

Ronald Reagan Presidential Library

Digital Library Collections

This is a PDF of a folder from our textual collections.

Collection: Reagan, Ronald: 1980 Campaign Papers,
1965-1980

Folder Title: Meese Files – Speeches/Statements
[Press Conferences/Interviews] (2 of 2)

Box: 154

To see more digitized collections visit:

<https://www.reaganlibrary.gov/archives/digitized-textual-material>

To see all Ronald Reagan Presidential Library Inventories, visit:

<https://www.reaganlibrary.gov/archives/white-house-inventories>

Contact a reference archivist at: **reagan.library@nara.gov**

Citation Guidelines: <https://reaganlibrary.gov/archives/research-support/citation-guide>

National Archives Catalogue: <https://catalog.archives.gov/>

Last Updated: 02/21/2025

-----X

Interview of :

RONALD REAGAN :

-----X

Hearst Corporation
959 Eighth Avenue
New York, New York

June 17, 1980
12:25 p.m.

Reported by:

Robert E. Levy, R.P.R.

-----X

Interview of :

RONALD REAGAN :

-----X

Hearst Corporation
959 Eighth Avenue
New York, New York

June 17, 1980
12:25 p.m.

Reported by:

Robert E. Levy, R.P.R.

MR. BENMACK: Ordinarily that brings the lunch, but we're not quite ready for that, but we'll be in a moment.

Governor Reagan, on behalf of Mr. Hearst and our associates, I want to tell you what a privilege it is to welcome you here today. We realize that with the increasing pressures of time on the campaign, that getting two hours with you today and with your distinguished leaders of your campaign is a great privilege and it's generous and flattering, and we'll make the best use of that time that we can.

As I was thinking about your visit, incidentally, I was reminded that just about this time four years ago another former governor of another great state in another election year came and called on us.

Jimmy Carter didn't ask for it and we didn't give him the Good Housekeeping seal, but it became obvious to me that after that day, in July it was and on until November, with the possible exception of a little lapse in an

interview for Playboy, that a majority of Americans thought he had the Good Housekeeping seal of approval.

And my thought about that is that I have no personal power to grant the seal. That is something that only the editors of Good Housekeeping can do.

But it's interesting to me that on the page in the magazine where the seal appears, it says this about our consumer policy, and it's relevant I think, "If any product which bears our seal proves to be defective" -- with certain exceptions of course -- "at any time within four years" -- appropriately -- "from the date it was first sold to the consumer" -- this is literally out of the magazine -- "we, Good Housekeeping, will replace the product or refund the price paid for it."

Now, all of you can imagine the impact of that if we ever granted the seal to a political candidate.

My message though, I guess, is that

the outcome that November following the visit of that other governor herein -- four years ago, considering that just being where the seal is bestowed for any former governor would-be President is a stop one can't afford to miss.

I know, incidentally, because of his long residency in the State of California and his tenure as Governor of that great state, that Governor Reagan among leaders of the world is about as knowledgeable about the Hearst Corporation and its people as almost anyone that we could name.

But with your permission, Governor, I've allotted five minutes, about, to introduce my associates and yours. We're going to imagine this as one dais.. This won't take long.

Of course, Will Hearst is an old friend of yours. William Randolph Hearst, Jr., Editor-in- Chief of the Hearst Newspapers, the Chairman of the Executive Committee of our corporation and, along with Joe Kingsbury-Smith, a Pulitzer Prize winner.

Mr. Smith is a distinguished foreign correspondent. He won the Pulitzer Price with Bill Hearst, who is now National Editor of the Hearst Newspapers.

On his right is Robert J. Danzig, Vice President of Hearst Corporation and General Manager of our 13 newspapers.

Last time when we were in California there were eight newspapers. Today there are 13.

MR. HEARST: He went out shopping.

MR. BENMACK: On my left is the President of Hearst Magazines. There are on the order of 20 monthly magazines in the U.S. and U.K., plus a number of various nonmonthly publications, of which Gilbert C. Maurer heads.

Starting over here, if I may, at the first table on my left -- no political intimations whatsoever -- looking at us is Don Forst, Executive Editor of the Los Angeles Examiner.

Next to him on his left is Harry Rosenfield, who is a distinguished Washington Post editor and who we recruited to Albany to be

the editor of two newspapers there, the Times-Union and Knickerbocker News and Union-Star, et cetera, et cetera.

Next to Harry is Dwight Sargent, former head of the Nieman program, distinguished journalist, editorial writer for the Hearst Newspapers.

Next to him, Robert Thompson, former publisher of the Seattle Post-Intelligencer, now heading our Washington Bureau.

Next to him of course is Ed Meese, head of -- Chief of Staff of the Reagan campaign, former San Diego attorney -- one is never a former San Diego attorney -- long associated with Governor Reagan and with the campaign.

Back behind that, if I can move back there, I think the first face I see is Lyn Nofziger, and Lyn of course is also associated with the campaign, Director of Communications.

Lyn and I were talking, I remember him from a former stand in the White House. That is an appropriate thing to say. It has the

intimation which my editors wouldn't like that there is going to be another one, but that is all right. We're among friends.

Lyn was a Copley newspaperman, I think, and has been in the White House previously.

Next to him on his left is a Californian from Stockton who hasn't moved there but, from there to here, but who is in the process of it, Ray Joslin, whose job it is to put Hearst in the cable television business. He runs some cable companies and we're interested in expanding into that because we are already well-established with ten broadcast stations in some of the nation's major cities, and we see a lot of future in cable, and that is a new mode for us, to go with our 13 newspapers and 20 magazines.

Next to him is Marvin Sleeper, who is the Public Relations Director of the Hearst Corporation and who helped make arrangements today.

