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THE WHITE HOUSE  
WASHINGTON

Roy:

FYI —

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on Reasons Ad stuff.

Ja  


① Pay  
② ROBM

Tim Austin

note: Wayne is B. Barroody's deputy

March 10, 1976

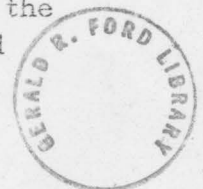
MEMORANDUM FOR THE RECORD

FROM: WAYNE VALIS *Wayne Valis*

SUBJECT: Campaign Developments Post-Florida

Today I spoke with several Reagan supporters about Florida.

1. The Reagan Campaign views their recent switch to an "attack strategy" as successful. Reagan staffer Dave Keene told a friend that he believes the recent Reagan attacks on detente and on the President's alleged "pumping up the economy" were successful in turning around the momentum of the Florida campaign. Keene said that had the election in Florida been held a week ago, the President would have won by a much larger margin than he did. Therefore, Keene (and probably others on the Reagan staff) will continue to urge this attack strategy.
2. A conservative Republican, who is usually a reliable source, said that he was with the Reagan people last night and found no sentiment whatsoever for reducing their efforts, much less thought of dropping out of the race. Source advised me that Reagan will be stepping up efforts in both Illinois and North Carolina.
3. The source also told me that it was the feeling of the Reagan people that they were going to do a lot more to generate national headlines, and that Reagan was going to say "interesting things" about the President on a daily basis from now on. Rather than discuss their own programs they will attack us.
4. The source feels that the Reagan supporters have invested so much time and emotional and personal commitment to the effort that many will be bitter-enders. He also said that some among the RR campaign will favor third party efforts if Reagan gets knocked out, even if Reagan himself reconciles with us. He believes that the number, though, of these third party types will be very small and their impact would be small on the general election.



MEMORANDUM

March 12, 1976

MEMORANDUM FOR THE RECORD

FROM:

WAYNE VALIS

*Wayne Valis*

SUBJECT:

Reagan Strategy

Enclosed is the latest Right Report, published by the Richard A. Viguerie Company, which is an accurate barometer of the thinking of the Reagan camp and their allies.



# THE RIGHT REPORT

A NEWSLETTER THAT TELLS YOU WHAT IS HAPPENING ON THE AMERICAN RIGHT

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Dear Subscriber:

REAGAN HANGS IN THERE. Conservatives who feared a Florida defeat might force Reagan right out of the Presidential race were cheered by his announced intention, despite his 47% - 53% Florida loss, to continue full steam ahead.

Florida was indecisive. Ford supporters believed they could eliminate Reagan if they held him to under 45% of the vote. They failed.

Reagan lost in Florida because he responded too late to urgent suggestions that he abandon the "Eleventh Commandment" and lay into President Ford's liberal weaknesses and policy reversals. When the RR "good guy" effort narrowly failed in New Hampshire, Reagan delayed eight days before coming out with his first strong defense policy blast at Ford. There were then only five days left before the Florida primary.

Most sources agree that the 11th hour change in strategy rescued Reagan from a crushing defeat. Reagan's Southern coordinator, Dave Keene, told TRR, "If we'd held the election a week ago, we'd have lost by a hell of a lot more."

Another five days of hard-hitting campaigning, and we believe Reagan would have won in Florida. Reagan's eight day delay in getting tough probably cost him what earlier looked to be his first primary victory.

It was not until the very day of the Florida primary that Reagan, in Illinois, began to attack the broken promises and unredeemed pledges of Gerald Ford. It was as if Reagan forgot to tell the Florida and New Hampshire voters how he was different from Ford. On March 9 Reagan cited Ford's flip flops on the New York City bailout, tax increases, tax cuts, budget deficit proposals, and common situs picketing.

Still unmentioned were Ford's broken commitment that the Legal Services Corporation would have a right-of-center tilt; Ford's allowing Vice President Rockefeller to gut the Senate filibuster rule last year; Ford's lip service support while he was undermining Defense Secretary James Schlesinger, CIA director Jim Colby, and U.N. Ambassador Patrick Moynihan; the Ford cave-in on energy price de-control; Ford's failure to ask David Mathews any questions regarding his views on, say, busing before appointing Mathews Secretary of HEW, and Ford's suggestion of mostly liberals as possible 1976 running mates.

Reagan's Florida organization was good, but many sources tell us his TV spots were inferior, a startling finding in view of the former Hollywood star's mastery of the media

The President Ford Committee has moved to intensify its efforts in the Illinois primary next Tuesday and the North Carolina primary March 23.

The Citizens for Reagan Committee now plans to keep attacking Ford daily, in hopes of building momentum and gaining media attention. Reagan insiders now admit they erred by being too nice to Ford for too long.

Money has become a major factor in this contest. Ford has more of it than does Reagan. Ford outspent Reagan 3 to 2 in Florida. North Carolina Reagan leaders, for instance, loudly complain that their national organization won't or can't get them the money they need.

Here's why many movement-oriented conservatives are urging Reagan to stay in the race even if the going gets tougher:

1. Ford is expected to leap to the left in domestic and foreign policy if Reagan leaves the race.
2. Conservatives expect hot battles on platform and delegate allocation rules at the Kansas City Convention, and an intact Reagan team could be vital to conservative chances on these issues.
3. If some tragedy, scandal, or blunder removed Ford from the race, Reagan must be in a position to pick up the pieces.

Scotch one rumor: There's a story circulating in conservative circles that the New Hampshire Reagan campaign shut down its telephone banks on primary day. Not so. The rumor arose when a TV crew filmed the phone banks in Ford's state headquarters on election day and then found no phone banks operating in the Reagan state office. The fact is that all six N.H. Reagan phone banks were operating, but none of them was set up in the state office.

SEN. JACKSON NO CONSERVATIVE. The frequent media description of Sen. Henry "Scoop" Jackson (D-Wash.) as a "conservative" only shows how far left some of our newsmen and politicians have gone.

We happened to be present at the Commodore Hotel in New York City, May 4, 1974, when the strongly socialist League for Industrial Democracy gave Jackson its "Man of the Year Award." In his acceptance speech, Jackson bragged that he had received inspiration from L.I.D. since he first joined the organization as a college student. (For a thorough discussion of the Fabian socialist L.I.D., see Illinois GOP Congressman Phil Crane's book, The Democrat's Dilemma.)

None of the other Democratic presidential hopefuls has surpassed Jackson's record of supporting massive social welfare spending programs and harassing business with swarms of bureaucrats. He was one of only four U.S. Senators to be rated 0% in 1975 by the National Taxpayers Union. Moreover, Jackson outdid his rivals in bitter, demagogic denunciations of "unconscionable corporate oil profits" during and after the Arab oil embargo crisis.

It's true that Jackson is for a strong national defense, and has been highly critical of detente. He is frequently attacked by Pravda and Radio Moscow. But on domestic policy, he's ADA all the way. Rather than calling him a "conservative" we'd describe Jackson as a patriotic socialist or a C.I.A. liberal.

THE WHITE HOUSE

WASHINGTON

April 1, 1976

MEMORANDUM FOR ROBERT T. HARTMANN *RTH*

FROM: GWEN ANDERSON *GA*

SUBJECT: REAGAN SPEECH

In response to your request for the quickest possible research check on the speech by former Governor Reagan, we checked the drafts of the candidate's speech for factual accuracy. See attached.

In checking any changes in the pre-released text as compared to the speech as it was actually delivered on TV, there were 28 minor changes, according to Bruce Wagner of Campaign '76 (833-8950). Of the 28 changes, however, there was only one factual change on page 11. That changed the figure from 45% to 43%.

This preliminary report has been compiled by three of our five research staff members headed by Agnes Waldron. The other two researchers have been handling the President's speech texts for Wisconsin. We have been assisted by the NSC, FEA, OMB, and PFC staff members cited as sources.

The economic section, despite some data provided by CEA, is obviously incomplete, but the material promised by Mr. Seidman is not yet available at this writing (4 p.m.).



ERRORS IN CANDIDATE REAGAN'S  
SPEECH OF MARCH 31, 1976

Page 1 - paragraph 3 - Reagan Statement

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 at around 6%. Unemployment about 7. Remember, too, the upsurge and the optimism lasted through the election year and into 1973. And then, the roof fell in. Once again we had unemployment. Only this time not 7%, more than 10. And inflation -- wasn't 6%, it was 12%.

RESPONSE -- The peak of unemployment -- 8.9% -- was reached in May, 1975. Latest unemployment figures -- February, 1976 -- show the rate was 7.6%. But Mr. Reagan in deprecating these figures failed to note that total employment has returned to the pre-recession peak of July 1974 with 86.3 million at work.

Prices are not going up as fast. Inflation in 1974 was at an annual rate of 12.2%. Today it is at 6.3%.

In 1972 we were further into recovery than we are today. But Mr. Reagan has his statistical facts concerning 1973-74 somewhat askew. The peak unemployment figure was reached in May 1975 at 8.9%. It never reached 10% as he states.

Source -- John Davies, CEA





Page 2 - paragraph 2

Now, in this election year 1976, we're told we're coming out of this recession. Just because inflation and unemployment rates have fallen, to what they were at the worst of the previous recession. If history repeats itself will we be talking recovery four years from now merely because we've reduced inflation from 25% to 12%.

RESPONSE -- All of the figures -- retail sales, GNP, durable goods, housing, personal income, etc. clearly show we are moving out of the recession -- the Administration's statements are not based merely on improved unemployment and cost-of-living statistics as Mr. Reagan implies.



Page 2 - paragraph 3

The fact is, we'll never build a lasting economic recovery by going deeper into debt at a faster rate than we ever have before. It took this nation 166 years -- until the middle of World War II -- to finally accumulate a debt of \$95 billion. It took this administration just the last 12 months to add \$95 billion to the debt. And this administration has run up almost one-fourth of our total national debt in just these short nineteen months.

RESPONSE -- The national debt reached \$72 billion in 1942. The current estimated deficit for FY 1976 is \$76.19 billion. Gross federal debt for FY 1976 is estimated at \$634 billion. Thus the administration's share of the national debt is 15.6¢ not 25%.



Page 2 - paragraph 4

Inflation is the cause of recession and unemployment. And we're not going to have real prosperity or recovery until we stop fighting the symptoms and start fighting the disease. There's only one cause for inflation -- government spending more than government takes in. The cure is a balanced budget. Ah, but they tell us, 80% of the budget is uncontrollable. It's fixed by laws passed by Congress.

RESPONSE -- The President has offered specific plans for a balanced budget. But a large part of the cause of the current recession is the result of past fiscal policies, rapid increases in federal expenditures. There is no quick fix for problems created a decade or more ago. A rapid return to a balanced budget as Mr. Reagan calls for would provide faster progress on inflation, but at the same time, it would mean a long delay in recovery and much longer period of high unemployment.

The budget for FY 1977 estimates that 77.1% of the budget is uncontrollable.



Page 3 - last 2 sentences of top paragraph

But laws passed by Congress can be repealed by Congress.  
And, if Congress is unwilling to do this, then isn't it time we  
elect a Congress that will?

RESPONSE -- The open-ended or uncontrollable program caol  
for outlays of \$383.1 billion in FY 1977 (plus the third quarter)  
\$236.8 billion is allocated to payments for individuals. Doe  
Mr. Reagan want to repeal the following:

Social Security and Railroad Retirement -- \$108.0 billion

Federal Employees Retirement benefits -- \$22.9 billion

Veterans Benefits -- \$16.3 billion

Medicare and Medicaid -- \$38.4 billion

Public Assistance programs -- \$26.0 billion



Page 3 - paragraph 2

Soon after he took office, Mr. Ford promised he would end inflation. Indeed, he declared war on inflation. And, we all donned those WIN buttons to "Whip Inflation Now." Unfortunately, the war -- it is never really started -- was soon over. Mr. Ford, without WIN button, appeared on TV, and promised he absolutely would not allow the Federal deficit to exceed \$60 billion (which incidentally was \$5 billion more than the biggest previous deficit we'd ever had). Later he told us it might be as much as \$70 billion. Now we learn it's \$80 billion or more.

