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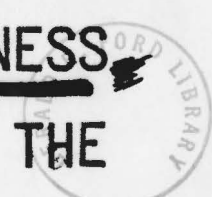
ANNUAL BUSINESS BANQUET. GRADUATE SCHOOL OF BUSINESS. UCLA

BUSINESS, GOVERNMENT AND PEOPLE

THE SUBTITLE OF MY TALK TONIGHT HAS BEEN FREELY PARAPHRASED FROM THE 19TH CENTURY VOLUME BY AN UNRECONSTRUCTED CONFEDERATE COLONEL: "AN UNBIASED HISTORY OF THE WAR BETWEEN THE STATES, FROM THE SOUTHERN POINT OF VIEW."

I WOULD LIKE TO BRING YOU AN UNBIASED APPRAISAL OF THE NATIONAL POLITICAL SCENE FROM A REPUBLICAN POINT OF VIEW. AND I AM QUITE SERIOUS. INsofar AS HABIT WILL ALLOW, I INTEND TO BE UNBIASED IN MY CONTENTION THAT IN TODAY'S ERA OF ESCALATING NATIONAL AND INTERNATIONAL PROBLEMS, WE CAN NO MORE AFFORD THE OLD-FASHIONED STEREOTYPES OF POLITICAL DEBATE THAN THE CENTURY-OLD PREJUDICES OF THE CIVIL WAR.

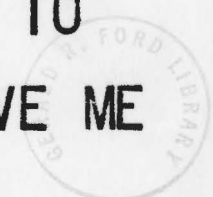
NOT SO LONG AGO, AND EVEN NOW, MANY PEOPLE AUTOMATICALLY REGARDED THE REPUBLICAN PARTY AS THE PARTY OF BIG BUSINESS AND THE DEMOCRATIC PARTY AS THE PARTY OF BIG LABOR, OR THE



THE AFL-CIA -- EXCUSE ME, I MEAN ~~AFL~~-CIO.

POSSIBLY THIS WAS IN SOMEBODY'S MIND WHEN IT WAS SUGGESTED THAT I MIGHT DISCUSS WITH YOU THE UNEASY PARTNERSHIP BETWEEN BUSINESS AND GOVERNMENT THAT PREVAILS IN THE GREAT SOCIETY. NOW, ONE HAS ONLY TO LOOK AT THE MEMBERSHIP ROLLS OF THE PRESIDENT'S CLUB TO SEE HOW EASY THE PARTNERSHIP BETWEEN THE BUSINESS WORLD AND THIS DEMOCRATIC ADMINISTRATION REALLY IS. AND WHO EXPOSED THE SHOCKING COINCIDENCES BETWEEN THESE \$1000 MEMBERSHIPS BY BUSINESS EXECUTIVES AND FEDERAL CONTRACTS AND FAVORS -- WHY, THE REPUBLICANS!

NEVERTHELESS, THE OLD POLITICAL THOUGHT-PATTERNS STICK WITH US. I'M SURE YOU ARE FAMILIAR WITH THE WORD-ASSOCIATION TESTS USED BY PSYCHIATRISTS TO ANALYZE AUTOMATIC REACTIONS. FOR INSTANCE, ONE DOCTOR TOLD HIS PATIENT: "I'M GOING TO GIVE YOU A LIST OF FIVE WORDS. WITHOUT HESITATING, GIVE ME THE ONE WORD THAT DOESN'T BELONG WITH THE OTHER FOUR."



THEN HE SHOWED HIM A SLIP OF PAPER ON WHICH ~~HERE~~ **WAS** WRITTEN:

MAN --- WOMAN --- CHILD --- CARPET --- SEX

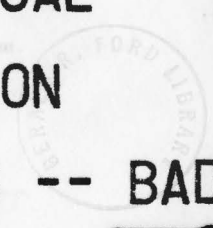
THE PATIENT QUICKLY REPLIED THAT THE WORD "CARPET" OBVIOUSLY DIDN'T FIT.

THE DOCTOR FROWNED. "THERE'S SOMETHING SERIOUSLY WRONG HERE," HE SAID: "THE WORD YOU SHOULD HAVE ELIMINATED IS "SEX."

IT WAS THE PATIENT'S TURN TO BE PUZZLED. HE DEMANDED TO KNOW WHY.

"WELL," EXPLAINED THE PSYCHIATRIST, "YOU CAN BEAT A MAN, YOU CAN BEAT A WOMAN, YOU CAN BEAT A CHILD AND YOU CAN BEAT A CARPET. BUT YOU CAN'T BEAT SEX."

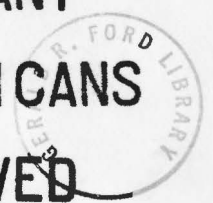
LET'S PLAY THIS WORD-ASSOCIATION GAME WITH POLITICAL PARTISANS. TO A VISCERAL DEMOCRAT, THE INSTANT REACTION TO THE TITLE OF THIS SPEECH IS LIKELY TO BE: BUSINESS -- BAD;



GOVERNMENT -- GOOD; THE PEOPLE ⁴ -- WE'RE FOR 'EM!

THE REAL REPUBLICAN, NOW -- AND ALMOST EVERY REPUBLICAN I KNOW IS A REAL REPUBLICAN WHILE REGARDING OTHER REPUBLICANS WITH CERTAIN RESERVATIONS -- WILL PROBABLY REACT THIS WAY: BUSINESS -- GOOD; GOVERNMENT -- BAD; THE PEOPLE -- WE'RE FOR 'EM TOO, BUT THEY JUST DON'T UNDERSTAND US.