Next to him, Lou Porterfield, who is the publisher of Cosmopolitan, one of those 20

magazines, who brought you greetings from Helen Gurley Brown, the Editor of that magazine, who planned to be here but sent the Governor a very nice note.

Next to Lou is the Vice President-Secretary and General Counsel of the Hearst Corporation, Mr. Harvey Lipton.

Next to him, another California ball player and shagger of long reputation, Gordon Jones, who now heads up a group -- Vice President of this company, heading up a group of our book companies and trade magazines.

You get these guys where you can get them. He was the President of McGraw-Hill publications and joined us last October.

Moving over to the next table, I'll start with Harry Mitnick, who is nearest us, and who is the Treasurer-Controller of the Hearst Corporation.

Next to him, an old colleague of yours, President of King Features, formerly the proud syndicator of the Ronald Reagan column, Joseph

D'Angelo.

Next to him, the Executive Vice President of Hearst Magazines, and one of our hosts here today, Ray Petersen.

Next to Ray is Jim Brady, who is Director of Public Affairs and Research for the Reagan campaign. He is a Washingtonian, formerly in the Defense Department, as well as the Office of Management and Budget, and a number of places around government in Washington.

Next to him is a gentleman who told you that he went to school with George Bush. I think George was there some years before this guy, but this is K. Robert Brink, Executive Vice President and General Manager of the Hearst Magazines.

And the pretty lady who you couldn't wait to get photographed with is editorial writer for the Hearst Newspapers, Mary Byrne.

At our nearest table, your distinguished colleague, Bill Casey. I couldn't begin to say all the things that William J. Casey, who is the

campaign director, has done in government, but I know they include Chairmanship of the SEC and Undersecretaryship of State, and I think in fact the head of the bank at -- what is the name of that bank, Bill?

MR. CASEY: Export/Import.

MR. BENMACK: -- Export/Import Bank. Export/Import Bank. I started to say World Bank, but I knew that wasn't right.

MR. CASEY: Close, though.

MR. BENMACK: General category.

MR. HEARST: It overlaps.

MR. BENMACK: Sy Frieden next to Bill, foreign correspondent who is an editorial writer for the Hearst Newspapers.

Next to him, Ed Gray.

Now, in these campaigns they have titles that we don't always understand anymore, but Ed Gray is the Press Secretary, and that is something we understand. He is a former or current Californian, long associated with Governor Reagan.

Next to him is Ron Martin, who is the

Editor of our Baltimore News-American, who, assuming that what you've been doing and will be doing for the rest of the year works, that you will be closest to among our associates.

And then last, but certainly not least, is the Editor-in-Chief of Good Housekeeping, John Mack Carter -- no relation.

MR. HEARST: Related to Johnny Mack Brown.

MR. BENMACK: But not to Jimmy Carter.

We're going to have some delicious lunch prepared by the Good Housekeeping kitchens and then on to the business at hand.

Thank you very much.

(Applause)

(At 12:33 p.m. lunch was served.)

(Time noted: 1:00 p.m.)

MR. BENMACK: Governor Reagan wanted to know if we eat like this all the time and knowing the power of elective office, I decided not to answer that at this time.

We are about to begin the purpose for which we are here which will be the interview of Governor Reagan.

I have introduced all of you to the Governor. I wish it were possible to introduce all 10,000 of our associates in Hearst but a good number of them came to the lobby and got vantage points which enabled them to see him. Certainly there is no reason in 1980, if there ever was in recent times, to introduce Governor Ronald Reagan. I think the best introduction to him will come from the question and answer session that is to follow and I would suggest when you finish your dessert and coffee, if you would like to, because this will conclude our event here today as the actual interview, if you prefer to get your chair up

closer and just bring it in auditorium style, feel free to do that. We want you to hear as much of the interview as possible.

As all of you know from my notes to you, it is planned that Bill Hearst and Joe Smith will be the questioners. I am sure that Governor Reagan would take any questions or comments that anyone else might have, but we will begin the questioning here with Joe Smith and Bill, so as you like, come forward.

Governor, are you ready?

GOVERNOR REAGAN: Let me say that I appreciate very much your saying that I don't need any introduction but I remember not too many years ago when I was on television, I was in this city down Fifth Avenue with quite a crowd in the street and somebody came to me 30 feet away and he stopped and he said, "Aha, I know you," and everybody else in the street stopped and formed a semicircle and I was on the one end and he was at the other, and he started toward me and he was stalking me, and

3

he said, "I see you all the time on the screen." He was reaching in his pocket and he came out with a piece of paper and said, "Your autograph, Ray Milland." So I signed "Ray Milland."

MR. HEARST: Well, now, as you know, we have done this sort of interviewing since, well, particularly since 1955 when we got the invite to go to Russia as it were, and for some reason unknown to us, Khrushchev wanted to let the Curtain up a little bit and let some people in and get a look at Russia as it was then and we fell into the job and we didn't beat our way through the doors but we have been doing it since then which is what, 25 years?

MR. KINGSBURY-SMITH: I regret to say 25 years.

MR. HEARST: I made a mistake bringing that up. Anyway, here it goes, you have spoken, to quote yourself, of grand strategy for this dangerous decade.

How do you envision the state of

this country economically, securitywise, at the end of your first term if you are elected President, of course? Have you got a vision, a strategy to accomplish that to arrive at that?

GOVERNOR REAGAN: Well, yes.

MR. HEARST: Or is that going to take two hours?