RESPONSE -- The President did draw a line at a deficit of \$60 billion on March 29, 1975 in a televised address. The largest single year deficit occurred in 1943 -- \$57.4 billion. The difference between 57.4 and 60 billion is of course \$3.6 billion. The current estimated deficit for FY 76 is not \$80 billion or more, it is \$76.9 billion.

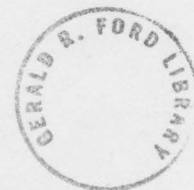


Page 3 - paragraph 3

Then came a White House proposal for a \$28 billion tax cut, to be matched by a \$28 billion cut in the proposed spending -- not in the present spending, but in the proposed spending in the new budget. Well, my question then and my question now is, if there was \$28 billion in the new budget that could be cut, what was it doing there in the first place?

RESPONSE -- The proposed \$28 billion cut was not a cut in the budget as suggested in the next to last line, it was a \$28 billion cut in Federal expenditures in programs already in place. The President's proposal was an effort to prevent further increases in spending.

SOURCE: John Davies, CEA



Page 4 - paragraph 1

It would have been nice if they'd thought of some arrangement like that for the rest of us. They could, for example, correct a great unfairness that now exists in our tax system. Today, when you get a cost of living pay raise -- one that just keeps you even with purchasing power -- it often moves you up into a higher tax bracket. This means you pay a higher percentage in tax, but you reduce your purchasing power. Last year, because of this inequity, the government took in \$ 7 billion in undeserved profit in the income tax alone, and this year they'll do even better. Now isn't it time that Congress looked after your welfare as well as its own?

RESPONSE -- Inflation does indeed increase taxes. The President has recognized this and has been successful in reducing the inflation rate by 50%. He has also proposed curbing the rise in expenditures and matched this with a comparable tax cut.

SOURCE: John Davies, CEA



Page 5 - paragraph 3

Ending inflation is the only long range and lasting answer to the problem of unemployment. The Washington Establishment is not the answer. It's the problem. Its tax policies, its harassing regulations, its confiscation of investment capital to pay for its deficits keeps business and industry from expanding to meet your needs and to provide the jobs we all need.

RESPONSE -- The President's economic policies are anti-inflationary. That is why he has vetoed 46 bills and saved the taxpayers \$13 billion.

SOURCE: Pete Modelin, OMB





Page 6 - paragraph 2

At the time we were only importing a small percentage of our oil. Yet, the Arab boycott caused half a million Americans to lose their jobs when plants closed down for lack of fuel. Today, it's almost three years later and "Project Independence" has become "Project Dependence." Congress has adopted an energy bill so bad we were led to believe Mr. Ford would veto it. Instead he signed it. And, almost instantly, drilling rigs all over our land started shutting down. Now, for the first time in our history, we are importing more oil than we produce. How many Americans will be laid off if there is another boycott? The energy bill is a disaster that never should have been signed.

RESPONSE -- Candidate Reagan stated we were only importing a small percentage of our oil -- actually 35%. When he stated it's almost three years -- in fact -- it is only two years March, 1974 to the present. The amount of oil that we imported during 1975 was 6.0 bm/d, and we produced 8.4 mb/d.

SOURCE: FEA, Bruce Pasternak and Jim Peterson



SOURCE: CHRIS RATHKOPH/FRANK ZARB  
FEA -- Administrator's Office

Page 6  
Paragraph 2

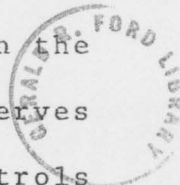
Reagan Statement:

Today, it's almost three years later and "Project Independence" has become "Project Dependence." Congress has adopted an energy bill so bad we were led to believe Mr. Ford would veto it. Instead he signed it.

RESPONSE:

The Energy Policy and Conservation Act passed by the Congress in December signaled an end to the year long debate between the Congress and the Administration on oil pricing policy and opens the way to an orderly phasing out of controls on domestic oil over forty months, thereby stimulating our own oil production. Over time, this legislation, by removing controls, should give industry sufficient incentive to explore, develop and produce new fields in the outer continental shelf, Alaska, and potential new reserves in the lower forty-eight states. Removal of these controls at the end of forty months should increase domestic production by more than one million barrels per day by 1985 and reduce imports by about three million barrels per day.

More importantly, this bill enables the United States to meet a substantial portion of the mid-term goals for



energy independence set forth over a year ago. Incorporated in this are authorities for a strategic storage system, conversion of oil and gas-fired utility and industrial plants to coal, energy efficiency labeling, emergency authorities for use in the event of another embargo, and the authority we need to fulfill our international agreements with other oil consuming nations. These provisions will directly reduce the nation's dependency on foreign oil by almost two million barrels per day by 1985. The strategic storage system and the stand-by authority will enable the United States to withstand a future embargo of about four million barrels per day.



Page 7 - paragraph 3

Page 9 - paragraph 2

California was faced with insolvency and on the verge of bankruptcy. We had to increase taxes. Well, this came very hard for me because I felt taxes were already too great a burden. I told the people the increase, in my mind, was temporary and that, as soon as we could, we'd return their money to them.

This was government-by-the-people proving that it works when the people work at it. When we ended our eight years, we turned over to the incoming administration a balance budget. A \$500 million surplus. And, virtually the same number of employees we'd started with eight years before. Even though the increase in population had given some departments a two-thirds increase in work load.

RESPONSE -- The number of state employees increased from 113,779 in 1967 to 127,929 in 1975. Under Reagan, there were three huge tax increases totalling more than \$2 billion in 1967.

In 1967, there was an increase of \$967 million, the largest state tax hike in the nation's history. Of this, \$2280 million went for one-time deficit payment and state property tax relief. In 1971, the increase was \$488 million with \$150 million for property tax relief. In 1972, an increase of \$682 million with \$650 million for property tax relief. Much of this property tax relief was short term, but the overall tax increases were permanent.

State personal income tax revenues went from \$500 million to \$2.5 billion, a 500% increase. Taxable bracket levies were increased from 7% to 11%. The size of the brackets was reduced so that taxpayers reached the highest bracket more quickly and personal exemptions were reduced. Finally, after he adamantly denied that he would ever do so, the Governor agreed to a system of withholding state income taxes.

Bank and corporation taxes went up 100%. The state sales tax rose from 4% to 6%. The tax on cigarettes went up 7 cents a pack and the liquor tax rose 50 cents per gallon. Inheritance tax rates were increased and collections more than doubled.



Page 7 - paragraph 3  
Page 9 - paragraph 2  
continued

-14-

Under Reagan, the average tax rate for each \$100 of assessed valuation rose from \$8.84 to \$11.15. Under predecessor Pat Brown, the increase was much less in dollars and percentage -- from \$6.96 to \$8.84, and in the six years of Republican Knight's administration, it was still less -- from \$5.94 to \$6.96. One reason for the big increase under Reagan -- from \$3.7 billion to \$8.3 billion -- is that the state paid a statutory formulated percentage of the school costs -- one of the biggest reasons for local property taxes.

Despite periodic efforts to provide relief there has been a substantial increase in the burden carried by most property owners. Inflation and high assessments have helped wipe out any savings. Only \$855 million of the record \$10.2 billion budget in Reagan's final year was for tax relief for homeowners and renters.

SOURCE: Peter Kaye, PFC



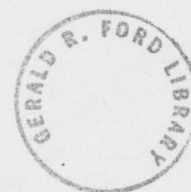
Page 10 - paragraph 4

And in less than three years we reduced the rolls by more than 300,000 people. Saved the taxpayers \$2 billion.

RESPONSE -- Substitute for 300,000 and \$2 billion the following:

1. Drop by 20,000 persons in rolls due to correction in accounting procedures in largest county, Los Angeles.
2. Migratory rate of unemployed into California declined from 233,000 in 1967 to 44,000 in 1971.
3. 110,000 decline in rolls attributed to Reagan even though his welfare had not gone into effect when decline occurred.
4. Rolls for welfare families increased in 8 years of Reagan's Governorship from 729,357 to 1,384,400 and the cost went from \$32.3 million to \$104.4 million.

SOURCE: Peter Kaye, PFC

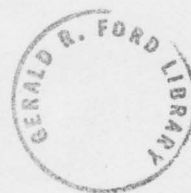


Page 11 - top sentence

And, increased the grants to the truly deserving needy by an average of 43%. We also carried out a successful experiment which I believe is an answer to much of the welfare problem in the nation. We put able-bodied welfare recipients to work at useful community projects in return for their welfare grants.

RESPONSE -- The program never touched more than 6/10th of 1% of welfare recipients. Also, the program designed to have 59,000 participants in 1st year in 35 counties, but program managed 1,100 participants in 10 counties in mostly rural farm areas.

SOURCE: Peter Kaye, PFC



Page 12 - paragraph 4

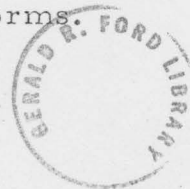
Independent business people, shopkeepers and farmers file billions of reports every year required of them by Washington. It amounts to some 10 billion pieces of paper each year and it adds \$50 billion a year to the cost of doing business. Washington has been loud in its promise to do something about this blizzard of paperwork. And they made good. Last year they increased it by 20%.

RESPONSE -- The figures 10 billion and 50 billion are guesstimates. No one has counted the number of pages in all of these reports. Moreover, if it is liberally estimated that it costs \$100 an hour to work on these forms, the total cost to business would be \$4.3 billion.

Between December, 1974 and December, 1975, the number of reports from the Executive branch agencies excluding IRS, banking and regulatory agencies declined by 5%. However, the number of hours of burden associated with filling out the reports increased by 8%. One reason for that increase is reports required by the Congress, i.e., the Real Estate Settlements Act which requires information to be filed when house was sold added 4 million manhours of reporting burden last year. In the absence of that report the reporting burden would have declined. There are other reports mandated by Congress which have added to this burden.

Dr. Duncan can see no reason for the increase of 20% that candidate Reagan was talking about. It is also virtually impossible to estimate cost to business in completing the forms.

SOURCE: Dr. Duncan, OMB, and Roy Lawry of OMB





SOURCE: BUD MCFARLAND, NSC

Page 13

Paragraph 3

Reagan Statement:

We gave just enough support to one side in Angola to encourage it to fight and die but too little to give it a chance of winning.

Response:

The U.S. objective in supporting the FNLA/UNITA forces in Angola was to assist them, and through them all of black Africa, to defend against Soviet and Cuban intervention. Despite massive Soviet aid and the presenve of Cuban troops, we were on the road to success in Angola until December 19 when Congress adopted the Tunney Amendment cutting off further U.S. aid to the FNLA and UNITA.

Page 13

Paragraph 3

Reagan Statement:

Mr. Ford's new Ambassador to the United Nations attacks our long time ally Israel.

Response:

Governor Scranton not only did not attack Israel, his veto blocked an unbalanced Security Council Resolution critical of



SOURCE: Bud McFarland, NSC

Israel -- a resolution that every other member of the Security Council voted for. In his March 23 speech in the United Nations Security Council Gov. Scranton was simply reiterating long-standing U. S. policy -- a policy articulated by every Administration since 1967 -- on Israel's obligations as an occupying power under international law with regard to the territories under its occupation.

Page 13

Paragraph 3

Reagan Statement:

In Asia our new relationship with mainland China can have practical benefits with both sides. But that doesn't mean it should include yielding to demands by them as the Administration has, to reduce our military presence on Taiwan where we have a long-time friend and ally, the Republic of China.

Response:

We have not reduced our forces on Taiwan as a result of Peking's demands. Instead, our reductions stem from our own assessment of U.S. political and security interests. We have drawn our forces down because the Vietnam conflict has ended and because the lessening of tension in the area brought about by our relationship with the People's Republic of China has made it possible.



