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THE WHITE HOUSE ^{RBC 110 11/11}
WASHINGTON

Dick Cheney

*Gov. Reagan
called.
Very friendly.*

ORIGINAL RETIRED TO
SPECIAL DOCUMENTS FILE

THE WHITE HOUSE
WASHINGTON

Ron Reagan

Houston speech.

"no form sales
to Russia"

ORIGINAL RETIRED TO
SPECIAL DOCUMENTS FILE

THE WHITE HOUSE
WASHINGTON



R.P.

1) Will be receipt
John Birch support

Ray - use Ray Schaffer
to help - will stay on J.P. rolls -

V.P. revenue sharing -
Ray Schaffer

ORIGINAL RETIRED TO
SPECIAL DOCUMENTS FILE

THE WHITE HOUSE
WASHINGTON

Right to Work.

"learning to right
to work"

Forness, as a Board
member, ay

Stu Reagan on
Right to work

ORIGINAL RETIRED TO
SPECIAL DOCUMENTS FILE

Ron Reagan

THE WHITE HOUSE
WASHINGTON

1) New River, N.C.

Bay Pines. report - get
to P. fast.

Then set out w/ Lynn

Stay out of Boston. - riots.

ORIGINAL RETIRED TO
SPECIAL DOCUMENTS FILE

THE WHITE HOUSE
WASHINGTON

Bill Simon

Tapes for Harmer.

Is he a Reagan
delegate.

ORIGINAL RETIRED TO
SPECIAL DOCUMENTS FILE

THE WHITE HOUSE
WASHINGTON

June 2, 1975

P has seen
(f)

MEMORANDUM FOR: DON RUMSFELD

FROM: DICK CHENEY *D*

Attached is some stuff Ed Wren sent me. He humorously suggested I might want to become a member of the Conservative Caucus.

I pass it on to you because it's an indication of what Thomson in New Hampshire and Howie Phillips are up to. Phillips has been spending a lot of time in New Hampshire, and I would assume that their organization is potentially a key element of the Reagan campaign organization, should Reagan decide to run.

Attachment

THE WHITE HOUSE

WASHINGTON

May 1, 1975

MEMORANDUM FOR: DON RUMSFELD
FROM: DICK CHENEY
SUBJECT: Forthcoming Washington Post Story

Al Abrahams reports the following to me:

The Washington Post investigative reporter Steven Isaacs has been working for several weeks on a story concerning Joseph Coors' pervasive influence with the Reagan wing of the Republican Party.

The story evidently was stimulated by the meeting over on the eastern shore some weeks ago hosted by Buckley, Phil Crane, etc., and the fact that Joseph Coors was the only non-politician who was there.

The forerunner of the Washington Post piece appeared in the Columbia Journalism Review in the March/April addition of this year. I will obtain a copy.

The title of that article was "Coors Brews the News". It focused on the fact that Joseph Coors supposedly is the prime financial angel for the efforts to create a fourth network. Steve Bull recently left his job in New York and went to work for the network.

The Washington Post story goes far beyond just the question of support for that new fourth network and deals with the Heritage Foundation. The Heritage Foundation is supposedly funded primarily by Joseph Coors and has tax exempt status. The Foundation allegedly provides approximately half the support financially for the GOP Steering Committee Staff in the House. This is the group headed by Marjorie Holt which was down earlier this week.



In addition, the Heritage Foundation supposedly provides approximately half the salary for Senator Curtis' top aide.

Al thinks the story could be a fairly major crack at the Reagan wing of the Party and an effort to demonstrate that much of the Reagan effort is really a front for Joseph Coors and that Coors may have problems by using this tax exempt foundation to support political activities.

It's not clear at this stage of the game whether or not they will succeed in making all the links, but Al thinks it could be a significant story.

I think we should take a look at what, if any, relationship currently exists between the Administration and Joseph Coors. We recently nominated him to serve on the Board of Public Broadcasting. His nomination is awaiting confirmation before the Senate.



STATE OF NEW HAMPSHIRE

CONCORD, N.H. 03301

MELDRIM THOMSON, JR.
GOVERNOR

Dear Friend:

Are you as sick and tired as I am of liberal politicians who:

force children to be bused?

~~appoint judges who turn murderers and rapists loose on the public?~~

force your children to study from school books that are anti-God, anti-American and filled with the most vulgar curse words?

give your tax money to communists, anarchists and other radical organizations?

do nothing about sex, adultery, homosexuality and foul language on TV?

And are you tired of feeling no power to change things?

If so, why don't you join The Conservative Caucus?

I have several things I want to discuss with you, but before I get to them, I want to tell you about the FREE book I want you to have.

Bill Rusher has written an excellent new book about the case for a new majority political party. Howard and I think it is such an important ~~book that we are willing to mail a free copy to you if you'll let me know you want one.~~

Just check the red line on the enclosed blue form and mail it to me today. Shortly after I hear from you, your book will be mailed to you.

Recently I met with Howard Phillips, the National Director of The Conservative Caucus.

He went into great detail with me about why he feels the conservatives have lost so many battles in Washington lately.

He feels, and I strongly agree, that the conservatives have been

(over, please)

Not Prepared or Mailed at Taxpayer Expense

spending most of their energies and resources in the very place where we are the weakest -- Washington, D.C..

The conservative strength lies in the places where people live, back in the home town.

Now as a result of our talk, I made Howard this personal pledge:

1. That I would serve as National Chairman of The Conservative Caucus;
2. That I would give up evenings and weekends with my family to travel and speak on behalf of the conservative cause, from one end of this country to the other;
3. That I would make a personal financial contribution to The Conservative Caucus; and
4. That I would write to you and other concerned citizens, to convince you of the need for you to join The Conservative Caucus.

I hope you will forgive me if I seem too forward, but I would also like to suggest a few things for you to consider doing. It would be most encouraging if you would do all of them.

First. Join The Conservative Caucus.

Second. Send as generous a contribution today as you feel you can afford.

Third. Send for your FREE book.

I think it is important to have your support for an important new movement to help average, law-abiding, taxpaying Americans regain control of their schools, their communities and their government. For 42 years we have been giving up freedom to "we know what's best for you" liberal bureaucrats and social planners in Washington.

I'm sure you get lots of mail, as I do, asking for your help. But believe me, this letter is truly important. So I'd like to take just a few minutes of your time to discuss the plans of The Conservative Caucus and describe its importance to you.

The cornerstone of The Conservative Caucus strategy is, as I mentioned earlier, the recognition that conservatives have been spending most of their energies and resources in the very place where we are weakest -- bureaucratic Washington, D.C..

In Washington, the voice of the people is increasingly drowned out by powerful special interest, left wing lobbies -- many of them subsidized by your tax money from agencies like OEO and HEW.

If we limit ourselves to fighting battles on liberalism's strongest ground we will keep losing. We must go on the offensive, fighting the liberals at times and places of our choosing.

We can best give strength to the conservative voice in Washington by organizing our strength in the places where conservative influence is greatest -- at the grass roots level, in the communities where we live and work, all over America.

The Conservative Caucus has a very simple goal: To organize conservative strength at the grass roots level -- in the districts and precincts where elections are held, where politicians can not ignore the people.

We will have state coordinators in each of the 50 states. And a director in each Congressional district.

The local directors will form a Conservative Caucus in a Congressional district just as soon as we have 100 members in that district.

We will have a national convention in 1976. And, if it appears that neither major political party intends to offer a Presidential ticket committed to freeing America from the control of the socialists, the delegates may decide to propose and endorse their own candidates for President and Vice President in 1976.

After you join The Conservative Caucus, you will receive periodic membership reports, keeping you informed of our organizational progress and furnishing you important background information on critical national issues.

Once a caucus is organized in your area, there will be opportunities to learn more about election laws and political party rules, campaign techniques and national issues. Prominent conservatives will be sought to address Caucus meetings.

The existence of a Caucus will make it easier to elect conservatives to public and party office, and to keep them conservative after they're chosen.

I've told you about my personal commitment to the success of The Conservative Caucus and described some of the plans of The Caucus to you. I've also suggested a few things I hope you will do to help.

Time is running out for our country. If good people, like you, who understand the problem, won't do something to solve it, people who want to completely socialize America will win by default.

Will you join me in launching this great crusade to gain control of our government from radical politicians and bureaucrats, and restore

(over, please)

it to its rightful owners, the citizens of the United States.

None of our plans, our hopes, our dreams can be fulfilled, unless our friends join with us in helping to finance this important project.

My first contribution was for \$50.00. As time goes on I intend to send additional contributions. Some people can afford much more than \$50.00. If you can, I urge you, please, to send it.

However, I am aware that many of the people whose help we need can only send \$5 or \$10 or \$25.

Please think about it carefully and make a special effort to send \$5 or \$10 or even \$20 more than you normally might.

I'm not asking you to do anything that I'm not going to do. You need only take a few minutes to sign up as a member of The Caucus, send a contribution and send for your free book. I'm not asking you to travel about the country, giving up your family time, as I will, to spread the conservative message.

But, please do send an extra generous contribution today. It will help so very much.

We have asked the First National Bank of Washington to process all the contributions sent to The Conservative Caucus. When you mail your check in the enclosed envelope, the bank will deposit it to The Conservative Caucus' bank account. The bank will then forward your envelope to our National Headquarters in Virginia after they have deposited the money.

I hope you will have the time to reply soon, as I am eagerly looking forward to your answer.

Sincerely,


Meldrim Thomson, Jr.
Governor of New Hampshire

P.S. In order to save on mailing costs, I have enclosed your membership card for The Conservative Caucus. I am very anxious to have you as a member, and you will be listed as a member as soon as your contribution is received and recorded. If for any reason you can't accept my invitation, you may return the card to me. Thank you very much.

the
Conservative
Caucus



1975
MEMBER

Richard B. Cheney

R

SIGNATURE

Melvin Johnson, Jr.

NATIONAL CHAIRMAN

Howard Phillips

NATIONAL DIRECTOR

From the desk of:

ED WREN

May 30, 1975

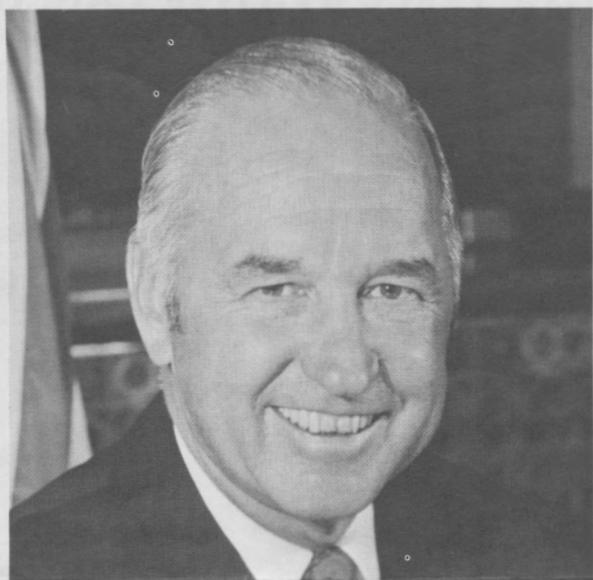
Dick:

I filled in your name on the card because I just knew you would want to be one of the first members of this All-American organization.