THERE ARE OTHER POLITICAL CHESTNUTS, EQUALLY ANCIENT, THAT I THINK WE MIGHT WELL CONSIGN TO HISTORY. REPUBLICANS FAVOR THE FARMER, DEMOCRATS DO MORE FOR MINORITIES -- THE AMERICAN FARMER, AS A MATTER OF FACT, HAS BECOME ONE OF THE MOST OPPRESSED MINORITIES OF THE GREAT SOCIETY. REPUBLICANS RULE SUBURBIA WHILE DEMOCRATS CHERISH THE CENTRAL CITY -- AS A MATTER OF FACT, MANY OF THE EVILS OF OUR CITIES ARE THE PRODUCTS OF UNBROKEN DEMOCRATIC MACHINE RULE FOR MANY DECADES. DEMOCRATS ARE ATLANTIC-ORIENTED WHILE REPUBLICANS LOOK TO THE PACIFIC -- HOW, THEN, HAVE WE BECOME INVOLVED

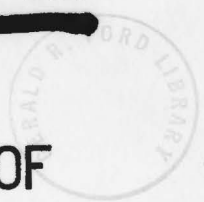


IN AN INTERMINABLE LAND WAR IN ASIA, WHILE NATO DISOLVES.

TO BE INTELLECTUALLY HONEST, ALL SUCH POLITICAL KNEE-JERK REACTIONS ARE THE PRODUCTS OF OVERSIMPLIFICATION WHICH, I HAVE TO CONFESS, WE SOMETIMES FIND USEFUL IN PARTISAN BATTLE. BUT THE FACT IS THAT GOVERNMENT IS NOT, OF ITSELF, EVIL. BUSINESS AND ORGANIZED LABOR HAVE NO INHERENT VIRTUES OR VICES, AND NEITHER POLITICAL PARTY OWNS ANY MONOPOLY OF DEDICATION TO THE COMMON GOOD. ALL THESE GROUPINGS AND INSTITUTIONS ARE COMPOSED SIMPLY OF PEOPLE AND SHOULD BE JUDGED BY THE DEGREE TO WHICH THEY TRULY SERVE THE PEOPLE.

TAKING THE LONGEST VIEW OF THIS 20TH CENTURY I CAN, I SUBMIT THAT MY PARTY -- THE REPUBLICAN PARTY -- STANDS ON THE THRESHHOLD OF A MOMENTOUS EVENT. IT IS ABOUT TO EMERGE, INDEED IT MAY ALREADY HAVE BECOME, THE PARTY OF THE PEOPLE WHICH IT WAS IN ITS BEGINNINGS.

IT CERTAINLY SEEMED TO BE THE PARTY OF THE PEOPLE OF




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CALIFORNIA LAST NOVEMBER. AND I AM GOING TO TRY MY LEVEL BEST TO MAKE THE REPUBLICAN PARTY THE PARTY OF THE PEOPLE NATIONALLY IN 1968.

LEST I SEEM TO BE SLIPPING AWAY FROM MY NONPARTISAN SPIRIT, LET ME QUOTE A GREAT DEMOCRAT -- NOT JEFFERSON OR WILSON OR FRANKLIN D. ROOSEVELT BUT A CONTEMPORARY LEADER OF THE DEMOCRATIC PARTY, A MAN WHO SCORED ONE OF THE GREATEST ELECTORAL LANDSLIDES IN OUR HISTORY -- OVER BILL MILLER OF NEW YORK -- VICE PRESIDENT HUBERT HUMPHREY.

AT A DEMOCRATIC FUND-RAISING DINNER IN WASHINGTON LAST WEEK, PRESIDENT JOHNSON TROTTED OUT ALL THE WEARY BROMIDES ABOUT REPUBLICAN WRECKING CREWS AND BLIND OBSTRUCTIONISM, BUT IT REMAINED FOR OLD HONEST HUBERT TO CLOSE THE CREDIBILITY GAP.

"ONLY ONE THING WILL DEFEAT US," THE VICE PRESIDENT WARNED HIS FELLOW DEMOCRATS. "ONLY ONE THING WILL DEFEAT



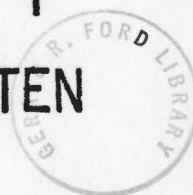
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US AND THAT WILL BE OURSELVES. IF THE PARTY HAS FAITH IN ITS LEADERS, ITS PROGRAMS AND ITS CAUSE, WE ARE UNBEATABLE. IF WE DON'T HAVE THAT FAITH, WE DON'T DESERVE THE TRUST OF THE PEOPLE."

WELL, MY FRIEND HUBERT HUMPHREY IS NOT NOTED FOR A FEW WELL-CHOSEN WORDS, BUT I WILL BUY EVERY ONE OF THESE. I WISH I'D SAID THEM FIRST -- AND I WILL SAY THEM AGAIN TO AS MANY REPUBLICANS, INDEPENDENTS AND DEMOCRATS AS I CAN BETWEEN NOW AND NOVEMBER 1968.

IF THE REPUBLICAN PARTY HAS FAITH IN ITS LEADERS, ITS PROGRAMS AND ITS CAUSE, WE ARE UNBEATABLE. IF WE DON'T, WE DON'T DESERVE THE TRUST OF THE PEOPLE.

A REPUBLICAN PRESIDENT, CALVIN COOLIDGE, IS SUPPOSED TO HAVE SAID "THE BUSINESS OF GOVERNMENT IS BUSINESS." I DISAGREE. ANOTHER REPUBLICAN LEADER ON CAPITOL HILL OFTEN ASSERTED THAT "THE DUTY OF THE LOYAL OPPOSITION IS TO



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OPPOSE, PERIOD." I DON'T AGREE. THE BUSINESS OF GOVERN-
MENT IS TO SERVE THE PEOPLE, AND THE BUSINESS OF BUSINESS
IS TO SERVE THE PEOPLE, AND THE BUSINESS OF THE LOYAL
OPPOSITION UNDER OUR TWO-PARTY SYSTEM IS TO SERVE THE
PEOPLE.

BRAD
BRAD
THAT IS THE PHILOSOPHY OF THE REPUBLICAN LEADERSHIP
IN THE HOUSE OF REPRESENTATIVES AND THAT IS THE RECORD WE
ARE TRYING TO WRITE IN THIS CONGRESS^x WITH 47 ADDITIONAL
REPUBLICANS SENT TO US BY THE PEOPLE LAST NOVEMBER. WE
ARE HAPPY TO TAKE UP VICE PRESIDENT HUMPHREY'S CHALLENGE
IN HIS OWN WORDS. IF WE ~~CANNOT~~ CORRECTLY INTERPRET THE WILL
OF THE PEOPLE AT THIS MOMENT IN OUR HISTORY, TRANSLATE THEIR
ASPIRATIONS AND ANXIETIES, THEIR SPECIAL NEEDS AND GENERAL
GOALS INTO MEANINGFUL POLITICAL ACTION, THEN REPUBLICANS WILL
NOT DESERVE TO WIN NATIONAL LEADERSHIP IN 1968.