SOURCE: Bud McFarland, NSC

Page 13-14  
Paragraph 3

Reagan Statement:

And, it is also revealed now that we seek to establish friendly relations with Hanoi. To make it more palatable, we are told this might help us learn the fate of the men still listed as Missing in Action.

Response:

The Congress, reflecting the views of the American people and the Administration, has called for an accounting of our Missing in Action and the return of the bodies of dead servicemen still held by Hanoi. The Administration, in keeping with this Congressional mandate, has offered to discuss with Hanoi the significant outstanding issues between us. We have not said we "seek to establish friendly relations with Hanoi." Such an assertion is totally false.

Page 14  
Paragraph 2

Reagan Statement:

In the last few days, Mr. Ford and Dr. Kissinger have taken us from hinting at invasion of Cuba to laughing it off a ridiculous idea. Except, that it was their ridiculous idea. No one else suggested it. Once again -- what is their policy? During this last year, they carried



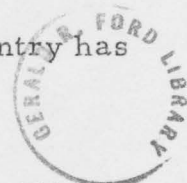
SOURCE: Bud McFarland, NSC

on a campaign to befriend Castro. They persuaded the Organization of American States to lift its trade embargo, lifted some U.S. trade restrictions, they engaged in culture exchanges. And then on the eve of the Florida primary election, Mr. Ford went to Florida, called Castro an outlaw and said he'd never recognize him. But he hasn't asked our Latin American neighbors to reimpose a single sanction, nor has he taken any action himself. Meanwhile, Castro continues to export revolution to Puerto Rico, to Angola, and who knows where else?

Response:

We did not persuade the OAS to lift the sanctions against Cuba. At Quito in the fall of 1974 we did not support a motion in the OAS to do so. At San Jose last summer the U.S. voted in favor of an OAS resolution which left to each country freedom of action with regard to the sanctions. We did so because a majority of the OAS members had already unilaterally lifted their sanctions against Cuba, and because the resolution was supported by a majority of the organization members. Since that resolution passed, no additional Latin American country has established relations with Cuba.

The U.S. did not lift its own sanctions against Cuba, did not enter into any agreements with Cuba, and did not trade with Cuba. We did not engage in cultural exchanges. We validated some passports for U.S. Congressmen and their staffs, for some scholars and for



SOURCE: Bud McFarland, NSC

some religious leaders to visit Cuba. We issued a few select visas to Cubans to visit the U.S. These minimal steps were taken to test whether there was a mutual interest in ending the hostile nature of our relations. This policy was consistent with the traditional American interest in supporting the free flow of ideas and people. We have, since the Cuban adventure in Angola, concluded that the Cubans are not interested in changing their ways. We have resumed our highly restrictive policies toward Cuban travel. With regard to Cuban efforts to interfere in Puerto Rican affairs, we have made it emphatically clear in the UN and bilaterally to the Cubans and other nations that the U.S. will not tolerate any interference in its internal affairs.

Page 15

Paragraph 2

Reagan Statement:

The Canal Zone is not a colonial possession. It is not a long-term lease. It is sovereign U.S. territory every bit the same as Alaska and all the states that were carved from the Louisiana Purchase. We should end those negotiations (on the Panama Canal) and tell the General: We bought it, we paid for it, we built it and we intend to keep it.



SOURCE: Bud McFarland, NSC

Response:

Negotiations between the United States and Panama on the Canal have been pursued by three successive American Presidents. The purpose of these negotiations is to protect our national security, not diminish it.

Finally, Governor Reagan's view that the Canal Zone is "sovereign U.S. territory every bit the same as Alaska and all the states that were carved from the Louisiana Purchase" is incorrect. Legal Scholars have been clear on this for three-quarters of a century. Unlike children born in the United States, for example, children born in the Canal Zone are not automatically citizens of the United States.

Page 16  
Paragraph 2

Reagan Statement:

Why did the President travel halfway 'round the world to sign the Helsinki Pact, putting our stamp of approval on Russia's enslavement of the captive nations?

We gave away the freedom of millions of people -- freedom that was not ours to give.

Response:

The President did not go to Helsinki to put the stamp of approval on Soviet domination of Eastern Europe. On the contrary,



SOURCE: Bud McFarland, NSC

he went to Helsinki along with the Chiefs of State or heads of government of all our Western allies and, among others, a Papal Representative, to sign a document which contains Soviet commitments to greater respect for human rights, self determination of peoples, and expanded exchanges and communication throughout Europe. Basket three of the Act calls for a freer flow of people and ideas among all the European nations.

The Helsinki Act, for the first time, specifically provides for the possibility of peaceful change of borders when that would correspond to the wishes of the peoples concerned. With regard to the particular case of the Baltic States, President Ford stated clearly on July 25 that "the United States has never recognized that Soviet incorporation of Lithuania, Latvia and Estonia and is not doing so now. Our official policy of non-recognition is not affected by the results of the European Security Conference." in fact, the Helsinki document itself states that no occupation or acquisition of territory by force will be recognized as legal.

Page 16  
Paragraph 3

Reagan Statement:

Now we must ask if someone is giving away our own freedom.  
Dr. Kissinger is quoted as saying that he thinks of the U.S. as Athens



SOURCE: Bud McFarland, NSC

and the Soviet Union as Sparta. "The day of the U.S. is past and today is the day of the Soviet Union." And he added, "...My job as Secretary of State is to negotiate the most acceptable second-best position available."

Response:

Governor Reagan's so-called quotes from Secretary Kissinger are a total and irresponsible fabrication. He has never said what the Governor attributes to him, or anything like it. In fact, at a March 23, 1976 press conference in Dallas Secretary Kissinger said: "I do not believe that the United States will be defeated. I do not believe that the United States is on the decline. I do not believe that the United States must get the best deal it can.

I believe that the United States is essential to preserve the security of the free world and for any progress in the world that exists.

In a period of great national difficulty, of the Viet-Nam war, of Watergate, of endless investigations, we have tried to preserve the role of the United States as that major factor. And I believe that to explain to the American people that the policy is complex, that our involvement is permanent, and that our problems are nevertheless soluble, is a sign of optimism and of confidence in the American people, rather than the opposite."





SOURCE: Bud McFarland, NSC

Page 17

Paragraph 2

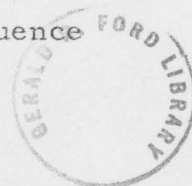
Reagan Statement:

Now we learn that another high official of the State Department, Helmut Sonnenfeldt, whom Dr. Kissinger refers to as his "Kissinger", has expressed the belief that, in effect, the captive nations should give up any claim of national sovereignty and simply become a part of the Soviet Union. He says, 'Their desire to break out of the Soviet straightjacket' threatens us with World War III. In other words, slaves should accept their fate."

Response:

It is wholly inaccurate, and a gross distortion of fact, to ascribe such views to Mr. Sonnenfeldt or to this Administration. Neither he nor anyone else in the Administration has ever expressed any such belief. The Administration view on this issue was expressed by Secretary Kissinger before the House International Relations Committee on March 29 as follows:

"As far as the U.S. is concerned, we do not accept a sphere of influence of any country, anywhere, and emphatically we reject a Soviet sphere of influence in Eastern Europe.



SOURCE: Bud McFarland, NSC

"Two Presidents have visited in Eastern Europe; there have been two visits to Poland and Romania and Yugoslavia, by Presidents. I have made repeated visits to Eastern Europe, on every trip to symbolize and to make clear to these countries that we are interested in working with them and that we do not accept or act upon the exclusive dominance of any one country in that area.

"At the same time, we do not want to give encouragement to an uprising that might lead to enormous suffering. But in terms of the basic position of the United States, we do not accept the dominance of any one country anywhere.

"Yugoslavia was mentioned, for example. We would emphatically consider it a very grave matter if outside forces were to attempt to intervene in the domestic affairs of Yugoslavia. We welcome Eastern European countries developing more in accordance with their national traditions, and we will cooperate with them. This is the policy of the United States, and there is no Sonnenfeldt doctrine."



SOURCE: BUD McFARLANE, NSC

Page 16

Paragraph 1

Reagan Statement:

The Soviet Army outnumberers ours more than two-to-one and in reserves four-to-one. They out-spend us on weapons by 50%. Their Navy outnumberers ours in surface ships and submarines two-to-one. We are outgunned in artillery three-to-one and their tanks outnumber ours four-to-one. Their strategic nuclear missiles are larger, more powerful and more numerous than ours. The evidence mounts that we are Number Two in a world where it is dangerous, if not fatal, to be second best.

RESPONSE:

Our nation is not "in danger," but it is damaging to the interests of this country when a politician declares to our adversaries and our friends abroad -- completely falsely -- that we are in second place. Such statements are both irresponsible and dangerous. They alarm our people and confuse our allies.

-- It is meaningless to say the Soviet Army may now be twice the size of the US Army! Considering that about half of the Soviet Army is deployed on the Chinese border, that isn't all that surprising. I suppose that if



we had to defend our borders and thus doubled our forces to do it, Mr. Reagan would be happier. Simplistic rhetoric such as this reflects a disturbingly shallow grasp of what true balance is all about.

-- For example, Mr. Reagan conveniently neglects to point out that our strategic forces are superior to Soviet forces. Our missiles are far more accurate and survivable. We have over twice as many missile warheads and, after all, it is the warheads which actually reach the target. Our lead in this area has been increasing over the past several years. Mr. Reagan likewise ignores our vast superiority in strategic bombers.

In short, if Mr. Reagan wants to alarm with use of numbers he can; but it only portrays his superficial understanding of these matters and by inflaming opinion -- at home and abroad -- falsely, does not serve the public interest.

-- Let's look at actions as opposed to words. President Ford is the one who reversed the trend of shrinking defense budgets. His last two defense budgets are the highest peacetime budgets in the nation's history. Mr. Reagan should speak to the Democratic Congress about its \$32 billion cuts in defense over the past six years.

Let's examine the question of America's strength.

First, we must dispose of the numbers game. National defense is not bookkeeping.



If it were, we could point out that our missile warheads have tripled, that we lead the Soviet Union by more than two to one. We would point out that we have over a three to one lead in strategic bombers. We could point out that our missiles are twice as accurate as the Soviet Union's.

We would point out that the Soviet Army -- which the Governor says is twice the size of ours -- has the problem of guarding a long border with China with a million men, and that our borders with Mexico and Canada are peaceful.

But it is a confusing disservice to the American people to dazzle them with numbers. If we were isolated in a fortress America, then it might be important to compare numbers. But we stand at the head of a great Alliance system in Europe and are firmly tied to the strongest economic power in Asia. We have friendly relations with most of the nations of the world. These are the valuable accomplishments of all of our previous Administrations since President Truman. We cannot insult our friends and allies by pretending they do not count.

Second, we cannot ignore that whatever might be the balance of power today, it is not fixed. And in our military programs, our defense budgets, we are indeed looking to the future, to guarantee that this nation will never be in danger. Consider our defense programs.



-- We are proceeding with the development and production of the world's most modern strategic bomber, the B-1.

-- We are proceeding with the development and production of the world's most modern and lethal missile launching submarine, the Trident.

-- We are developing a new large ICBM.

--We are producing three new fighters.

--We are planning the production of 15 new fighting ships, including two carriers.

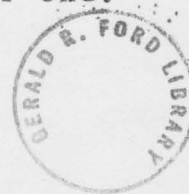
It is true that you can cite a figure that the Soviets have more ships, but it is a trick to equate Soviet destroyers with our modern nuclear powered aircraft carriers.

Unfortunately, the money we have put into defense over the past several years has been inadequate. But the responsibility for slashing \$40 billion dollars must rest with the Congress.

Fortunately, under the prodding of President Ford the Congress has begun to awaken to the risks of constantly reducing our defense spending.

When the budget he proposed this year passes, then the trend will have been reversed.

So, we are in fact number one, and unless we falter, or give way to panic, we will remain number one.