I'll see you for breakfast bright and early on Wednesday--assuming you clear me through the gate.



NATIONAL CHAIRMAN



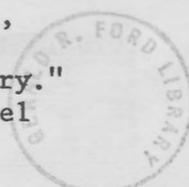
GOVERNOR MELDRIM THOMSON, JR.

Meldrim Thomson, Jr. the Governor of New Hampshire is a citizen-statesman in the great traditions of the American Republic.

A successful businessman, publisher, and attorney, Mel Thomson, running on a platform of "no new taxes", was elected Governor of New Hampshire in 1972. With strong support from the working, tax-paying citizens of his state, Governor Thomson was re-elected in 1974, surviving an anti-incumbent tide to become the only Republican chief executive on the East Coast, North of the Mason-Dixon line.

As Governor, Mel Thomson has reasserted the doctrine of state sovereignty against usurpations of power on the regional and federal level. Because of his wide and frugal leadership, Granite State citizens pay no general sales tax and no state income tax. He has worked to develop new energy resources for New England, curbed welfare abuses, supported a return to capital punishment, encourages vocational education, initiated new educational policies to increase parental control over education -- without forced busing and without textbooks advancing values contrary to those taught at home.

As the first citizen of a state whose motto is "Live Free or Die", Governor Thomson knows that "Freedom is a fragile thing. It is difficult to obtain, easy to lose ... More nations have fallen because of their inner moral and economic decay, than before the cadence of the marching feet of an adversary." As National Chairman of The Conservative Caucus, Meldrim Thomson will travel all over America carrying the Message of liberty.



NATIONAL DIRECTOR

For more than 14 years, Howard Phillips has fought uncontrolled power in the hands of bureaucrats, special interest groups, and the liberal media.

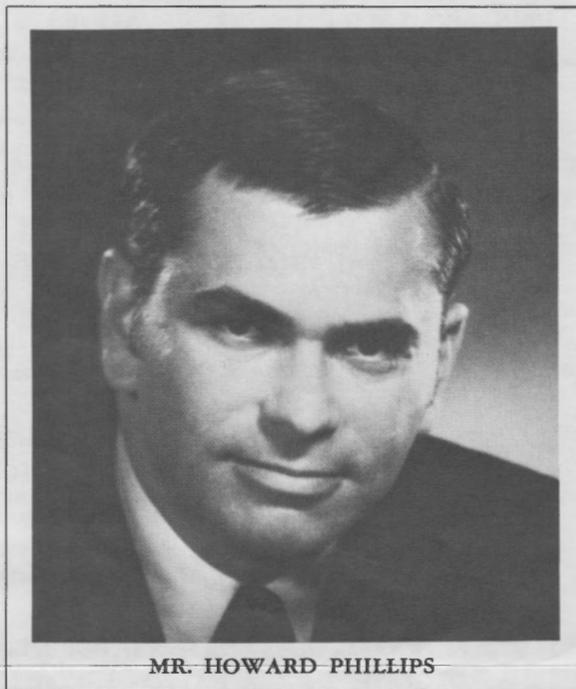
In 1973, as acting Director of the U.S. Office of Economic Opportunity, he led a courageous fight to stop Federal funding for forced busing, "welfare rights", abortion on demand, quotas for jobs and schooling, and all the other liberal causes which the American taxpayer is required to subsidize.

Phillips continued that fight as a private citizen in 1973 and 1974 -- writing, speaking, lobbying, and organizing in behalf of conservative principals.

Now, as National Director of The Conservative Caucus, he is helping conservatives organize at the grass-roots level, in the election districts where they live and work.

Howard Phillips is well-prepared for the task at hand: a 1962 graduate of Harvard College, where he was twice elected Student Council President, he helped found Young Americans for Freedom in 1960 and served on its first national board, Phillips was elected Chairman of the Boston Republican Party in 1964, at age 23, and served subsequently as an aide to GOP National Chairman Ray C. Bliss.

"The average citizen and his family will keep losing to the special interests, unless he has a way of making himself heard that politicians and bureaucrats can't afford to ignore," Phillips says. The Conservative Caucus will help give voice to the silent majority.



MR. HOWARD PHILLIPS

PROMINENT AMERICANS ENDORSE THE CONSERVATIVE CAUCUS

I BELIEVE THAT THE MAJORITY OF THE CITIZENS WANT NOTHING BUT GOOD, HONEST GOVERNMENT AND ARE INTERESTED FIRST OF ALL IN THE SECURITY OF OUR COUNTRY, ITS SOLVENCY AND THE PRESERVATION OF THE PRIVATE ENTERPRISE SYSTEM. I BELIEVE THAT THE CONSERVATIVE CAUCUS CAN BE INSTRUMENTAL IN ORGANIZING THEM INTO EFFECTIVE CITIZENS GROUPS.

U.S. Senator Carl T. Curtis



TO ME, CONSERVATIVE MEANS: FUNDAMENTAL, SENSIBLE, REALISTIC AND PATRIOTIC ... I ALIGN MYSELF WITH THE CONSERVATIVE CAUCUS FOR THE SIMPLE REASON THAT CONSERVATIVE THINKING IS THE BACKBONE OF DEMOCRACY.

*Pat Boone
Entertainer and lay religious leader*

YOUR CONCEPT ... IS EXTREMELY INTELLIGENT AND GRATIFYING. IT IS ESPECIALLY REWARDING TO THOSE OF US WHO REPRESENT LAW-ABIDING AND TAXPAYING CITIZENS WHO HAVE TOO LONG BEEN IGNORED BY BOTH POLITICAL PARTIES.

*Senator Donald E. (Buz) Lukens
Ohio State Senator*



I AM MOST ENTHUSIASTIC ... WHAT A GREAT MAJORITY OF THE AMERICAN PEOPLE WANT NOW IS A NATIONAL CONSERVATIVE PLATFORM AND THE ASSURANCE THAT IT WILL BE SUPPORTED BY CANDIDATES WHO ARE PLEDGED TO SUPPORT IT.

*Dean Clarence Manion
Former Dean of Notre Dame Law School
Producer of The Manion Forum*

1976 IS INDEED A CRITICAL YEAR. THE OVERRIDING IMPERATIVE FOR ALL OF US IS ACTION ... I WOULD VERY MUCH LIKE TO AID THE CONSERVATIVE CAUCUS IN THIS UNDERTAKING WHICH IS VERY NECESSARY.

*Dr. Robert Morris
President of the University of Plano, Texas*

IT'S ABOUT TIME WE CONSERVATIVES STARTED ORGANIZING, AS OUR OPPONENTS HAVE BEEN DOING NOW FOR DECADES. LOCAL CAUCUSES IN THE NATION'S CONGRESSIONAL DISTRICTS WOULD WORK WONDERS IN HELPING TO CHANGE THE DISASTER COURSE WE ARE CURRENTLY FOLLOWING.

*Dr. Max Rafferty
Conservative educator, author and columnist*



I BELIEVE THAT MANY GOOD AMERICANS WILL WELCOME THE CHANCE TO ENDORSE AND SUPPORT THE CAUSE OF CONSERVATISM.

*Holmes Alexander
Syndicated columnist and author*

CONSERVATIVES HAVE LONG NEEDED A VEHICLE ... UNDER ONE TENT, WITH A UNIFIED EFFORT, THE REPUBLIC MIGHT BE SAVED.

*LaMar Baker
Former Chairman, Republican Steering Committee
U.S. House of Representatives*



I STAUNCHLY SUPPORT YOUR STATEMENT OF PRINCIPLES FOR THE CONSERVATIVE CAUCUS. THE TIMES DICTATE THAT A NATIONAL CONSERVATIVE CAUCUS BE FOUNDED AND THE MEMBERS OF THE CAUCUS OPENLY ADVANCE A RATIONAL CONSERVATIVE PLATFORM.

*Phillip Abbott Luce
Author and Editor of "Pink Sheet on The Left"*

THE CONSERVATIVE CAUCUS IS A GOOD AND NECESSARY BEGINNING.

*Jeffrey Hart
Syndicated columnist*

THE CONSERVATIVE CAUCUS IS AN IMPORTANT EFFORT ON BEHALF OF THE PRESERVATION OF AMERICA'S FINEST PRINCIPLES.

*Ben B. Blackburn
Former U.S. Congressman*



10: Governor Meldrim Thomson, Jr.
National Chairman, The Conservative Caucus, Inc.
P.O. Box 103
Washington, D. C. 20044

Mr. James H. Boyd
4515 E. Calle Del Norte
Phoenix, Arizona 85018



5C

PLACE

YOUR

YES!!

CONTRIBUTION

I want to help you immediately. I realize it's urgently important to organize now to fight the liberals and their radical schemes which are destroying America.

STAMP

HERE

___ YES, I want to be a supporter, but I want to contribute \$ ___ rather than the amounts shown on the stamps.

___ YES, I support The Conservative Caucus, but I'm sorry I can't send a contribution at this time.

___ YES, I want a FREE copy of Bill Rusher's NEW Book!

Please, Mr. Boyd, make your check or money order payable to THE CONSERVATIVE CAUCUS

THE CONSERVATIVE CAUCUS MEMBERSHIP AND CONTRIBUTION STAMP

Please remove the stamp of your choice and attach it to your reply letter

YES

I want to
be a
Founding
Member
I've enclosed
\$1,000
or more

YES

I want to
be an
Endowment
Member
I've enclosed
\$500

YES

I want to
be a
Benefactor
Member
I've enclosed
\$100

YES

I want to
be a
Patron
Member
I've enclosed
\$50

YES

I want to
be a
Sustaining
Member
I've enclosed
\$25

YES

I want to
be a
Sponsoring
Member
I've enclosed
\$15

YES

I want to
be a
Supporting
Member
I've enclosed
\$10

YES

I want to
be a
Member
I've enclosed
\$5

**\$1,000
or more
Contribution
to The
Conservative
Caucus**

**\$500
Contribution
to The
Conservative
Caucus**

**\$100
Contribution
to The
Conservative
Caucus**

**\$50
Contribution
to The
Conservative
Caucus**

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Caucus**

**\$10
Contribution
to The
Conservative
Caucus**

**\$5
Contribution
to The
Conservative
Caucus**

The Conservative Caucus Inc. • National Headquarters • 7777 Leesburg Pike • Falls Church, Va. 22043

THE WHITE HOUSE
WASHINGTON

September 10, 1975

MR PRESIDENT

The latest Reagan column
is attached.

Jim Connor

A handwritten signature in black ink, appearing to read 'J Connor', written over the typed name 'Jim Connor'.

THE WHITE HOUSE
WASHINGTON

September 10, 1975

MEMORANDUM FOR:

JIM CONNOR

FROM:

DICK CHENEY

Attached is a copy of Ronald Reagan's recent column. On page 4 there's a section marked concerning the National Endowment for the Humanities.

I want to check on that. Is it true? Give me some background information.

The President has asked for it.

Attachment

*Jim: attached
is the info you
requested Jim*



THE RONALD REAGAN COLUMN
(For Release In Papers Of Friday, Sept. 5, Or Thereafter)

By RONALD REAGAN

Copley News Service

Earlier this summer, in a western state, a young man approached me and asked if I would sign the Declaration of Independence.