PERSONALLY, I BELIEVE WE HAVE AN EXCELLENT CHANCE OF



ELECTING A PRESIDENT AND A MAJORITY OF THE HOUSE OF REPRESENTATIVES NEXT YEAR. AS HUBERT HUMPHREY SAID, THE ONLY THING THAT CAN DEFEAT US WILL BE OURSELVES.

WE CAN AVOID THIS RECURRENT MALADY OF REPUBLICANS, I BELIEVE, IF WE KEEP OUR EYES CLEARLY FOCUSED ON THE PEOPLE. I DO NOT MEAN TO DEAL IN PLATITUDES AND I HOPE I AM NOT RESTATING THE OBVIOUS. FROM THE FIRST WORDS OF THE DECLARATION OF INDEPENDENCE -- "WE, THE PEOPLE" -- TO LINCOLN'S RINGING RESOLUTION THAT GOVERNMENT OF THE PEOPLE, BY THE PEOPLE, FOR THE PEOPLE SHOULD NOT PERISH IN ITS GRAVEST TEST, THE PRIMACY OF THE PEOPLE HAS BEEN CENTRAL TO THE AMERICAN CONCEPT OF POLITICS.

I DO NOT PROPOSE TO GO INTO THE MERITS OR THE COMPLEX LEGAL ISSUES OF THE ACTION TAKEN BY THE HOUSE OF REPRESENTATIVES IN DENYING A SEAT TO FORMER CONGRESSMAN ADAM CLAYTON POWELL. BUT I WAS STARTLED AND SHOCKED TO



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HEAR CRITICISM OF THIS ACTION, NOT ONLY FROM COLUMNISTS AND COMMENTATORS BUT EVEN SOME OF MY CONGRESSIONAL COLLEAGUES WHO UGHT TO KNOW BETTER, ON THE GROUNDS THAT THE OVERWHELMING HOUSE VOTE FOR MY POWELL RESOLUTION OF JANUARY 10 WAS THE RESULT OF AN AVALANCHE OF MAIL AND COMMUNICATIONS FROM CONSTITUENTS AT HOME.

SINCE WHEN IS IT WRONG FOR ANY ELECTED REPRESENTATIVE OF THE PEOPLE TO LISTEN TO AND ACT ACCORDING TO THE EXPRESSED WISHES OF THE PEOPLE WHEN THEIR SENTIMENTS ARE LOUD AND CLEAR, AND IN HIS JUDGMENT, CONSTITUTIONAL AND CORRECT? IT SEEMS TO ME THAT IS WHAT THE U.S. HOUSE OF REPRESENTATIVES, THE "PEOPLE'S HOUSE" IN WHICH I HAVE HAD THE HONOR OF SERVING FOR 19 YEARS, IS REALLY ALL ABOUT.

I SAY WITH JEFFERSON, THE TRADITIONAL FOUNDER OF THE DEMOCRATIC PARTY, THAT "I AM NOT AMONG THOSE WHO FEAR THE PEOPLE," AND I ASK WITH LINCOLN, THE FOUNDER OF THE

REPUBLICAN PARTY, "WHY SHOULD THERE NOT BE A PATIENT CONFIDENCE IN THE ULTIMATE JUSTICE OF THE PEOPLE? IS THERE ANY BETTER OR EQUAL HOPE IN THE WORLD?"

WE WHO HOLD PUBLIC OFFICE, WHATEVER OUR POLITICS, HAVE THE DUTY OF RECOGNIZING AND REFINING INTO CONCRETE TERMS WHAT THE PEOPLE WANT. WE ARE SPECIALISTS IN THE SAME SENSE THAT BUSINESS HAS MARKET ANALYSTS AND PRODUCTION ENGINEERS TO DETERMINE AND MAKE INTO SALEABLE ITEMS THE GOODS AND SERVICES PEOPLE WANT. IF WE ARE WRONG TOO OFTEN, WE LOSE OUR JOBS, AND WE SHOULD.

THERE ARE CERTAIN SIMILARITIES BETWEEN GOVERNMENT AND BUSINESS IN THE UNIQUE AMERICAN SCHEME OF THINGS. BUSINESS AND POLITICAL AGENCIES ARE BOTH COMPOSED OF PEOPLE AND EXIST TO SERVE THE PEOPLE. BUSINESS MANAGEMENT COMPETES FOR THE PEOPLE'S DOLLARS AND POLITICAL MANAGEMENT COMPETES FOR THE PEOPLE'S VOTES. IDEALLY, THIS HEALTHY COMPETITION



IN BOTH ECONOMIC AND POLITICAL FIELDS SHOULD RESULT IN THE CUSTOMER BEING SATISFIED.

• BUT WE ALL KNOW THE PEOPLE ARE NOT SATISFIED -- CERTAINLY NOT IN THE FIELD OF GOVERNMENT, ABOUT WHICH I CAN SPEAK FROM SOME EXPERIENCE. THIS WEEK'S ISSUE OF U.S. NEWS AND WORLD REPORT TRUMPETS ON ITS COVER THE TIDINGS WE ALL KNOW TO BE TRUE -- "GOOD TIMES -- BUT PEOPLE ARE UNHAPPY." IT GOES ON TO CATALOG A HUNDRED INDIVIDUAL REASONS WHY, FROM VIET-NAM TO THE RISING CRIME RATE, FROM THE EROSION OF PENSIONS AND SAVINGS TO RISING PRICES, HIGH INTEREST RATES AND HEAVIER TAX BURDENS.

THE CURIOUS HIPPIES, THE SHRILL PROTESTERS WHO BURN THEIR OWN FLAG, THE RANCOROUS AND DEMAGOGIC PROPHETS OF WHITE AND BLACK POWER, ALL ARE SYMPTOMS OF SOME DEEP DIS-SATISFACTION IN OUR SOCIETY. BUT IF WE CAN CONTROL OUR INDIGNATION, WE MUST REMEMBER THESE ALSO ARE PEOPLE --



STRUGGLING IN THEIR WARPED WAYS FOR RECOGNITION AS PEOPLE
WHO COUNT IN THE SCHEME OF THINGS.