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

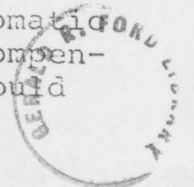
Governor Reagan's speech of March 31 is almost pure demagogery. His facts are often wrong and his characterization of present policies is grossly misleading. The major implication of the speech is that we are excessively stimulating the economy for political purposes, just as was ostensibly done in 1972, 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 acknowledge 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. In 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.





Campaign '76  
Media Communications, Inc.

1828 L STREET, N.W., WASHINGTON, D.C. 20036 (202) 833-8950

April 6, 1976

MEMORANDUM TO: BRUCE WAGNER  
FROM: DAWN SIBLEY DS  
SUBJECT: REAGAN COMPETITIVE ACTIVITY IN TEXAS

We have just been informed that Reagan is buying 30 second spot schedules in major markets in Texas to begin April 17. It appears that he will be buying the maximum weight per week available - approximately 350 - 400 points per week. He has requested availabilities for 30 second, 5 minute and 1/2 hour units, however, nothing has been ordered other than the aforementioned 30 second schedules.

These schedules are being placed by Goodwin, Dannebaum, Littman, Wingfield, Inc., a local agency in Houston. We are informed that additional orders will probably be placed on Thursday or Friday.

cc: Clayt Wilhite  
Peggy Pilas  
Carol Karasick  
Denise Considine



THE WHITE HOUSE  
WASHINGTON

*file*

April 7, 1976

MEMORANDUM FOR: ROY HUGHES

FROM: JIM CONNOR

*you received*

On April 2nd ~~I sent you~~ a paper prepared by the Research Office on Governor Reagan's speech of March 31st. The material has now been redone to include some additional material and more accurate information than the earlier report, and a copy is enclosed for your information.

encl.



ERRORS IN CANDIDATE REAGAN'S  
SPEECH OF MARCH 31, 1976

REAGAN STATEMENT:

page 1, paragraph 3

"In this election season the White House in 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 at around 6%. Unemployment about 7%. Remember, too, the upsurge and the optimism lasted through the election year and into 1973. And then, the roof fell in. Once again we had unemployment. Only this time not 7%, more than 10. And inflation -- wasn't 6%, it was 12%."

RESPONSE:

The peak of unemployment -- 8.9% -- was reached in May, 1975. Latest unemployment figures -- March, 1976 -- show the rate was 7.5%. The employment is now at an all time high with 86.7 million at work. This exceeds the pre-recession peak of July, 1974 and is a 2.6 million gain since March '75.

Prices are not going up as fast. Inflation in 1974 was at an annual rate of over 12 percent. Today it is running at an annual rate of about 6 percent.

In 1972 we were further into recovery than we are today. But Mr. Reagan's statistical facts concerning 1973-74 are incorrect. The peak unemployment figure was reached in May, 1975 at 8.9%. It never reached 10% as he states.



REAGAN STATEMENT:

Page 2, paragraph 2

"Now, in this election year 1976, we're told we're coming out of this recession. Just because inflation and unemployment rates have fallen to what they were at the worst of the previous recession. If history repeats itself will we be talking recovery four years from now merely because we've reduced inflation from 25% to 12%."

RESPONSE:

All of the figures -- retail sales, GNP, durable goods, housing, personal income, etc. clearly show we are moving out of the recession -- the Administration's statements are not based merely on improved unemployment and cost-of-living statistics as Mr. Reagan implies.



REAGAN STATEMENT:

Page 2, paragraph 3

"The fact is, we'll never build a lasting economic recovery by going deeper into debt at a faster rate than we ever have before. It took this nation 166 years -- until the middle of World War II -- to finally accumulate a debt of \$95 billion. It took this administration just the last 12 months to add \$95 billion to the debt. And this administration has run up almost one-fourth of our total national debt in just these short nineteen months."

RESPONSE

The national debt reached \$72 billion in 1942. The current estimated deficit for FY 1976 is \$76.9 billion. Gross federal debt for FY 1976 is estimated at \$634 billion. Thus the administration's share of the national debt is 15.6%, not 25%.





REAGAN STATEMENT:

Page 2, paragraph 4

"Inflation is the cause of recession and unemployment. And we're not going to have real prosperity or recovery until we stop fighting the symptoms and start fighting the disease. There's only one cause for inflation -- government spending more than government takes in. The cure is a balanced budget. Ah, but they tell us, 80% of the budget is uncontrollable. It's fixed by laws passed by Congress."

RESPONSE:

The President has offered specific plans for a balanced budget. But a large part of the cause of the current recession is the result of past fiscal policies, rapid increases in federal expenditures. There is no quick remedy for problems created a decade ago. A rapid return to a balanced budget, as Mr. Reagan calls for, would provide fuel for inflation, but at the same time, it would mean a long delay in recovery and much longer period of high unemployment.

The budget for FY 1977 estimates that 77.1% of the budget is uncontrollable.



REAGAN STATEMENT:

page three, last two sentences of top paragraph

"But laws passed by Congress can be repealed by Congress. And, if Congress is unwilling to do this, then isn't it time we elect a Congress that will?"

RESPONSE:

The open-ended or uncontrollable programs call for outlays of \$383.1 billion in FY 1977. \$236.8 billion is allocated to payments for individuals. Does Mr. Reagan want to repeal the following:

Social Security and Railroad Retirement -- \$108.0 billion

Federal Employees Retirement Benefits -- \$22.9 billion

Veterans Benefits -- \$16.3 billion

Medicare and Medicaid -- \$38.4 billion

Public Assistance Programs -- \$26.0 billion



REAGAN STATEMENT:

Page 3, paragraph 2

"Soon after he took office, Mr. Ford promised he would end inflation. Indeed, he declared war on inflation. And, we all donned those WIN buttons to "Whip Inflation Now." Unfortunately, the war -- if it ever really started -- was soon over. Mr. Ford, without WIN button, appeared on TV, and promised he absolutely would not allow the Federal deficit to exceed \$60 billion (which incidentally was \$5 billion more than the biggest previous deficit we'd ever had). Later he told us it might be as much as \$70 billion. Now we learn it's \$80 billion or more."

RESPONSE:

The President did draw a line at a deficit of \$60 billion on March 29, 1975 in a televised address. The largest single yearly deficit occurred in 1943 -- \$54.8 billion. The difference between \$54.8 billion and \$60 billion is, of course, \$5.2 billion. The current estimated deficit for FY 76 is not \$80 billion or more, it is \$76.9 billion.



REAGAN STATEMENT:

Page 3, paragraph 3

"Then came a White House proposal for a \$28 billion tax cut, to be matched by a \$28 billion cut in the proposed spending -- not in the present spending, but in the proposed spending in the new budget. Well, my question then and my question now is, if there was \$28 billion in the new budget that could be cut, what was it doing there in the first place?"

RESPONSE

The proposed \$28 billion cut is a cut in the anticipated \$56 billion year-to-year increase in Federal spending that would take place unless strong measures are taken. The President has proposed the reform measures needed to accomplish this objective; cutting in half the growth rate of federal spending and making it possible to give the American people further tax cuts.



REAGAN STATEMENT:

Page 4, paragraph 1

"It would have been nice if they'd thought of some arrangement like that for the rest of us. They could, for example, correct a great unfairness that now exists in our tax system. Today, when you get a cost-of-living pay raise -- one that just keeps you even with purchasing power -- it often moves you up into a higher tax bracket. This means you pay a higher percentage in tax but you reduce your purchasing power. Last year, because of this inequity, the government took in \$7 billion in undeserved profit in the income tax alone, and this year they'll do even better. Now isn't it time that Congress looked after your welfare as well as its own?"

RESPONSE:

Inflation does indeed increase taxes. The President has recognized this and has been successful in reducing the inflation rate by 50%. He has also proposed curbing the rise in expenditures and matched this with a comparable tax cut.



REAGAN STATEMENT:

Page 5, paragraph 3

"Ending inflation is the only long range and lasting answer to the problem of unemployment. The Washington Establishment is not the answer. It's the problem. Its tax policies, its harassing regulations, its confiscation of investment capital to pay for its deficits keeps business and industry from expanding to meet your needs and to provide the jobs we all need."

RESPONSE:

The President's economic policies are anti-inflationary. He has vetoed 46 bills and saved the taxpayers \$13 billion. (Source: OMB)

Monetary expansion is now far more restrained than in 1972. Over the last six months, the broadly defined money supply has grown at an 8.6% annual rate. In the comparable September 1971-March 1972 period, it grew at a 14.6% rate. It should be noted that a 14.6% rate is well above the 10.5% upper limit of the Federal Reserve's present target range.

Wholesale prices increased 12.5% from March 1974-March 1975, while the price index went up only 5.5% between March 1975 and March 1976.

Employment reached an all-time high of 86.5 million in February.

New orders for manufactured goods were up 2.4 percent in February.



REAGAN STATEMENT:

Page 6, paragraph 2

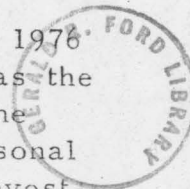
"At the time we were only importing a small percentage of our oil. Yet, the Arab boycott caused half a million Americans to lose their jobs when plants closed down for lack of fuel. Today, it's almost three years later and "Project Independence" has become "Project Dependence." Congress has adopted an energy bill so bad we were led to believe Mr. Ford would veto it. Instead he signed it. And, almost instantly, drilling rigs all over our land started shutting down. Now, for the first time in our history, we are importing more oil than we produce. How many Americans will be laid off if there is another boycott? The energy bill is a disaster that never should have been signed."

RESPONSE:

Candidate Reagan stated we were only importing a small percentage of our oil when the Arab oil embargo occurred in 1974. In fact, we were already importing 35% of our petroleum needs. The amount of oil that we imported during 1975 was 6.0 mb/d, and we produced 8.4mb/d.

The Energy Policy and Conservation Act passed by the Congress in December ended a year-long debate between the Congress and the Administration on oil pricing policy and opened the way to an orderly phasing out of controls on domestic oil over forty months, thereby stimulating our own oil production. By removing controls, this bill should give industry sufficient incentive over a period of time to explore, develop and produce new fields in the outer continental shelf, Alaska, and potential new reserves in the lower forty-eight states. Removal of these controls at the end of forty months should increase domestic production by more than one million barrels per day by 1985 and reduce imports by about three million barrels per day.

The average number of active rotary drilling rigs in March 1976 was approximately 270 less than in December 1975 which was the highest level since 1962. Except for the two years after the embargo, this First Quarter downturn reflects a normal seasonal trend. Further, preliminary estimates indicate that 1976 investments by the petroleum industry in production and development activities will exceed those of 1975.



REAGAN STATEMENT: (continued)

Page 6, paragraph 2

RESPONSE: (continued)

More importantly, this bill enables the United States to meet a substantial portion of the mid-term goals for energy independence set forth over a year ago. Incorporated in this are authorities for a strategic storage system, conversion of oil and gas-fired utility and industrial plants to coal, energy efficiency labeling, emergency authorities for use in the event of another embargo, and the authority we need to fulfill our international agreements with other oil consuming nations. These provisions will directly reduce the nation's dependency on foreign oil by almost two million barrels per day by 1985. In addition, the strategic storage system and the stand-by authorities will enable the United States to withstand a future embargo of about four million barrels per day.

Oil rigs didn't begin shutting down. 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 '75.





REAGAN STATEMENT:

Page 7, paragraph 2

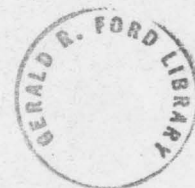
"When I became Governor, I inherited a state government that was in almost the same situation as New York City. The state payroll had been growing for a dozen years at a rate of from 5 to 7,000 new employees each year. State government was spending from a million to a million and a half dollars more each day than it was taking in. The State's great water project was unfinished and underfunded by a half a billion dollars. My predecessor had spent the entire year's budget for Medicaid in the first six months of the fiscal year. And, we learned that the teachers' retirement fund was unfunded. A four billion dollar liability hanging over every property owner in the state. I didn't know whether I'd been elected Governor or appointed receiver."