He handed me what looked like the center spread of a newspaper. On one half was a reproduction of the Declaration of Independence backed by spaces for signatures. I tore it off, signed it and handed it back to him. The other half was something else again.

It was an ad for something called Peoples' Bicentennial Commission.



The Ronald Reagan Column -- 2

Despite its mild name and easy confusion with the official American Revolution Bicentennial Commission, the PBC doesn't represent the people, isn't interested in celebrating the Bicentennial and is not a federal commission.

Instead, it is a self-appointed band of political radicals intent on twisting the nation's 200th birthday to its own purposes.

Its leader is a self-proclaimed Socialist revolutionary, Jeremy Riskin, whose understanding of American history is hazy but whose zeal is not.

He says, "It makes no sense for the New Left to allow defenders of the system the advantage of presenting themselves as true heirs and defenders of the American Revolutionary tradition.



"Instead, the revolutionary heritage must be used as a tactical weapon to isolate the existing institutions and those in power by constantly focusing public attention on their inability to translate our revolutionary dream into reality."

Riskin's idea of translating "revolutionary dream into reality" is to organize a crowd of about 20,000 demonstrators (many of them apparently fugitives from the anti-Vietnam War movement, looking for a new cause) and have them try to break up official Bicentennial events.

That's what they tried to do in April, heckling President Ford as he spoke at Concord Bridge in commemoration of "the shot heard round the world."



Never mind the fact that the American Revolution was a war of independence from foreign domination and not an ideological class war of the type Riskin supports, the PBC hasn't the slightest hesitation gulling government bureaucrats into giving it some of your tax money to support its radical rhetoric and activities.

Stating as its purpose, "to research, assemble and disseminate to workers and students historical information on the lives and roles of working people during the Revolutionary War period, with an emphasis on the ideas and events that shaped the formation of the early Republic," the PBC sought--and got--a grant of \$7,210 from the National Endowment for the Humanities. Once the federal dollar faucet was turned on, it didn't stop. Last year, the NEH approved a grant of \$394,000 for some of the PBC people to lecture throughout 13 western states.



The Ronald Reagan Column -- 5

Presumably, Riskin and his followers could have sold the NEH the Brooklyn Bridge if they'd wanted to, for, while submitting innocuous-sounding grant applications, Riskin was declaring to all who cared to pay attention that the PBC's real aim was to show that "...a genuine understanding of revolutionary ideals links Thomas Paine, Sam Adams and Benjamin Rush and the American people with Lenin, Mao, Che Guevara and the struggle of all oppressed people..."

So much for U.S. history.

-30-
8/29/75
pg





NATIONAL ENDOWMENT FOR THE HUMANITIES

WASHINGTON, D. C. 20506

THE CHAIRMAN

September 12, 1975

Miss Eleanor Connors
The White House
Washington, D.C. 20500

Dear Eleanor:

Here is a summary version of the grant to Jeremy Rifkin. If you should need any more detailed information, please do let me know.

Mr. Reagan names neither the grantee, institution or subject of the other supposed award. He is, I think, implying that the same group of radicals, or one very like it and connected with the PBC, received an NEH grant. It is conceivable that he may be referring to the National Humanities Series which sent historians, writers and other humanists on lecture to places like secondary schools, historical associations and community clubs. But grantees involved with the Humanities Series were all professionals, had nothing to do with the PBC to our knowledge, and usually lectured on very prosaic, non-political subjects. The implication of the article is that the Endowment has erred and continues to err; but the grant to Jeremy Rifkin was made in early 1972; received a strict accounting with the White House and Julia Butler Hansen's committee in the Congress; and seemed to satisfy all official queries.

Sincerely,

A handwritten signature in dark ink, appearing to be 'R. Berman'.

Ronald Berman
Chairman

Enclosure



Peoples' Bicentennial Commission

In 1972, Jeremy Rifkin of the Peoples' Bicentennial Commission submitted, through the Youth Project (a private organization in Washington which supports a variety of youth-related work), one of the very first applications received by our Youthgrants in the Humanities program. Youthgrants in the Humanities is the NEH program designed to support serious humanities projects developed and conducted by young people. As a non-profit American organization, the Youth Project and the PBC were judged eligible NEH applicants and the proposed project met the specific eligibility requirements of the program.

Briefly, the PBC project, as described in its application, consisted of historical research (of a quite traditional and scholarly nature) on the Revolutionary War Period, with particular emphasis on the Revolutionary Period, with particular emphasis on the lives of the common people and their reaction to the events of that period. The primary task involved researching of historical publications, excerpting materials, and developing kits of materials for dissemination to schools and the public. The group, consisting of five students and Mr. Rifkin, had a distinguished scholar who had agreed to serve as advisor.

The PBC application was then reviewed--on a competitive basis with the other 167 received during the first application cycle--by a panel of outside consultants and the National Council for the Humanities, and was judged to be the kind of serious historical work the Endowment has long sought to promote in connection with the Bicentennial, especially among this nation's youth. Before proceeding further, however, because of various non-scholarly activities that PBC had engaged in, our staff sent a copy of the PBC's application to the American Revolution Bicentennial Commission for comment. The Commission's staff responded with a strong endorsement for the project. Because of the high rating by our own reviewers plus the recommendation of the ARBC (who, considering the often times opposing aims of the PBC, would not be inclined to be benevolently disposed towards PBC), the Chairman eventually approved grant support of \$7,210 for the project. The grant was actually made to the Youth Project which had the responsibility of monitoring the project, and the disbursing and accounting of the Federal grant funds.

In its final report to the Endowment on the completion of its work, the PBC group included a number of materials produced as a result of the NEH grant, including an excellent "Syllabus and Study Guide to the American Revolution." We were impressed with the fact that the syllabus directs the user to a variety of books which are suitable for the general reader and which reflect a broad spectrum of interpretations--from "conservative" to "radical"--about the background



and course of the Revolution. (The syllabus was available on request from the PBC; copies may still be obtained from it.)

Since the NEH grant ended, members of the PBC, including some who had worked on the Endowment-funded project, have been engaged in a number of different activities, none of which relate to the project we supported and for which no Endowment funds have been used. (I might also mention for your own information that on completion of the NEH-funded work, the PBC returned \$184, stating it was not needed for the project, thus expended funds totalled \$7,026.)

It should also be emphasized, in case it was not clear from the foregoing, that the Endowment had nothing to do with establishing or aiding in the establishing of the PBC; nor have we provided any funds for general support of the organization. Rather, our grant was for a very specific, one-time project completed over two years ago.

It should also be clear that, contrary to claims of the PBC (or its critics), the Endowment did not and does not "endorse" the PBC as we do not endorse organizations. Our funds are provided to support only specified projects, which outside specialists judge would be of value to the country; and an NEH grant in no way signifies approval of the goals or the philosophy of the grantee organization or any of the non-grant activities carried out by the organization before or after the NEH project.





EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

NOV 4 1975

INFORMATION

MEMORANDUM FOR THE PRESIDENT

From: James T. Lynn

Subject: Reagan Speech and Buchanan Analysis

Sanitize

Per your request my staff has analyzed former Governor Reagan's speech on the Federal Budget along with Pat Buchanan's comments.

Governor Reagan proposes transferring welfare, education, housing, food stamps, medicaid, community and regional development and revenue sharing programs to state and local governments. The Federal Government will spend roughly \$90 billion on these programs in 1976 by his estimate. The transfer enables him to offer a \$5 billion Federal Government surplus and a 23 percent cut in Federal personal income taxes. (His numbers do not accord with our latest budget estimates, but the inaccuracies do not affect the basic principle of his program.)

Buchanan feels that Reagan has trapped himself by being too specific about the Federal programs that he would eliminate, and that he will arouse opposition from the many constituencies that depend on these programs. Buchanan argues that Reagan's mistake is analogous to McGovern being too specific about defense cuts in 1972, thus making it possible to identify those bases that would be closed and turning all of those communities against him.

Buchanan misses the main point. Reagan's proposal is far more clever than McGovern's, because Reagan does not advocate eliminating the programs. He wants them transferred to the states and localities. He assumes that with local control the programs would be more frugal and efficient, but implicitly he would let states and localities take all of the heat for cutting them back, saying that it is their choice.

Reagan's speech implies that he would implement this transfer in one radical step, or as he puts it by "cutting the Gordian knot" thus enabling him "to solve a perplexing problem by a single bold action." (p. 8)



This would, of course, create immense practical and economic problems and Reagan can be attacked on these grounds, but the issues are much more complex than those raised by the simple-minded McGovern platform.

The Reagan proposal would, by necessity, result either in a significant increase in the tax burden on the American people, or in a radical reduction in the transferred programs which would leave recipient groups worse off than they are now. Consequently, he cannot claim (as he does on p. 4) that a "gain in purchasing power ... will accrue to all Americans." The reason is that the Federal Government has been able to finance these programs by running huge deficits. No state or local government could get away with this approach.

More specifically, Reagan would cut \$90 billion from the Federal budget. As noted previously his numbers do not coincide with our recent estimates, but for the sake of argument, assume that he was estimating the 1976 deficit at \$60 billion. He recommends a surplus of \$5 billion which would allow a \$25 billion Federal tax cut. Assume further that states and localities raised their taxes to absorb this \$25 billion. If they wanted to maintain spending on the transferred programs at the \$90 billion level, they would have to raise their taxes another \$65 billion to avoid increased deficits. Very roughly speaking, this would imply a 10 to 15 percent increase in the total Federal, State, and Local tax burden faced by the American people.

Of course, Reagan believes that the programs would be cut back if they were transferred. In order to keep the total tax burden and state and local deficits constant, the cut back would have to be \$65 billion, or in other words, the programs would have to be reduced by over 70 percent and this would cause great anguish.

None of the above takes account of the economic disruption that would be caused by the Reagan proposal. His program eliminates the Federal deficit and as noted previously, it is not practical to increase state and local deficits by a comparable amount. While we would all like lower deficits, the elimination of the whole Federal deficit with one blow would cause the economy to suffer acute



withdrawal pains and the short-run result would be slower growth and higher unemployment.

Minor Issues Raised by Reagan's Speech

1. Reagan would have the Federal Government retain all programs for the aged (p. 3). While the politics is sound, the philosophy is obscure.
2. The speech refers a number of times to the burden of personal income taxes. In fact, the burden imposed by payroll taxes has risen much more rapidly at the Federal level. Between fiscal 1966 and 1976, Federal personal income tax receipts are expected to rise about 120 percent. Payroll tax receipts will rise about 240 percent.
3. I believe that it was Ev. Dirksen and not Hubert Humphrey who said that a billion here and a billion there soon adds up to real money. (p. 4). We are checking further.
4. On p. 7, he notes that after the Federalization of welfare programs for the aged and disabled over \$1 billion was paid out by mistake. This may be correct, but we do not know how much was paid out by mistake under the old state and local programs. My guess would be that the errors were even greater. In any case, he wants to keep the aged programs at the Federal level.



THE WHITE HOUSE
WASHINGTON

~~Jimi Lynne~~

1) Ron R's
speech on Federal
Budget. Have it in
Chicago about month

ago.
Q - Have we
analyzed it?