GOVERNOR REAGAN: No. I'll make it very brief. I believe that the immediate need is to start, and it is a two-pronged attack, to start on the economy with a reduction of the waste and extravagance. I believe that the cost of government can be brought down. I know that there are Congressmen and Senators who believe the same because the Republican delegation in Washington tried desperately to get this budget, when inflation showed it 20 percent in January and the President called for reductions, tried to get it down to less than \$600 billion. And this was impossible. So the budget that they are now considering

is only \$1-1/2 billion less than the one that the President called back and said they should redo.

To bring it back down to where the Republicans want it would have taken less than 2 cents out of every dollar. I don't know of a business in the world faced with hardship that could not have a 2 percent reduction in overhead. So I think that there is waste and extravagance.

One of the first things I would do in trying to get a handle on it is something I did in California. I would put a freeze by Executive order on the hiring of replacements for those government employees who retired or left government service. It worked there. But also at the same time that you bring down government spending -- it is today the highest percentage of the gross national product that it's ever been in peacetime -- and all you really need to do is reduce government back down a few percentage points in that ratio.

At the same time I believe with all my heart in a reduction of tax rates across the board. I don't think it would be inflationary. They haven't been four times in this century when they have been tried but they would provide an incentive for the individual and for business and industry.

I think that our productivity is down. We are no longer the great productive giant that we were and I think part of this is due to punitive taxes, to regulations, excessive regulations and that is an important step, to try and eliminate those regulations that are actually increasing cost by some hundred billion dollars a year to industry which must go into the price and is making us non-competitive.

And part of the reduction of the cost of government is I think the Federal Government has attempted programs that is not its proper province. They belong back at different echelons of government. I would advocate a planned orderly transfer of those

programs back but transferred back with them the sources of taxation to pay for them. You could start with a block grant but use that as a stepping stone to getting to the point where you could simply leave the money taxwise and leave the responsibility for it at the local level as well as the responsibility for the program.

On the international side for our defense, I think that is an emergency situation vis-a-vis the Soviet Union, the window of vulnerability is increasing every day, meaning the gap that is giving them an opportunity one day to deliver an ultimatum and I think that we need to start an immediate program of rebuilding our defenses and I think that psychologically one of the things that this would do for our allies, to restore some faith and confidence - would not wait on the total rebuilding. The very fact that we were willing to embark on that I think would do a great deal to restore the confidence of, as I say, our friends and allies

and I would go out of my way to try and do that.

I think in the name of human rights, also, that we have punished a number of friendly states and allies and it looks so hypocritical to the world, how do we do that when we are willing to embrace in detente with a country where there are no human rights at all? We have got a better chance of persuading them to be different if we maintain our alliance and our friendship.

MR. KINGSBURY-SMITH: With the plans you have in mind to cope with inflation, what do you anticipate would be the annual rate at the end of the first and the last year of your first term and what specific measures would you take to achieve those goals?

GOVERNOR REAGAN: Well, I think I've outlined some of them because I believe that government is the cause of it, in flation. No question about it.

One thing that I would start

9

immediately--I don't think that I could give an actual figure on how fast it's going to come down because I think the next President is going to inherit 9 or 10 percent unemployment, double digit unemployment and double digit inflation.

I disagree with the idea that you have to have unemployment in a recession to cure inflation. It is self-defeating because every time you add 1 percentage point of unemployment to the rate, you have added from 25 to 29 billion dollars to the Federal deficit. That is in loss of revenue from them not working and paying taxes plus the benefits paid out to them.

This man --1,700,000 people lost their jobs in April and May alone-- he automatically handed himself a deficit for the coming year.

There is a monetary thing I didn't mention. He has had his ups and downs and I mean terrific reversals that have disturbed the whole business community and no one knows

what to expect next.

This is with the money supply, too. It's suddenly flooded in to stimulate the economy, falsely, and then the next thing you know, harshly, they shut it off.

I think what we should phase into in an orderly manner is a policy that we would then achieve of a regular rate of production of money that would be comparable to the rate of increase in productivity.

I would like, when I say taxes, I would also like to get into the business end of it. And I think that the people are ready for that now. Where demagoguery before would have people think he was the rich man's friend or something, that the people will accept this now because it is a means of providing jobs.

MR. HEARST: You said that as President, you would transfer some of the existing Federal-social programs paid for now by the government back to the states.

Now, as Governor, and having had

experience in where you get the money for that, what specific social reforms would you transfer from the Federal Government? How do you believe the states could finance it?

GOVERNOR REAGAN: The Federal Government's share presently of financing would have to be returned either in the tax source or in a block grant with no strings attached. I've talked to any number of mayors and from my own experience as Governor that grants and aid that you get from the Federal Government come so tied with their declaring what the priority is, how it must be spent, that you can ask any mayor and he could tell you that he could do it more efficiently with far greater savings if he were not bound by these restrictions.

Now, the straight Federal revenue sharing, the block grants, they were the most effective. -- The program, the first program that I would transfer back would be welfare. Welfare is actually administered by your local employees under the direction of the

state welfare department and there is no need for that third layer of bureaucracy up on top, HEW, and we have found we reformed welfare in California. It took Executive order. We do some of it legislatively. It took waivers from HEW.

I have to tell you that was the hardest fight. I had to finally go over their head and I told our people that we would no longer talk to anybody in HEW unless the President of the U.S. was present and we finally got most of what we wanted at San Clemente while the President was sitting there hearing what we had to say.

Now, we turned a 40,000-a-month case load to an 8,000-a-month decrease. We reduced the rolls by 360,000 people in three months and in doing this, the savings was tremendous. 25 percent of welfare is paid countywise, 25 by the state and the other half is paid by the government. There is legislation in government now and it has Democratic names on

it as well as Republicans, a bill to do what I am talking about. The bill was helped largely in the writing by the man who was my Welfare Director, Bob Carlson, and it calls for turning welfare back to the states with no jurisdiction by HEW whatsoever and to start it, the Federal Government will provide block grants, no strings attached, equal to what the states are presently getting with regard to welfare.