RESPONSE:

The bonded indebtedness of California at \$4 billion does not compare to New York City's current problem.

The State payroll increased from 113,779 in 1967 to 127,929 in 1973.

The state budget more than doubled under Ronald Reagan. From \$4.6 billion in 1967 to \$10.2 billion in 1973.



REAGAN STATEMENT:

Page 7, paragraph 3

Page 9, paragraph 2

"California was faced with insolvency and on the verge of bankruptcy. We had to increase taxes. Well, this came very hard for me because I felt taxes were already too great a burden. I told the people the increase, in my mind, was temporary and that, as soon as we could, we'd return their money to them.

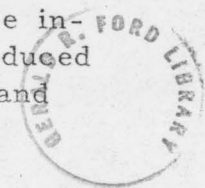
"This was government-by-the-people proving that it works when the people work at it. When we ended our eight years, we turned over to the incoming administration a balanced budget. A \$500 million surplus. And, virtually the same number of employees we'd started with eight years before. Even though the increase in population had given some departments a two-thirds increase in work load."

RESPONSE:

The number of state employees increased from 113,779 in 1967 to 127,929 in 1975. Under Reagan, there were three huge tax increases totalling more than \$2 billion.

In 1967, there was an increase of \$967 million, the largest state tax hike in the nation's history. Of this, \$280 million went for one-time deficit payment and state property tax relief. In 1971, the increase was \$488 million with \$150 million for property tax relief. In 1972, an increase of \$682 million with \$650 million for property tax relief. Much of this property tax relief was short term, but the overall tax increases were permanent.

State personal income tax revenues went from \$500 million to \$2.5 billion, a 500% increase. Taxable bracket levies were increased from 7% to 11%. The size of the brackets was reduced so that taxpayers reached the highest bracket more quickly and



Page 7, paragraph 3 and Page 9, paragraph 2 (continued)

personal exemptions were reduced. Finally, after he adamantly denied that he would ever do so, the Governor agreed to a system of withholding state income taxes.

Bank and corporation taxes went up 100%. The state sales tax rose from 4% to 6%. The tax on cigarettes went up 7 cents a pack and the liquor tax rose 50 cents per gallon. Inheritance tax rates were increased and collections more than doubled.

Under Reagan, the average tax rate for each \$100 of assessed valuation rose from \$8.84 to \$11.15. Under predecessor Pat Brown, the increase was much less in dollars and percentage -- from \$6.96 to \$8.84, and in the six years of Republican Knight's administration, it was still less -- from \$5.94 to \$6.96. One reason for the big increase under Reagan -- from \$3.7 billion to \$8.3 billion -- is that the state paid a steadily smaller percentage of the school costs -- one of the biggest reasons for local property taxes.

Despite periodic efforts to provide relief, there has been a substantial increase in the burden carried by most property owners. Inflation and high assessments have helped wipe out any savings. Only \$855 million of the record \$10.2 billion budget in Reagan's final year was for tax relief for homeowners and renters.



REAGAN STATEMENT:

Page 10, paragraph 4

"And in less than three years we reduced the rolls by more than 300,000 people. Saved the taxpayers \$2 billion."

RESPONSE:

Substitute for 300,000 and \$2 billion the following:

1. Drop by 20,000 persons in rolls due to correction in accounting procedures in largest county, Los Angeles.
2. Migratory rate of unemployed into California declined from 233,000 in 1967 to 44,000 in 1971.
3. 110,000 decline in rolls attributed to Reagan even though his welfare program had not gone into effect when decline occurred.
4. Rolls for welfare families increased in 8 years of Reagan's Governorship from 729,357 to 1,384,400 and their state expenditures went from \$408 million to \$995 million.



REAGAN STATEMENT:

Page 11, top sentence

"And, increased the grants to the truly deserving needy by an average of 43%. We also carried out a successful experiment which I believe is an answer to much of the welfare problem in the nation. We put able-bodied welfare recipients to work at useful community projects in return for their welfare grants."

RESPONSE:

The average payment of the AFDC in 1970 was \$193.00 per family; in 1974, it was \$239.00. The average payment for Old Age Assistance in 1970 was \$117.00 per person; in 1974, the average payment was \$129.00 per person.

The program never touched more than 6/10th of 1% of welfare recipients. Also, the program was designed to have 59,000 participants in the first year in 35 counties, but it managed only 1,100 participants in 10 counties in mostly rural farm areas.

In May 1974 the California Auditor General found that 262 participants found regular work as a result of the program at a cost of \$1.5 million. This amounts to \$6,000 in overhead costs plus regular welfare costs for each person placed in regular employment.

In 1974, because the program was a complete failure, it was repealed by the Legislature.



REAGAN STATEMENT:

page 12, paragraph 4

"Independent business people, shopkeepers and farmers file billions of reports every year required of them by Washington. It amounts to some 10 billion pieces of paper each year and it adds \$50 billion a year to the cost of doing business. Washington has been loud in its promise to do something about this blizzard of paperwork. And they made good. Last year they increased it by 20%."

RESPONSE:

The figures 10 billion and 50 billion are guestimates. No one has counted the number of pages in all of these reports. Moreover, if it is liberally estimated that it costs \$100 an hour to work on these forms, the total cost to business would be \$4.3 billion.

Between December, 1974 and December, 1975, the number of reports from the Executive branch agencies excluding IRS, banking and regulatory agencies declined by 5%. However, the number of hours of burden associated with filling out the reports required by the Congress, i. e., the Real Estate Settlements Act which requires information to be filed when a house is sold added 4 million manhours of reporting burden last year. In the absence of that report the reporting burden would have declined. There are other reports mandated by Congress which have added to this burden.



REAGAN STATEMENT:

Page 13, paragraph 2

"We gave just enough support to one side in Angola to encourage it to fight and die but too little to give it a chance of winning."

RESPONSE:

The U.S. objective in supporting the FNLA/UNITA forces in Angola was to assist them, and through them all of black Africa, to defend against a minority faction supported by Soviet arms and Cuban intervention. Despite massive Soviet aid and the presence of Cuban troops there was a good chance for a satisfactory outcome in Angola until December 19 when Congress adopted the Tunney Amendment cutting off further U.S. aid to the FNLA and UNITA.



REAGAN STATEMENT:

Page 13, paragraph 3

"In Asia our new relationship with mainland China can have practical benefits with both sides. But that doesn't mean it should include yielding to demands by them as the Administration has, to reduce our military presence on Taiwan where we have a long-time friend and ally, the Republic of China."

RESPONSE:

We have not reduced our forces on Taiwan as a result of Peking's demands. Instead, our reductions stem from our own assessment of U.S. political and security interests. We have drawn our forces down because the Vietnam conflict has ended and because the lessening of tension in the area brought about by our new relationship with the People's Republic of China has made it possible.





REAGAN STATEMENT:

Page 13, paragraph 3

"Mr. Ford's new Ambassador to the United Nations attacks our long time ally Israel."

RESPONSE:

Governor Scranton not only did not attack Israel, his veto blocked an unbalanced Security Council Resolution critical of Israel -- a resolution that every other member of the Security Council voted for. In his March 23 speech in the United Nations Security Council Governor Scranton was simply reiterating long-standing U.S. policy -- a policy articulated by every Administration since 1967 -- on Israel's obligations as an occupying power under international law with regard to the territories under its occupation.



REAGAN STATEMENT:

Page 13-14, paragraph 3

"And it is also revealed now that we seek to establish friendly relations with Hanoi. To make it more palatable, we are told this might help us learn the fate of the men still listed as Missing in Action."

RESPONSE:

The Congress, reflecting the desire of the American people and the Administration for an accounting of our Missing in Action and the return of the bodies of dead servicemen still held by Hanoi has urged the Administration to make a positive gesture toward Hanoi in an effort to obtain such information. The Administration, in keeping with this Congressional mandate, has offered to discuss with Hanoi the significant outstanding issues between us. We have not said we 'seek to establish friendly relations with Hanoi.' Such an assertion is totally false.



REAGAN STATEMENT:

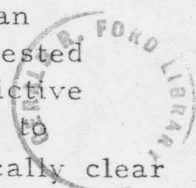
Page 14, paragraph 2

"In the last few days, Mr. Ford and Dr. Kissinger have taken us from hinting at invasion of Cuba to laughing it off as a ridiculous idea. Except, that it was their ridiculous idea. No one else suggested it. Once again -- what is their policy? During this last year, they carried on a campaign to befriend Castro. They persuaded the Organization of American States to lift its trade embargo, lifted some U.S. trade restrictions, they engaged in culture exchanges. And then on the eve of the Florida primary election, Mr. Ford went to Florida, called Castro an outlaw and said he'd never recognize him. But he hasn't asked our Latin American neighbors to reimpose a single sanction, nor has he taken any action himself. Meanwhile, Castro continues to export revolution to Puerto Rico, to Angola, and who knows where else?

RESPONSE:

We did not persuade the OAS to lift the sanctions against Cuba. At Quito in the fall of 1974 we did not support a motion in the OAS to do so. At San Jose last summer the U.S. voted in favor of an OAS resolution which left to each country freedom of action with regard to the sanctions. We did so because a majority of the OAS members had already unilaterally lifted their sanctions against Cuba, and because the resolution was supported by a majority of the organization members. Since that resolution passed, no additional Latin American country has established relations with Cuba.

The U.S. did not lift its own sanctions against Cuba, did not enter into any agreements with Cuba, and did not trade with Cuba. We did not engage in cultural exchanges. We validated some passports for U.S. Congressmen and their staffs, for some scholars and for some religious leaders to visit Cuba. We issued a few select visas to Cubans to visit the U.S.. These minimal steps were taken to test whether there was a mutual interest in ending the hostile nature of our relations. This policy was consistent with the traditional American interest in supporting the free flow of ideas and people. We have, since the Cuban adventure in Angola, concluded that the Cubans are not interested in changing their ways. We have resumed our highly restrictive policies toward Cuban travel. With regard to Cuban efforts to interfere in Puerto Rican affairs, we have made it emphatically clear



REAGAN STATEMENT: (continued)  
Page 14, paragraph 2

RESPONSE: (continued)

in the UN and bilaterally to the Cubans and other nations that  
the U.S. will not tolerate any interference in its internal affairs.



REAGAN STATEMENT:

Page 15, paragraph 3

"The Canal Zone is not a colonial possession. It is not a long-term lease. It is sovereign U.S. territory every bit the same as Alaska and all the states that were carved from the Louisiana Purchase. We should end those negotiations (on the Panama Canal) and tell the General: We bought it, we paid for it, we built it and we intend to keep it."

RESPONSE:

Negotiations between the United States and Panama on the Canal have been pursued by three successive American Presidents. The purpose of these negotiations is to protect our national security, not diminish it.

Finally, Governor Reagan's view that the Canal Zone is "sovereign U. S. territory every bit the same as Alaska and all the states that were carved from the Louisiana Purchase" is incorrect. Legal Scholars have been clear on this for three-quarters of a century. Unlike children born in the United States, for example, children born in the Canal Zone are not automatically citizens of the United States.



REAGAN STATEMENT:

Page 16, paragraph 1

"The Soviet Army outnumbered ours more than two-to-one and in reserves four-to-one. They out-spend us on weapons by 50%. Their Navy outnumbered ours in surface ships and submarines two-to-one. We are outgunned in artillery three-to-one and their tanks outnumber ours four-to-one. Their strategic nuclear missiles are larger, more powerful and more numerous than ours. The evidence mounts that we are Number Two in a world where it is dangerous, if not fatal, to be second best."

RESPONSE:

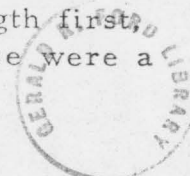
Our nation is not "in danger," but it is damaging to the interests of this country when a politician declares to our adversaries and our friends abroad -- falsely -- that we are in second place. Such statements are both irresponsible and dangerous in that they alarm our people and confuse our allies.