ORIGINAL RETIRED TO
SPECIAL DOCUMENTS FILE

THE WHITE HOUSE
WASHINGTON

October 18, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

JAMES T. LYNN

FROM:

JAMES E. CONNOR *JEC*

The following notation was addressed to you in the President's
outbox:

"Ron Reagan's speech on Federal Budget -
Gave it in Chicago about month ago -
Have we analyzed it? "

Please follow-up with appropriate action.

cc: Don Rumsfeld



[ca. 11/13/75]

THE WHITE HOUSE
WASHINGTON

Dick Cheney

Good analysis.
Keep for future
reference.

save

ORIGINAL RETIRED TO
SPECIAL DOCUMENTS FILE

PATRICK J. BUCHANAN THE DIVIDING LINE



*To Dick -
Excellent -?*

special features - Jerry
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FOR RELEASE: Oct. 9, 1975 and thereafter

Was This Speech Necessary?

By PATRICK J. BUCHANAN

*10/19/75
To: P.O.
for use
in Reagan
speech
analysis.
1.
Is he coaching
Ronnie?*

WASHINGTON -- On 26 September, former Governor Ronald Reagan arrived in the Windy City to tell the Chicago Executive Club where, if elected, he would carve \$90 billion out of the U.S. budget. Accompanying the speech was a two-page release, listing some two dozen programs, from Medicaid to welfare to revenue sharing, Ronald Reagan would cease funding at the federal level, if he became President of the United States.

The reaction of Human Events, the conservative weekly, may fairly be described as favorable. "Reagan's dramatic speech," its editorial ran, "...underscores the need for the people of this country to make him President of the United States...The Chicago speech is one of the most audacious any candidate...has ever chosen to make...revolutionary for today's times... Reagan has shown the way to the nation's salvation."

Perhaps. But, before the saints go marching in, they are going to have to travel a "way to salvation" made rockier and more pock-marked than it would otherwise have been, had Ronald Reagan never gone to Chicago.

Against any incumbent, especially a President, the great advantage of the challenger is that, like the guerrilla, he can pick and choose his targets of opportunity. With no presidential record to defend, he can remain ever on the political attack. He can select one of a hundred weakened and exposed White House positions to assault at a time of his own choosing.

Reagan has somewhat surrendered that advantage. He has invited the White House into a set-piece battle, on pre-determined terrain.

By pin-pointing down to the last \$100 million exactly where he would cut a vast \$90 billion out of Mr. Ford's budget, Mr. Reagan's budgeteers have at last given the White House and the Democratic Party a stationary target at which to shoot.

(more)

Back in 1972, it will be recalled, Senator McGovern announced he would chop \$32 billion out of the Pentagon budget and proceeded, even as ex-Governor Reagan has done, with great candor to spell out exactly what weapons systems and budget items would be affected. Pre-nomination, the Senator spent much of his time answering Senator Humphrey's attacks upon the specifics of that budget, costly in the California Primary.

Post nomination, Senator McGovern's "White Flag Surrender Budget" was fed into Melvin Laird's computers at the Pentagon and out came a list of just what Army and Air Force bases would have to be closed down, just what factories would face lay-offs and closings and just how many jobs would be lost -- in every city, town, county and state of the Union. "The people have a right to know," cried Brother Colson: "Amen," said the Attack Group. And the relevant statistics of potential economic disaster were translated into spot radio commercials in every swing state in the Union the last two weeks of the campaign.

Would that mine enemy would write a book has been the prayer of politicians for ages. Mr. Reagan's two-page release entitled "Proposed Reductions in Federal Expenditures for Fiscal Year 1976" is a book written for his adversaries, providing them with sufficient detailed information to tell every school district and political subdivision in America how much in Federal aid they will lose --- i.e. jobs --- if Ronald Reagan becomes President of the United States. It is one thing to declare that sacred cows must be slaughtered; it is quite another to paint a dotted line across the neck of half the cattle in the county.

The speech raises other questions. For example, he proposes an end to federal spending for education arguing, rightly in my view, that this is primarily a local responsibility. But how would he do this, when Gerald Ford's effort simply to hold the line on his own monstrous budget for education, with a presidential veto, was rolled over by margins of almost nine-to-one in both Houses of Congress?

How would President Reagan eliminate spending President Ford cannot even control?

Philosophically sound, beautifully written and I am sure splendidly delivered, the Reagan Chicago speech -- or rather that pledge of \$90 billion in budget cuts with the death list for federal programs attached --- was politically ill-advised.

As Senators Goldwater and McGovern can testify, specificity is a risky investment for a presidential candidate; and Governor Reagan has just invested about 90 billion dollars in it.

(more)

Courageous, said Human Events of the Governor's address. I do not doubt
but for a moment. But I fear it is the courage of the Polish cavalry swooping
down upon the temporarily astonished German tank and armored units in
September of 1939, the courage of the Where-Are-They-Now fraternity of
American politicians.

- 0 -

(c) 1975 Patrick J. Buchanan

Special Features

LET THE PEOPLE RULE

(Remarks by the Honorable Ronald Reagan, former Governor of California, to the Executive Club of Chicago, McCormick Place, Chicago, Illinois, Friday, September 26, 1975.)

In his first Inaugural, nearly a century and three-quarters ago, President Thomas Jefferson defined the aims of his administration: "A wise and frugal government", he said, "which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned -- This is the sum of good government."

Jefferson believed the people were the best agents of their own destinies, and that the task of government was not to direct the people but to create an environment of ordered freedom in which the people could pursue those destinies in their own way. But he also knew that from the very beginning the tendency of government has been to become player as well as umpire. "What has destroyed liberty and the rights of men in every government that has ever existed under the sun?" Jefferson asked. "The generalizing and concentrating all cares and powers into one body."

If Jefferson could return today, I doubt that he would be surprised either at what has happened in America, or at the result. When a nation loses its desire or ability to restrain the growth and concentration of power, the floodgates are open and the results are predictable.

Fiscal Year 1976 ends four days before our bicentennial. In this fiscal year, government at all levels will absorb 37 percent of the Gross National Product and 44 percent of our total personal income. We destroy the value of our pensions and savings with an inflation rate that soars to 12 percent a year, at the same time we suffer unemployment rates of eight and nine percent.

Every minute I speak to you the Federal Government spends another \$700,000. I'd stop talking if they'd stop spending, but Washington is spending a billion dollars every day and goes into debt a billion and a third dollars every week. I don't think it would surprise Jefferson to learn that real spendable weekly income of the average American worker is lower than it was a decade ago -- even though in these 10 years that same worker has increased his productivity 23 percent. As Jefferson said, that is taking from the mouth of labor the bread it has earned.

If government continues to take that bread for the next 25 years at the same rate of increase it has in the last 40, the percent of GNP government consumes will be 66 percent -- two-thirds of all our output -- by the end of this century. A single proposal now before Congress, Senator Kennedy's national health insurance plan, would push the share of GNP consumed by government from 37 to more than 45 percent, all by itself.



This absorption of revenue by all levels of government, the alarming rate of inflation, and the rising toll of unemployment all stem from a single source: The belief that government, particularly the Federal Government, has the answer to our ills, and that the proper method of dealing with social problems is to transfer power from the private to the public sector, and within the public sector from state and local governments to the ultimate power center in Washington.

This collectivist, centralizing approach, whatever name or party label it wears, has created our economic problems. By taxing and consuming an ever-greater share of the national wealth, it has imposed an intolerable burden of taxation on American citizens. By spending above and beyond even this level of taxation, it has created the horrendous inflation of the past decade. And by saddling our economy with an ever-greater burden of controls and regulations, it has generated countless economic problems, from the raising of consumer prices to the destruction of jobs, to choking off vital supplies of food and energy.

As if that were not enough, the crushing weight of central government has distorted our federal system and altered the relationship between the levels of government, threatening the freedom of individuals and families. The states and local communities have been demeaned into little more than administrative districts, bureaucratic subdivisions of Big Brother government in Washington, with programs, spending priorities, and tax policies badly warped or dictated by federal overseers. Thousands of towns and neighborhoods have seen their peace disturbed by bureaucrats and social planners, through busing, questionable education programs, and attacks on family unity. Even so liberal an observer as Richard Goodwin could identify what he correctly called "the most troubling political fact of our age: that the growth in central power has been accompanied by a swift and continual diminution in the significance of the individual citizen, transforming him from a wielder into an object of authority."

It isn't good enough to approach this tangle of confusion by saying we will try to make it more efficient or "responsive," or modify an aspect here or there, or do a little less of all these objectionable things than will the Washington bureaucrats and those who support them. This may have worked in the past, but not any longer. The problem must be attacked at its source. All Americans must be rallied to preserve the good things that remain in our society and to restore those good things that have been lost.

We can and we must reverse the flow of power to Washington; not simply slow it, or paper over the problem with attractive phrases or cosmetic tinkering. This would give the appearance of change but leave the basic machinery untouched. In fact, it reminds me of a short fable of Tolstoy's: "I sit on a man's back, choking him and making him carry me, and yet assure myself and others that I am very sorry for him and wish to lighten his load by all possible means - - except by getting off his back."

What I propose is nothing less than a systematic transfer of authority and resources to the states - - a program of creative federalism for America's third century.



Federal authority has clearly failed to do the job. ~~Indeed, it has created more problems in welfare, education, housing, food stamps, Medicaid, community and regional development, and revenue sharing, to name a few.~~ The sums involved and the potential savings to the taxpayer are large. Transfer of authority in whole or part in all these areas would reduce the outlay of the Federal Government by more than \$90 billion, using the spending levels of Fiscal 1976.

With such a savings, it would be possible to balance the Federal budget, make an initial five-billion-dollar payment on the national debt, and cut the Federal personal income tax burden of every American by an average of 23 percent. By taking such a step we could quickly liberate much of our economy and political system from the dead hand of Federal interference, with beneficial impact on every aspect of our daily lives.

Not included in such a transfer would be those functions of government which are national rather than local in nature, and others which are handled through trust arrangements outside the general revenue structure. In addition to national defense and space, some of these areas are Social Security, Medicare, and other old-age programs; enforcement of Federal law; veterans affairs; some aspects of agriculture, energy, transportation, and environment; TVA and other multi-state public-works projects; and certain types of research.

Few would want to end the Federal Government's role as a setter of national goals and standards. And no one would want to rule out a role for Washington in those few areas where its influence has been important and benign; crash efforts like the Manhattan and Apollo projects, and massive self-liquidating programs like the Homestead Act and the land-grant colleges. Certainly the Federal Government must take an active role in assuring this nation an adequate supply of energy.

Turning back these programs would not end the process of reform in Washington. In the immediate years ahead:

- In our regulatory agencies dealing with non-monopoly industries, we must set a date certain for an end to Federal price fixing and an end to all Federal restrictions on entry.
- We must take steps to keep the spending and borrowing of off-budget agencies under control.
- We must reform our major trust funds to ensure solvency and accountability. Particularly important is the need to save Social Security from the colossal debt that threatens the future well-being of millions of Americans, even while it overtaxes our workers at a growing and exorbitant rate.
- We must put a statutory limit on the growth of our money supply, so that growth does not exceed the gain in productivity. Only in this way can we be sure of returning to a strong dollar.
- And we must radically simplify our method of tax collection, so that every American can fill out his return in a matter of minutes without legal help. Genuine tax reform would also make it more rewarding to save than to borrow, and encourage a wider diffusion of ownership to America's workers.