I HAVE SAID THAT THERE ARE SIMILARITIES BETWEEN GOVERNMENT AND BUSINESS, BOTH COMPETING AS IT WERE ~~FOR~~ FOR PUBLIC ACCEPTANCE, BUT THERE ARE ALSO SIGNIFICANT DIFFERENCES WE DARE NOT OVERLOOK.

THE FIRST IS THAT BUSINESS, IN GENERAL, IS CLOSER TO
THE PEOPLE THAN GOVERNMENT -- AT LEAST CLOSER THAN THE
FEDERAL GOVERNMENT. IT IS CLOSER BOTH IN SPACE AND IN TIME.
THE SELLER AND THE BUYER MEET DAILY AND FACE TO FACE, AND
COMPETITION IN A FREE MARKET OPERATES MORE OR LESS CON-
TINUOUSLY, CONSTANTLY MAKING THE NECESSARY ADJUSTMENTS TO
THE CONSUMER'S DEMAND.

THE FEDERAL GOVERNMENT, ON THE OTHER HAND, HAS ITS
NERVE-CENTER IN WASHINGTON, WHERE THERE IS AN EVER-PRESENT
DANGER OF BEGINNING TO BELIEVE THAT WASHINGTON OPINION IS



PUBLIC OPINION. WE WHO SERVE TWO-YEAR TERMS IN THE PEOPLE'S HOUSE ARE IN CLOSEST CONTACT WITH THE PEOPLE -- AND FOR THIS REASON I STRONGLY OPPOSED PRESIDENT JOHNSON'S NOW FORGOTTEN PROPOSAL FOR A FOUR-YEAR CONGRESSIONAL TERM -- BUT EVEN WE CAN ONLY SKIM THE SURFACE OF THE NATION AS A WHOLE, OUTSIDE OUR OWN CONSTITUENCIES. AND THE PEOPLE ARE LIMITED, IN EXPRESSING THEIR DISPLEASURE OR DELIGHT IN THEIR FEDERAL OFFICIAL'S PERFORMANCE OF DUTY, TO NATIONAL ELECTIONS EVERY TWO OR FOUR OR SIX YEARS.

I HAPPEN TO THINK THE HANDWRITING WAS CLEARLY ON THE WALL LAST NOVEMBER, BUT WE WILL ALL HAVE TO WAIT UNTIL NOVEMBER OF NEXT YEAR TO BE SURE.

THERE IS ANOTHER IMPORTANT DIFFERENCE BETWEEN COMPETITION IN THE MARKETPLACE AND COMPETITION IN THE POLITICAL ARENA. CUSTOMERS BESTOW THEIR BUYER'S DOLLARS VOLUNTARILY; CITIZENS HAVE THEIR TAX DOLLARS TAKEN FROM THEM BY FORCE.

*Revised
2/27/57
RWS*

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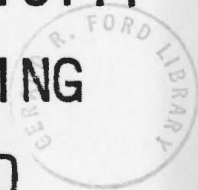
THUS, WHILE ANY INEPT BUSINESS WHICH FAILS TO SERVE THE PEOPLE'S NEEDS SIMPLY DISAPPEARS, INEPT GOVERNMENT CAN ENTRENCH AND PERPETUATE ITSELF FOR A CONSIDERABLE PERIOD BEFORE IT IS EVENTUALLY TURNED OUT OF POWER BY THE PEOPLE.

FINALLY, THERE ARE VASTLY DISPARATE POWERS OF PUBLICITY. *vast differences in their respective*
 THIS HAS BECOME A MAJOR ENTERPRISE OF BOTH GOVERNMENT AND BUSINESS. PROPERLY USED BY BUSINESS MANAGERS, ADVERTISING AND PUBLIC RELATIONS ARE A VALID STIMULUS TO COMPETITION AND PUBLIC INFORMATION. IMPROPERLY APPLIED THEY PERSUADE PEOPLE THAT THEY SHOULD BUY WHAT THEY REALLY DON'T WANT, THINGS THAT ARE USELESS OR EVEN HARMFUL, THINGS THAT MAY BANKRUPT THEM IN THE END. THE SAME GUIDELINES CAN BE APPLIED TO POLITICAL SELLING, EXCEPT THAT IN EMPLOYING PUBLICITY THE INCUMBENT GOVERNMENT HAS A HUGE, ALMOST INSURMOUNTABLE ADVANTAGE OVER ALL ITS COMPETITION.

THE GENERAL ACCOUNTING OFFICE, FOR INSTANCE, LISTS

6,856 FEDERAL EMPLOYEES WHO SPEND FULL TIME ON PUBLICITY FOR THE EXECUTIVE BRANCH OF THE GOVERNMENT. THIS DOESN'T EVEN COUNT THOSE WHO SPEND ONLY HALF OR NINE-TENTHS OF THEIR TIME IN PROMOTING THE GREAT SOCIETY, AND THEIR OWN POLITICAL CAREERS. THE DEFENSE DEPARTMENT SPENDS OVER \$23 MILLION A YEAR FOR PUBLICITY, THE DEPARTMENT OF AGRICULTURE NEARLY \$9 MILLION, H.E.W. ALMOST AS MUCH, AND SO ON TO A GRAND TOTAL OF \$425 MILLION A YEAR. THIS SUM IS NEARLY TWICE THE ANNUAL NEWS BUDGETS OF ALL THREE RADIO AND TELEVISION NETWORKS, THE ASSOCIATED PRESS AND UNITED PRESS INTERNATIONAL, AND THE NATION'S 10 LARGEST NEWSPAPERS COMBINED! I MIGHT ADD, IT'S MORE THAN 1000 TIMES WHAT THE REPUBLICAN NATIONAL COMMITTEE CAN SPEND ON PUBLICITY.