From then on, if the state can do it more efficiently, they can keep the change. I would like that to be an interim step but then as I have said, the tax sources -- now, I got the idea from quite an elderly man now but many years ago when he was not an elderly man, Norris Cotton -- when Federal aid to education was first suggested and there was a great fear on the part of educators that this would mean interference with academic freedom, Mr. Cotton said if the government means that they don't want to interfere, that they only want to help with money, he said, "Why don't we turn the tobacco

tax over to the states with the only requirement that it would be used for education? From then on it's their tax. The state can raise it or lower it if it wants to, whatever, but for the support of education."

They defeated him by saying it would be immoral to educate our children with a sin tax. He didn't get it. He made another suggestion and this deserves a second look, I think. He said, "All right, if that is your feeling about that, then why don't we earmark a percentage of Federal income tax to be left in the states where it is collected?"

Now, I would like to think about that one very seriously. What difference is there other than administrative overhead in the Federal Government taking our money to Washington and then sending part of it back with their red tape attached or leaving it here in the first place? What do all the grants to New York amount to? O.K., what percentage is that of the income tax? Let's designate X percent of the

income tax will remain in the State of New
York, won't even take it to Washington.

(Continued on following page.)

MR. HEARST: Then they don't need the overhead portion?

GOVERNOR REAGAN: No overhead. Education is the second one I would turn back. I think that the decline in quality of education began when Federal aid became Federal interference. Let's get the Federal Government out of the classroom.

MR. HEARST: Instead of that they have the whole department.

GOVERNOR REAGAN: They have a new department whose budget is \$10 or \$12 billion.

MR. HEARST: Added to.

MR. KINGSBURY-SMITH: Governor, as President would you next year put a lid on existing total Federal spending and use your veto power to block any substantial increases?

GOVERNOR REAGAN: Well, I would like to use my veto power if it was necessary to say that in the present circumstances there would be no new programs and at the same time that we try to reduce the overhead and, as I say, the fat and waste that we presently have.

Now, I have specifically said this because the bureaucracy resists when you talk of cutting spending by saying "What program would you eliminate?" Well, you don't start by eliminating. I think there are some that can be eliminated, but you start by saying "We think all of them can be run better and with fewer people and less extravagance," and so I would, as to a limit, yes, I believe. I introduced a measure to do this in California. I believe that the kind of limit is not a flat dollar limit, that I believe that we should set by law what percentage of the people's earnings or of the gross national product is Government entitled to. They stay then within that percentage with proper provision, of course, for emergencies like war where you could go beyond that.

MR. HEARST: Casper Weinberg is a friend of yours?

GOVERNOR REAGAN: Yes.

MR. HEARST: Some of that sounded a little bit familiar.

GOVERNOR REAGAN: He was in our

administration.

MR. HEARST: You have spoken in the past again of the need for "a fast, on-line deterrent" to bridge the widening strategic gap.

What specifically do you have in mind as "a fast, on-line deterrent"? Could you define that for us? You mean a weapon system or the \$40 billion a year increased defense spending which you have --

GOVERNOR REAGAN: Mainly from all that I have learned in briefings I have had from military people that this gap that I said, this window of vulnerability, it seems to me that the situation is desperate enough that I couldn't name a weapon because I don't have access --

MR. HEARST: No one weapon.

GOVERNOR REAGAN: But what I thought was to look and see, is there something while we begin the job of rebuilding, which, you know, there is a lag time, is there something, either offensive or defensive, that we could do that would reduce the size of that window; something more immediately, some

program, and this is what I meant by that kind of a deterrent while you then go ahead with the entire program.

One of the things in that connection has to do with our volunteer army. I couldn't believe in a peacetime draft --and I think it could be very disruptive and could be very disunifying, but I think that we have treated our volunteer army in a way that we bought the problems that we have because of an unrealistic pay scale that makes it undesirable for a man to stay in. About a third of our military have to moonlight or their wives have to work. A third of them are eligible for some of our welfare programs, like food stamps. 70 percent of the first-term enlistees leave after one term.

MR. HEARST: 70 percent?

GOVERNOR REAGAN: Yes. In '77 we did away with the GI Bill of Rights which had been an inducement and a high percentage, approaching half of the enlistees had said that this was the thing that induced them to enlist in the first place.

MR. KINGSBURY-SMITH: The highly skilled ones.

GOVERNOR REAGAN: That's right. The quality has gone down because of that. Out on the NIMITZ in the Indian Ocean the technicians handling the aircraft and maintenance were on a schedule of 100 hours a week that they were putting in for less money than they could get as a cashier at McDonald's for 40 hours a week. If we are going to have a professional army, let's make it a professional army.

MR. KINGSBURY-SMITH: Governor, the loss of credibility has been a serious problem for political leaders.

How do you feel you can prove credible to the American people in pledging a major tax cut, a major increase in defense spending and less inflation?

GOVERNOR REAGAN: Well, because I think that the reduction in Federal spending is one of the best ways to eliminate inflation. I think that Government is responsible and it is responsible

because it spends more than it takes in and then it turns on the printing presses and grinds out the money to pay for it. I know that is put simply that way. It does sound as if you are promising the impossible.

On the other hand, when Kennedy, in a two-stage -- I have advocated a ten percent cut across the board in income tax over a three-year period. He did a cut over a two-year period. He didn't get all he asked for. But actually the Federal Government's revenues increased. They did not decrease as his economic advisors told him they would. It is coupled with the reduction in spending at the same time.

I think that we proved in California that you can get a handle on that, and I would like to throw out for your consideration what we did in California because I believe it could be done at the national level.