In the months ahead, I will say more on each of these major areas of



transfer of Federal programs to the states would mean.

It would be a giant step toward solving the problem of inflation that is sapping the strength of our economy and cheating American wage-earners and pensioners. There is no mystery about inflation. It is caused by spending money that has not yet been earned. Without the enormous pressure of a 60-to-80-billion-dollar deficit, the Federal Reserve System would have no mandate to pump too many dollars into the economy -- which is the ultimate cause of inflation. The Federal deficit provides the chief motive for the debauching of our dollar.

Add to this the gain in purchasing power that will accrue to all Americans from a sharp reduction in Federal income taxes -- the biggest spending burden the average family must absorb. Indeed, taxes of all kinds are a bigger family expense item than food, shelter and clothing combined. Last year, according to a study by the Joint Economic Committee of Congress, income taxes at all levels rose by 26.5 percent -- the largest increase of any item in the family budget. By far the greatest part of this growing load of taxation is the Federal personal income tax, whose bite gets sharper as inflation pushes taxpayers into higher surtax brackets. Government doesn't have to raise the tax rate to profit by inflation. The progressive income tax is based on the number of dollars earned, not their purchasing power; thus a cost-of-living pay increase results in a tax increase.

An immediate tax cut, some of which might have to be balanced by tax rises in the states, would be only the beginning of the savings that could be achieved. When we begin making payments on the national debt, we will also begin making further reductions in the tax burden. American taxpayers are currently being billed an average of one billion dollars every ten days just to pay interest on the debt. As the debt is retired, we can progressively reduce the level of taxation required for interest payments. Senator Hubert Humphrey, in excusing government spending, once said, "A billion here and a billion there -- it adds up." Well, it can work the other way 'round.

With the spending reduction I propose, the Federal Government will no longer be crowding capital markets to finance its deficits. That will make available billions in new capital for private investment, housing starts, and job creation -- and the interest rates will come down.

The transfer I propose does not mean that the specific programs in question are not worthwhile. Many are, though in my opinion many others are not. But the point is that all these programs are losing effectiveness because of the Federal Government's pre-emption of levels of government closer to the problems, coupled with Washington's ability to complicate everything it touches. The decision as to whether programs are or are not worthwhile -- and whether to continue or cancel -- will be placed where it rightfully belongs: with the people of our states.



It is theoretically possible that local governments will simply duplicate programs as they now exist, and if that is what the people in the states desire, that is exactly what will and should occur. Certainly the bureaucrats who run them now will be available, for they will have no further work in Washington.

I think it likely, however, that some of the more worthwhile programs will be retained essentially as they are, many will be dropped, and others may be modified. But all the surviving programs will be run at much lower cost than is presently the case.

The present system is geared for maximum expenditure and minimum responsibility. There is no better way to promote the lavish outlay of tax money than to transfer program and funding authority away from state and local governments to the Federal level. This ensures that recipients of aid will have every reason to spend and none to conserve. They can get political credit for spending freely, but don't have to take the heat for imposing the taxes. The French economist Bastiat, 100 years ago, said, "Public funds seemingly belong to no one and the temptation to bestow them on someone is irresistible."

So long as the system continues to function on this basis, we are going to see expenditures at every level of government soar out of sight. The object is to reverse this: to tie spending and taxing functions together wherever feasible, so that those who have the pleasure of giving away tax dollars will also have the pain of raising them. At the same time we can sort out which functions of government are best performed at each level. And that process, I hope, would be going on between each state and its local governments at the same time.

The transfer of spending authority to Washington blurs the difference between wasteful states and prudent ones and this too destroys incentives toward economy. If a state spends itself into bankruptcy on welfare, under the present system it is bailed out when Washington picks up the tab; indeed, many Federal programs are geared toward encouraging this kind of behavior, bestowing greater aid in proportion to spending levels imposed by the states. The way to get more is to spend more.

By the same token, efforts at state economy are punished under the present system. A state that keeps its fiscal house in order and, for example, prevents the welfare problem from getting out of hand will find it derives no benefits from its action. It will discover, as we did in California, that efforts to impose some common sense in welfare will run afoul of Federal bureaucrats and guidelines. Its citizens will be called upon to pay in Federal taxes and inflation for other states that don't curb their spending.



Another benefit of localizing these programs is that state and local governments are more accessible to the local citizen, and in most cases prevented by statute from going in debt. When tax increases are proposed in state assemblies and city councils, the average citizen is better able to resist and to make his influence felt. This, plus the ban on local deficits, tends to put an effective lid on spending.

Federal financing is the spenders' method of getting around these restraints. Taxes are imposed at a level where the government is far away and inaccessible to the average citizen. The connection between big spending and high taxes is hidden, and the ability to run up deficits and print more money makes efforts to control the problem through the taxing side alone almost meaningless.

The proposals I have outlined will bring howls of pain from those who are benefiting from the present system, and from many more who think they are. But as another Frenchman, Thiers, said, "For those who govern, the first thing required is indifference to newspapers." We must turn a deaf ear to the screams of the outraged if this nation and this way of life are to survive. The simple fact is the producing class in this nation is being drained of its substance by the non-producers -- the taxpayers are being victimized by the tax consumers. We may be sure that those in Washington and elsewhere whose life style depends on consuming other people's earnings while working people struggle to make ends meet, will fight to the last limousine and carpeted anteroom.

But if we ignore the taxers and the centralizers and do the things I know we can do, we'll do more than survive: we will inaugurate a new era of American diversity.

Take education. The United States built the greatest system of public education the world has ever known -- not at the Federal level, not even at the state level, but at the level of the local school district. Until a few years ago, the people had direct control over their schools -- how much to spend, what kind of courses to offer, whom to hire. Is it an accident that as this local control gave way to funding and control at the Federal and state level, reading and other test scores have declined? It has just recently been announced that scores in college entrance exams have been nose-diving for 10 years and this year took the greatest plunge of all. And yet, spending on education in that same period has been sky-rocketing. The truth is, a good education depends far more on local control than on the amount of money spent.

There is no question but that under local agencies certain abuses took place and certainly they needed to be cured -- sometimes by Federal intervention. This was certainly true of racial segregation in the South. But



now that according to some estimates the South is the most integrated area of the country -- now that there is an ongoing enforcement structure in the Department of Justice -- is there any further reason to deny local control and funding of our schools?

Or take welfare. For years, the fashionable voices have been calling for a Federal takeover of welfare. (Well, the old-age portions of welfare have been taken over -- and in the first 18 months, more than a billion dollars have been paid out by mistake!) If there is one area of social policy that should be at the most local level of government possible, it is welfare. It should not be nationalized -- it should be localized. If Joe Doaks is using his welfare money to go down to the pool hall and drink beer and gamble, and the people on his block are paying the bill, Joe is apt to undergo a change in his life style. This is an example of why our task force in California found that the smaller and more local government becomes, the less it costs. The more government is localized, the less you will see a situation like the one in Massachusetts, where a mother of six was receiving, through cash and services, the equivalent of a \$20,000 earned income. That is twice the average family income of the state.

The truth is that people all over America have been thinking about all of these problems for years. This country is bursting with ideas and creativity, but a government run by bureaucrats in Washington has no way to respond. If we send the power back to the states and localities, we'll find out how to improve education, because some districts are going to succeed with some ideas and other districts are going to fail with others, and the word will spread like wildfire. The more we let the people decide, the more we'll find out about what policies work and what policies don't work. Successful programs and good local governments will attract bright people like magnets, because the genius of federalism is that people can vote with their feet. If local or state governments grow tyrannical and costly, the people will move. If the Federal Government is the villain, there is no escape.

I am calling also for an end to giantism, for a return to the human scale -- the scale that human beings can understand and cope with; the scale of the local fraternal lodge, the church congregation, the block club, the farm bureau. It is the locally-owned factory, the small businessman who personally deals with his customers and stands behind his product, the farm and consumer cooperative, the town or neighborhood bank that invests in the community, the union local.

In government, the human scale is the town council, the board of selectmen, and the precinct captain.

It is this activity on a small, human scale that creates the fabric of community, a framework for the creation of abundance and liberty. The human scale nurtures standards of right behavior, a prevailing ethic of what is right and what is wrong, acceptable and unacceptable.



Three and a half centuries ago, peoples from across the sea began to cross to this great land, searching for freedom and a sense of community they were losing at home. The trickle became a flood, and we spread across a vast, virtually unpeopled continent and caused it to bloom with homesteads, villages, cities, great transportation systems, all the emblems of prosperity and success. And we did this without urban renewal or an area redevelopment plan. We became the most productive people in the history of the world.

Two hundred years ago, when this process was just beginning, we rebelled when, in our eyes, a mother country turned into a foreign power. We rebelled not to overturn but to preserve what we had, and to keep alive the chance of doing more. We established a republic, because the meaning of a republic is that real leadership comes not from the rulers but from the people, that more happens in a state where people are the sculptors and not the clay.

We are losing that chance today, and we know we are losing it. Two hundred years ago it was London that turned into a foreign power. Today, and it is a sad thing to say, it is Washington. The coils woven in that city are entrapping us all, and, as with the Gordian knot, we cannot untie it, we must cut it with one blow of the sword.

In one reference book, cutting the Gordian knot is defined as follows: "to solve a perplexing problem by a single bold action." The Gordian knot of antiquity was in Phrygia, and it was Alexander the Great who cut it, thereby, according to the legend, assuring the conquest of Persia.

Today, the Gordian knot is in Washington, and the stakes are even higher. But this is a republic, and we have no king to cut it, only we the people, and our sword has been beaten into ballot boxes. What applies to the role of government applies equally to the means of changing that role: leadership is necessary, but even more necessary is popular choice. The anonymous sage who defined leadership must have lived in a republic, for he said, "He is not the best statesman who is the greatest doer, but he who sets others doing with the greatest success."



[Nov. 13, 1975]

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EASTERN EDITION

THURSDAY, NOVEMBER 13, 1975

Rerun on the Right Reagan's Campaign, Like Goldwater's in '64, Raps Big Government

He Cites California Record (With Some Omissions) And Paints Ford Futile

Welfare, Taxes and Detente

By NORMAN C. MILLER

Staff Reporter of THE WALL STREET JOURNAL

ORLANDO, Fla.—Close your eyes, cast your mind back a dozen years, and you can believe that the candidate exhorting the conservative faithful at a rally here is Barry Goldwater.

He heaps scorn on Republicans who embrace Democratic-type programs swelling Washington's power. He pledges to abolish huge sections of the federal bureaucracy, cut taxes, balance the budget and begin paying off the national debt.

"We have come to a watershed moment—a moment in which government must be turned around and take a different direction," he tells his applauding partisans.

This isn't Barry Goldwater but Ronald Reagan, speaking in the final warm-up stages before formally declaring his candidacy against Gerald Ford for the Republican presidential nomination. Mr. Reagan's decision to run seems certain, and he probably will announce it next week.