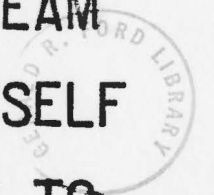
THAT IS A WHOPPING LOT OF FEDERAL GOVERNMENT PUBLICITY -- I WON'T CALL IT PROPAGANDA BECAUSE IT ISN'T ALL DESERVING OF THAT NAME. MUCH OF IT IS LEGITIMATE INFORMATION AND



USEFUL TO THE PEOPLE, BUT NOT VERY MUCH OF IT IS CRITICAL OF THE WAY THE CURRENT ADMINISTRATION IS DOING THINGS -- OFFHAND, I CAN T REMEMBER EVER SEEING A SINGLE UNKIND WORD.

WITH THESE RESOURCES, AND THE DETERMINATION OF AN ARMY OF FEDERAL BUREAUCRATS DEDICATED TO THE PRESERVATION OF THE STATUS QUO -- WHICH MEANS THEIR OWN JOBS -- IT HAS BECOME EXCEEDINGLY DIFFICULT TO GIVE A NEW DIRECTION TO THIS NATION. EVEN DURING EIGHT YEARS OF PRESIDENT EISENHOWER'S ADMINISTRATION -- EIGHT YEARS, INCIDENTALLY, OF PROSPERITY WITHOUT WAR AND PEACE WITHOUT SURRENDER -- *untouchable* THE GREAT FEDERAL BUREAUCRACY REMAINED ESSENTIALLY UNCHANGED *although somewhat smaller in numbers.* ~~AND EVER-EXPANDING.~~ BUREAUCRATS ARE NOT BAD PEOPLE, SOME OF MY BEST FRIENDS AND NEIGHBORS ARE BUREAUCRATS, BUT THEY ARE INCREDIBLY ISOLATED AND DETACHED FROM THE MAINSTREAM OF AMERICAN LIFE. BUREAUCRACY BECOMES AN END UNTO ITSELF WITH AN APPARENTLY ETERNAL LIFE OF ITS OWN, OBLIVIOUS TO

*Bev.
12/21/57
R.W.*



CHANGING POLITICAL CLIMATE.

LET ME GIVE YOU A CLASSIC EXAMPLE OF HOW BUREAUCRACY BREEDS AND DEFEATS ITS OWN NOBLE PURPOSES. AT THE END OF WORLD WAR II, UNDER PRESIDENT TRUMAN, THIS COUNTRY DECIDED IT WOULD BE MORE EFFICIENT TO CONSOLIDATE ALL THE BRANCHES OF THE ARMED SERVICES UNDER AN ADMINISTRATIVE DEPARTMENT OF DEFENSE. THIS WAS POPULARLY CALLED "UNIFICATION" BUT IT WAS NOT. THE ARMY, NAVY AND AIR FORCE CONTINUED GROWING ON THEIR OWN. THE DEFENSE DEPARTMENT WAS AN ADMINISTRATIVE DEVICE INTENDED TO INCREASE EFFICIENCY AND ELIMINATE COSTLY DUPLICATION OF MANPOWER AND EFFORT IN CERTAIN AREAS, SUCH AS SUPPLY.

WHEN SECRETARY OF DEFENSE MC NAMARA TOOK OVER THE INHERITED A DEPARTMENT OF DEFENSE CIVILIAN STAFF OF ABOUT 1500 EMPLOYEES. HE COMPLAINED THEN ABOUT THE "IMPOSSIBLE" SITUATION OF TOO MANY EXECUTIVES, INCLUDING 15 PRESIDENTIAL

APPOINTEES, REPORTING DIRECTLY TO HIM.

TODAY, MC NAMARA'S ^{D.O.D.} BUREAUCRACY NUMBERS 67,000 PENTAGON CIVILIANS TOPPED BY 150 RANKING EXECUTIVES WHO EARN \$25,000 OR MORE A YEAR, TWICE THAT MANY IN THE OVER-\$20,000 BRACKET, AND SOME 24,000 CAREER CIVIL SERVANTS IN THE \$10,000 AND ABOVE CATEGORY. THESE INCLUDE, INCIDENTALLY, 23 "DIGITAL COMPUTER SYSTEMS ADMINISTRATORS" WHOSE AVERAGE PAY IS \$19,661.

HAS THIS MADE THE DEFENSE DEPARTMENT MORE EFFICIENT? NOT IF YOU BELIEVE SOME OF THE REPORTS FROM THE COMPTROLLER GENERAL, ^{businessmen who deal with the Pentagon} AND WATCHDOG COMMITTEES OF THE CONGRESS WHICH ALLEGE SHOCKING WASTE AND MISMANAGEMENT IN JUST THE SUPPLY AND LOGISTICS ASPECT OF OUR VIET-NAM BUILDUP.

LET ME GIVE YOU ANOTHER RED-HOT REPORT ON THE WAY THE ADMINISTRATION MAKES USE OF ITS IMMENSE PUBLICITY MACHINE IN THE POLITICAL BATTLE. NEXT MONDAY THE HOUSE OF

REPRESENTATIVES WILL TAKE UP THE ADMINISTRATION'S BILL FOR FEDERAL GRANTS-IN-AID TO ELEMENTARY AND SECONDARY EDUCATION. DEBATE HAS BEEN DELAYED FOR FOUR SUCCESSIVE WEEKS BECAUSE REPUBLICANS WERE RALLYING AROUND A SUBSTITUTE PLAN TO TURN OVER THIS MONEY IN BLOCK GRANTS TO THE STATES, SUPPOSING THEY ^{The States + local comm} KNEW BEST WHERE IT WAS MOST NEEDED, RATHER THAN HAVING IT DOLED OUT UNDER A MYRIAD OF RULES AND REGULATIONS FIXED BY THE FEDERAL EDUCATION COMMISSIONER.

