The original documents are located in Box 39, folder “Reagan - Social Security” of the Ron Nessen Papers at the Gerald R. Ford Presidential Library.

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**NEWS ANALYSIS**

In all three cases, the candidates made statements early in their campaigns that they later complained were distorted, but that continued to haunt them until they were discredited or pulled out of the race.

**Reagan Aid Flap—Deeper in the Mire?**

Ronald Reagan

...deliberate distortion

BY ROBERT S. BOYD

WIDE WORLD PHOTOS

WASHINGTON, D.C. — Ronald Reagan seems only to be making matters worse with his efforts to reverse the political damage caused by his controversial $50-billion plan to turn social programs back to the states.

Instead of letting the plan fade quietly from public consciousness, which Reagan strategists hoped would happen, his struggles are keeping the issue alive.

The former California governor poured more fuel on the flames Tuesday when he accused unnamed persons in the press and in President Ford's campaign organization of "deliberate distortion" of his promise.

NETWORK television, where most voters get their impressions of presidential candidates, had generally ignored the complicated $50-billion plan. TV preferred to show scenes of Reagan in the snow or posing on farm machinery.

But Tuesday, when reporters arrived in Washington to cover him defending his plan and complaining that he was being "misquoted" in inaccurate press reports, the result is likely to be more than this national attention focused on his plan, and to make Reagan's own judgments, and embitter a major issue on his campaign instead of allowing it to fade.

This is an unfortunate position for a candidate to be in at a political campaign. It is reminiscent of what happened to Richard M. Nixon in 1968 when he sought Social Security should be voluntary to—George Romney in 1967 when he said he was "brainwashed" on Vietnam and to George McGovern in 1972 when he proposed $1,800 grants to everybody.

In an effort to blunt the damage, Reagan began gradually backing away from his Chicago speech. As he campaigned through New Hampshire and Florida last week, he had added $500-million fuzzy note to illustrate the size of his proposal.

When he arrived in Illinois on Monday, Reagan went further. Answering a question about the plan at a meeting with farmers in Bloomington, he said:

"I guess I made a mistake in the speech I made in Chicago last September in trying to put out that in six states that I visited—six different states—programs are now being performed by the federal government, and I don't think belong to the federal government. If they were in local and state hands, and according to the present budget figures it would amount to $50 billion or one-tenth of what the federal government is spending.

"This rambling answer contained enough ambiguity that a Chicago newspaper reporter thought Reagan was recanting his entire plan—"loss of face"—not just the price tag.

The Tribune story was picked up by the wire services and ABC radio as "rejection..."

Yesterday evening, as steak-eyed reporters flocked onto the press bus in Rockford, Ill., press secretary Lyn Nofziger read a statement from Reagan:

"I am being misquoted in some news stories as saying I propose to turn federal programs and their funding sources back to the states in a mistake. That story is totally incorrect. I stand behind and will continue to stand behind my position on the issue. Stories that say otherwise are not without foundation.

"When reporters pointed out that this still did not make clear exactly what Reagan considered an 'improper' tax, he told them to keep looking for another statement, to be called 'another statement was prepared. TV crews were sent to Reagan's campaign in Illinois to get his reaction, and he included it in speeches here and later in St. Louis.

In this statement, Reagan emphasized that his plan would transfer the emphasis of federal programs and were cut 'the tax sources of the federal government had

"Such programs should be done in cooperation with local and state government, and if you use, after his first task is the standard local level in a set savings to the taxpayers," he said.

Reagan went on to say: "Where I first made the proposal, I pointed out that there was really a short-term out of the budget, or about $50 million, which is not something at the expense of the size of the programs we proposed transferring.

"I think we are not suggesting a new program, and we are not suggesting a new program which had already been adopted. And yet that is exactly what we are being charged, who is, of course, a distinction, in some cases a deliberate one.

"Yesterday in Bloomington, Ill., I said I regretted using the illustration, that it was not necessary to explain the plan. Today I am reading in certain news reports that I reported proposing the new program could be further from the truth."
Ronald Reagan today was challenged to make clear his views on whether Social Security should be made voluntary or remain compulsory.

