The original documents are located in Box 201, folder "Reagan, Ronald (Former Governor of California)" of the L. William Seidman Files at the Gerald R. Ford Presidential Library.

CITIZENS FOR REAGAN

1835 K Street N.W. • Washington, D.C. 20006 • 202/452-7676

March 31, 1976
EMBARGO--RELEASE UPON DELIVERY 10:30 PM EST--WEDNESDAY, MARCH 31, 1976

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TEXT OF GOVERNOR RONALD REAGAN'S NATIONWIDE TELEVISION ADDRESS

NBC NETWORK

WEDNESDAY, MARCH 31, 1976

Good evening to all of you from California. Tonight, I'd like to talk to you about issues. Issues which I think are involved--or should be involved in this primary election season.

I'm a candidate for the Republican nomination for President. But I hope that you who are Independents and Democrats will let me talk to you also tonight because the problems facing our country are problems that just don't bear any party label.

In this election season the White House is telling us a solid economic recovery is taking place. It claims a slight drop in unemployment. It says that prices aren't going up as fast, but they are still going up, and that the stock market has shown some gains. But, in fact, things seem just about as they were back in the 1972 election year. Remember, we were _also_ coming out of a recession then. Inflation has been running

Citizens for Reagan - Senator Paul Laxalt Chairman Henry M. Buchanan Treasurer
A copy of our report is filed with and available for purchase from the Federal Election Commission Washington D.C. 20463

May 18, 1976

MEMORANDUM FROM: FRED SLIGHT

SUBJECT: Reagan's Detroit Economic Speech

Attached for your information is a transcript of Ronald Reagan's speech before the Detroit Economic Club along with a transcript of the question and answer session that followed his formal remarks.

Attachments
Peter Kaye

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L WILLIAM SEIDMAN, ASSISTANT TO PRESIDENT
WHITE HOUSE
WASHINGTON DC 20500

BACKGROUND INFORMATION SUPPORTING A REQUESTED PHONE CONVERSATION BETWEEN PRESIDENT FORD AND CALIFORNIA ASSEMBLY SPEAKER LEO MCCARTHY RELATING TO THE WITHDRAWAL OF THE US ATTORNEY GENERAL'S PETITION DELAYING PAYMENT OF 86.8 MILLION DOLLARS IN BACK WAGES TO CALIFORNIA STATE EMPLOYEES

THE 1973-74 GOVERNORS BUDGET FOR THE STATE OF CALIFORNIA, SUBMITTED BY GOVERNOR REAGAN AND ENACTED BY THE LEGISLATURE, PROVIDED FOR AN OVERALL SALARY INCREASE FOR STATE EMPLOYEES OF 12.5 PERCENT. THIS INCREASE WAS IN ACCORDANCE WITH THE STATE PERSONNEL BOARD RECOMMENDATION TO INCREASE SALARIES BY THIS AMMOUNT IN ORDER TO BRING STATE WORKERS' SALARIES IN LINE WITH COMPARABLE SALARY IN THE PRIVATE SECTOR.

ON JULY 5 1973, THE COST OF LIVING COUNCIL (CLC) FROZE THIS INCREASE PENDING A REVIEW. FOLLOWING IS REVIEW, THE CLC ROLLED BACK THE INCREASE TO 7.0 PERCENT ON AUGUST 29 1973. THE LEGISLATURE SUBSEQUENTL ENACTED LEGISLATION PROVIDING THAT THE FUNDS APPROPRIATED FOR THE SALARY INCREASE BUT WHICH WERE NOT EXPENDED WOULD BE RETAINED UNTIL APPROPRIATED BY THE LEGISLATURE.

IN JANUARY 1974, THE CALIFORNIA STATE EMPLOYEES ASSOCIATION (CSEA) FILED SUIT WITH THE CALIFORNIA STATE SUPREME COURT TO OVERTURN THE ACTION OF THE CLC ON THE BASIS THAT THE CLC DID NOT HAVE JURISDICTI N. THE SUPREME COURT ISSUED AN ORDER IN APRIL 1974 THAT THE WITHHELD SALARY INCREASE BE PAID. HOWEVER, THE UNITED STATES ATTORNEY GENERAL OBTAINED AN INJUNCTION FROM THE FEDERAL DISTRICT COURT IN SACRAMENO IN MAY 1974 BLOCKING PAYMENT OF THE INCREASE.