We gathered in one room one day, a dining room, bigger than this, what had to be the total leadership of the State of California out in the private sector, the most expert people in their lines,

the most successful in their lines were in that room. We asked them, suggested a plan whereby they would be volunteers, no cost to the Government, they would form themselves into task forces based on their particular knowledge and expertise. They would go into 64 agencies and departments of state government and come back and tell us how modern business practices could be put to work to make government more efficient, more economical.

They were so enthusiastic, they jumped at it. More than 250 of these people gave an average of 117 days full time.

They came back to us with a report of about 1800 specific recommendations. We implemented 1600 of those. They ranged everywhere from the leading top hotelmen in California, went into the state prisons, to look at the housekeeping chores; others went into the fleet-buying of automobiles. We found that the State of California, the departments went in and -- when they were ready, they could come and we would do their buying for them. Even down to office space. One task force came to

my office one day and I had inherited a contract that had not been signed yet for the building of a ten-story new State building. This, by review of office space and square footage told me that we didn't need that building then or in the future, and I just threw the contract in the wastebasket. That was that.

But I think that at the Federal level much the same thing, if we could call on the talent and ability in this country to look at the various ways it could be, that departments could be more effectively run and I think they would be as delighted as those Californians were to do it.

MR. HEARST: Governor, the Atlantic Alliance is in disarray. Leaders of the major European Allied countries have been moving individually and collectively to pursue global policies independent of the United States.

What would you do specifically to restore Allied solidarity? I think it requires a greater bit of confidence in our own leadership, but I don't mean to ask --

GOVERNOR REAGAN: Well, if you will forgive me for a personal experience I had, I had a little experience at that. When Richard Nixon opened up China, and then came back and made his solo trip to Moscow, he knew that there was disarray then, that our NATO Allies suddenly had a feeling that maybe we were going off on our own on a solo venture, and I was Governor at the time. He asked me to go to Europe and meet with the heads of state of six countries in Europe and with the high command at NATO, all for the purpose of explaining the China trip and the Moscow trip and the fact that this did not mean any lessening of our belief in the NATO Alliance as a first line of defense.

MR. HEARST: They thought he was going off by himself?

GOVERNOR REAGAN: Yes.

I had that mission.

I think what is needed is for us to-- first of all, I think the confidence that you need to restore their confidence is for them to see that we can deal with our own economic policies. Some of

a part of it. We are not doing things and then telling them about it afterwards.

MR. KINGSBURY-SMITH: Governor, as you know, Peking has said your proposal to reestablish diplomatic relations with Taiwan would wreck relations with China.

If elected, will you maintain existing diplomatic relations with the Peoples' Republic of China and pursue a policy of cooperation with that country and secondly, why are you confident that recognizing Taiwan would not risk throwing China back into the arms of Russia?

GOVERNOR REAGAN: Well, I have not suggested actually diplomatic relations with Taiwan.

MR. KINGSBURY-SMITH: I see.

GOVERNOR REAGAN: I felt when Mr. Carter, when he broke his promise, if you remember in the October debate with Ford in the campaign he pledged that he too would try to improve relations with Mainland China but that he would not betray our allies on Taiwan. And then he betrayed

their respect is gone because they see us sitting here helpless in the face of inflation and the dollar falling and our military weakness, so those things we spoke of earlier are done, but then I think this administration has done too many things that they read about in the paper and it is time to go at the highest level to those NATO countries and say "There is no intention of our weakening this NATO. It is necessary for a first line of defense for all of us," and then consult with them on whatever you are going to do internally.

For example, the problem in the Middle East. They have much more to lose with regard to any cutoff or interference with oil than we do because they are totally dependent on it, so go to them and solicit their counsel and advice on how we can put together a unified plan.

When you mentioned earlier the grand strategy, a plan, contingency plan, what do we do to forestall or head off any possible interference there? Whether it is the fault of the Government like Saudi Arabia within or -- make them

them. I don't believe it was necessary.

Nixon or Ford, either one, could have had what he had if they had been willing to give up Taiwan. And they weren't. We had a treaty, an agreement with them.

What I suggested was that when we had an embassy in Taiwan, we had a government liaison office in Peking but when we reversed it and put the embassy in Peking, the liaison office became private and not government.

I'm suggesting that we show Taiwan that they have not been throw aside, that we make the liaison office as governmental as it was in the other.

At the same time I think that if you explain to the Peoples' Republic of China two things, the thing that has brought us together is the threat of the Soviet Union; today we haven't got enough of a fleet in the Pacific to protect anything beyond Honolulu. If we say to them that Taiwan is a kind of a permanent aircraft carrier as a staging and a base now that the Soviet Union has

Cam Ranh Bay, that we are better able, and with the help of Taiwan, to be protective even where the mainland of China is concerned, but also point out to them that they ought to be interested in the fact that we have befriended them, and did it in a way of throwing aside an old friend. They must have in their minds that if it became advantageous to us that we would throw them aside and we want to prove to them that we don't throw friends over.

MR. BENMACK: I was just going to remind, particularly our editors, that there is a follow-up question that relates to the instant thing, to jump in and ask it, and we will leave room at the end for any other questions as long as the Governor agrees with that.

MR. HEARST: Do you think the answer is -- have you kicked this around -- isn't the answer putting it that way, I think it is, that we must get Taiwan to declare itself a nation, independent nation, because they can't sit there and say they are the Government of China. That is a farce. That is the old Chiang Kai-Shek routine.

think of something, a plan, and then try to impose it, to say to them "Here is this plan for North American or South American solidarity," and I would like to try an approach where we went to them and solicited their views and their ideas and how could we and how could they see an agreement that would tie us all together, bound together by a love of freedom and a desire to keep this outside aggression -- because that is what it is -- this Communist takeover from happening in these countries.