State Senate Republican Leader John F. Parker, (R-Taunton,) said Reagan must reconcile remarks made in Houston, Texas, last month with remarks made in Conway, New Hampshire, last week.

In Conway, Reagan said on January 5:
"Right now all of the plans that I know that are being talked about by economists are based on plans in which the compulsory features of participation would remain."

In Houston on December 2, Reagan said:
"There are plans being discussed by a number of economists. One very interesting plan is one that would legitimize that imbalance. . . under this plan it is proposed that they could if they saw a better chance to invest those bonds in say a private pension plan, they could do it, which would make the government competitive with private pension plans and there's never anything wrong when you've got competition instead of monopoly."

Parker has been cited for his efforts to obtain housing for the elderly and has been active in supporting legislation that obtained educational benefits, school lunch programs and rental assistance for senior citizens.
"This is no time to jeopardize our Social Security system," said Parker. "Many senior citizens are living close to the edge economically. To suggest voluntary alternatives to the present system is to threaten the economic base for these elderly people living on limited incomes."

"Which Ronald Reagan should voters believe?" he asked. "The one who suggests retaining and reforming the present Social Security system, based on compulsory participation or the one who one month earlier favorably calls attention to a voluntary alternative that could ruin it?"

Senator Parker said that over the last 12 years Reagan has at various times advocated voluntary Social Security, called for reform of the present system and called attention to the alternative plan. "His position seems to depend on what political campaign he is in at the time," he added.

Massachusetts residents in fiscal 1975 received $1,256,601,000 in Social Security retirement benefits, $393,328,000 in survivors' benefits and $169,597,000 in disability benefits.

Senator Parker released these comments by Reagan on Social Security over the last 12 years:
RONALD REAGAN ON SOCIAL SECURITY

"The flagship of the liberal cause is Social Security. Social Security dues are a tax for the general use of the government and payment of that tax does not automatically entitle anyone to the receipt of the benefits. The benefits are a welfare program which can be cancelled or curtailed by Congress at any time."

Speech, Amarillo, Texas
March 2, 1964

"Do not exchange freedom for the soup kitchen of compulsory insurance."

Arizona Republic, May 23, 1964

"At the same time, can't we introduce voluntary features that would permit a citizen to do better on his own, to be excused upon presentation of evidence that he had made provisions for the non-earning years?"

A Time for Choosing, television speech for Goldwater, 11/64

Social Security has "changed from an insurance concept when it started to a welfare concept now. It should be made voluntary."

Los Angeles Times, Jan. 22, 1965

Reagan said he had never favored Social Security being voluntary but had favored "excusing an individual from contributing to Social Security if he proved he had made adequate provision for his retirement years."

Campaign tour, Fresno
Sacramento Bee, Oct. 16, 1966
Reagan on Social Security

Reagan says he supports Social Security, but "I am critical of some aspects. For example, you cannot name your beneficiaries as you want to. Also, I think we could explore the idea, perhaps to permit those who want to go on private plans to do so, provided they submit a record each year of such participation."

"I still believe we could explore whether a man who could do better on his own" should be allowed to purchase a voluntary private retirement plan in lieu of the federal compulsory program.

Every wealthy young people (sic) under forty years of age in this country are paying in probably more than twice as much as they can hope to get back from Social Security. If they have the money, in their own hands, they could go into the open insurance market today and buy an insurance (policy) that would pay them more than double and give them a life protection policy from the first day at the same time. There are plans that are being discussed by a number of economists. One very interesting plan is one that would legitimize that imbalance... I just offer this as an example of the thinking of some knowledgeable people. This one would stop the payroll tax, and make the employer's share of Social Security be given in the paycheck to the worker, so that he would have in effect a raise of pay. He's no longer paying the tax. But, you then create retirement bonds that have an annuity effect, in other words an insurance feature with them. Retirement
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Speech, Houston, Texas, Dec. 2, 1975

"Maybe some place down the road someday there might come a time where you could introduce some other features into it, but right now all of the plans that I know are being talked about by enthusiasts are based on plans in which the compulsory features of participation would remain."