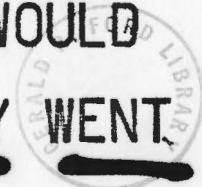
NOW THE FACTS ARE THESE. THE REPUBLICAN FORMULA WOULD GIVE JUST AS MUCH MONEY TO EVERY STATE, AND MORE TO SOME, THAN THE GREAT SOCIETY PROGRAM. AT THE SAME TIME IT SAVES HEAVY ADMINISTRATIVE COSTS AND THE INTOLERABLE BURDEN OF EVERY SCHOOL ADMINISTRATOR AROUND THE COUNTRY HAVING TO LOBBY WASHINGTON FOR HIS SHARE. THE REPUBLICAN FORMULA FOLLOWS THE NEAR-UNANIMOUS RESOLUTION OF LAST DECEMBER'S GOVERNOR'S CONFERENCE OF BOTH REPUBLICAN AND DEMOCRATIC



GOVERNORS, ENDORSING THE IDEA OF BLOCK GRANTS OVER CATEGORICAL FEDERAL AID. IT ALSO FOLLOWS, WE FEEL, THE PEOPLE'S MANDATE IN THE LAST ELECTION FOR MORE LOCAL DIRECTION OF LOCAL PROGRAMS.

THE REPUBLICAN ALTERNATIVE DOES NOT REOPEN THE OLD DEBATE ON THE MERITS OF FEDERAL AID TO EDUCATION. IT PROVIDES THE SAME OR GREATER PROTECTION TO PRIVATE AND PAROCHIAL SCHOOLS THAT EXISTING LAW AND THE ADMINISTRATION BILL PROVIDE. IT GIVES THE SAME OR GREATER HELP TO LESS-ADVANTAGED PUPILS AND POORER SCHOOL DISTRICTS. BUT IT DOES THESE THINGS IN A NEW, BETTER WAY, A WAY WHICH THREATENS ONE BUILT-IN FEDERAL BUREAUCRACY AND ITS CENTRALIZED CONTROL.

A NOSE COUNT TAKEN BY THE DEMOCRATIC LEADERSHIP IN THE HOUSE REPORTEDLY SHOWED THAT THE REPUBLICAN VERSION WOULD WIN BY SOME 40 VOTES. THEN THE ADMINISTRATION REALLY WENT TO WORK!



mistakenly by the White House itself 22

EVERY STOP WAS PULLED. RELIGIOUS SCHOOL EDUCATORS WERE TOLD THE REPUBLICAN BILL DISCRIMINATED AGAINST PAROCHIAL PUPILS -- ~~SOME OF WHOM WERE GIVEN LETTERS TO CARRY HOME TO THEIR PARENTS.~~ NON-RELIGIOUS PRIVATE SCHOOL ADMINISTRATORS WERE SIMILARLY FILLED WITH FALSE ALARMS.

THE PRESIDENT HIMSELF DENOUNCED THE REPUBLICAN BILL. ADMINISTRATION SOURCES LEAKED STORIES TO FRIENDLY COLUMNISTS PERSONALLY ATTACKING THE AUTHOR OF THE REPUBLICAN BILL AS AN AVOWED ENEMY OF EDUCATION, WHICH HE CERTAINLY IS NOT. MINORITIES WERE WARNED THAT THE REPUBLICAN BILL WOULD ROB THE POOR AND WAS REALLY PART OF A SINISTER PLOT WITH SEGREGATIONIST SOUTHERN DEMOCRATS_x TO SCUTTLE SCHOOL INTEGRATION IN THE SOUTH.

WITH MUCH SECRECY, ^{*virtually*} EVERY SOUTHERN DEMOCRAT WAS INDIVIDUALLY CORNERED, CAJOLED AND CAUTIONED. WITH MUCH FANFARE, IT WAS ANNOUNCED THAT COMMISSIONER HOWE, TARGET OF THE

WHITE RACISTS AS THE CHAMPION OF CIVIL RIGHTS IN FEDERAL AID TO EDUCATION, WAS STRIPPED OF HIS AUTHORITY TO ENFORCE INTEGRATION GUIDELINES. WHAT OTHER DEALS THE ADMINISTRATION DEMOCRATS MADE WITH THEIR DIXIE BROTHERS, I DO NOT KNOW. PERHAPS THIS WILL BECOME CLEARER NEXT WEEK.

REPUBLICANS FOUGHT BACK TO CLARIFY THE FACTS AND THE ISSUE, WHICH IS PURELY AND SIMPLY WHETHER PEOPLE SHOULD HAVE THE RIGHT TO RUN THEIR OWN SCHOOLS, THROUGH STATE AND LOCAL EDUCATIONAL SYSTEMS, OR ACCEPT EVER-TIGHTER ONE-MAN RULE FROM WASHINGTON IN RETURN FOR SORELY-NEEDED FEDERAL FUNDS.

WE CONFERRED WITH PRIVATE SCHOOL LEADERS AND WON THEIR AGREEMENT THAT THE REPUBLICAN PROPOSAL CONTAINS NO SHRED OF RELIGIOUS DISCRIMINATION. WE POINTED OUT THAT ENFORCEMENT OF CIVIL RIGHTS PROVISIONS RESTS ON AN ENTIRELY DIFFERENT LAW, AND WOULD REMAIN UNALTERED.


FINALLY, WE PUBLICLY REPUDIATED ANY COALITION WITH



SOUTHERN DEMOCRATS BASED ON RACIST OPPOSITION TO THE ADMINISTRATION BILL. I AM NOT AT ALL SURE THIS OPPOSITION IS RACIST, SINCE THESE SAME SOUTHERN DEMOCRATS ARE STRONG ADVOCATES OF STRENGTHENING STATES RIGHTS -- BUT WE SHALL SEE BY THEIR VOTES.

THE REPUBLICAN BLOCK GRANT SUBSTITUTE FOR FEDERAL AID TO ELEMENTARY AND SECONDARY EDUCATION, KNOWN AS THE QUIE AMENDMENT, IS NOT REALLY A STATES RIGHTS BILL BUT RATHER A STEP TOWARDS STATES' RESPONSIBILITY.