And I think that if we could arrive at such a thing, we would be amazed at what the strength of North and South America together would be in the world, what an impregnable thing it would be.

I think we have done an awful lot, the wrong way, to bring this about in Central America. It is one thing to have a right wing authoritarian dictator that we disapprove of, because of his tactics, but to disapprove of it in such a way that you know you are throwing it over to an authoritarian, if not totalitarian left-wing government, what have we done to help the people? So let's play down a little

GOVERNOR REAGAN: I know, the thing is that that is a problem. It has to be worked out between them. We can't make it two Chinas. Both of them now claim there is only one China. Each one claims they are it.

MR. HEARST: Taiwan's claim is a joke, really, because of the fact of life. If they only would be a nation in their own self, do you think China would permit that?

GOVERNOR REAGAN: That I don't know.

MR. HEARST: I don't, either.

GOVERNOR REAGAN: On the other hand, I have wondered sometimes, as they find out their failure to take care of their people and they are instituting this little evidence of capitalism, I am wondering if the Chinese have always been a pragmatic people. Maybe Mainland China is going to evolve more back out of doctrinaire Communism, and if so --

MR. HEARST: I think so, too.

GOVERNOR REAGAN: -- the difference may disappear between them and Taiwan.

MR. HEARST: I think Taiwan has to give up on this aspect. We have been awful loyal to them as a nation.

MR. KINGSBURY-SMITH: Governor, Bob Thompson, Chief of our Washington Bureau, would like to ask a question.

MR. THOMPSON: There is a lot of Communist activity in Latin American, especially in Central America.

Is the Monroe Doctrine still viable?

GOVERNOR REAGAN: I think John F. Kennedy cancelled it out, gave up on it, but I do think that this is an area that we have neglected to our very great risk in neglecting it.

Now, I talked earlier about a North American accord in trying to go to our two immediate neighbors, not as we have in the past. I think the U.S., we have something to live down. We have been the great power of the north, imposed somewhat on them and even though we haven't done it hostilely in years since, and we don't have Marines occupying Nicaragua, I think that we have had a tendency, and the best of intentions, to

of our human rights as an excuse for turning away from them.

I think it is time for us to reveal -- maybe the U.S. President ought to visit Chile.

MR. HEARST: Then this is on this, you then favor, do you not, a Western-Hemispheric alignment composed of Canada, the U.S., Mexico, Central America and South America to safeguard our continent from further Imperialism?

GOVERNOR REAGAN: Yes, I do.

MR. HEARST: We do, too.

GOVERNOR REAGAN: We have much to offer and they have much to offer us.

MR. HEARST: It has to be done like you said, instead of bringing them the plan --

GOVERNOR REAGAN: I have had one meeting with President Lopez Portillo and found him very reasonable.

MR. HEARST: Who went down there?

GOVERNOR REAGAN: I was shortly after that thing, on the gas thing and -- I have to tell you, I think -- now, this better be off the record. I

wouldn't want to if I'm going to be in a position for diplomacy, I wouldn't want something to come back to haunt me.

(Discussion off the record.)

MR. KINGSBURY-SMITH: Governor, the editor of our Albany newspaper would like to put a question to you.

MR. ROSENFELD: Governor, you have spoken eloquently about America's need to rebuild the defense capability.

Would you put a price tag --

GOVERNOR REAGAN: I can't put a dollar price tag. I will say this, that defense spending is dictated, you don't decide what you should or shouldn't spend. It is dictated by the other fellow. You have to spend whatever is necessary to know that you can tell the people of America that their national security is assured.

MR. ROSENFELD: You have spoken about the wastefulness of Government spending.

Do you exempt the Defense Department from that?

GOVERNOR REAGAN: No. It has its waste and you can go just as hard-nosed as that to make sure you are getting the bank for the buck. If you can get some of the proper spending by eliminating waste in that department, that is fine, too.

Incidentally, let me say this, and this goes back to an earlier question, about the credibility of saying, doing all these things, I have also said, gone on record, that if in the priorities of balancing balancing the budget or meeting the immediate requirements in defense, that you cannot do that and balance the budget. I would allow an imbalance in the budget for defense spending alone. In other words, just as you would in wartime, I would recognize the need in curing this emergency situation.

MR. HEARST: I have never heard that put that way.

While you are in there with a bigger budget all the time, which we feel we need, there is a contradiction there and they will jump all over you.

MR. THOMPSON: How would that square

with your call for a balanced budget amendment to the Constitution?

GOVERNOR REAGAN: Well, remember that I have never been particularly enthusiastic about that. I said having been Governor of the state where it was in our Constitution, it would be hard to be opposed to such a thing. I would prefer that we did it, actually it would be meaningless unless you had the spending limitation also because any Government can balance the budget by raising taxes and I think we have taken too big a percentage from the private sector so as I said, I have also put it that I would -- I am not one of the great advocates of that. I would be hard put to vote against it if it were there. But even that, it would have to provide for emergency situations that you could imbalance the budget in the event of war, and I would consider, I consider, as I say, this military situation right now an emergency.

VOICE: If we can get into the realm of demonology, would you prosecute Ramsey Clark, and, further, would you take some

steps to assure of the release of the American hostages?

GOVERNOR REAGAN: Well, I think we have to take some steps to assure their release. I can't give a specific at this point, nor would it be proper if I had something in mind because I think there has been too much of doing this publicly with regard to the efforts we have made.

I can criticize what has been done. I think that the President hasn't done anything that couldn't have been done and shouldn't have been done in the first days when something of that kind happens that you don't let it go on to seven months and possibly longer.