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Arizona Republic, May 25, 1964

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Ronald Reagan today was challenged to make clear his views on Social Security and federal aid to the elderly.

Calling Reagan's public statements "a shabby collection of contradictions and calculations," senior citizens of New Hampshire and elsewhere are entitled to know just where he stands on key issues affecting them.

"Over the last 12 years," said, "Reagan has at various times advocated voluntary Social Security, praised the present system and favorable called attention to an alternative plan that would ruin it."

said there has been neither consistency nor evolution in Reagan's thinking.

"His position seems rather to depend on what political campaign he is in at the time," he added.

New Hampshire residents in fiscal 1975 received $182,412,000 in Social Security retirement benefits and $52,176,000 in survivor benefits.

In addition, Medicaid payments from the federal government totalled $20,992,000; disability insurance came to $23,183,000 and supplemental income for the aged, blind and disabled added up to $4,974,000. The total is $263,737,000.

said that Reagan's $90-billion shift of federal services to state and local governments also could have disastrous consequences for senior citizens.

He questioned whether state and local governments, already
hard pressed to hold the line against new or larger taxes, would
pick up such services as:

HEN Rehabilitation Services, $3,037,000; Special Programs
for the Aging, $694,000; Health Programs, $828,000; Mental Health
Programs, $1,686,000.

Community Services Administration, programs in community
action, food and nutrition, $1,010,000.

Agriculture and Labor Department food stamp programs,
$12,056,000.

These programs total $19,311,000. All affect senior citizens
to some degree.

"And if the price of shifting these programs is a state income
or state sales tax," ______ said, "I doubt if senior citizens
would be willing to pay it."

___________ released the attached list of Reagan's state-
ments on Social Security.
"The flagship of the liberal cause is social security."

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March 2, 1964

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Arizona Republic, May 21, 1964

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*KKX Firing Line call-in show, Los Angeles Herald-Examiner, October 25, 1966*
"I still believe we could explore whether a man who could do better on his own" should be allowed to purchase a voluntary private retirement plan in lieu of the federal compulsory program.

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"Every wealthy young people (sic) under forty years of age in this country are paying in probably more than twice as much as they can hope to get back from social security. If they have the money, in their own hands, they could go into the open insurance market today and buy an insurance (policy) that would pay them more than double and give them a life protection policy from the first day at the same time. There are plans that are being discussed by a number of economists. One very interesting plan is one that would legitimize that imbalance . . . I just offer this as an example of the thinking of some knowledgeable people. This one would stop the payroll tax, and make the employer's share of social security be given in the paycheck to the worker, so that he would have in effect a raise of pay. He's no longer paying the tax. But, you then create retirement bonds that have an annuity effect, in other words an insurance feature with them. Retirement bonds, the worker would have to buy ten percent of his income in bonds or $2,500 worth, whichever was
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Speech, Houston, Texas, Dec. 2, 1975

During his speech in Conway last night, Reagan also called for a reform of the Social Security system to guarantee checks for all those depending on Social Security and which would also include an automatic cost of living increase to keep pace with inflation.

Boston Globe, Jan. 6, 1976

Reagan called for a complete overhaul and reform of Social Security to correct inequities that he said deprive women of benefits they earn, and that unnecessarily keep the elderly who want to work from working.

St. Petersburg Times, Jan. 11, 1976
RONALD REAGAN ON SOCIAL SECURITY

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"Maybe someplace down the road someday, there might come a time where you could introduce some other features into it, but right now all of the plans that I know of being talked about by economists are based on plans in which the compulsory features of participation would remain."

Reagan Runs Into Trouble in Florida Over Issues of Abortion, Social Security

BY RICHARD BERCHOLZ

DAYTONA BEACH, Fla.—The issues of Social Security and abortion had given Ronald Reagan trouble Saturday when he stepped up his Republican presidential campaign back to Florida.

The former California governor conceded he once had suggested that participation in the federal Social Security program was voluntary—a move that his critics, including President Ford's campaign, contend was intended to defeat Social Security.