BECAUSE OF THE PROTRACTED LEGAL ACTIONS, THE LEGISLATURE ENACTED AND THE GOVERNOR SIGNED LEGISLATION PROVIDING FOR A LUMP SUM PAYMENT TO ACTIVE STATE EMPLOYEES EQUIVILENT TO THE WITHHELD SALARY INCREASE IN SEPTEMBER 1974. THE ATTORNEY GENERAL OBTAINED AN INJUNCTION PREVENTING PAYMENT AS A RESULT OF THIS LEGISLATION ALSO.

THE CSEA THEN TURNED TO THE TEMPORARY EMERGENCY COURT OF APPEALS (TEC) AND IN SEPTEMBER 1974 THE TEC OVERTURNED THE INJUNCTIONS. HOWEVER, THE ATTORNEY GENERAL THEN PETITIONED THE US SUPREME COURT FOR A REVIEW. THEREFORE, THE TEC STAYED ITS ACTION PENDING SUPREME COURT REVIEW.

IT IS EXPECTED THAT THE COURT WILL DECIDE IN MID FEBRUARY WHETHER OR NOT TO GRANT THE PETITION.

THE 1975-76 GOVERNORS BUDGET CONTAINS AN APPROPRIATION OF 86.8 MILLION DOLLARS FOR PAYMENT OF THE 1973-74 SALARY INCREASE DENIED BY THE CLC. THIS MONEY HAS REMAINED IDYL IN THE STATE TREASURY EVER SINCE THE CLC ACTION.

THE ACTIONS OF THE ATTORNEY GENERAL ARE ENTIRELY INCONSISTENT WITH THE NEED TO STIMULATE THE ECONOMY DURING THIS TIME OF RISING UNEMPLOYMEN T. IF THE ATTORNEY GENERAL DROPS THE PETITION TO THE SUPREME COURT, STATE EMPLOYEES WOULD GET THEIR SALARY INCREASE WITHIN ONE MONTH. THE WITHHELD 86.8 MILLION DOLLARS WOULD GIVE THE CALIFORNIA ECONOMY A MUCH NEEDED BOOST. CURRENTLY, UNEMPLOYMENT EXCEEDS 9.0 PERCENT AND IS EXPECTED TO SURPASS 10.0 PERCENT BY MID YEAR.

BILL, I HAVE DISCUSSED THIS REQUEST WITH VIRGIL WATKINS AND WARREN RUSTAND. WE WOULD LIKE TO SCHEDULE THE PHONE CALL AT THE PRESIDENTS EARLIEST AVAILABILITY

WARMEST REGARDS

JIM HURST

21:12 EST

MGMWSHT HSB

THE WHITE HOUSE

WASHINGTON

April 1, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: L. WILLIAM SEIDMAN
BURTON G. MALKIEL

SUBJECT: Governor Reagan's March 31 Address

Governor Reagan's speech of March 31 is almost pure demagogery. His facts are often wrong and his characterization of present policies is grossly misleading. The major implication of the speech is that we are excessively stimulating the economy for political purposes, just as was ostensibly done in 1972, and the result will be more inflation and an economic collapse. The analogy is completely unfair for the following reasons:

(1) Just the opposite is true. Our policies are moderate, balanced and geared to producing a solid and sustainable recovery and a reduction of inflation.

(a) The President's vetoes during 1975 and 1976 have saved the taxpayers $13 billion.

(b) Monetary expansion is now far more restrained than in 1972. Over the last six months -- that is, from September 1975 to March 1976 -- the broadly defined money supply (M_2) has grown at an 8.6 percent annual rate. In the comparable September 1971 - March 1972 period, it grew at a 14.6 percent rate. It should also be pointed out that a 14.6 percent rate is well above the 10-1/2 percent upper limit of the Federal Reserve's present target range for the growth rate of the broadly defined money supply.