As far as -- the first part of your question was --

VOICE: Would you prosecute Ramsey Clark?

GOVERNOR REAGAN: Well, I am not a fan of Ramsey Clark. I would have liked it better if he just decided to stay there and live. I remember his adventures with Miss Fonda in Hanoi.

As a matter of fact, I was personally told by one of the prisoners who talked to them in Hanoi, a young man who had shattered his arm and shoulder when he bailed out of his fighter plane, and he refused to talk to them and they stood him on a stool and tied his arm to a hook in the wall, the shattered arm, and kicked the stool from beneath his feet, and then he quietly said -- and they did this repeatedly -- I would have felt once was enough until he couldn't hold out. He said he tried in every way that he could to make them realize that they weren't to believe what he was saying about good treatment and so forth, but I talked to ears that refused to hear. I have no respect whatsoever for Ramsey Clark.

The thing at this moment about prosecuting him is, again, with the ins and outs of this administration, this President that wants to prosecute him is the President that wanted to send him there as his emissary not too long ago. I would think Ramsey's defense would be that he is late in getting started.

MR. KINGSBURY-SMITH: Governor, as Governor you developed a reputation for recruiting experienced people without regard for party labels.

Would you pursue the same course as President and if so, does that mean the thrust of your Presidency would be toward a new political alignment to unify the nation?

GOVERNOR REAGAN: Well, I think there are millions of Democrats out there today, blue collar Democrats who I think will go with the Republican Party, and if we stay unified and present a program to them. They have seen themselves betrayed by this Administration with regard to layoffs. They know that it's government policy and -- in many instances that has closed their factories and so forth and it's time for us to have that new consensus.

But yes, party would not be a factor with regard to ability. What we did in California and what I would like to do again is, I believed that in addition to qualification for the job, one of the total qualifications was that I wanted

people who didn't want a job in government.

And I look at it as you try to get people for whom a job in government is a step down, that they have such achievement in their own lives that they are stepping down to take the position in government because then you know that they are dedicated and doing it as a duty.

And the trouble with this Administration is for everybody around them it's been a step up. They never had it so good before.

I'd follow the same thing. Cap Weinberg came to my State Government and went on to Washington.

MR. HEARST: He could have made more money in private industry anytime.

GOVERNOR REAGAN: Yes.

(Continued on next page.)

MR. KINGSBURY-SMITH: Governor, as you know, one of the major problems in the Middle East in respect both to Israel and the Persian Gulf area is the problem of security.

Would you favor a Western Allied guarantee of the security of Israel and the Persian Gulf States if a solution of the Palestine problem can be achieved?

GOVERNOR REAGAN: This is what I meant about a contingency plan of us and our allies to insure against that jugular vein being cut that could destroy Europe and Japan and do a pretty good job of ruining us.

We're going to have to have the means. You know, our President said that he would use force if necessary in the Persian Gulf area, and then a week or so later admitted we didn't have the force.

Well, if we say it, we're going to have to have what it takes to back that up.

But I think this is what I mean about a plan that would forestall the need for force.

If we make it plain that we are ready, willing and able to do this, then I don't think anyone will go adventuring over there.

MR. KINGSBURY-SMITH: As you know, Governor, some of the Democratic opponents have contended publicly that if elected President, you were likely to get the country into war.

What is your reaction to that?

GOVERNOR REAGAN: Well, my reaction is, there have been four wars in my lifetime. None of them happened because we were too strong. And I think there is much more danger of an administration like this one, with its vacillation, with its swinging back and forth, to back us accidentally into a war than there is of someone -- I've always believed that if you have the means of defense, you don't have to use it.

No, I'm not going to get us into war. I've seen too many.

MR. HEARST: Wasn't that the Democratic Party --

GOVERNOR REAGAN: They were in charge

in government every time that we've had a war, and the last couple of them it was Republicans that ended them.

MR. HEARST: Yes, it was.

MR. CARTER: Nonpolitical question.

We've known you as a politician, Governor, and as an actor, but when I lived in Iowa they were talking about a Dutch Reagan, as a journalist. Any kin to you?

GOVERNOR REAGAN: He is me. I was a sports announcer there. Used to broadcast the Cubs and Sox home games out of Chicago and Big Ten football.

As a matter of fact, I claim the distinction of having done the first instant replay. I was broadcasting the Drake relays on NBC and all day long I was touting the big event would be the quarter mile, the 440, because all the great champions of the world were there. And the public relations guy from the studio brought the President of Drake University into the booth to make a speech of welcome to all the NBC

audience and he talked right through the quarter mile.

I didn't have the nerve to tell the audience that the event was all over; took my watch, and I knew it had to run 48 seconds, and as the door closed on him, I said, "They are off on the quarter mile," and I watched the clock and I took them around the track and brought them in. Nothing was going on and there was dead silence and I explained the silence by the fact that the crowd was stunned.

MR. KINGSBURY-SMITH: Governor, Lane Kirkland has urged the relocation of industry back in urban areas.

Would you favor that and if so, how do you believe the Federal Government could facilitate it?

GOVERNOR REAGAN: Well, there are a group of Republican Congressmen who introduced a piece of legislation that I think is very intriguing and I could support and it is one that involves both local and Federal Government, but it

is also voluntary. It isn't anything of forcing them.

They said, take a city like your own in a real inner city decayed area, where the government presently isn't getting much in the way of property taxes because of its rundown area, and then the program calls for, if the city designates that area, Federal Government agrees that it is that rundown and most of the people living there are on welfare. The Federal Government will over a period of years have a tax break for a business that will come in there of any kind, providing it will employ, at least one-third of its employees will be from the local people that are in that area, presumably on welfare, and the individuals to be induced to take the jobs will get a personal break on their income tax for a period of years while they are in there.