Reagan later talked about how although he currently opposes legalized abortion laws, he once as governor needed a bill allowing abortion restrictions. He said he now thought he had been misled by the medical profession and had made a mistake on the issue.

The Republican presidential candidate, at a 35-minute news conference that his quotes had been taken "somewhat out of context." He added that, among other improvements in the system, he had believed the Social Security program "could have made provision for those who would do better on their own, but they should be able to do so (provided only that) they gave evidence to the government that they had made provisions for their own nonworking years."

The choice such a choice would assure some form of retirement protection, Reagan said, he did not consider his proposal was "totally voluntary."

But now, Reagan said, the system has a projected deficit of $2.25 trillion and "today, if we are going to straighten out that deficit, it obviously is going to involve all of us."

"There can't be any listening of these factors until you faced, the risk if we are going to straighten out that deficit, it obviously is going to involve all of us."

"And no matter how much they try and pretend that they don't know from welfare records what the facts are,"

"I don't know how the government thought giving itself an 'on-off' power."

Reagan frequently has said he considers abortion "the taking of a human life"—that he is unalterably opposed to it—even to the point of supporting a proposed constitutional amendment if necessary to stop "abortion on demand."

But Saturday, for the first time, Reagan discussed with reporters why he had signed a liberalized abortion bill as governor of California, a law now in effect in the state. He said he did not view the measure put on his desk as an "abortion on demand" bill because it provided that abortions could be performed only when a medical doctor concluded that a woman's health, including her mental health, was jeopardized by the continued pregnancy.

"I had permanent health danger in mind," Reagan said, "and in the case of mental illness, 'involuntary' to the rest of her life."

But after signing the bill, he discovered that some doctors, particularly psychiatrists, would certify dangers of dubious magnitude simply to satisfy a woman's desire for an abortion, Reagan said.

"I did not foresee the mental health section of the law would be used this way," he said.

As he had previously, Reagan referred to out what reforms he had in mind to cure the deficit problems or to say how he would finance any changes in existing rules.

"One of the failures of Social Security as a pension program is that the funds do not grow, they are not invested, as they would be in the industrial might of America," he said.

Unlike privately funded plans, Social Security benefit-
Reagan said the growing deficit in the social security system might be alleviated by investing its trust funds in the stock market. He said he hasn't come up with a firm plan for where the money would come from to make the changes he says are necessary in social security, but said; "I know of no pension fund outside social security where people are totally dependent on the money they contribute."

Republican Presidential candidate RR Saturday suggested investing social security money in the stock market as a possible solution to a deficit he says is growing in the social security system.

Reagan said that he had not yet come up with a firm plan for where the money would come from to make the changes in social security that he says are needed. But he said that one alternative could be "investing social security trust funds in industry."

(made following a state JC convention meeting at which RR spoke)
Painful Truth on Social Security

BY JIM WRIGHT
Assistant Editorial Director

IF THERE were such a thing as a Presidential Medal of Honor, it would go to Gerald Ford, for courage above and beyond the call of public patriotism. He has voluntarily faced an unpleasant fact while running for office.

In his State of the Union message, President Ford said right out loud that we'd better start doing some serious worrying and some additional paying on Social Security. That may not be popular, but it is certainly appreciated.

As a citizen, a politician, a taxpayer and a recipient of Social Security, I'm glad to see somebody face up to this issue. It is a matter that directly affects the present paychecks and future security for 99 per cent of us American workers. Yet you don't hear much straight talk about the system from political candidates. Since 1964, it has become taboo.

It was in that year, you'll recall, that Barry Goldwater suggested some changes in the Social Security system. As subsequent events have proved, the Goldwater issue is still much in the public's mind.

Now Congress is making the customary change prior to an election. They passed the regular election-year "sweetener," topping the benefits.

Thanks to Goldwater's disaster, that's about the only kind of public attention Congress gives the Social Security system any more. Voting with it.

And so, today, the Social Security system is in dire straits. But President Ford, in his State of the Union message, became one of the few American leaders who have the courage to point this out.