It is meaningless to say the Soviet Army may now be twice the size of the U.S. Army when about half of the Soviet Army is deployed on the Chinese border. More meaningful is the Soviet Army strength in Europe. Such rhetoric based on simplistic factual comparisons indicate a disturbingly shallow grasp of what true balance is all about.

Mr. Reagan conveniently neglects to point out that our strategic forces are superior to Soviet forces. Our missiles are far more accurate and survivable. We have over twice as many missile warheads and, after all, it is the warheads which actually reach the target. Our lead in this area has been increasing over the past several years. Mr. Reagan likewise ignores our vast superiority in strategic bombers.

Addressing the implication that the President has tolerated a weak defense policy, President Ford is the one who reversed the trend of shrinking defense budgets. His last two defense budgets are the highest peacetime budgets in the nation's history. Mr. Reagan might better speak to the Democratic Congress about its \$32 billion cuts in defense over the past six years.

Examining in more detail the question of America's strength first, we must dispose of the numbers game. If national defense were a



REAGAN STATEMENT: (continued)

Page 16, paragraph 1

RESPONSE: (continued)

matter of bookkeeping we could point out that:

- Our missile warheads have tripled;
- We lead the Soviet Union by more than two-to-one;
- We have over a three-to-one lead in strategic bombers;
- Our missiles are twice as accurate as the Soviet Union's.

But it is a disservice to the American people to confuse them with any such numbers comparison. Two important facts are ignored by Governor Reagan.

First, the United States stands at the head of a great Alliance system in Europe, and we are firmly tied to the strongest economic power in Asia. We have friendly relations with most of the nations of the world. These relations are the product of our longtime bipartisan foreign policy and the valuable accomplishments of all of our previous Administrations since President Truman.

Second, we cannot ignore that whatever might be the balance of power today, it is not fixed. In our military programs and our defense budgets, we are indeed looking to the future to guarantee that this nation will never be in danger.

In our defense programs many new programs insure our position of strength:

- We are proceeding with the development and production of the world's most modern strategic bomber, the B-1.
- We are proceeding with the development and production of the world's most modern and lethal missile launching submarine, the Trident.
- We are developing a new large ICBM.



REAGAN STATEMENT: (continued)

Page 16, paragraph 1

RESPONSE: (continued)

-- We are producing three new fighters.

-- We are planning the production of 15 new fighting ships.

It is true a figure that can be cited to show that the Soviets have more ships, but it is a distortion to equate Soviet destroyers with our modern nuclear powered aircraft carriers.

The money we have put into defense over the past several years has been inadequate. However, the responsibility for slashing \$32 billion dollars must rest with the Congress, not the Administration.

Fortunately, under the prodding of President Ford, the Congress has begun to awaken to the risks of constantly reducing our defense spending. If the budget he proposed this year passes, the trend will have been reversed.

In fact we are number one. Unless we falter our give way to panic we will remain number one.





REAGAN STATEMENT:

Page 16, paragraph 2

"Why did the President travel halfway 'round the world to sign the Helsinki Pact, putting our stamp of approval on Russia's enslavement of the captive nations?"

We gave away the freedom of millions of people-- freedom that was not ours to give."

RESPONSE:

The President did not go to Helsinki to put the stamp of approval on Soviet domination of Eastern Europe. On the contrary, he went to Helsinki along with the Chiefs of State or heads of government of all our Western allies and, among others, a Papal Representative, to sign a document which contains Soviet commitments to greater respect for human rights, self-determination of peoples, and expanded exchanges and communication throughout Europe. "Basket three" of the Act calls for a freer flow of people and ideas among all the European nations.

The Helsinki Act, for the first time, specifically provides for the possibility of peaceful change of borders when that would correspond to the wishes of the peoples concerned. With regard to the particular case of the Baltic States, President Ford stated clearly on July 25 that "the United States has never recognized the Soviet incorporation of Lithuania, Latvia and Estonia and is not doing so now. Our official policy of non-recognition is not affected by the results of the European Security Conference." In fact, the Helsinki document itself states that no occupation or acquisition of territory by force will be recognized as legal.



REAGAN STATEMENT

Page 16, paragraph 3

"Now we must ask if someone is giving away our own freedom. Dr. Kissinger is quoted as saying that he thinks of the U.S. as Athens and the Soviet Union as Sparta. 'The day of the U.S. is past and today is the day of the Soviet Union.' And he added, '...My job as Secretary of State is to negotiate the most acceptable second-best position available.' "

RESPONSE

Governor Reagan's so-called quotes from Secretary Kissinger are a total and irresponsible fabrication. He has never said what the Governor attributes to him or anything like it. In fact, at a March 23, 1976 press conference in Dallas, Secretary Kissinger said: "I do not believe that the United States will be defeated. I do not believe that the United States is on the decline. I do not believe that the United States must get the best deal it can.

"I believe that the United States is essential to preserve the security of the free world and for any progress in the world that exists.

"In a period of great national difficulty, of the Viet-Nam war, of Watergate, of endless investigations, we have tried to preserve the role of the United States as that major actor. And I believe that to explain to the American people that the policy is complex, that our involvement is permanent, and that our problems are nevertheless soluble, is a sign of optimism and of confidence in the American people rather than the opposite."



REAGAN STATEMENT

Page 17, paragraph 2

"Now we learn that another high official of the State Department, Helmut Sonnenfeldt, whom Dr. Kissinger refers to as his "Kissinger", has expressed the belief that, in effect, the captive nations should give us any claim of national sovereignty and simply become a part of the Soviet Union. He says, 'Their desire to break out of the Soviet straightjacket' threatens us with World War III. In other words, slaves should accept their fate."

RESPONSE:

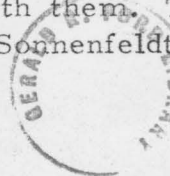
The statement is wholly inaccurate, and a gross distortion of fact, to ascribe such views to Mr. Sonnenfeldt or to this Administration. Neither he nor anyone else in the Administration has expressed any such belief. The Administration view on this issue was expressed by Secretary Kissinger before the House International Relations Committee on March 29 as follows:

"As far as the U.S. is concerned, we do not accept a sphere of influence of any country, anywhere, and emphatically we reject a Soviet sphere of influence in Eastern Europe.

"Two Presidents have visited in Eastern Europe; there have been two visits to Poland and Romania and Yugoslavia, by Presidents. I have made repeated visits to Eastern Europe, on every trip to symbolize and to make clear to these countries that we are interested in working with them and that we do not accept or act upon the exclusive dominance of any one country in that area.

"At the same time, we do not want to give encouragement to an uprising that might lead to enormous suffering. But in terms of the basic position of the United States, we do not accept the dominance of any one country anywhere.

"Yugoslavia was mentioned, for example. We would emphatically consider it a very grave matter if outside forces were to attempt to intervene in the domestic affairs of Yugoslavia. We welcome Eastern European countries developing more in accordance with their national traditions, and we will cooperate with them. This is the policy of the United States, and there is no Sonnenfeldt doctrine."



*feb*

April 13, 1976

MEMORANDUM

TO: Rogers Morton ✓  
Stu Spencer  
Bob Moot

FROM: Bob Visser *RCV*

RE: Citizens for Reagan - Report of Receipts and Expenditures for a Candidate or Committee Supporting any Candidate(s) for Nomination or Election to Federal Office

Attached hereto is a copy of the Detailed Summary Schedule of Receipts and Expenditures and Allocation of Primary Expenditures by State for a Presidential Candidate filed by the Citizens for Reagan. The full text of the report is in my office for review. After I have had an opportunity to review this report, I will submit it to Bob Moot for review.



Form 3a  
July 1976

Report for a quarter in which neither  
receipts or expenditures exceed \$1000

Identification Number

76 APR 12 AM 1:17

This form does not relieve any committee or candidate of the responsibility to file any  
and (Jan. 31), pre, or post election report.

P60000668  
RONALD REAGAN  
10960 WILSHIRE BLVD.  
LOS ANGELES CA 90024

March Report - April 10, 1976

I declare that the above named committee or candidate did not receive contributions or mak-  
expenditures in excess of \$1000 during the calendar quarter indicated. I will resume filing quar-  
reports in the next calendar quarter in which receipts or expenditures exceed \$1000.

Signature of Committee Treasurer or Candidate

Date

*Ronald Reagan*

April 10, 1976





## Detailed Summary Schedule of Receipts and Expenditures

(Page 2)

Name of Candidate or Committee	Report Covering the period	
Citizens for Reagan	From: 3-1-76	To: 3-31-76
Part I - Receipts	Column A This Period	Column B Calendar year-to-date
<b>15 Contributions and other Income:</b>		
(a) Itemized (use Schedule A) . . . . .	\$ 698,731.51	
(b) Unitemized . . . . .	\$ 424,237.18	
(c) Sales and Collections Included Above: List by event on memo Schedule D (\$ <u>9130.58</u> )		
(d) Subtotal of contributions and other income . . . . .	\$1,122,968.69	\$3,644,155.89
<b>16 Loans and Loan Repayments Received:</b>		
(a) Itemized (use Schedule A) . . . . .	\$ 364,265.00	
(b) Unitemized . . . . .	\$ 15.00	
(c) Subtotal of loans and loan repayments received . . . . .	\$ 364,280.00	\$1,452,280.00
<b>17 Refunds, Rebates, etc.:</b>		
(a) Itemized (use Schedule A) . . . . .	\$ 90,449.65	
(b) Unitemized . . . . .	\$ 1,267.15	
(c) Subtotal of refunds, rebates, etc. . . . .	\$ 91,716.80	\$141,786.88
<b>18 Transfers In:</b>		
(a) From Affiliated Committee (Itemize all on Schedule A) . . . . .	\$ NONE	
(b) From other Committees (Itemize all on Schedule A) . . . . .	\$ 2,150.00	
(c) Subtotal of transfers in . . . . .	\$ 2,150.00	\$ 10,628.03
<b>19 Total Receipts . . . . .</b>	<b>\$1,581,115.49</b>	<b>\$ 5,248,850.80</b>
<b>Part II - Expenditures</b>		
<b>20 Operating Expenditures:</b>		
(a) Itemized (use Schedule B) . . . . .	\$ 1,033,782.13	
(b) Unitemized . . . . .	\$ 13,672.77	
(c) Subtotal of operating expenditures . . . . .	\$ 1,047,454.90	\$3,609,485.12
<b>21 Loans, Loan Repayments, and Contribution Refunds:</b>		
(a) Itemized (use Schedule B) . . . . .	\$ 417,039.59	
(b) Unitemized . . . . .	\$ 65.00	
(c) Subtotal of loans and loan repayments made and contribution refunds . . . . .	\$ 417,104.59	\$1,341,304.59
<b>22 Fundraising Expenditures: (Apply to 20% Exemption)</b>		
(a) Itemized (use Schedule B) . . . . .	\$ 146,042.25	
(b) Unitemized . . . . .	\$ NONE	
(c) Subtotal of fundraising expenditures . . . . .	\$ 146,042.25	\$ 550,079.68
<b>23 Transfers Out:</b>		
(a) To Affiliated Committee (Itemize all on Schedule B) . . . . .	\$ NONE	
(b) To Other Committees (Itemize all on Schedule B) . . . . .	\$ NONE	
(c) Subtotal of transfers out . . . . .	\$ NONE	\$ 2,500.00
<b>24 Total Expenditures . . . . .</b>	<b>\$ 1,610,601.74</b>	<b>\$ 5,503,369.39</b>
<b>Part III - Debts and Obligations</b>		
25 Debts and obligations owed to the Committee (Itemize all on Schedule C) . . . . .	\$ 90,809.30	
26 Debts and obligations owed by the Committee (Itemize all on Schedule C) . . . . .	\$ 1,169,693.20	
<b>Part IV - Receipts and Expenditures, Net of Transfers to and from Affiliated Committees</b>		
27 Total Receipts (from line 19) . . . . .	\$ 1,581,115.49	
28 Less Transfers In (from line 18(a)) . . . . .	\$ NONE	
29 Net Receipts . . . . .	\$ 1,581,115.49	
30 Total Expenditures (from line 24) . . . . .	\$ 1,610,601.74	
31 Less Transfers out (from line 23(a)) . . . . .	\$ NONE	
32 Net Expenditures . . . . .	\$ 1,610,601.74	