No one is losing anything. They are not getting taxes from the businesses -- they are not getting taxes from these people. We're supporting these people. They would take the jobs.

The local government for putting a moratorium on increase in the property tax when it is improved, they are not getting anything now, so no one is losing anything at all.

But you're offering inducements to every level for them to come in and do that.

MR. HEARST: Some of the Caribbean countries do that.

MR. KINGSBURY-SMITH: Time for one or two more questions if anybody else would like to ask questions.

Ray?

GOVERNOR REAGAN: Another problem in the city, we've had public housing and I can recognize the need to build public housing for people who can't afford it, but why should the Government stay in the business of being a landlord? Why don't we make it as possible as we can for whatever rent these people are paying, once you have this built and they are in there, that you make it possible for them to buy and own their own unit and become a real estate owner

and get the whole great, big bureaucratic hassle of managing, running and controlling these, just eliminate it?

MR. KINGSBURY-SMITH: Ray Petersen, Vice President of our magazines, back there would like to ask a question.

MR. PETERSEN: You've expressed yourself publicly on this before, but how do you feel about the Administration's assisting of Chrysler, which may be repeated from that area again in the near future?

GOVERNOR REAGAN: Well, I have to say philosophically I'm opposed to government bailing out private business. You know, if this became a matter of just common usage and if we had had it years before, we'd still be manufacturing buggy whips.

I don't think they should, but in this particular case I have to say, didn't the Federal Government play a part in creating the problem? Hasn't it played a part in the whole lack of competitiveness in the international market of the

American automobile?

We once made 78 percent in the world and now we only make -- 76 percent, and we now make only 38 percent.

But the imposition on the companies of the things that they had to add to automobiles and so forth, that added to their price, that made them noncompetitive.

And in Chrysler's particular case when so much of their business was the recreational vehicle, the energy problems that cut into the sales there, so I must say I have a kind of belief that having helped cause the problem, maybe it's -- maybe this one is justified.

But then long range, let's get the Government out of that, eliminate those unnecessary regulations, turn business loose and then say to business, Now you're on your own, no more help.

But at least we ought to help undo the damage we've done.

(Continued on next page.)

dab/l

MR. KINGSBURY-SMITH: Bill and I have 20 more questions but we will hold it off.

MR. HEARST: Have you ever seen a figure given by these extreme pollution people of what they have accomplished with all of the --

GOVERNOR REAGAN: A lot of that was safety equipment, not pollution. They haven't improved the safety a damn bit.

MR. HEARST: It uses more gas. What town has been cleaned up, L.A.?

GOVERNOR REAGAN: No, not really. There is a man named McKetta down at Texas A&M, once head of the National Environmental Council, and he had done some very revealing things and under -- which he says nature is laughing at us. The catalytic converter is supposed to eliminate oxides of nitrogen.

If we totally eliminate all the man-made oxides of nitrogen in the world, we will reduce it by 7 percent. 93 percent of

them come from green things. The haze now over the mountains that gave the name the Big Smokies, that haze is now known to be oxides of nitrogen and the silly --

MR. HEARST: Not smoke from the stills?

GOVERNOR REAGAN: There are some doctors now, believe it or not, that are experimenting with the belief that possibly that climate up there might be good for tubercular patients.

I think -- I am an environmentalist.

MR. HEARST: We, too. It is the nuts that do it to us.

GOVERNOR REAGAN: We are in the hands of extremists. The Clean Water Bill, an industry can clean water up to 96, 97 percent of purity before they turn it into the stream or lake. Now, the stream and lake isn't 96 percent pure. But the law insists that they have got to get those other 3 or 4 percent. It will cost four times as much to get it from 96 to 100

3

as it costs to get it from zero to 96 and it just doesn't make sense at all. The water we drink isn't 100 percent pure.

MR. HEARST: Tastes awful if it is.

MR. BENMACK: Governor, if we haven't -- if the questions haven't provided an opportunity for you to say everything that was on your mind, may I provide that opportunity now. We promised your associates we would conclude this about 2 and we will stay with that schedule, but obviously we will stay with you as long as you will stay with us.

GOVERNOR REAGAN: Well, no, I tell you I hesitate a little bit, you have asked the questions and I can't think offhand of any additional thing that I would add except as I say some of the things that I or that we -- because it was a team effort -- that we tried in California I would like to see applied on the national level.

One other one that I will say, I

made myself a campaign promise when I became Governor. It was a promise that I would make every decision that I faced on the basis that I would never seek public office again. Now, I didn't say I wouldn't seek public office but in other words, there wouldn't ever been any discussions of the political ramifications of the issues. Our administration held to that for eight years. We never allowed anybody to mention what the political factors were in any decision.

I would like to try that at the national level, too. But as to adding any further lines, I remember a governor who was a lawyer telling me about a criminal case he had or a civil action involving divorce and over the fact that the husband didn't want his wife to have children and she wanted them, and he told me, "Never ask that last question." In his defense, he was cross-examining the young lady, and he said, "Isn't it possible that sometimes injury and death come from childbirth? Isn't

5

it possible that your husband loved you so much that he didn't want that risk for you?" And she said, "Yes, of course, that is possible," and he said, "Well, when did you really feel that your husband was not filled with such love?" And she said, "When he threw me down the cellar stairs." The divorce was granted.

MR. BENMACK: Governor, as you get along to nearing November in that last quarter mile, to take a page out of your comments today, and it seems all downhill, if it is, remember this sunny day in the chateau of the shield of the Good Housekeeping seal and if I could ask all of my colleagues and associates to remain here so that we can get the Governor and his party out in accordance with their schedule, thank you so much.

(Time noted: 2:00 p.m.)

* * *