under control in the computer age, we must constantly be searching for new and more sophisticated ways of stopping the criminals in our midst.

When sky-jacking became a national problem, electronic detection devices provided a way to greatly minimize the ability of sky pirates to operate.

If every sky-jacker knew that he would face swift and certain punishment within weeks after he was caught, the problem would go away.

The same deterrence is readily apparent in other scientific safeguards against crime. Automatic locking components on steering wheels have slowed down the number of automobile thefts.

Home alarm systems and electronic warning devices have had an impact on the burglary rate.

Other things which fall into the category of simple common sense have helped, too, things like the Secret Witness programs sponsored by our news media, the marking of personal possessions with identifying serial numbers.

We are all concerned about crime and its consequences. But concern is not enough. We must translate concern into effective action.

Crime is not an abstract problem, to be debated as some sort of academic exercise. It is a daily threat to the lives and safety of our people.

The dollar cost alone exceeds \$16 billion a year. But what price tag do we put on the tragedy crime brings to its victims?

The work of our Select Committee on Law Enforcement Problems emphasized the necessity of the type of action which your committees have been studying.

## Crime Conference

Research on sentencing patterns in the 1960s demonstrated beyond question that there must be a more uniform policy in deciding which criminals shall go to prison and which shall be eligible for probation.

We asked for a law that would require a mandatory prison sentence:

--for all heroin pushers and for everyone who uses a deadly weapon in committing a crime. I would like to ask why such legislation met instant death or premature burial in a committee of our state assembly.

We asked that California implement a suggestion of Supreme Court Chief Justice Warren Burger---by adopting a substitute for the so-called "exclusionary rule."

Many of you are attorneys, and I know you are familiar with the various court rulings that have handicapped effective law enforcement---not merely in California, but throughout the nation.

More than any other factor, the exclusionary rule on evidence has become a legal loophole by which the guilty have escaped justice.

The law must be clear. It is the job of the courts to make it clear or we can never hope to have effective law enforcement.

More than a century ago, De Tocqueville said: "To suppose that a state can subsist, when its fundamental laws may be subjected to four-and-twenty interpretations at the same time, is to advance a proposition contrary to reason and to experience."

When a policeman stops a car for a traffic violation and finds a cache of drugs inside, there cannot be a blanket policy that prevents a court from considering this evidence. Yet that, in too many cases, is exactly what the exclusionary rule means. A legal technicality that ignores the existence of a crime is not a logical nor a valid extension of Constitutional rights. It is a loophole and because it exists, the fight against crime has suffered too many setbacks.

We must demonstrate to the criminals, to all who would break the law, that we are deadly serious about the task of making our cities and states safe from crime.

Certainly, our courts must always protect the rights of the accused. But we must also make certain the Constitutional protections we all support do not become a shield for the guilty.

Perhaps the single greatest need is a change in attitude, from the permissiveness of the 1960s to a realistic approach to crime in the 1970s.

## Crime Conference

Unfortunately, too many people, including those holding public positions of responsibility, persist in viewing crime as a sociological case study rather than an urgent problem of public safety.

The attitude toward drug abuse is an example.

In the past decade, drug addiction became the most massive law enforcement problem in America. It caused tragedy for hundreds of thousands of young people and their families and it is responsible for part of the great upsurge in burglaries and violent crimes. In a very real sense, drug abuse quite literally threatens to destroy part of an entire generation of young Americans.

Despite this undeniable truth, there still are those who seriously propose to go easy on the drug laws, to "decriminalize" marijuana. I am in complete agreement with Attorney General Saxbe that widespread marijuana use would be the inevitable result.

That is why I have vetoed every proposal submitted to me that would in any way weaken the fight against drug abuse, including the use of marijuana.

I believe any action that gives the appearance of tacitly condoning the use of marijuana is a crime in itself---a crime against our very society. Our young people are a resource worth saving.

I realize how difficult it has been for many of you to stand against those who favor permissiveness. And I know from personal experience how widespread the misinformation has been about marijuana and its consequences.

It is little wonder that some of our young people were lulled into accepting the drug culture when they witnessed prominent citizens, professors, even some politicians, scoffing at the concern many of us were expressing about marijuana.

In almost every meeting with young people, I have to answer a question that comes as an angry accusation about my refusal to go along with lessening the penalty for use of marijuana.

They still quote those voices from the '60s who told them it was no more dangerous than a martini.

Ironically, the very acceptance of marijuana by so many young people has led to studies which now show how valid were our early concerns.

## Crime Conference

Eight years ago, the head of the Student Psychiatry Center at the University of California was among those who dismissed the gears about marijuana and called for legislation to make its use legal.

Not any more. His own contact with those who came to him for counsel and treatment has turned him completely around. He frankly states he was totally wrong in his earlier statements.

His own research has convinced him that a chronic use of marijuana leads to a deterioration of bodily functions that may be impossible to reverse. And the impact on the mind is ever more disturbing.

Here is a man who once sided with those who said marijuana is "harmless" and subscribed to all the other claims made on behalf of a permissive attitude toward its use. Today, he has the courage not only to admit he was wrong, but to warn others through his writing and speaking that there is no valid argument for making marijuana legal.

Early in this administration, we instituted a program called probation subsidy. We regarded it as a step forward, one that offered a way to steer some offenders out of the prison system by offering state cash incentives to counties for every prisoner on probation.

The goal was excellent---the result was not. When studies by the Bureau of Criminal Statistics showed that our initial expectations were too optimistic, we asked for a repeal of this program. Unfortunately, the legislature has yet to act. It should do so. The goal of our corrections policy must be first and foremost the safety of the public.

Rehabilitation programs must be an alternative offered as an incentive only after offenders have demonstrated a sincere desire to regain a useful place in society.

Frankly, I do not believe government has all the answers and few governments ever voluntarily change things.

We must listen to the people and the people must make government more responsive to the crime problem.

A few years ago, after the Supreme Court outlawed capital punishment, a mass movement on the part of our people forced an initiative on this subject. And by a 2 to 1 vote, capital punishment was reinstated. The legislature finally acted, because the people make their wishes unmistakably clear and the people were right.



## Crime Conference

There is a role for the individual citizen in the fight against crime. Our people must hold accountable every public official who would throw a barrier in the path of effective law enforcement.

The individual, through his own vigilance, can be of great help to law enforcement by reporting every crime, by demanding swift justice and whatever reforms are necessary to make certain that the guilty are made to pay for their crimes.

I do not pretend that the task is easy. Protecting freedom rarely is and that is what the fight against crime is all about.

A year ago, when our Select Committee on Law Enforcement Problems issued its report, they emphasized the role of individual responsibility in a way that bears repeating. They said:

"Whether based on religion or individual ethical values, the ultimate solution to the problem of crime will not be found without the active participation of all our people.

"A more efficient criminal justice system is only a part of what is necessary to reduce the threat of crime. Possibly the most important factor is the attitude of the people themselves. There must be greater respect for the law itself, for the principles of truth and justice.

"The police, the prosecutors, the courts and the corrections system can only do so much. In the final analysis, our system of justice is based on the principle of individual responsibility.

"If we are to solve the crime problem, our people ultimately must demonstrate, in their daily lives, a moral and ethical fortitude necessary to encourage and assure a greater respect for law---not simply because of a fear of punishment---but because only the law-abiding can hope to enjoy a lawful society."

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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).