## Allocation of Primary Expenditures by State for a Presidential Candidate

1(a) Name of Principal Campaign Committee <p style="text-align: center;">Citizens for Reagan</p>	2 Identification Number <p style="text-align: center;">C-00029918</p>
(b) Committee Address <p style="text-align: center;">1835 K Street, N.W., Suite 800</p>	3 Name of Candidate <p style="text-align: center;">Ronald Reagan</p>
(c) City, State and Zip code <p style="text-align: center;">Washington, D.C. 20006</p>	

ALLOCATION BY STATE				Report Covering Period From: 3/1 To: 3/31/76	
STATE	ALLOCATION THIS PERIOD	YEAR TO DATE ALLOCATION	STATE	ALLOCATION THIS PERIOD	YEAR TO DATE ALLOCATION
Alabama	7,942.32	28,961.40	Nebraska	3,488.32	12,474.17
Alaska	409.28	1,228.87	Nevada	6,749.42	18,928.95
Arizona	9,898.74	20,878.60	New Hampshire	2,699.46	117,680.34
Arkansas	4,717.06	16,452.60	New Jersey	9,524.03	28,618.83
California	32,521.75	95,951.80	New Mexico	2,874.40	8,228.96
Colorado	9,382.75	23,864.95	New York	23,859.85	71,694.13
Connecticut	4,054.07	12,182.98	North Carolina	171,182.82	359,823.53
Delaware	738.36	2,216.67	North Dakota	799.20	2,401.00
District of Columbia	962.36	2,889.76	Ohio	13,735.73	41,270.08
Florida	140,413.94	659,580.43	Oklahoma	6,676.71	21,122.67
Georgia	7,315.45	30,554.69	Oregon	5,807.69	14,318.27
Hawaii	1,089.57	3,271.51	Pennsylvania	15,613.43	46,912.86
Idaho	2,907.14	6,935.59	Rhode Island	1,719.54	4,163.42
Illinois	162,636.27	499,672.49	South Carolina	11,851.91	24,644.65
Indiana	14,380.38	41,981.25	South Dakota	1,665.57	3,398.36
Iowa	8,691.50	29,467.42	Tennessee	5,548.85	16,391.25
Kansas	3,562.80	12,538.49	Texas	46,087.25	97,044.24
Kentucky	4,763.00	18,113.23	Utah	1,410.35	4,236.70
Louisiana	5,120.98	14,383.90	Vermont	597.33	1,794.95
Maine	1,465.04	8,706.59	Virginia	8,201.89	21,214.50
Maryland	5,248.72	15,772.93	Washington	8,343.32	28,550.09
Massachusetts	14,018.44	144,815.36	West Virginia	2,342.29	9,039.23
Michigan	11,470.87	34,469.16	Wisconsin	39,909.39	104,396.47
Minnesota	10,184.68	26,017.46	Wyoming	472.87	1,403.01
Mississippi	2,834.53	9,681.20	Puerto Rico	3,268.70	9,821.96
Missouri	13,835.40	51,205.18	Guam	94.02	284.90
Montana	940.24	2,822.73	Virgin Islands	105.09	318.39
Column Totals	481,505.64	1,814,617.24	Column Totals	394,629.43	1,070,175.9
4 Total Allocated Expenditures				876,135.07	2,844,793.1
5 Total Non-allocated Expenditures				734,466.67	2,658,576.2
6 Total Campaign Expenditures (Lines 4 & 5)				1,610,601.74	5,503,369.3





Campaign '76  
Media Communications, Inc.

1828 L STREET, N.W., WASHINGTON, D.C. 20036 (202) 833-8950



April 13, 1976

TO: STU SPENCER  
FROM: CLAYT WILHITE  
SUBJECT: REAGAN ACTIVITY IN INDIANA AND TEXAS

Evidence of heavy Ronald Reagan media activity in Texas and Indiana continues to mount:

1. He will begin his half hour TV programming on April 19 in Houston. This is almost two weeks before the primary and far earlier than any in any other state.
2. He has purchased :60's and :30's in two major Indiana markets (Indianapolis and Ft. Wayne) to begin running this coming Friday, April 16th.

If this pattern continues, it seems obvious Reagan plans to make a stand against the President in a major Mid-Western state... hoping to follow Texas, Alabama and Georgia victories with one in the President's backyard. (Incidentally, we have received no news of Reagan media purchases in Alabama or Georgia.)

Our two week Indiana media plan is scheduled to commence on Tuesday, April 20th. To make necessary arrangements for that start date, we should have your approval of the plan by Thursday, April 15th.

As agreed earlier today, the Texas media plan will begin on April 15th.

The revised Texas plan and the recommended Indiana, Georgia and Alabama plans will be forwarded to you tomorrow.

cc: Rogers Morton  
✓ Roy Hughes  
Bruce Wagner  
Pete Dailey  
Ed Terrill  
Skip Watts



COMPETITIVE ACTIVITY

RONALD REAGAN

TEXAS

<u>DATE REC'D AT CMCI</u>	<u>MARKET</u>	<u>STATION</u>	<u>DATES</u>	<u>COST</u>	<u>SCHEDULE</u>
4/13	HOUSTON	KTRK (ABC AFFILIATE)	4/19 MON	\$2,100	1/2 HOUR 7-7:30 PM



COMPETITIVE ACTIVITY

RONALD REAGAN

INDIANA

<u>DATE REC'D AT CMCI</u>	<u>MARKET</u>	<u>STATION</u>	<u>DATES</u>	<u>COST</u>	<u>SCHEDULE</u>
4/13	INDIANAPOLIS	WISH	4/16-5/2	\$7,900	60's 10 Spots mostly prime
	FORT WAYNE	WTPA	4/26-5/3		30's 20 spots 60% prime 40% fringe



*file*

April 13, 1976

MEMORANDUM

TO: Rog Morton  
Stu Spencer  
Skip Watts

FROM: Bob Visser *[Signature]*  
Tim Ryan

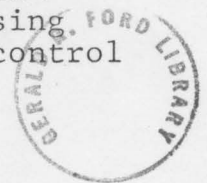
RE: Reagan Delegate Activity in Texas

As you are aware, for almost two months, we have been monitoring the activities of the "Delegates for Reagan" in Texas. This group of "unauthorized delegates" has provoked much comment and complaint from our Texas people. In order to have a first-hand view of the situation, we went to Austin on Monday, April 12, 1976, to meet with our people.

While in Austin, we met with Roger Wallace and Beryl Milburn of the Texas PFC, Shirley Green, Coordinator of the San Antonio area, Nora Ray, Coordinator for the Fort Worth area and Enid Gray, Coordinator for Dallas. In addition, Duncan Boeckman, attorney for the PFC in Texas and counsel to the Texas Republican Party was in attendance.

At the start of the meeting, we set forth the law with regard to contributions and expenditures by delegate-candidates. Special attention was given to the legal distinction between authorized and unauthorized delegate-candidates. Further, it was explained that delegate-candidates could become de facto authorized by their actions or by the actions of the candidate, his campaign committee, or their agents. In particular, we pointed out that the Federal Election Commission's (FEC's) policy statement and guideline on delegate selection approved by the Commission on 2/10/76 states:

"An "authorized delegate" is a delegate (1) who is authorized or requested by a Presidential candidate (or the candidate's committee or agent) to receive contributions or make any expenditure on behalf of the Presidential candidate; (2) who is reimbursed by a Presidential candidate for any expenditures made on behalf of the Presidential candidate; or (3) whose own delegate fund-raising or spending is subject to direct or indirect control by the Presidential candidate. --



'COMMENT: Financial authorization of a delegate by a Presidential candidate is separate and distinct from any other authorization or approval which may be required under party rules or State law. The fact that a delegate has to secure the approval of the Presidential candidate before he/she can appear as a "Jones delegate" on the primary ballot does not alone constitute financial authorization by the candidate.

Examples of actions which would constitute authorization of a delegate include:

(a) The Presidential campaign transfers funds to the delegate for use in the Presidential candidate's or the delegate's campaign;

(b) The Presidential campaign publicly or privately solicits contributions to a specific delegate or slate;

(c) The Presidential campaign guarantees loans to or for a delegate;

(d) The Presidential campaign directs or the Presidential candidate and delegate jointly plan fund-raising, advertising, or other campaign solicitation activities;

(e) A delegate is authorized to raise or spend funds on behalf of that candidate."

In addition, we noted that expenditures by truly unauthorized delegate-candidates were actually independent expenditures as that term was re-defined by the Supreme Court in Buckley v. Valeo. Thus, the Commission commented on its policy regarding independent expenditures by delegate-candidates:

"The decision in Buckley v. Valeo permits an individual or political committee (other than a national or State committee of a political party) to spend without limit to support or oppose any candidate for Federal office so long as this is done independently of the candidate or authorized delegate. Such expenditures may be made to support or oppose either the Presidential candidate or the delegate. --

'COMMENT: Generally, an "independent expenditure" is characterized by a lack of direction or control by the Presidential candidate or authorized delegate.



Examples of independent expenditures with respect to delegate campaigns include:

(i) a person places an ad in a local newspaper advocating the election of a Presidential candidate or an authorized delegate without any control, cooperation, consent or suggestion whatever, direct or indirect, of the candidate or the delegate; (ii) an individual prints bumper stickers and distributes them on his own initiative without any control, cooperation, consent or suggestion whatever, direct or indirect, of the Presidential candidate or authorized delegate."

In other words, viewing the Commission's position regarding "authorized delegates" and the statement set forth on independent expenditures, the Commission apparently has determined that a delegate-candidate or a group of delegate-candidates may on their own (that is, without any coordination, control or direct or indirect suggestion by the candidate or his campaign committee, or their agents) spend unlimited amounts of funds to influence their candidacy and that of the presidential candidate they support. In addition, an individual may contribute an aggregate of \$25,000 to such a delegate-candidate or group of delegates, notwithstanding the fact that he has already contributed \$1,000 to the Presidential candidate they support.

This basic legal foundation leads us to a discussion of the activities of the "Delegates for Reagan" in Texas.

Since the Citizens for Reagan nationally, and their Texas State Committee have been strapped for money, it is our understanding that the 100 individuals running as delegates pledged to Reagan decided some months ago to conduct their campaigns as "unauthorized delegates"--officially endorsed by Ronald Reagan but not authorized to expend or receive money on behalf of the Citizens for Reagan according to their campaign literature. This organization appears to be operating in a number of metropolitan areas, e.g., San Antonio and Fort Worth, but apparently is not a coordinated State effort.

Since the "Delegates for Reagan" is a group of unauthorized delegate-candidates, it may not under the aforementioned FEC Policy State and Guidelines coordinate fundraising, advertising or other financially-related activities with the Texas Citizens for Reagan.



In this regard, the Executive Director for Reagan in Texas, Ron Dear, noted on February 27, 1976, that ". . . the law requires that the official Texas Citizens for Reagan Campaign is not allowed to jointly plan or coordinate activities with the Reagan delegate-candidates . . . ." (emphasis added). This statement recognizes that it is almost impossible for the Texas Citizens for Reagan to work together with unauthorized candidates without some financial effect and, therefore, de facto authorization.

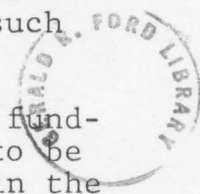
Our Texas people, specifically, Wallace and Milburn, have for some time been arguing that the Delegates for Reagan and Texas Citizens for Reagan have, for all practical purposes, been one campaign or organization. This allegation appears to have some apparent validity in certain areas of Texas.