IN OPENLY EXPLAINING WHAT I CALL OUR SOUTHERN STRATEGY IN THIS CONGRESS, I DELIBERATELY RISKED THE POSSIBILITY THAT WE MAY LOSE THE BATTLE NEXT WEEK. BUT IT IS SOMETHING YOU MAY WANT TO HEAR MORE ABOUT. IT IS SURELY IN THE BEST INTERESTS OF ALL THE AMERICAN PEOPLE TO HAVE A TRULY TWO-PARTY SYSTEM IN ALL PARTS OF THE NATION. REPUBLICANS HAVE CRACKED THE ONCE-SOLID SOUTH, AS YOU KNOW, BUT, WE STILL



HAVE A LONG WAY TO GO. ONE REASON IS THAT SOUTHERN DEMOCRATS IN CONGRESS HAVE BEEN HAVING IT BOTH WAYS FAR TOO LONG. THEY RAIL AGAINST DEMOCRATIC ADMINISTRATIONS ON CIVIL RIGHTS LEGISLATION AND THEN TOO FREQUENTLY GO ALONG WITH THE NORTHERN LIBERAL DEMOCRATS WHENEVER THE CHIPS ARE DOWN OR WHENEVER THERE'S A PRESIDENTIAL ELECTION.

I SAY IF YOU'RE A DEMOCRAT, BE A DEMOCRAT. MY AIM IS TO DIRECT THESE DEMOCRATS INTO THE BOSOM OF PRESIDENT JOHNSON'S GREAT SOCIETY WITH ALL IT IMPLIES, POLITICALLY, SOCIALLY AND ECONOMICALLY. IF THEY CAN'T LIVE THERE, WE WELCOME ALL CONVERTS TO REPUBLICANISM. IF THEY CAN EMBRACE IT, WE WILL DO OUR BEST TO FIELD ENLIGHTENED SOUTHERN REPUBLICAN CANDIDATES AND BEAT THEM IN THEIR OWN BACKYARDS NEXT ELECTION DAY.

WE ARE DETERMINED TO STAKE OUT CONSTRUCTIVE, PRACTICAL, REPUBLICAN SOLUTIONS TO TODAY'S PROBLEMS, AND TOMORROW'S

CHALLENGES. IF DEMOCRATS WANT TO JOIN US IN OUR SENSIBLE
REPUBLICAN SOLUTIONS, FINE, WHETHER THEY'RE FROM
MISSISSIPPI OR MONTANA. IF LABOR LEADERS AND UNION MEMBERS
WANT TO CHEER US, AS THE MARITIME UNIONS HAVE IN OUR
REPUBLICAN FIGHT FOR A VIGOROUS AND INDEPENDENT MARITIME
ADMINISTRATION AND REVIVAL OF THE AMERICAN MERCHANT MARINE,
GOOD, WE WELCOME THEM. IF BUSINESS WANTS TO APPLAUD OUR
CONSISTENT STAND FOR AN INVESTMENT TAX CREDIT, TO WHICH THE
PRESIDENT HAS LATELY COME 'ROUND, WE ARE HAPPY.

BUT THESE WILL NOT BE REGIONAL POSITIONS OR LABOR
POSITIONS OR BUSINESS POSITIONS -- THEY WILL, I HOPE, BE
THE PEOPLE'S POSITIONS AS BEST WE CAN JUDGE WHAT THE PEOPLE
WANT FROM WASHINGTON -- AND JUST AS VITAL -- WHAT THEY DO
NOT WANT.

WINSTON CHURCHILL SAID IN THE SHAMBLES AFTER DUNKIRK
"IF WE OPEN A QUARREL BETWEEN THE PAST AND THE PRESENT, WE



SHALL FIND THAT WE HAVE LOST THE FUTURE."

I BELIEVE THE DEMOCRATIC PARTY IS HOPELESSLY EMBROILED IN STERILE AND SELFISH QUARRELING BETWEEN THE PAST AND PRESENT. IT SHOWS ON THE DOMESTIC FRONT WHERE ~~THE PALACE~~ FAVORITE OF THE NEW DEAL ~~WHO~~ ^{they} WANTS TO REVIVE EVERY TIRED THEORY OF THE THIRTIES, UNDER HIS OWN TEXAS BRAND. IT SHOWS ON THE INTERNATIONAL FRONT WHERE DEMOCRAT NEO-ISOLATIONISTS AND PSEUDO-INTELLECTUALS IN THE SENATE SEEK TO REAPPLY TO THE RUSSIANS THE PRE-PEARL HARBOR POLICIES OF SELLING SCRAP TO KEEP JAPAN PEACEABLE, AND TO HANOI AND PEKING THE PRE-MUNICH HARMONIES OF "LET'S NOT BE NASTY TO THE GERMANS. LET'S NOT BE BEASTLY TO THE HUN."

I BELIEVE THE REPUBLICAN PARTY MUST BE THE PARTY OF THE FUTURE, NOT FOR MY PARTY'S SAKE BUT FOR OUR COUNTRY'S SAKE. I AM CONFIDENT IT CAN BE IF IT CONTINUES ON ITS PRESENT EXCITING COURSE OF BECOMING THE REAL PEOPLE'S PARTY



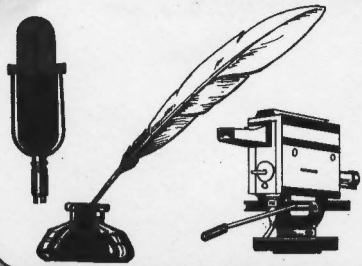
IN AMERICA. WE HAVE A WEALTH OF TALENT AND LEADERSHIP.
WE HAVE THE WISDOM OF EXPERIENCE AND THE ENERGY OF YOUTH.
I DO NOT URGE THE REPUBLICAN PARTY TO TURN ITS BACK ON ITS
GREAT HERITAGE, BUT TO BE FAITHFUL TO IT.

TO RETURN ONCE MORE TO MY NONPARTISAN POSTURE. I HAVE
ALWAYS REMEMBERED THE OTHER SIGN WHICH PRESIDENT TRUMAN
KEPT ON HIS DESK. MOST OF US RECALL THE ONE SAYING "THE
BUCK STOPS HERE." BUT THE ONE I ADMIRERD EVEN MORE, ALTHOUGH
I DIDN'T ALWAYS AGREE WITH MR. TRUMAN'S INTERPRETATION OF
IT, WAS A QUOTATION OF MARK TWAIN'S.

"ALWAYS DO RIGHT." TWAIN ADVISED. "THIS WILL GRATIFY
SOME PEOPLE, AND ASTONISH THE REST."

I HOPE, IN THIS "UNBIASED" REPORT ON WASHINGTON
POLITICS, THAT I HAVE GRATIFIED SOME OF YOU -- AND
ASTONISHED THE REST. THANK YOU.