The 64-year-old former governor of California, who many think is the most polished stump speaker in American politics today, then will take to the hustings with a message that adds up to this: President Ford is an ineffectual leader who isn't up to the job of reversing government to a truly conservative direction.

Not-So-Velveted References

Although Mr. Reagan says he will avoid personal attacks on the President, his meaning is clear in his indirect statements. "I don't see that there is any real effort being made in Washington at any level to make the drastic change that needs to take place," he tells an interviewer. "Maybe it's because they're all part of the interlocked Washington establishment."

Mr. Reagan has had considerable impact even before declaring his candidacy. He has pushed President Ford to the right on several issues, including across-the-board spending cuts in social programs, and in effect he has pushed Vice President Nelson Rockefeller right off the 1976 GOP ticket.

Maneuvers by the President and his men have only seemed to whet Mr. Reagan's appetite for primary races. "It's time for a change, it's time for a crusade," he told a country club gathering of Florida Republicans last week. In this and other speeches around the country, Mr. Reagan has presented in breathtaking detail the kind of "drastic change" he will espouse as a candidate.

He urges the abolishing, over an unidentified period, of major social programs currently costing \$90 billion a year. He says flatly that he would end federal aid to education and abolish welfare programs such as food stamps and Medicaid. He indicates also that he would stop subsidies for housing and end federal revenue-sharing with states.

Job for the States

Responsibility for these programs should be "systematically transferred" to the

What's News—

Business and Finance

NEW YORK rescue plans calling for a moratorium on payment of principal on city notes maturing through June 30, 1976, were outlined by city and state officials. They denied this would constitute default, but note holders might sue. Treasury Secretary Simon appeared to soften his rejections of pleas for help.

(Story on Page 3)

A budget deficit of \$72.1 billion this fiscal year was voted by the House, putting outlays at \$373.89 billion and revenue at \$301.8 billion.

(Story on Page 25)

General Motors' chairman assailed the United Auto Workers' expected effort, in bargaining next year, to win shorter work time as a way to increase overall employment.

(Story on Page 4)

American Motors posted a \$15.7 million profit for its Sept. 30 fourth quarter, reversing a year-earlier loss of \$7 million, but still was in the red for the fiscal year. It shuffled its corporate hierarchy.

(Story on Page 5)

A 12% oil-price rollback instead of the 14% voted last week was agreed to by House-Senate conferees in an attempt to avoid an energy-bill veto.

(Story on Page 17)

Kuwait cut the market price of its oil 10 cents a barrel, to \$11.30.

(Story on Page 16)

Gulf Oil and Veba AG ended talks on setting up cooperative arrangements in the international energy field, perhaps Veba's acquiring Gulf's European operations.

(Story on Page 8)

Saskatchewan plans to take over the assets of some or all of the 10 potash mines operating there.

(Story on Page 22)

The Federal Reserve underlined its recent move toward easier credit by twice injecting reserves into the banking network.

(Story on Page 31)

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World-Wide

JUSTICE DOUGLAS RETIRED from the Supreme Court because of ill health.

Douglas's unexpected retirement after 36 years as a leader of the court's liberal wing opened the way for a nomination that seems sure to move the court further to the right. Douglas, who returned to the bench this fall 10 months after suffering a stroke, told the President he was so enervated by pain that he couldn't shoulder a full share of the court's burdens. He was in a hospital much of this year.

The President commended the "firm devotion to fundamental rights" of the 77-year-old jurist, whom Ford, as House minority leader, once tried to impeach.

The retirement gives Ford his first opportunity to nominate a Justice. Among the possibilities are Edward Levi, Attorney General and former dean of the University of Chicago Law School; Sen. Robert Griffin of Michigan, the deputy minority leader; Housing and Urban Development Secretary Carla Hills, and Federal Appeals Judge Shirley Hufstедler of Los Angeles.

RUMSFELD ENDORSED an increase in military spending.

President Ford's nominee to replace James Schlesinger as Defense Secretary supported most of Schlesinger's hard-line positions in testimony before the Senate Armed Services Committee. Rumsfeld, currently Ford's staff coordinator, called for a "real" increase in the defense budget, stated that military strength is the necessary underpinning of detente, said the U.S. should be prepared to fight limited as well as all-out nuclear wars and opposed unilateral withdrawal of U.S. troops from Europe.

"I know of no major policy differences I have with Mr. Schlesinger," Rumsfeld testified. And he indicated he had advised against the firing of his predecessor.

Rumsfeld refused to rule himself out as a possible running mate for Ford next year, insisting that the President isn't considering him. Separately, Senate Majority leader Mike Mansfield (D., Mont.) asked Ford's CIA nominee, George Bush, to disclaim any intention of seeking the vice presidency. Ford last week declined to rule out either Bush or Rumsfeld.

Ben Blackburn's nomination to head the Federal Home Loan Bank Board was killed by the Senate Banking Committee, 8-5, because of Blackburn's opposition to fair-housing and some other civil-rights legislation while a GOP Congressman from Georgia.

Indian Premier Indira Gandhi sustained a defeat when the supreme court refused to reconsider a 1973 ruling restricting parliament's power to amend the constitution. Five days ago the court invalidated an amendment designed to absolve Gandhi of an electoral-corruption conviction. However, it upheld legislation having the same effect.

The U.S. introduced a United Nations resolution calling for release of all political prisoners by all nations. Alluding to the anti-Zionism resolution passed Monday, U.S. Ambassador Moynihan said some nations were using "the language of human rights" selectively.

Russia denied Andrei Sakharov permission to go to N.

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Although Mr. Reagan says he will avoid personal attacks on the President, his meaning is clear in his indirect statements. "I don't see that there is any real effort being made in Washington at any level to make the drastic change that needs to take place," he tells an interviewer. "Maybe it's because they're all part of the interlocked Washington establishment."

Mr. Reagan has had considerable impact even before declaring his candidacy. He has pushed President Ford to the right on several issues, including across-the-board spending cuts in social programs, and in effect he has pushed Vice President Nelson Rockefeller right off the 1976 GOP ticket.

Maneuvers by the President and his men have only seemed to whet Mr. Reagan's appetite for primary races. "It's time for a change, it's time for a crusade," he told a country club gathering of Florida Republicans last week. In this and other speeches around the country, Mr. Reagan has presented in breathtaking detail the kind of "drastic change" he will espouse as a candidate.

He urges the abolishing, over an unidentified period, of major social programs currently costing \$90 billion a year. He says flatly that he would end federal aid to education and abolish welfare programs such as food stamps and Medicaid. He indicates also that he would stop subsidies for housing and end federal revenue-sharing with states.

Job for the States

Responsibility for these programs should be "systematically transferred" to the states, and the states could continue them or not as they choose, Mr. Reagan says. He acknowledges that this transfer would result in higher state and local taxes to pay for continued programs. But he promises that a massive reduction of Washington's role would remove "the dead hand of federal interference" and also produce huge savings as much of the federal bureaucracy is wiped out.

"With such a savings, it would be possible to balance the federal budget, make an initial \$5 billion payment on the national debt and cut the federal income tax burden of every American by an average of 23%," Mr. Reagan declares.

President Ford, Mr. Reagan implies, will never really chop down the federal bureaucracy because he is part of that "Washington establishment" and is just playing political games when he talks conservatively.

Thus, of the President's tax-and-spending-cut proposal, Mr. Reagan says: "My simple interpretation is that the \$28 billion cut is in the proposed increase of the budget (which the President will submit in January). Now, if there is \$28 billion that can be cut from the proposed increase, why the hell is it in there in the first place? It has a little bit of the sound of the fellow who advertises a big sale, 20% off, but he raises the prices 40% before he cuts them back."

Assault on Detente

In foreign policy, Mr. Reagan accuses the President of being soft on Communism. Detente with the Russians "has deteriorated into a one-way street in which the enemy is using it to further his aims toward the eventual domination of the world and the destruction of this way of life of ours," he asserts.

He attacks the treaty that the U.S. and other nations signed last summer with the Soviet Union at Helsinki—a treaty that formalized Russia's post-World War II revision of Eastern European boundaries. "The U.S. said to the captive nations: 'Give up any hope of freedom,'" Mr. Reagan charges.

Thus, in both the domestic and foreign arenas, his boldly stated conservatism makes President Ford look relatively bland. The Californian and his advisers are convinced an uncompromising conservative gospel will have winning appeal in primaries to the conservatives who dominate the GOP.

Mr. Reagan has substantial campaign assets in his bid to upset the President. His assured and articulate style contrasts with Mr. Ford's dull and sometimes bumbling manner. Mr. Reagan has an enthusiastic following among grassroots conservatives that assures him of ample campaign funds.

He appears to be in vigorous health. **AL**

Please Turn to Page 29, Column 1.

Gulf Oil and Veba AG ended talks on setting up cooperative arrangements in the international energy field, perhaps Veba's acquiring Gulf's European operations.

(Story on Page 8)

Saskatchewan plans to take over the assets of some or all of the 10 potash mines operating there.

(Story on Page 22)

The Federal Reserve underlined its recent move toward easier credit by twice injecting reserves into the banking network.

(Story on Page 31)

Letting the Treasury collect interest on federal tax funds deposited in banks was voted by a House Banking subcommittee. Its bill also would permit savings and loan associations to become depositories for federal funds.

(Story on Page 30)

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(Story on Page 6)

International Telephone listed a 27% decline in third quarter net to \$82 million; it raised the quarterly dividend two cents a share, to 40 cents.

(Story on Page 7)

A decision on plutonium's use in industry-wide will be hastened, the Nuclear Regulatory Commission said, and in the meantime it will allow some limited processing and use of the fuel under certain conditions.

(Story on Page 15)

H. J. Heinz Co.'s proposed merger with Hubinger Co. is being investigated by the Justice Department.

(Story on Page 10)

NN Corp. agreed to sell its NN Investors life-insurance subsidiary to Life Investors Inc. for cash.

(Story on Page 14)

The stock market surged on the heaviest New York Stock Exchange volume in almost four months—23,960,000 shares. The Dow Jones industrial average jumped 13.70 points to 852.25, its biggest gain in over four weeks.

(Story on Page 39)

France, on the eve of an economic summit, appears to have eased its insistence that the world return quickly to a system of fixed exchange rates, with the U.S. in particular defending its currency from excessive fluctuations.

(Story on Page 26)

Unilever Group's third quarter earnings rose 24% to \$98.5 million.

(Story on Page 18)

Markets

Stocks: Volume 23,960,000 shares. Dow Jones Industrials 852.25, up 13.70; transportation 173.22, up 3.19; utilities 83.08, up 0.51.

Bonds: Dow Jones 40 bonds 68.53, up 0.02.

Commodities: Dow Jones futures index 275.57, off 2.96; spot index 286.51, off 2.65.

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Russia denied Andrei Sakharov to go to Norway to collect peace prize on the ground that the nuclear physicist possesses state secrets.

George Wallace announced his for the Democratic presidential nomination condemning the party's "ultraliberal left" and saying the major domestic "the survival and the salvation of the class."

The appraiser of Nixon's papers G. Newman, was convicted of falsifying the IRS that they were deeded to National Archives early enough for get a \$450,000 tax deduction. Newman get five years in prison. Edward A. former Nixon lawyer, previously sentenced months in jail for conspiracy in the Charges against another lawyer, F. Marco, were dropped because of perjury.