Ford's warnings are not based on the ideology of the system, which is at least debatable, but on the numbers:

"Simple arithmetic warns all of us," he said, "that the Social Security Trust Fund is headed for trouble. Unless we did something soon to make sure the fund takes in as much as it pays out, there will be no security for old or young."

Social Security was originally sold to workers as a way whereby they could put away money as insurance against old age or disability. In fact, as the benefits and the number of people drawing them have doubled, the system has become a direct transfer of funds. Money is taken from the earnings of those working and transferred to those who are drawing Social Security.

And the long and short of the problem is that as the amount drawn out grows, the amount paid in grows short. The American people are living longer but having fewer children than in years past. If you reduce that Social Security system down to a familial, state, and the original Social Security trend is clearer. When there are four grandchildren in the work force supporting one surviving grandfather, there's no problem. When there is one grandchild supporting four grandchildren, there is a big problem.

Obviously the grandchild in the latter situation has to bear a heavier burden financially than one of the grandchildren in the former.

And because our national system is growing more like the latter and less like the former, the President did us a great service in this election year that we now work toward. To pay back even more in the future to "make sure the fund takes in as much as it pays out."

That's an obvious truth, but it's the sort of hard reality that people pursue for national office do not like to face. If we allow the system to go on paying out more than it takes in, then it will collapse, regardless of whether party controls the White House or the Congress. Arithmetic doesn't play favorites.

As one who has been paying Social Security and supporting supplementary Social Security for 31 years, I have a close personal interest in seeing that the system survives. In another 22 years, I'd like to hope, the system I have supported will begin supporting me.

A rather large majority of Americans now alive have the same interest in the continuation of the system in a sound basis. The President may find that speaking to that interest is not as politically poisonous as it has been considered until now.
President Ford, in calling for a Social Security tax increase in his State of the Union message, confirmed warnings sounded with increasing frequency over the past few years. The Social Security system is headed for trouble if its dwindling emergency trust funds are not replenished.

Congress should go along with Mr. Ford's recommendation for a three-tenths of one per cent increase in the tax rate—from the current 5.35 per cent to 6.15 per cent—beginning next January. The tax is levied on an income base fixed by a formula in the law. Last year it was collected on the first $14,100 of income; this year it will be on the first $15,300 and next year it will be on the first $16,500. If Congress approves the President's proposed rate increase, it will raise $4.2 billion in new revenue for the Social Security Trust Fund.

The trust fund has been dealt a one-two punch by inflation and recession in the past few years. The fund, which stood at $45 billion at the beginning of last year, has declined by $2.5 billion. The prospect of continued high inflation and progressively larger payments to Social Security recipients to cover cost-of-living increases has led actuarial experts to warn that the fund will be depleted by the early 1980s if steps are not taken to rebuild it.

For the sake of the 30 million citizens now receiving Social Security payments and the millions more of us who have been paying into the program with the expectation of collecting future benefits, its solvency must be protected. This can be done by one or more of the following methods: Continue raising the Social Security tax rate or the income base on which it is levied, curtail benefits or at least restrain their future expansion, transfer general revenue funds into the system's trust fund.

The use of general revenue money has been advocated to bail out the program if it gets in trouble. And some general funds are already being used to support part of the Medicare program. Beyond this, however, it should be avoided since it would subvert the concept of Social Security as insurance and turn it into welfare.

The soundest approach—in line with the tax increase Mr. Ford wants—is to stick to the pay-as-we-go system, adjusting the payroll tax paid by the employer and the employee to keep the program fiscally sound.

Congress should also exercise more restraint in expanding coverage, the cost of which must be paid from Social Security funds. Congressional failure to raise revenue to pay for past expansions has contributed substantially to the program's financial burdens.

Finally, the government should give the public its best assessment of the condition of the Social Security program and the projected costs of keeping it solvent. Conflicting statements by federal officials and persistent rumors of problems in the system have created a climate of confusion and uncertainty about it. Since one way or another, we will have to pay the bill, we are entitled to a faithful accounting.