CONGRESSMAN
GERALD R. FORD
HOUSE REPUBLICAN LEADER

**NEWS
RELEASE**

FOR IMMEDIATE RELEASE
MAY 18, 1967

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AT THE ANNUAL BUSINESS BANQUET OF THE GRADUATE SCHOOL OF BUSINESS, UNIVERSITY
OF CALIFORNIA AT LOS ANGELES

Taking the longest view of this 20th Century I can, I submit that my party -- the Republican Party -- stands on the threshold of a momentous event. It is about to emerge, indeed it may already have become, the party of the people which it was in its beginnings.

It certainly seemed to be the party of the people of California last November. And I am going to try my level best to make the Republican Party the party of the people nationally in 1968.

Last I seem to be slipping away from my nonpartisan spirit, let me quote a great Democrat -- not Jefferson or Wilson or Franklin D. Roosevelt, but a contemporary leader of the Democratic Party -- Vice President Hubert Humphrey.

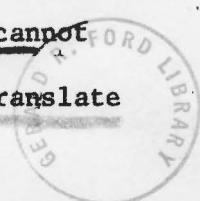
"Only one thing will defeat us," the Vice President last week warned his fellow Democrats. "Only one thing will defeat us and that will be ourselves. If the Party has faith in its leaders, its programs and its cause, we are unbeatable. If we don't have that faith, we don't deserve the trust of the people."

Well, my friend Hubert Humphrey is not noted for a few well-chosen words but I will buy every one of these. I wish I'd said them first -- and I will say them again to as many Republicans, Independents and Democrats as I can between now and November 1968.

If the Republican Party has faith in its leaders, its programs and its cause, we are unbeatable. If we don't, we don't deserve the trust of the people.

A Republican President, Calvin Coolidge, is supposed to have said "the business of government is business." I disagree. The business of government is to serve the people, and the business of business is to serve the people, and the business of the loyal opposition under the two-party system is to serve the people.

That is the philosophy of the Republican leadership in the House of Representatives and that is the record we are trying to write in this Congress, with the 47 additional Republicans sent to us by the people last November. We are happy to take up Vice President Humphrey's challenge in his own words, and if we cannot correctly interpret the will of the people at this moment in our history, translate their aspirations and anxieties, their special needs and general goals into political action, then Republicans will not deserve to win national leadership in '68.



Personally, I believe we have an excellent chance of electing a President and a majority of the House of Representatives next year. As Hubert Humphrey said, the only thing that can defeat us will be ourselves.

We can avoid this recurrent malady of Republicans, I believe, if we keep our eyes clearly focused on the people. From the first words of the Declaration of Independence -- "We, the People" -- to Lincoln's ringing resolution that government of the people, by the people, for the people should not perish in its gravest test, the primacy of the people has been central to the American concept of politics.

I say with Jefferson, the traditional founder of the Democratic Party, that "I am not among those who fear the people," and I ask with Lincoln, the founder of the Republican Party, "Why should there not be a patient confidence in the ultimate justice of the people? Is there any better or equal hope in the world?"

We who hold public office, whatever our politics, have the duty of recognizing and refining into concrete terms what the people want. We are specialists in the same sense that business has market analysts and production engineers to determine and make into saleable items the good and services people want. If we are wrong too often, we lose our jobs, and we should.

There are certain similarities between government and business in the unique American scheme of things. Businesses and political agencies are both composed of people and exist to serve the people. Business management competes for the people's dollars and political management competes for the people's votes. Ideally, this healthy competition in both economic and political fields should result in the customer being satisfied.

But we all know the people are not satisfied -- certainly not in the field of government, about which I can speak from some experience.

There are a hundred individual reasons why, from Vietnam to the rising crime rate, from the erosion of pensions and savings to rising prices, high interest rates and heavier tax burdens.

The curious hippies, the shrill protesters who burn their own flag, the rancorous and demagogic prophets of white and black power, all are symptoms of some deep dissatisfaction in our society. But if we can control our indignation, we must remember these also are people--struggling in their warped ways for recognition as people who count in the scheme of things.

I have said that there are similarities between government and business, both competing as it were for public acceptance, but there are also significant differences we dare not overlook.

The first is that business is, in general, closer to the people than government--at least closer than the Federal government. It is closer both in space and in time. The seller and the buyer meet daily and face to face, and competition in a free market operates more or less continuously, and constantly makes the necessary adjustments to the consumer's demand.

(more)



The Federal government, on the other hand, has its nerve-center in Washington, where there is an ever-present danger of beginning to believe that Washington opinion is public opinion. We who serve two-year terms in the people's House are in closest contact with the people--and for this reason I strongly opposed President Johnson's now forgotten proposal for a four-year Congressional term--but even we can only skim the surface of the nation as a whole, outside our own constituencies. And the people are limited, in expressing their displeasure or delight in their Federal officials' performance of duty, to national elections every two or four or six years.

There is another important difference between competition in the marketplace and competition in the political arena. Customers bestow their buyer's dollars voluntarily: citizens have their tax dollars taken from them by force.

Thus, while any inept business which fails to serve the people's real needs simply disappears, inept government can entrench and perpetuate itself for a considerable period before it is eventually turned out of power by the people.

Finally, there is a vast disparity in the powers of publicity. This has become a major enterprise of both government and business. Properly used by business managers, advertising and public relations are a valid stimulus to competition and public information. Improperly applied they can persuade people that they should buy what they really don't want, things that are useless or even harmful, things that will bankrupt them in the end. The same guidelines can be applied to political selling, except that in publicity the incumbent government has a huge, almost insurmountable advantage over all its competition.

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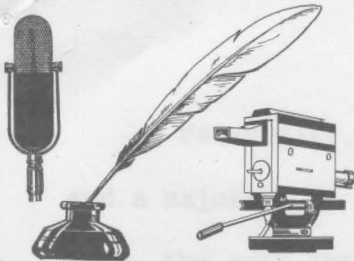
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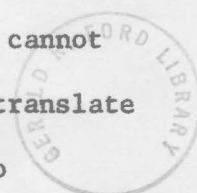
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