The earth's protective ozone layer threatened more by the increasing use of nitrogen fertilizers than by the fluorine in aerosol sprays, according to F. Michael McElroy of Harvard. He said that of atmospheric nitrogen for fertilizers speeds up a natural process of returning nitrogen from plants to the air, a process which some ozone is destroyed.

A coal-leasing bill was approved House Interior Committee after it had 21-20, a move to attach most of the mining restrictions President Ford toned twice in the past 11 months.

U.S. trade diplomats were asked unanimously approved Senate resolution negotiate an international code of conduct for multinational corporations: bribes and kickbacks.

American executives in Asia have lobbying for an easing of the U.S. export controls on trade with North and South Vietnam Cambodia. They fear a long-term ban on trade that once maintained against could damage U.S. economic recovery throughout the area while letting Japan the U.S. to the Indochina market.

A jet caught fire while taking off New York's Kennedy airport and brought to a halt, enabling all 139 people aboard to escape before the Overseas National Airways DC10 exploded. The said the fire began when birds were in by an engine. The plane was bound Saudi Arabia with airline employees.

Died: Clinton P. Anderson, 80, Democratic Senator from New Mexico from 1973 and Secretary of Agriculture member of the House before that, in New Mexico, of a stroke.

Rerun on the Right: Reagan's Drive For President Hits Big Government

Continued From Page One

though in person his age shows, on television he looks much younger than 64. The Reagan campaign organization, which is already in place, appears to be operating more effectively than the Ford camp in early primary states—New Hampshire, Florida and North Carolina.

Mr. Reagan's immediate goal is to defeat Mr. Ford in these early primaries, hoping that such blows would destroy the President's campaign effort in later primaries or even cause him to withdraw. While Mr. Reagan must be rated an underdog, the strength of his challenge may be measured by the fact that the Ford campaign manager, Howard (Bo) Callaway, already is trying to discount possible early primary losses by the President.

Further, the gradual switch of states to primaries instead of state conventions, bringing the number of primary states to 30, means that a majority of delegates will be elected by GOP voters instead of politicians. This factor enhances the chances of a skilled challenger like Mr. Reagan and diminishes, to some degree, the advantage the President has through his control of government and party machinery.

Reagan advisers are confident their candidate can cope with the charge by Ford men that the Californian is so conservative that his nomination would result in defeat rivaling the GOP's Goldwater disaster of 1964.

For one thing, they say, the time has finally come for a true conservative. "In 1964, about 75% of the people thought the federal government was doing a good job," one Reagan adviser says. "Now, about 75% think it is doing a bad job."

Pointing to the Record

For another, they say, unlike Sen. Goldwater, Mr. Reagan has governed the nation's most populous state and demonstrated, as one puts it, "that conservative Republican principles do work."

Mr. Reagan himself takes every opportunity to recite highlights of his record, trying to show that he can deliver on his promises.

When he was elected in 1966, the state was threatened with big deficits, he says, but when he left office last January, the state had a \$500 million surplus. Tax and budget cuts over eight years "provided more than \$5.7 billion in direct tax relief," he claims.

Moreover, increased state aid to local governments enabled them to cut property taxes, Mr. Reagan says. At the same time, state spending was restrained by holding the number of state employees at "virtually the same" level for eight years, he says.

Delivery of Services

Mr. Reagan cites the slashing of California's welfare rolls as one of his greatest accomplishments. Welfare costs were escalating out of sight and the rolls were increasing by 40,000 persons a month, he says, but a 1971 "reform" law cut the number of welfare recipients by 400,000 by the end of his term.

While relentlessly pursuing a "cut, squeeze and trim" fiscal policy, Mr. Reagan says he also improved vital public services. The record supports his further contention

that state appropriations for education were doubled during his tenure, from kindergarten up through the multi-campus University of California, which he was denouncing during the student violence in the 1960s.

However, Mr. Reagan's rosy recital of his record ignores some other material facts. Unless asked, Mr. Reagan doesn't mention such things as these:

The state budget more than doubled during his tenure, rising to about \$10 billion from \$4.6 billion. While the bulk of the increase was for state assistance to local governments, and in this respect the state was just performing a collection and distribution function, the rest of the state budget also increased about 50% during the Reagan years.

California taxes rose substantially under the Reagan administration. The retail sales tax went up to 6% from 4%. Personal income taxes, which had ranged from 1% to 7%, were raised to a range of 1% to 11%. Corporate income taxes rose to 9% from 5.5%, although increases were offset substantially by companion reductions in the state's inventory tax. Tax withholding from workers' paychecks was imposed in 1972, something, Mr. Reagan had vowed he would never allow. In all, state tax collections doubled during the Reagan years.

"Tax Relief" Claim

The \$5.7 billion in "direct tax relief" that Mr. Reagan talks about resulted from partial tax rebates enacted during a few periods when the state had fat surpluses. But without three basic tax increases, there wouldn't have been any money to rebate.

It should be noted that Mr. Reagan really hadn't any choice except to back a big tax increase his first year in office; the previous Democratic administration had left the state in financial straits. One of the two other big tax increases supported by the governor raised funds to assist local governments, and the increased state aid did arrest, for a time, the rise in local property taxes. Now, however, property taxes are rising again because inflation is increasing property valuations sharply, according to A. Alan Post, the nonpartisan legislative analyst for the California legislature.

Effects of Recession

Mr. Reagan's claim that he held state government employment steady for eight years isn't precisely correct. Actually, the state's full-time employees increased modestly by 5.7%, to 108,393, during the Reagan years, according to the state's Personnel Board. (In contrast the number of federal civilian employees declined 3.3% during the same eight-year period.)

Mr. Reagan also is apparently exaggerating when he claims that the tightened eligibility rules imposed by the October 1971 welfare law had cut 400,000 persons from the rolls when he left office last January. According to a spokesman for the State Department of Benefit Payments, the peak caseload was reached in March 1971, when 2,293,906 Californians were receiving welfare checks. Last January, 2,060,875 persons were on welfare—a decline of 233,031 rather than the 400,000 Mr. Reagan claims.

Further, as a result of the recession, California welfare rolls have been rising again this year: At last count, 2,109,591 persons

were on welfare—just 20,069 fewer than when the Reagan-sponsored welfare law took effect in October 1971.

No one familiar with the California law disputes the fact that it tightened welfare eligibility rules considerably and thus removed some persons—perhaps the "cheaters" Mr. Reagan flays—from the rolls. Clearly, the Reagan law helped stop the upward spiral of welfare. However, a number of welfare specialists dispute whether the state law had much permanent impact in cutting welfare rolls; the basic trend of welfare is determined much more by general economic conditions, they contend.

It is clear, in sum, that none of Mr. Reagan's major policies as governor violated his conservative principles. However, he was a good deal more pragmatic as governor than his rhetoric would suggest; especially in his second term, he compromised with the Democratic-controlled legislature on fiscal and social issues.

Yet fundamentally, Mr. Reagan consistently tried, against the pressure of Democratic legislators and the forces of inflation, to restrain government growth. Undoubtedly, he did succeed in imposing some degree of restraint. But he didn't succeed in reversing or even halting that growth.

Grant's Cash Balance Rises to \$134 Million

By a WALL STREET JOURNAL Staff Reporter

NEW YORK—W. T. Grant Co. has a cash balance of \$134 million, up from the \$106 million it reported Oct. 27, Bernard Mindich of Wachtel, Lipton, Rosen & Katz, attorney for Grant, told U.S. Bankruptcy Judge John Galgay.

The company disbursed \$34 million from Oct. 27 to Monday, he said, of which \$17 million went to pay for merchandise and \$17 million for general operating expenses.

Grant has been operating under Chapter 11 of the federal Bankruptcy Act since Oct. 2. Under Chapter 11, a company continues to operate, but has court protection against creditors' lawsuits while it tries to work out a plan for paying its debts.

The company received \$63 million from Oct. 27 to Monday in receipts from its stores, Mr. Mindich said. He added that the chain is purchasing merchandise for spring.

Results from the liquidation of 250 stores by Sam Nassi Co., professional liquidator, totaled \$31 million in the first full week of the sale, he said. Sales in 280 other stores the Nassi company is liquidating should begin this weekend, he added.

The hearing was adjourned until 10 a.m. next Wednesday to coincide with the first full meeting with creditors.

Sundance Oil Says 1975 Net Could Be Up to \$7.2 Million

DENVER—Sundance Oil Co. said the company could report net earnings for the year of "up to" \$7.2 million, or \$3.50 a share. In 1974, it had a loss of \$317,403.

In the first nine months, Sundance earned \$4.7 million, or \$2.28 a share, from operations, up from the 1974 period's operating net of \$192,954, or nine cents a share. A tax-loss carry-forward of \$2.2 million made 1975 nine-month net \$6.9 million, or \$3.32 a share, on revenue of \$14.8 million.

All of these securities having been sold, this announcement appears as a matter of record only.

7th November, 1975



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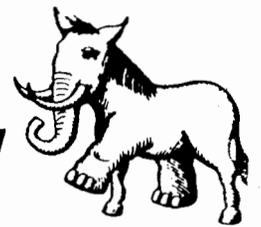
IMPORTANT MEMORANDUM FROM PETER KAYE PK

I thought you'd all like to know how the other half lives.





The Political Animal



January 23, 1976 / Issue Number 131

THE BODY POLITIC: Behind the Reagan Campaign/A special report by the Political Animal's Washington correspondent

What emerges from the opening weeks of Ronald Reagan's Presidential campaign is that the former California governor has failed to make the transition from banquet orator to serious Presidential candidate. Reagan must share part of the blame, owing to his procrastination and indecisiveness during 1974 and much of 1975. His own preoccupation with the lucrative speaking circuit, radio shows and columns - reinforced by the interest of his former Sacramento staffers, Mike Deaver and Peter Hannaford - froze out many important political contacts. These VIPs included both key Californians, like GOP State Chairman Paul Haerle, a former Reagan aide, and the renowned F. Clifton White, who engineered Barry Goldwater's 1964 nomination and served as Reagan's adviser in a short lived try for the 1968 Presidential nomination. Both Haerle and White, like many other political leaders and fund raisers associated with past RR campaigns, felt increasingly isolated, and eventually emerged in the Ford camp. (Once asked why he turned down a consulting role for a 1976 Reagan Presidential campaign, White answered simply, "I was never asked.")

Into the void stepped John Sears, a bright and shrewd Eastern lawyer who was a Nixon delegate hunter in 1968. Sears, a smooth political operative, had a reputation for honesty and competence among much of the Washington press corps. Sears' considerable analytical ability and strategic game playing were matched only by his conviction early in 1975 that RR would run for President. Sears was rewarded for his patience when he became chief executive of the campaign, with veteran RR staffer (and 1966 campaign press secretary) Franklyn (Lyn) Nofziger relegated primarily to press, and Deaver and Hannaford, with at first undefined roles, later focused, respectively, on scheduling and research/writing.

Sears already had one staunch ally in the Reagan entourage-conservative ideologue Jeff Bell, former political operative with the American Conservative Union who signed on with RR near the end of his administration to work on federal-state relations. Bell followed RR from Sacramento, worked briefly at the Deaver/Hanaford/Reagan bunker in Westwood, and then dropped from sight only to surface in Washington again as research director of the campaign apparatus headed by Sears.