Over 20 of the "unauthorized" delegate-candidates pledged to Reagan are members of the official Texas Citizens for Reagan campaign organization. In this regard, some of the delegate-candidates serve as Co-Chairmen of the Texas Citizens for Reagan Regional Chairmen, Congressional District Coordinators and Members of the Texas Citizens for Reagan Executive Committee. It would, therefore, be very difficult to eliminate coordination between the Citizens for Reagan and the Delegates for Reagan.

Based on our 2/12/76 meeting and on materials supplied by our Texas people, the following activity has taken place or will, in the near future, take place which raises serious questions regarding the continued operation of the Delegates for Reagan as an "unauthorized" group of delegate-candidates with no expenditure limitations during the up-coming Primary:

I. ADVERTISING -- It appears that in some areas of Texas, e.g., San Antonio, the Delegates for Reagan are producing newspaper ads and pamphlets which request voters to go to the polls for Reagan delegates in the Primary. These materials also note the "Reasons for Reagan" which is in the same type and appears to be exactly the same copy as the Citizens for Reagan campaign materials distributed in Texas (Attachment A). By utilizing this copy, the Delegates for Reagan accomplish the same advertising goal as the Citizens for Reagan. However, the Citizens for Reagan do not pay for these materials nor do they report such expenditures as campaign expenditures.

II. FUNDRAISING -- To date, the only example of joint fundraising of which we are aware is a fundraising reception to be held in Fort Worth this Thursday. According to a report in the Sunday edition of the Fort Worth Star-Telegram (Attachment B), a reception will be held at the Hilton Inn at 1:15 p.m. on Thursday. Tickets to the reception cost \$50.00 each. Ticket requests were directed to the Citizens for Reagan Headquarters at 1020 W. 7th Street, in Fort Worth rather than the Delegates for Reagan Headquarters at 1012 W. 7th Street. It was also noted in the article



that tickets could be obtained at the door and checks ". . . should be made payable to the Delegates for Reagan." The hosts for this reception are "unauthorized" delegate-candidates for Reagan and members of the Citizens for Reagan Fort Worth operation.

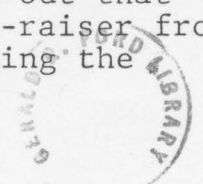
III. INSTRUCTIONS TO REAGAN DELEGATE-CANDIDATES -- Prior to the selection of delegates by the statutorily required delegate selection committee for the 21st Congressional District, Willard King, Chairman of the Citizens for Reagan in that district sent a letter to the "Republican Leadership". In that letter he stated:

"Prior to suggesting a candidate his permission will be required. In all fairness I think he should be reminded that all expense of attending the convention is a personal expense and it is estimated that it will run approximately \$500.00. It is also hoped that each delegate selected will spend a considerable amount of money for his own election. A thousand dollars has been suggested. Of course a delegate candidate must live in the 21st Congressional District and must pledge his support for Ronald Reagan."

IV. STATEMENTS OF PFC REGIONAL COORDINATORS --

A. Shirley Green - San Antonio Area. Mrs. Green stated at our meeting in Austin that there is no real distinction between the Delegates for Reagan or the Citizens for Reagan. After visiting the Reagan offices in San Antonio, Mrs. Green noted that the offices are located next to each other at 6838 and 6840 San Pedro. The offices interconnect and apparently share the same duplicating and printing machines. In addition, she stated that the Regional Chairman for Citizens for Reagan, Dorothy Doehne, and the Congressional District Chairman, Willard Keane, were both working out of the Delegates headquarters while she was at that location.

B. Nora Ray - Fort Worth Area. In addition to the aforementioned 4/15/76 Fort Worth fundraiser, Mrs. Ray stated that on March 30, 1976, a meeting of all "unauthorized" delegate-candidates for Reagan was held at the Citizens for Reagan headquarters in Fort Worth. This meeting called to discuss the Reagan campaign was conducted by Pat Jacobsen, Regional Chairman for the Citizens for Reagan. In addition, Nora noted that at this meeting of delegate-candidates, Julian Read, a public relations and political consultant from Austin, discussed the campaign. We do not know who is paying for Mr. Read. Finally, it was pointed out that apparently James Garvey, a prominent Republican fund-raiser from Fort Worth who is also a delegate-candidate, is funding the "Delegates for Reagan" campaign in his area.





C. Enid Gray - Dallas Area. Mrs. Gray was not aware of a "Delegates for Reagan" official organization or any headquarters for the delegate-candidates in the Dallas area at the time of our meeting. However, she now advises us that such an organization exists in Dallas.

A meeting of the "unauthorized" delegate-candidates for Reagan was held at the Citizens for Reagan headquarters in Dallas on April 8 or 9, 1976. This event was covered by WFAA-TV in Dallas. On the newscast, the commentator stated that the delegates met to discuss fundraising and their campaigns. It was specifically noted that the delegate-candidates would be required to raise funds on their own. However, Enid stated during a telephone conversation on 4/13, that a recently mailed flyer (We will have a copy on or about 4/14.) from the Delegates for Reagan requesting volunteers and funds asks that all returns be sent to the Citizens for Reagan headquarters located at 8428 Kate Street in Dallas.

SUMMARY - It appears from the oral and documentary evidence assembled to date that at least some of the supposedly "unauthorized" delegate-candidates associated with the Delegates for Reagan organization are most likely de facto "authorized" delegates. Accordingly, any expenditures by such individuals or groups with which they are connection would be expenditures by the Reagan Committee. In addition, contributions to such authorized delegates would be treated as contributions to the Citizens for Reagan Committee. In other words, individuals who had previously given \$1,000 to the Citizens for Reagan, could not provide funding for such authorized delegates.



Attachment "A"

# If You Want To Elect Gov. Ronald Reagan President — YOU MUST

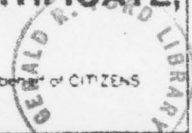
1. Vote in the Republican Primary on Saturday, May 1st — and
2. Vote for Each of the Four Delegates pledged to Gov. Reagan:



*REMEMBER: There is no voter registration by party in Texas. You may vote in the Republican Primary regardless of political affiliation.*

**IF YOU ARE IN DOUBT, LOOK AT YOUR VOTER REGISTRATION CERTIFICATE, DETERMINE YOUR PRECINCT NUMBER, AND — CALL 459-1253.**

Paid for its Delegates for Reagan Comm., Ray Dennis, Chairman, officially endorsed by CITIZENS FOR REAGAN, but not authorized to expend or receive money on behalf of CITIZENS FOR REAGAN, pursuant to Advisory opinion 1975-12 of the Federal Election Commission.



## Reasons for Reagan:

● **Inflation.** "The one basic cause of inflation is government spending more than it takes in. When Washington runs in the red, year after year, it cheapens every dollar you earn; it makes a profit on your cost-of-living wage increases by pushing you into higher tax brackets; it borrows in the capital market to cover its deficits, cutting off business and industry from that capital which is needed to fuel our economy and create jobs; it robs your savings of value; and it denies retired people the stability they need and expect for their fixed incomes.

The cure: a balanced budget. The federal government must set a timetable, a systematic plan, to balance

## IN CONGRESSIONAL DISTRICT 10

Mark your ballot four times as shown below:

- R. Miller Hicks, delegate for RONALD REAGAN
- Rhoda Benson, delegate for RONALD REAGAN
- Judge St. John Garwood, delegate for RONALD REAGAN
- Sue Briscoe, delegate for RONALD REAGAN

● **Energy.** "The one thing we shouldn't forget is this: If we relax government controls on natural gas, nuclear plants and domestic sources of oil, we won't have to worry any longer about being dependent on the Middle East and other oil exporters."

● **Welfare.** "For years there has been a group of people calling for a Federal takeover of welfare. Actually we should do the opposite — and decentralize welfare."

"If Joe Dooks 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 directly, Joe is apt to undergo a change in his lifestyle — or get off welfare."

● **Social Security.** "Social Security must be strengthened and improved. The program needs to be reformed. But any reform must have as its first priority the guarantee that all those counting on Social Security will continue to receive their monthly check and that their benefits won't decline in purchasing power, but will keep pace with inflation."

"There are inequities that must be corrected affecting women, people 65-and-over who want to continue to work, and younger workers. But reforms must be made with care so that they don't jeopardize those already retired, those now working, or those who will enter the work force in the future."

● **Crime.** "We must remember that the principal reasons for locking up criminals are punishment and isolation — to keep them from hurting law-abiding citizens, and to serve as a deterrent to others. It does no good to take guns from the law-abiding. The most effective gun control is mandatory sentences for those who commit crimes with guns in their possession. When a would-be lawbreaker knows he can kill without facing the ultimate penalty, when he knows that parole or probation may come easy for him, we cannot say we have effective deterrents to increased crime."

● **Detente.** "Through detente we have sought peace with our adversaries. We should continue to do so, but must make it plain that we expect a stronger indication that they also seek a lasting peace with us. Too often we act as if a concession on our side — with none by them — is automatically helpful to the process as a whole. Detente will work only if it is a two-way street — something for something."

● **Defense.** "A decade ago we had military superiority. Today, we are in danger of being surpassed by a nation that has never made any effort to hide its hostility to everything we stand for. As a nation, we must commit ourselves to spend whatever is necessary to remain strong. To be second is to be last."



**REMEMBER:** There is no voter registration by party in Texas. You may vote in the Republican primary regardless of political affiliation.



*"Together we can make those decisions which will restore confidence in our way of life and release that energy that is the American spirit."*

*"Together we can renew the greatness of America!"*

*Ronald Reagan*

## Delegates for Reagan

R. MILLER HICKS

RHODA BENSON

JUDGE ST. JOHN GARWOOD

SUE BRISCOE

REAGAN FOR PRESIDENT HDQTRS.

3009 North Lamar

Austin, Texas 78705

## Texas Citizens For Reagan

4721 Richmond Ave. Houston, Texas 77027

Paid for by Citizens for Reagan. Senator Paul Laxalt, Chairman; Henry M. Buchanan, Treasurer.

"A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D.C."

# Reasons for Reagan.



Attachment "A"

of not in inn

# Reagan plans visit to FW area

Presidential candidate Ronald Reagan will land at Meacham Field at 11:15 a.m. Thursday on one leg of his campaign tour of Texas to gather support for the May 1 Republican primary.

At the airport, he will be met by his Tarrant County coordinator, Mrs. Pat Jacobson; county GOP chairwoman Mrs. Anna Mowery; State Sen. Betty Andujar, and other area GOP leaders. He will receive the key to the city from Mayor Clif Overcash.

Other meetings the former California governor is scheduled to attend include a noon rally at Burnet Park downtown and a fund-raising reception at 1:15 p.m. in the Times Square Ballroom at the Hilton Inn.

Mrs. Gordon Fitzgerald, a Reagan volunteer campaign worker, said tickets to the reception will be \$50 each.

She said they may be obtained by contacting Miss Jane Sims at Reagan Headquarters, 1020 W. 7th St., or by calling 731-1508, 731-1528 or 335-6243.

Tickets also may be purchased at the door in the Hilton, she said, and checks should be made payable to "Delegates for Reagan."

Reagan is scheduled to leave from Meacham at 2:45 p.m.

Hosts of the reception will be Mrs. Andujar and her husband, Dr. John J. Andujar; Mrs. Jacobson and her husband, Dr. Bruce Jacobson; Mr. and Mrs. Eddie Chiles; Mr. and Mrs. James Cribbs; Mr. and Mrs. James Garvey; Mr. and Mrs. John Howell; Dr. and Mrs. Paul Laird; Mr. and Mrs. Bob Leonard Sr.; Mr. and Mrs. Bob Leonard Jr.; Dr. and Mrs. William McKinney and Mr. and Mrs. W. A. Monerief Sr.