(2) It is true that we are running a larger deficit now than in 1972. However, the following points should be made:

(a) The unemployment rate is considerably higher now and therefore so are the payments under automatic stabilizing programs such as unemployment compensation. Does Governor Reagan suggest we should reduce or eliminate these programs?

(b) Capacity utilization was 70.8 percent in the 4th quarter of 1975 versus 78.6 percent during 1972. There is far more room for expansionary policies to increase real output without simply generating inflation.

(c) The inflation of 1973 and 1974 was not wholly the result of government deficits. It was also influenced by monetary policy and by unusual shocks such as the quintupling of international oil prices and a world wide food shortage.

The Reagan speech does not acknoweldge the considerable progress made by the Administration in reducing inflation. Wholesale prices increased 12.5 percent from March 1974 to March 1975. In the twelve months through March 1976 the wholesale price index increased only 5-1/2 percent. Inflation in the CPI was also at double digit rates during the 12 months ending March 1975. Over the last 12 months the CPI has increased at an annual rate of just over 6 percent.

The President's program of matching expenditure cuts with tax relief is ridiculed by Reagan. "If there was $28 billion in the new budget that could be cut, what was it doing there in the first place?" The whole point is that the President did not put the $28 billion in his budget. The $28 billion was measured from a projected current service budget, i.e. a budget assuming the continuance of programs Congress already legislated.

Indeed the President's program is based upon the very premises which Governor Reagan would cite for himself. The President has stated repeatedly that an enduring solution to the unemployment program must go hand in hand with a reduction in inflation. To argue otherwise is dishonest. The President has proposed a radical reordering of budget priorities so as to improve the operation of many federal programs and to slow the rapid rise in federal outlays for the transfer and grant programs. These proposals, if adopted, would enable the budget to swing back into surplus as the recovery carries the economy back toward full employment.

These proposals will also enable a reversal in the long decline in real military outlays, and some modest further reductions in taxes. The President's proposals will leave the incomes of the American people for individuals themselves to spend, rather than transferring it to the Federal Government. These proposals, if adopted, will enable the transition in the Federal budget which was not made in 1972-73. The President has exercised his veto power 46 times in the past year to insure that the transition is made.

To advocate an immediate balanced budget would be both irresponsible and dishonest. Part of the deficit is due to the recession and the reduced level of Federal revenues. Part of the deficit is due to the explosion of Federal outlays for transfers and grants. It took a decade and more to create these problems. They cannot be solved overnight without imposing intolerable costs upon the American people. They cannot be solved without a solid sustainable recovery, an enduring reduction in inflation and the reordering of budget priorities which the President has proposed.

An immediate balance in the federal deficit would require either a large tax increase or a large expenditure reduction. Such measures would shock the recovery and probably bring it to a halt. The only way to achieve our goals is to follow a prudent and disciplined budget policy, or reorder our budget priorities, to curb the rapid rise in Federal outlays. Otherwise, instead of overshooting the mark as we did in 1972-1973, we will undershoot it -- and the American people will again pay the dual price of recession and inflation.

There were also a number of factual errors in Governor Reagan's speech. Among them are:

(1) Governor Reagan stated the unemployment rate was over 10 percent at some point during the recession. In fact, it peaked at 8.9 percent in May 1975.

(2) Governor Reagan stated the FY 1976 budget deficit will be over $80 billion. I n fact, our best estimate is $76 billion.

(3) Governor Reagan stated that the maximum social security benefit "today buys 80 fewer loaves of bread than it did when the maximum payment was only $85 a month." This would imply the average benefit in terms of dollars of constant purchasing power has declined substantially. In fact, the average benefit in terms of constant purchasing power has almost tripled since 1940 when the maximum benefit was $85.

(4) Governor Reagan indicated that since the energy bill was enacted "almost instantly, drilling rigs all over our land started shutting down." In fact, there were

1660 drilling rigs operating in 1975, the highest number in a decade. Through mid-March 1976 there were as many rigs operating as were operating in the comparable period during 1975.