After leaving L.A., Bell used his free time to construct the now notorious \$90 billion federal tax cut idea. Steeped in ideological rhetoric, the program was full of loopholes, no surprise since Bell's strong points are politics and history, not economics. The Bell plan itself is full of "Golderwaterisms" - ominous implications for people on social security, middle income taxpayers, etc. Moreover, some of its subtleties, while economically sound, are politically absurd, such as using some of the budget savings to retire part of the national debt.

Bell now tells associates and friendly columnists that he checked the plan with all senior RR advisers, as well as economists sympathetic to RR.

THE BODY POLITIC [More]

Although some RR intimates were all too ready to desert Bell's sinking ship when the plan was attacked, the fact is they signed off on Bell's impetuous proposals. Although there was some news and credibility benefit to be gained from taking the initiative with a novel economic proposal, the risk clearly outweighed any possible gain, especially since RR was not even a declared candidate when he enunciated the Bell plan in a Chicago speech. But even then RR's non-campaign was already experiencing the growing pains that continue to plague it, complicated by the geographical axis (Deaver & Hannaford in L.A., Sears and associates in D.C.). Actually, the dual power bases continue, without the geographical refinement, with press aide Nofziger, like the man without a country, caught in the middle. Nofziger was never close to Deaver and Hannaford; his style differs markedly from the low key Sears.

Versions vary greatly as to whether economists like Milton Friedman of the University of Chicago or Roger Freeman of Stanford University's Hoover Institution really endorsed the Bell plan. It is known that one reason for recruiting Stanford's Martin Anderson, a former Nixon campaign and White House economist in residence, was to try to salvage the Bell plan. Anderson, who first rose to fame in 1964 with his book, The Federal Bulldozer, the definitive classic analyzing the nation's disastrous federal urban renewal policies, was known, like current White House economic adviser Alan Greenspan, as a devotee of objectivist Ayn Rand. What is significant is that Anderson is doing now for RR what should have been done during the latter half of 1975 - defining issues, preparing research, position papers, briefing the prospective Presidential candidate.

The Political Animal has identified these problem areas in the Reagan campaign:

1. Candidate's briefing. RR has been insufficiently briefed, in general or on a daily basis; he has not developed viable positions supported by evidence. He has been inconsistent. The result has been that RR has been unprepared for press queries, illustrated dramatically at his November news conference announcing his candidacy, at which he flubbed several major, easily anticipated questions. RR did not have this problem in his 1966 (Spencer-Roberts managed) gubernatorial campaign.

2. Press. Sears does not run a tight ship, and one result is that practically everyone in the campaign except the receptionist and mailroom staff, is talking to the press. This not only undercuts Nofziger, the presumed spokesman, but the campaign itself. Unless Sears steps in quickly, supported by RR, and disciplines the campaign staff, including regional directors and local chairmen, further inconsistencies, contradictions and embarrassing stories will continue and escalate. Staff infighting is already public, reminiscent of the disastrous McGovern '72 campaign.

3. Finance. News reports that the Reagan campaign is raising more funds than Ford are misleading: 1) Ford's campaign is so poorly run that the comparison was bound to be favorable. 2) Most of RR's funds are raised through the mails, and the ratio of net money (after expenses) to gross contributions is not nearly so good as it might be. Sears defends the campaign's direct mail consultant Bruce Eberle, just as he defends Jeff Bell, prompting one observer to suggest that "John, because he felt he was screwed in the Nixon campaign (1968) doesn't want to screw anyone now." Nevertheless, the Reagan direct mail packages are unimaginative, and one expert says that the lists which have been used should have produced more revenue. 3) The Reagan campaign operation has no real finance committee



THE BODY POLITIC [More]

nor has it secured (to date) an experienced, full-time, paid staff pro to oversee all fund raising.

4. Direction and Administration. While Sears has credibility and integrity he is considered an increasingly weak administrator. One RR staffer said, "John is too nice a guy for this job." Sears will have to toughen up in the weeks ahead, especially if he is to keep the precarious power structure (Deaver/Hannaford vs. Nofziger vs. Sears/Washington staff) from evaporating in rivalry. Moreover, the campaign staff finally numbers more than the contingent of Secret Service agents assigned to RR and is likely to grow if Sears reorganizes the fund raising efforts to produce more. Additional staffers will increase the problems of coordination and interaction with the candidate (RR was overscheduled in New Hampshire, perhaps contributing to his verbal flaps; the policy, intended to underscore Reagan's seriousness and dispel notions that he cannot campaign intensively, thereby backfired).

On the plus side, the Reagan campaign scored a major coup by signing Ruth Jones to map the former governor's media "buys." Miss Jones is considered by many informed political analysts to be the preeminent TV spot buyer for candidates in the nation. Reagan is her fifth Presidential candidate since H.R. Haldeman recruited her for the 1960 campaign of Richard M. Nixon. (She worked for Sen. Edmund Muskie's campaign in 1972.) The expertise of Miss Jones, in the view of one observer, is enough to stretch a candidate's TV buying power by 50% or more.

RR's staff is a hybrid group of ex-Nixon aides and a large cadre from the nation's conservative ranks, notably the American Conservative Union and Young Americans for Freedom. Direct mail consultant Eberle was a long time YAF activist. Legal counsel Loren Smith, who as a junior lawyer worked in the Executive Office Building on Nixon's Watergate defense, was a YAF leader in Illinois. RR Youth Director Roger Stone was a scheduling aide in CREEP. Ken Rietz, who helps the campaign with special events and some advance work, headed the youth operation for CREEP; he is now trying to put together the Reagan California campaign. Once in line to be Republican National Chairman, Rietz is also interested in the campaign's advertising account. Because of past "dirty trick" allegations leveled against Rietz, his involvement in RR's campaign has been attacked, some think unfairly, in Jack Anderson's syndicated column. Nofziger's personal connection with RR, dating back to 1966, predates his CREEP experience as Nixon's California point man in 1972. Southern regional director for RR is David Keene, one-time political aide to Sen. James Buckley (Cons.-R., N.Y.), and before that aide to ex-Vice President Spiro Agnew. Keene worries about the key Florida primary on March 9. Charles Black took leave of absence from Sen. Jesse Helm's staff (R.-North Carolina) to direct the Midwest region, which includes the critical Illinois primary on March 16 which political pundit Kevin ("The Emerging Republican Majority") Phillips thinks may cause either Ford or Reagan to drop out of the race.

RR's organizational effort is uneven from state to state. The New Hampshire operation is impressive. The efforts in Illinois, Wisconsin and other states leave much to be desired. RR is aided in North Carolina by the fact that his state chairman, Sen. Helms, has virtually turned over his statewide organization and lists to the Reagan campaign. However, the Illinois chairman, Rep. Philip Crane, from Chicago's affluent North Shore, has no such statewide organizational following or lists.



For release: IMMEDIATELY, MAY 21, 1976

Contact: Peter Kaye (202) 457-6436

P. Kaye
seen



President Ford's campaign manager today predicted "major political fallout" from Ronald Reagan's statement that selling TVA to private industry "would be something to look at."

"I believe Mr. Reagan's statements will be weighed carefully next Tuesday by thousands of voters in Kentucky and Tennessee who depend on TVA for jobs and lower power rates," ^{ROGERS} Morton said.

Morton contrasted the Reagan statement with remarks that the President made in an interview with Tennessee newsmen today.

"TVA I fully support," said the President. "I think it's been a very, very important energy producer in that great part of our country and I believe it's continuing to perform a very important responsibility."

Morton said the contrast between the President's position and Reagan's has further pointed up the fact that \$731 million for TVA would be eliminated under Reagan's \$90-billion plan.

TVA has 18,000 employees. In fiscal 1975 the federal outlay for TVA in Tennessee was \$512,305,000. For Kentucky, it was \$126,501,000.

Reacting to Reagan's statement, Sen. Howard Baker, R-Tenn., said: "TVA has been an enormously important asset to this part of the country, not only to Tennessee but also to Kentucky...it would be simply out of the question to seriously talk about selling it."

Rep. James Quillen, R-Tenn., said "any proposal to sell TVA raises a red flag in front of the eyes of all the people throughout the Tennessee Valley area. Electric rates are now far too high and the

people would like to see them come down. It is very irresponsible to propose the sale of TVA, which would definitely raise the power rates." Rep. Tim Lee Carter, R-Kentucky, said the Reagan suggestion "would be a disaster to south central and western Kentucky as well as Tennessee. Factories which have moved in because of low electric rates would have to close and thousands of people would be unemployed."



THE WHITE HOUSE
WASHINGTON

D / Did you see this?

ORIGINAL RETIRED TO
SPECIAL DOCUMENTS FILE

WASHINGTON STAR
4 July 1976

Reviving an Old Script

You can take the boy out of Hollywood, but . . . Supporters of Ronald Reagan have apparently taken to reading old Gore Vidal screenplays. They are, according to a Dallas television station, planning to drop a bombshell on President Ford's backers at the Kansas City convention next month. The bombshell, which is supposed to explode too late for an effective counter-strike by Ford, is a re-run of "The Best Man." The president's Secretary of State, Henry A. Kissinger, has undergone treatment for a mental disorder, according to the TV station's summary of the Reagan people's plot. Now if Rogers Morton lets drop word. . . .

—David Broten

[Sept. 1976?]

TALKING POINTS FOR PHONE CALL TO GOVERNOR REAGAN

1. You should thank him for his agreeing to do the October 7th fund raiser for the RNC in Los Angeles.
2. You should tell him that you appreciate the work that has been done to create a committee of Reagan and Ford supporters in California.
3. Indicate you had a good chat last night with William French Smith and are pleased that he is serving on the National Steering Committee.
4. You could talk to him about some of the polls showing major progress over the last few weeks. States such as Virginia, North Carolina, Florida, Texas and even some deep South States such as Louisiana, Mississippi and Alabama may be winnable. Governor Reagan's help could make the margin of difference in these and other areas and you would appreciate whatever he could do for us by way of campaigning on our behalf.
5. You should indicate that he is one of the most effective men in the country on television and you would like him to consider the possibility of cutting a thirty minute film-clip which we could use as a key part of our advertising campaign.
6. Ask him to think about the above subjects and indicate that you will be back to him early next week.
7. You should ask him who we should contact on his staff (Mike Deaver?) regarding specific details.

- Don't mention Steve Spencer

9/13 - 447-8231

dates - availability

30 sec to 5 min. film clips -
Dish



[Original in folder "Presidential Telephone Calls, 9/76 - 11/76" in box 18]

Dick Cheney)

try to set it up

[Sept. 1976?]

Steve Ford called Monday night.
He thought Reno + Lewiston, Idaho
Round-Up went great.

He is back in Calif getting ready
with Motor Home for his 6 week trip
on the Coast & on The Rockies.

He suggests, & I think it will be
good P.R., he call on The Reapers with
Motor Home either at their ranch or at
his office for a photograph (news media)

It would be a nice gesture plus
good coverage.

He would like to do it Sunday
afternoon or Monday A.M. Let me know